

Forecast Financial Statements

New Zealand Food Safety Authority

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		31,595	33,469	33,997	32,296
Department(s)		2,161	1,019	2,839	1,742
Other revenue	1	56,948	61,565	60,895	62,424
Gains		16	-	-	-
Interest		-	-	-	-
Total Income		90,720	96,053	97,731	96,462
Expenses					
Personnel		48,318	49,510	51,215	51,215
Operating	2	37,505	38,790	42,896	40,241
Depreciation and amortisation		3,599	4,864	3,292	3,008
Capital charge		2	196	85	200
Finance costs		-	-	-	-
Other		-	-	-	-
Total Expenses		89,424	93,360	97,488	94,664
Net Surplus / (Deficit)		1,296	2,693	243	1,798
Other comprehensive income		-	-	-	-
Total Comprehensive Income		1,296	2,693	243	1,798

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		-	42	42	3,167
Revaluation reserve		-	-	-	-
Other reserves		-	-	-	-
Taxpayers' Funds Opening Balance		-	42	42	3,167
Changes in Taxpayers' Funds					
Comprehensive income for the period		1,296	2,693	243	1,798
Repayment of surplus		(1,296)	(2,693)	(243)	(1,798)
Capital contribution		4,780	5,125	3,125	950
Capital withdrawal		(4,738)	-	-	-
Other		-	-	-	-
Total Changes in Taxpayers' Funds		42	5,125	3,125	950
Balance at 30 June					
General funds		42	5,167	3,167	4,117
Revaluation reserve		-	-	-	-
Other reserves		-	-	-	-
Taxpayers' Funds Closing Balance		42	5,167	3,167	4,117

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		8,869	14,707	9,769	12,972
Debtors and other receivables		3,718	3,700	6,600	5,586
Prepayments		60	70	24	60
Inventories		126	130	84	120
Other current assets		-	-	-	-
Total Current Assets		12,773	18,607	16,477	18,738
Non-current Assets					
Property, plant and equipment		2,410	2,224	2,236	1,814
Intangible assets	3	5,077	7,129	5,355	5,869
Other non-current assets		2,189	-	-	-
Total Non-current Assets		9,676	9,353	7,591	7,683
Total Assets		22,449	27,960	24,068	26,421
Liabilities					
Current Liabilities					
Creditors and other payables		7,789	5,400	7,248	5,586
Repayment of surplus		1,296	2,693	243	1,798
Employee entitlements		4,073	4,500	4,350	4,900
Other current liabilities		5,392	6,000	5,700	6,000
Total Current Liabilities		18,550	18,593	17,541	18,284
Non-current Liabilities					
Provisions		322	300	210	320
Employee entitlements		3,535	3,900	3,150	3,700
Other non-current liabilities		-	-	-	-
Total Non-current Liabilities		3,857	4,200	3,360	4,020
Total Liabilities		22,407	22,793	20,901	22,304
Taxpayers' Funds					
General funds		42	5,167	3,167	4,117
Revaluation reserve		-	-	-	-
Other reserves		-	-	-	-
Total Taxpayers' Funds		42	5,167	3,167	4,117
Total Liabilities and Taxpayers' Funds		22,449	27,960	24,068	26,421

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		31,595	33,469	33,997	32,296
Department(s)		1,120	1,019	2,982	1,742
Other		55,538	61,565	59,354	63,738
Interest		-	-	-	-
Payments to:					
Suppliers		(34,591)	(38,790)	(42,458)	(41,895)
Employees		(46,842)	(49,010)	(51,323)	(50,085)
Capital charge		(2)	(196)	(85)	(200)
Goods and services tax (net)		46	-	-	-
Other operating activities		-	-	-	-
Net Cash from Operating Activities	4	6,864	8,057	2,467	5,596
Cash Flow from Investing Activities					
Receipts from:					
Sale of property, plant and equipment		44	-	-	-
Sale of intangible assets		-	-	-	-
Sale of other non-current assets		-	-	-	-
Purchase of:					
Property, plant and equipment		(1,004)	(1,225)	(756)	(650)
Intangible assets		(1,815)	(4,700)	(2,640)	(2,450)
Other non-current assets		-	-	-	-
Net Cash from Investing Activities		(2,775)	(5,925)	(3,396)	(3,100)
Cash Flow from Financing Activities					
Capital contribution		4,780	5,125	3,125	950
Other financing cash inflows		-	-	-	-
Repayment of surplus		-	-	(1,296)	(243)
Capital withdrawal		-	-	-	-
Other financing cash outflows		-	-	-	-
Net Cash from Financing Activities		4,780	5,125	1,829	707
Net Increase / (Decrease) in Cash		8,869	7,257	900	3,203
Cash at the beginning of the year		-	7,450	8,869	9,769
Cash at the end of the year		8,869	14,707	9,769	12,972

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 department's activities will remain substantially the same as for the previous year.
- Personnel costs are based on 541 staff positions (520 full time equivalents).
- Operating costs are based on historical experience and the general historical pattern is expected to continue.
- Revenue is measured at the fair value of the consideration received.
- Revenue from levies is recognised as revenue when the obligation to pay the levy is incurred.
- Revenue from application fees is recognised to the extent that the application has been processed by the Authority.
- 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.

Factors that could lead to material differences between the forecast financial statements and the 2009/10 actual financial statements include:

- Changes to the baseline budget through new initiatives, or technical adjustments.

Statement of Entity-Specific Accounting Policies

The New Zealand Food Safety Authority 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 New Zealand Food Safety Authority, prepared in accordance with section 38 of the Public Finance Act 1989.

New Zealand Food Safety Authority is a Government Department as defined by Section 2 of the Public Finance Act 1989. For the purposes of financial reporting New Zealand Food Safety Authority is a public benefit entity.

Authorisation Statement

These forecast financial statements were authorised for issue by the New Zealand Food Safety Authority on 20 April 2009. The New Zealand Food Safety Authority 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

- Leasehold Improvements - 2 to 8 years.
- Furniture and Office Equipment - 3 to 9 years.
- Motor Vehicles - 2 to 6 years.

Intangible Assets

Capitalisation thresholds applied are:

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

The estimated useful lives of intangible assets are set out below:

- Purchased software - 3 years.
- Internally developed software - 2 to 10 years.

Cost Allocation

The Authority has determined the cost of outputs using the 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 assigned to business groups based on various cost drivers including assessed charges and usage, personnel numbers and estimated allocation of time.

Notes to the Financial Statements

Note 1 - Other Revenue

	2007/08	2008/09		2009/10
	Actual \$000	In 2008 Budget \$000	Estimated Actual \$000	Budgeted \$000
NZFSA Standards Setting	17,241	13,715	7,456	6,893
Approvals, Accreditations and Registrations	3,117	-	3,437	3,671
Verification Services to the Animal Products Industries	36,195	47,850	45,633	49,569
Other Revenue	395	-	4,369	2,291
Total	56,948	61,565	60,895	62,424

Note 2 - Operating Expenses

	2007/08	2008/09		2009/10
	Actual \$000	In 2008 Budget \$000	Estimated Actual \$000	Budgeted \$000
Operating expenses include:				
Consultants fees	352	750	398	400
Overseas travel	1,411	1,400	1,566	1,500
Domestic travel	2,514	2,500	2,681	2,600
Other	33,228	34,140	37,251	33,855
Total	37,505	38,790	41,896	38,355

Note 3 - Intangible Assets

	Acquired software \$000	Internally generated software \$000	Other \$000	Total \$000
Cost				
Balance as at 1 July 2009	280	11,084	-	11,364
Additions by purchase	-	-	-	-
Additions internally developed	-	1,650	-	1,650
Disposals	-	-	-	-
Balance as at 30 June 2010	280	12,734	-	13,014

	Acquired software \$000	Internally generated software \$000	Other \$000	Total \$000
Accumulated amortisation and impairment losses				
Balance as at 1 July 2009	96	5,033	-	5,129
Amortisation expense	92	1,655	-	1,747
Disposals	-	-	-	-
Impairment losses	-	-	-	-
Balance as at 30 June 2010	188	6,688	-	6,876
Carrying amount as at 30 June 2010	92	6,046	-	6,138

Note 4 - 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	1,296	2,693	243	1,798
Add / (Less) non-cash items				
Depreciation and amortisation expense	3,085	4,864	3,292	3,008
Property, plant and equipment and intangible asset write-down	514	-	-	-
Transfer to Ministry of Agriculture and Forestry	(10,753)	-	-	-
Establishment of Memorandum Accounts	(2,280)	-	-	-
Total non-cash items	(9,434)	4,864	3,292	3,008
Add/(Less) items classified as investing or financing activities				
(Gains) on disposal of property, plant and equipment	(16)	-	-	-
Add / (Less) movements in working capital items				
(Inc)/ Dec in debtors and other receivables	(5,907)	-	(657)	978
(Inc)/ Dec in prepayments	(60)	-	-	-
(Inc) / Dec in inventories	(126)	-	42	(36)
Inc/ (Dec) in creditors and other payables	11,003	-	(336)	(152)
Inc/ (Dec) in employee entitlements	4,073	300	-	-
Inc/ (Dec) other current liabilities	195	-	(117)	-
Net movements in working capital items	9,178	300	(1,068)	790
Add / (Less) movements in non-current liabilities				
Inc/ (Dec) in non-current provisions	-	-	-	-
Inc/ (Dec) in employee entitlements	5,840	200	-	-
Net movements in non-current liabilities	5,840	200	-	-
Net cash from operating activities	6,864	8,057	2,467	5,596