

Forecast Financial Statements

Te Puni Kōkiri

Statement of Forecast Comprehensive Income for the year ending 30 June 2010

| | Note | 2007/08 | 2008/09 | | 2009/10 |
|-----------------------------------|------|-----------------|----------------------------|------------------------------|-------------------|
| | | Actual \$000 | In 2008 Budget \$000 | Estimated Actual \$000 | Budgeted \$000 |
| Income | | | | | |
| Crown | | 59,894 | 63,967 | 64,499 | 63,661 |
| Department(s) | | 656 | 545 | 545 | 545 |
| Other revenue | | 2 | - | - | - |
| Gains | | - | - | - | - |
| Interest | | - | - | - | - |
| Total Income | | 60,552 | 64,512 | 65,044 | 64,206 |
| Expenses | | | | | |
| Personnel | | 29,870 | 34,521 | 34,368 | 35,228 |
| Operating | 1 | 26,169 | 27,760 | 28,740 | 26,677 |
| Depreciation and amortisation | | 1,249 | 1,578 | 1,527 | 1,768 |
| Capital charge | | 363 | 653 | 409 | 533 |
| Finance costs | | - | - | - | - |
| Other | | (72) | - | - | - |
| Total Expenses | 5 | 57,579 | 64,512 | 65,044 | 64,206 |
| Net Surplus / (Deficit) | | 2,973 | - | - | - |
| Other comprehensive income | | - | - | - | - |
| Total Comprehensive Income | | 2,973 | - | - | - |

Statement of Forecast Changes in Taxpayers' Funds for the year ending 30 June 2010

| | Note | 2007/08 | 2008/09 | | 2009/10 |
|--|------|-----------------|----------------------------|------------------------------|-------------------|
| | | Actual \$000 | In 2008 Budget \$000 | Estimated Actual \$000 | Budgeted \$000 |
| Balance at 1 July | | | | | |
| General funds | | 4,764 | 4,764 | 4,764 | 6,147 |
| Revaluation reserve | | - | - | - | - |
| Other reserves | | - | - | - | - |
| Taxpayers' Funds Opening Balance | | 4,764 | 4,764 | 4,764 | 6,147 |
| Changes in Taxpayers' Funds | | | | | |
| Comprehensive income for the period | | 2,973 | - | - | - |
| Repayment of surplus | | (2,973) | - | - | - |
| Capital contribution | | - | 1,383 | 1,383 | 1,995 |
| Capital withdrawal | | - | - | - | (86) |
| Other | | - | - | - | - |
| Total Changes in Taxpayers' Funds | | - | 1,383 | 1,383 | 1,909 |
| Balance at 30 June | | | | | |
| General funds | | 4,764 | 6,147 | 6,147 | 8,056 |
| Revaluation reserve | | - | - | - | - |
| Other reserves | | - | - | - | - |
| Taxpayers' Funds Closing Balance | | 4,764 | 6,147 | 6,147 | 8,056 |

Forecast Statement of Financial Position as at 30 June 2010

| | Note | 2007/08 | 2008/09 | | 2009/10 |
|---|------|-----------------|----------------------------|------------------------------|-------------------|
| | | Actual \$000 | In 2008 Budget \$000 | Estimated Actual \$000 | Budgeted \$000 |
| Assets | | | | | |
| Current Assets | | | | | |
| Cash and cash equivalents | | 12,188 | 7,892 | 6,557 | 7,037 |
| Debtors and other receivables | | 41 | 450 | 50 | 50 |
| Prepayments | | 267 | 200 | 200 | 114 |
| Inventories | | - | - | - | - |
| Other current assets | | - | - | - | - |
| Total Current Assets | | 12,496 | 8,542 | 6,807 | 7,201 |
| Non-current Assets | | | | | |
| Property, plant and equipment | 2 | 3,193 | 5,733 | 3,507 | 4,462 |
| Intangible assets | 3 | 337 | 943 | 433 | 993 |
| Other non-current assets | | - | - | - | - |
| Total Non-current Assets | | 3,530 | 6,676 | 3,940 | 5,455 |
| Total Assets | | 16,026 | 15,218 | 10,747 | 12,656 |
| Liabilities | | | | | |
| Current Liabilities | | | | | |
| Creditors and other payables | | 6,311 | 6,400 | 2,000 | 2,000 |
| Repayment of surplus | | 2,973 | - | - | - |
| Employee entitlements | | 1,902 | 2,671 | 2,287 | 2,160 |
| Other current liabilities | | - | - | - | - |
| Total Current Liabilities | | 11,186 | 9,071 | 4,287 | 4,160 |
| Non-current Liabilities | | | | | |
| Provisions | | - | - | - | - |
| Employee entitlements | | 76 | - | 313 | 440 |
| Other non-current liabilities | | - | - | - | - |
| Total Non-current Liabilities | | 76 | - | 313 | 440 |
| Total Liabilities | | 11,262 | 9,071 | 4,600 | 4,600 |
| Taxpayers' Funds | | | | | |
| General funds | | 4,764 | 6,147 | 6,147 | 8,056 |
| Revaluation reserve | | - | - | - | - |
| Other reserves | | - | - | - | - |
| Total Taxpayers' Funds | | 4,764 | 6,147 | 6,147 | 8,056 |
| Total Liabilities and Taxpayers' Funds | | 16,026 | 15,218 | 10,747 | 12,656 |

Statement of Forecast Cash Flows for the year ending 30 June 2010

| | | 2007/08 | 2008/09 | | 2009/10 |
|---|------|-----------------|----------------------------|------------------------------|-------------------|
| | Note | Actual \$000 | In 2008 Budget \$000 | Estimated Actual \$000 | Budgeted \$000 |
| Cash Flows from Operating Activities | | | | | |
| Receipts from: | | | | | |
| Crown | | 59,894 | 63,967 | 64,499 | 63,661 |
| Department(s) | | 656 | 545 | 545 | 545 |
| Other | | 449 | - | 58 | 86 |
| Interest | | - | - | - | - |
| Payments to: | | | | | |
| Suppliers | | (25,637) | (28,632) | (37,011) | (30,585) |
| Employees | | (29,958) | (34,663) | (33,233) | (34,726) |
| Capital charge | | (360) | (653) | (412) | (533) |
| Goods and services tax (net) | | 241 | 3,422 | 3,450 | 3,406 |
| Other operating activities | | - | - | - | - |
| Net Cash from Operating Activities | 4 | 5,285 | 3,986 | (2,104) | 1,854 |
| Cash Flow from Investing Activities | | | | | |
| Receipts from: | | | | | |
| Sale of property, plant and equipment | | 439 | - | - | - |
| Sale of intangible assets | | - | - | - | - |
| Sale of other non-current assets | | - | - | - | - |
| Purchase of: | | | | | |
| Property, plant and equipment | | (1,684) | (4,687) | (1,937) | (3,283) |
| Intangible assets | | - | - | - | - |
| Other non-current assets | | - | - | - | - |
| Net Cash from Investing Activities | | (1,245) | (4,687) | (1,937) | (3,283) |
| Cash Flow from Financing Activities | | | | | |
| Capital contribution | | - | 1,383 | 1,383 | 1,909 |
| Other financing cash inflows | | - | - | - | - |
| Repayment of surplus | | (867) | - | (2,973) | - |
| Capital withdrawal | | - | - | - | - |
| Other financing cash outflows | | - | - | - | - |
| Net Cash from Financing Activities | | (867) | 1,383 | (1,590) | 1,909 |
| Net Increase / (Decrease) in Cash | | 3,173 | 682 | (5,631) | 480 |
| Cash at the beginning of the year | | 9,015 | 7,210 | 12,188 | 6,557 |
| Cash at the end of the year | | 12,188 | 7,892 | 6,557 | 7,037 |

Statement of Significant Assumptions

These forecast financial statements have been compiled on the basis of existing government policies and Ministerial expectations at the time the statements were finalised. They have been prepared in accordance with Section 34A of the Public Finance Act 1989 and are consistent with generally accepted accounting practice. They comply with NZ IFRS and Financial Reporting Standard No. 42: Prospective Financial Statements (FRS-42), as appropriate for public benefit entities.

The purpose of the forecast financial statements is to facilitate parliamentary consideration of the appropriations for, and planned performance of, Te Puni Kōkiri.

These forecast financial statements have been compiled on the basis of government policies and prepared on assumptions of future events that the Chief Executive of Te Puni Kōkiri reasonably expects to occur at the date this information was prepared. It is not intended that this published information will be updated.

The statements assume the functions and duties of Te Puni Kōkiri will remain consistent with those set out in the Ministry of Māori Development Act 1991.

The main assumptions are as follows:

- The department's activities will remain substantially the same as for the previous year.
- Personnel costs are based on 450 full time equivalent staff positions.
- Operating costs are based on historical experience. The general historical pattern is expected to continue.
- Estimated year end information for 2008/09 is used as the opening position for the 2009/10 forecasts.

These assumptions are adopted as at 20 April 2009.

Actual results achieved for the year to 30 June 2010 are likely to vary from information presented in these statements and the variances may be material. This maybe due to changes in existing policies that may change the funding requirement of Te Puni Kōkiri, and as a result have an impact on the prospective financial statements. The potential financial effect of this cannot be quantified now as it will depend on the quantum of the change that may be proposed.

There is an expectation that the Māori Trust Office (MTO) will become a separate legal entity during the period. If this is to occur, the remaining departmental budget and related staff of the MTO will transfer to the new entity. The maximum financial effect of this will be \$10.004 million.

Statement of Entity-Specific Accounting Policies

The Te Puni Kōkiri has applied the accounting policies set out in Statement of Accounting Policies Standard included in this document, except as stated below.

Reporting Entity

These are the prospective financial statements of Te Puni Kōkiri, prepared in accordance with section 38 of the Public Finance Act 1989.

Te Puni Kōkiri is a Government Department as defined by section 2 of the Public Finance Act 1989. For the purposes of financial reporting Te Puni Kōkiri is a public benefit entity.

Authorisation Statement

These forecast financial statements were authorised for issue by the Chief Executive of Te Puni Kōkiri on 20 April 2009. The Chief Executive of Te Puni Kōkiri is responsible for the forecast financial statements presented, including the appropriateness of the assumptions underlying the forecast financial statements and all other required disclosure.

Specific Accounting Policies

Property, Plant and Equipment

Capitalisation thresholds applied are set out below.

- IT Equipment / Hardware - \$5,000
- All other property, plant and equipment - \$5,000

Depreciation

The estimated useful lives of property, plant and equipment are set out below.

- Computer Equipment - 4 years
- Motor Vehicles - 5 years
- Office Equipment - 5 years
- Furniture and Fittings - 5 years
- Leasehold Improvements - 5 - 12 years

Intangible Assets

Capitalisation thresholds applied are:

- Purchased software - \$5,000
- Internally developed software - \$5,000

The estimated useful lives of intangible assets are:

- Purchased software - 3 and 1/3 years
- Internally developed software - 3 and 1/3 years

Cost Allocation

Te Puni Kōkiri has determined the cost of outputs using the cost allocation system outlined below.

Criteria for direct costs

'Direct costs' are those costs that are directly attributed to an output.

Criteria for indirect costs

'Indirect costs' are those costs that cannot be attributed in an economically feasible manner, to a specific output.

These include depreciation and capital charge which are charged to outputs on the basis of asset utilisation. The depreciation and capital charge of IT assets are allocated to outputs on the basis of budgeted staff hours attributable to each output.

Personnel costs (excluding those of Support Services Wahanga and the Office of the Chief Executive) are allocated to outputs based on budgeted staff hours attributable to each output. Property and other premises costs, such as maintenance, are charged to Wahanga (business units) on the basis of budgeted full time equivalents (FTEs).

Corporate overheads are allocated to outputs on the basis of budgeted staff hours attributable to each output.

Notes to the Financial Statements

Note 1 - Operating Expenses

| | 2007/08 | 2008/09 | | 2009/10 |
|-----------------------------|-----------------|----------------------------|------------------------------|-------------------|
| | Actual \$000 | In 2008 Budget \$000 | Estimated Actual \$000 | Budgeted \$000 |
| Operating expenses include: | | | | |
| Consultants' fees | 4,337 | 6,379 | 6,141 | 6,141 |
| Overseas travel | 161 | 142 | 174 | 174 |
| Domestic travel | 2,151 | 2,202 | 2,425 | 2,425 |
| Other | 19,520 | 19,037 | 20,000 | 17,937 |
| Total | 26,169 | 27,760 | 28,740 | 26,677 |

Note 2 - Property, Plant and Equipment

| | Land \$000 | Buildings \$000 | Leasehold improvements \$000 | Furniture/office equipment \$000 | Other \$000 | Total \$000 |
|---|---------------|--------------------|------------------------------------|--|----------------|----------------|
| Cost or revaluation | | | | | | |
| Balance as at 1 July 2009 | - | - | 2,340 | 1,194 | 5,364 | 8,898 |
| Additions by purchase | | | 1,275 | - | 1,228 | 2,503 |
| Balance as at 30 June 2010 | - | - | 3,615 | 1,194 | 6,595 | 11,401 |
| Accumulated depreciation and impairment losses | | | | | | |
| Balance as at 1 July 2009 | - | - | 1,801 | 866 | 2,724 | 5,391 |
| Depreciation expense | | | 556 | 189 | 803 | 1,548 |
| Balance as at 30 June 2010 | - | - | 2,357 | 1,055 | 3,527 | 6,939 |
| Carrying amount as at 30 June 2010 | - | - | 1,258 | 139 | 3,065 | 4,462 |

Note 3 - Intangible Assets

| | Acquired software \$000 | Internally generated software \$000 | Other \$000 | Total \$000 |
|---|----------------------------|---|----------------|----------------|
| Cost | | | | |
| Balance as at 1 July 2009 | 1,448 | 592 | - | 2,040 |
| Additions by purchase | 100 | - | - | 100 |
| Additions internally developed | - | 680 | - | 680 |
| Balance as at 30 June 2010 | 1,548 | 1,272 | - | 2,820 |
| Accumulated amortisation and impairment losses | | | | |
| Balance as at 1 July 2009 | 1,339 | 268 | - | 1,607 |
| Amortisation expense | 46 | 174 | - | 220 |
| Balance as at 30 June 2010 | 1,385 | 442 | - | 1,827 |
| Carrying amount as at 30 June 2010 | 163 | 830 | - | 993 |

Note 4 - Reconciliation of net surplus to net cash flows from operating activities for the year ending 30 June 2010

| | 2007/08 | 2008/09 | | 2009/10 |
|--|-----------------|----------------------------|------------------------------|-------------------|
| | Actual \$000 | In 2008 Budget \$000 | Estimated Actual \$000 | Budgeted \$000 |
| Net surplus / (deficit) | 2,973 | - | - | - |
| Add/ (less) non-cash items | | | | |
| Depreciation and amortisation expense | 1,249 | 1,578 | 1,527 | 1,768 |
| Total non-cash items | 1,249 | 1,578 | 1,527 | 1,768 |
| Add/ (less) items classified as investing or financing activities | | | | |
| (Gains)/ losses on disposal property, plant and equipment | (71) | - | - | - |
| Total items classified as investing or financing activities | (71) | - | - | - |
| Add/ (less) movements in working capital items | | | | |
| (Inc)/ Dec in debtors and other receivables | 398 | - | - | - |
| (Inc)/ Dec in prepayments | 49 | - | 58 | 86 |
| Inc/ (Dec) in creditors and other payables | 775 | 2,311 | (4,311) | - |
| Inc/ (Dec) in current provisions | - | - | - | - |
| Inc/ (Dec) in current employee entitlements | (88) | 104 | 385 | - |
| Net movements in working capital items | 1,134 | 2,415 | (3,868) | 86 |
| Add/ (less) movements in non-current liabilities | | | | |
| Inc/ (Dec) in non-current employee entitlements | - | (7) | 237 | - |
| Inc/ (Dec) in non-current provisions | - | - | - | - |
| Net cash from operating activities | 5,285 | 3,986 | (2,104) | 1,854 |

Note 5 - Reconciliation of Departmental Expenses and Appropriations

| | 2007/08 | 2008/09 | | 2009/10 |
|--|-----------------|----------------------------|------------------------------|-------------------|
| | Actual \$000 | In 2008 Budget \$000 | Estimated Actual \$000 | Budgeted \$000 |
| Appropriations for output expenses | | | | |
| Services To the Māori Trustee | 6,101 | 9,602 | 9,226 | 10,004 |
| Operations Management | 15,965 | 18,187 | 18,240 | 10,009 |
| Policy - Social and Cultural | 6,997 | 6,869 | 8,866 | 8,362 |
| Policy - Crown Māori Relationships | 7,061 | 7,432 | 7,010 | 6,883 |
| Relationships and Information | 8,569 | 8,838 | 9,174 | 8,965 |
| Policy - Economic and Enterprise | 12,837 | 13,584 | 12,328 | 12,149 |
| EEMED Establishment | 49 | - | - | - |
| Ministerial Economic Taskforce | - | - | 200 | 500 |
| Integrated Whānau Social Assistance | - | - | - | 7,334 |
| Total Appropriations for output expenses | 57,579 | 64,512 | 65,044 | 64,206 |
| Total departmental expenses [as per statement of financial performance] | 57,579 | 64,512 | 65,044 | 64,206 |