

Forecast Financial Statements

*Ministry of Agriculture and
Forestry*

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		174,353	204,039	182,454	186,628
Department(s)	1	13,232	11,845	13,852	13,946
Other revenue	2	31,881	33,776	30,457	34,120
Gains		36	-	260	-
Interest		-	-	-	-
Total Income		219,502	249,660	227,023	234,694
Expenses					
Personnel		93,660	96,849	105,120	109,166
Operating	3	106,396	138,496	109,354	110,398
Depreciation and amortisation		12,578	11,500	12,000	11,850
Capital charge		2,018	2,415	2,559	2,880
Finance costs		492	400	400	400
Other		85	-	-	-
Total Expenses	10	215,229	249,660	229,433	234,694
Net Surplus / (Deficit)		4,273	-	(2,410)	-
Other comprehensive income		-	-	-	-
Total Comprehensive Income		4,273	-	(2,410)	-

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		25,333	31,954	31,953	29,858
Revaluation reserve		251	251	251	100
Other reserves		-	-	-	-
Taxpayers' Funds Opening Balance		25,584	32,205	32,204	29,958
Changes in Taxpayers' Funds					
Comprehensive income for the period		4,273	-	(2,410)	-
Repayment of surplus		(4,273)	-	-	-
Capital contribution		7,215	6,809	1,909	6,600
Capital withdrawal		(595)	(595)	(1,745)	(766)
Other		-	-	-	-
Total Changes in Taxpayers' Funds		6,620	6,214	(2,246)	5,834
Balance at 30 June					
General funds		31,953	38,168	29,858	35,692
Revaluation reserve		251	251	100	100
Other reserves		-	-	-	-
Taxpayers' Funds Closing Balance		32,204	38,419	29,958	35,792

Forecast Statement of Financial Position as at 30 June 2010

		2007/08	2008/09		2009/10
	Note	Actual \$000	In 2008 Budget \$000	Estimated Actual \$000	Budgeted \$000
Assets					
Current Assets					
Cash and cash equivalents		19,968	7,429	11,016	13,520
Debtors and other receivables	4	17,549	10,350	12,600	12,600
Prepayments		965	1,200	2,000	2,000
Inventories		4,530	4,000	4,000	4,000
Other current assets		-	-	-	-
Total Current Assets		43,012	22,979	29,616	32,120
Non-current Assets					
Property, plant and equipment	5	32,730	35,832	32,130	31,260
Intangible assets	6	9,180	13,995	9,980	14,280
Other non-current assets		700	-	-	-
Total Non-current Assets		42,610	49,827	42,110	45,540
Total Assets		85,622	72,806	71,726	77,660
Liabilities					
Current Liabilities					
Creditors and other payables		26,634	14,786	20,115	20,115
Repayment of surplus		4,273	-	-	-
Employee entitlements		9,247	7,600	9,300	9,300
Other current liabilities	7	5,086	4,650	4,960	4,860
Total Current Liabilities		45,240	27,036	34,375	34,275
Non-current Liabilities					
Provisions		-	-	-	-
Employee entitlements		5,379	5,000	5,700	5,900
Other non-current liabilities	8	2,799	2,351	1,693	1,693
Total Non-current Liabilities		8,178	7,351	7,393	7,593
Total Liabilities		53,418	34,387	41,768	41,868
Taxpayers' Funds					
General funds		31,953	38,168	29,858	35,692
Revaluation reserve		251	251	100	100
Other reserves		-	-	-	-
Total Taxpayers' Funds		32,204	38,419	29,958	35,792
Total Liabilities and Taxpayers' Funds		85,622	72,806	71,726	77,660

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		167,111	203,039	186,219	186,628
Department(s)		10,843	11,845	15,174	13,946
Other		30,930	33,776	30,167	34,020
Interest		-	-	-	-
Payments to:					
Suppliers		(102,010)	(138,696)	(116,588)	(110,398)
Employees		(89,744)	(96,299)	(105,336)	(108,966)
Capital charge		(2,018)	(2,415)	(2,559)	(2,880)
Goods and services tax (net)		1,150	-	-	-
Other operating activities		-	-	-	-
Net Cash from Operating Activities	9	16,262	11,250	7,077	12,350
Cash Flow from Investing Activities					
Receipts from:					
Sale of property, plant and equipment		114	700	1,660	250
Sale of intangible assets		-	-	-	-
Sale of other non-current assets		-	-	-	-
Purchase of:					
Property, plant and equipment		(2,713)	(6,100)	(3,830)	(4,530)
Intangible assets		(2,556)	(8,000)	(3,650)	(8,000)
Other non-current assets		-	-	-	-
Net Cash from Investing Activities		(5,155)	(13,400)	(5,820)	(12,280)
Cash Flow from Financing Activities					
Capital contribution		4,757	6,809	1,909	6,600
Other financing cash inflows		-	-	-	-
Repayment of surplus		(2,879)	(2,000)	(4,273)	-
Capital withdrawal		(595)	(595)	(1,745)	(766)
Other financing cash outflows		(4,023)	(3,700)	(6,100)	(3,400)
Net Cash from Financing Activities		(2,740)	514	(10,209)	2,434
Net Increase / (Decrease) in Cash		8,367	(1,636)	(8,952)	2,504
Cash at the beginning of the year		11,601	9,065	19,968	11,016
Cash at the end of the year		19,968	7,429	11,016	13,520

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.

The main assumptions are as follows:

- The Ministry's activities will remain substantially the same as for the previous year.
- Personnel and operating costs are based on historical experience. The general historical pattern is expected to continue after allowing for new initiatives, one-off funding and baseline reductions arising from the value for money review.
- Estimated year end information for 2008/09 is used as the opening position for the 2009/10 forecasts.

These assumptions are adopted as at 22 April 2009.

Factors that could lead to material differences between the forecast financial statements and the 2009/10 actual financial statements include changes in activities required by the Government, demand for third-party funded activities and technical adjustments.

The Ministry does not intend to update the forecast financial statements subsequent to presentation on Budget day.

Statement of Entity-Specific Accounting Policies

The Ministry of Agriculture and Forestry 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 MAF, prepared in accordance with section 38 of the Public Finance Act 1989.

The Ministry of Agriculture and Forestry is a government department as defined by section 2 of the Public Finance Act 1989. For the purposes of financial reporting the Ministry of Agriculture and Forestry is a public benefit entity.

Authorisation Statement

These forecast financial statements were authorised for issue by the Director General of the Ministry of Agriculture and Forestry on 22 April 2009. The Director General 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

The capitalisation threshold for property, plant and equipment is \$5,000.

Depreciation

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

- Buildings - 10 to 50 years.
- Leasehold improvements - 2 to 10 years.
- IT Equipment/Hardware - 3 to 6 years.
- Motor vehicles - 4 to 8 years.
- Furniture and office equipment - 4 to 10 years.

Intangible Assets

The capitalisation threshold for purchased and internally developed software is \$50,000.

The estimated useful lives of intangible assets range from 3 to 7 years.

Cost Allocation

The Ministry has determined the cost of outputs using the cost allocation system outlined below.

Direct costs are those costs directly attributed to an output. Indirect costs are those costs that cannot be identified in an economically feasible manner, with a specific output.

Direct costs are charged directly to outputs. Indirect costs are charged to outputs based on cost drivers and related activity/usage information. Depreciation and capital charge are charged on the basis of asset utilisation. Indirect costs are assigned to outputs based on various cost drivers including assessed usage, staff numbers, direct expenditure and estimated allocation of time.

Notes to the Financial Statements

Note 1 - Departmental Revenue

	2007/08	2008/09		2009/10
	Actual \$000	In 2008 Budget \$000	Estimated Actual \$000	Budgeted \$000
Support services to the NZ Food Safety Authority	8,951	8,145	9,400	9,500
State Sector Retirement Savings Scheme recovery	1,741	1,800	2,050	2,100
Sub-leased accommodation	1,150	1,000	1,400	1,400
Other	1,390	900	1,002	946
Total	13,232	11,845	13,852	13,946

Note 2 - Other Revenue

	2007/08	2008/09		2009/10
	Actual \$000	In 2008 Budget \$000	Estimated Actual \$000	Budgeted \$000
Statutory fees and fines	26,409	28,526	24,457	28,120
Other goods and services	5,472	5,250	6,000	6,000
Total	31,881	33,776	30,457	34,120

Note 3 - Operating Expenses

	2007/08	2008/09		2009/10
	Actual \$000	In 2008 Budget \$000	Estimated Actual \$000	Budgeted \$000
Operating expenses include:				
Audit fees for financial statements	178	178	178	178
Audit fees for other services	20	-	-	-
Consultant fees	5,038	4,000	3,000	3,000
Overseas travel	2,271	1,600	2,000	2,600
Domestic travel	4,778	4,300	4,900	5,000
Operating lease payments	6,807	7,200	7,800	7,800
Contract payments	64,756	109,218	71,476	71,820
Other	22,548	12,000	20,000	20,000
Total	106,396	138,496	109,354	110,398

Note 4 - Debtors and Other Receivables

	2007/08	2008/09		2009/10
	Actual \$000	In 2008 Budget \$000	Estimated Actual \$000	Budgeted \$000
Debtor Crown	9,765	4,000	6,000	6,000
Debtor other	7,784	6,350	6,600	6,600
Total	17,549	10,350	12,600	12,600

Note 5 - 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	1,523	11,671	10,456	31,022	4,206	58,878
Additions by purchase	-	1,700	500	4,400	930	7,530
Disposals	-	-	-	-	(800)	(800)
Balance as at 30 June 2010	1,523	13,371	10,956	35,422	4,336	65,608
Accumulated depreciation and impairment losses						
Balance as at 1 July 2009	-	980	3,506	20,347	1,915	26,748
Depreciation expense	-	520	1,100	5,780	750	8,150
Eliminate on disposal	-	-	-	-	(550)	(550)
Balance as at 30 June 2010	-	1,500	4,606	26,127	2,115	34,348
Carrying amount as at 30 June 2010	1,523	11,871	6,350	9,295	2,221	31,260

Note 6 - Intangible Assets

	Acquired software \$000	Internally generated software \$000	Other \$000	Total \$000
Cost				
Balance as at 1 July 2009	3,000	15,438	-	18,438
Additions by purchase	500	-	-	500
Additions internally developed	-	7,500	-	7,500
Balance as at 30 June 2010	3,500	22,938	-	26,438
Accumulated amortisation and impairment losses				
Balance as at 1 July 2009	1,400	7,058	-	8,458
Amortisation expense	500	3,200	-	3,700
Balance as at 30 June 2010	1,900	10,258	-	12,158
Carrying amount as at 30 June 2010	1,600	12,680	-	14,280

Note 7 - Other Current Liabilities

	2007/08	2008/09		2009/10
	Actual \$000	In 2008 Budget \$000	Estimated Actual \$000	Budgeted \$000
Finance leases	3,474	3,000	3,500	3,500
Unearned revenue	1,552	1,500	1,400	1,300
ACC partnership programme	60	150	60	60
Total	5,086	4,650	4,960	4,860

Note 8 - Other Non-Current Liabilities

	2007/08	2008/09		2009/10
	Actual \$000	In 2008 Budget \$000	Estimated Actual \$000	Budgeted \$000
Finance leases	2,799	2,351	1,693	1,693
Total	2,799	2,351	1,693	1,693

Note 9 - Reconciliation of Net Surplus to Net Cash Flows from Operating Activities for the year ended 30 June 2010

	2007/08	2008/09		2009/10
	Actual \$000	In 2008 Budget \$000	Estimated Actual \$000	Budgeted \$000
Net surplus/(deficit)	4,273	-	(2,410)	-
Add/(less) non-cash items				
Depreciation and amortisation expense	12,578	11,500	12,000	11,850
Transfer to NZ Food Safety Authority	10,753	-	-	-
Total non-cash items	23,331	11,500	12,000	11,850
Add/(less) items classified as investing or financing activities				
(Gains)/losses on disposal property, plant and equipment	(36)	-	(260)	-
Finance lease interest costs	492	400	400	400
Total items classified as investing or financing activities	456	400	140	400

	2007/08	2008/09		2009/10
	Actual \$000	In 2008 Budget \$000	Estimated Actual \$000	Budgeted \$000
Add/(less) movements in working capital items				
(Inc)/Dec in debtors and receivables	(1,809)	(1,000)	4,949	-
(Inc)/Dec in prepayments	427	-	(1,035)	-
(Inc)/Dec in inventories	(752)	(200)	530	-
Inc/(Dec) in creditors and payables	(5,333)	-	(7,319)	-
Inc/(Dec) in other liabilities	(792)	-	(152)	(100)
Inc/(Dec) in employee entitlements	(2,320)	350	53	-
Net movements in working capital items	(10,579)	(850)	(2,974)	(100)
Add/(less) movements in non-current liabilities				
Inc/(Dec) in employment entitlements	(1,219)	200	321	200
Net cash from operating activities	16,262	11,250	7,077	12,350

Note 10 - 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				
Total for Vote: Agriculture and Forestry	64,317	89,418	75,668	83,113
Total for Vote Biosecurity	150,292	157,052	153,765	155,081
Total appropriations for output expenses	215,229	246,470	229,433	238,194
Adjustments				
Appropriation amounts unused	-	(3,000)	-	(3,500)
In principle expense transfers	-	6,190	-	-
Total departmental expenses (as per statement of financial performance)	215,229	249,660	229,433	234,694