

Forecast Financial Statements

Education Review Office

Statement of Forecast Comprehensive Income for the year ending 30 June 2013

	Note	2010/11	2011/12		2012/13
		Actual \$000	In 2011 Budget \$000	Estimated Actual \$000	Budgeted \$000
Income					
Crown		28,141	27,709	27,833	27,398
Department(s)		535	450	918	450
Other revenue		176	-	27	27
Gains		-	-	-	-
Interest		-	-	-	-
Total Income		28,852	28,159	28,778	27,875
Expenses	1				
Personnel		19,907	20,288	21,110	20,177
Operating		6,969	6,405	6,233	6,256
Depreciation and amortisation		939	1,180	933	1,142
Capital charge		268	286	300	300
Finance costs		-	-	-	-
Other		189	-	-	-
Total Expenses		28,272	28,159	28,576	27,875
Net Surplus / (Deficit)		580	-	202	-
Other comprehensive income		-	-	-	-
Total Comprehensive Income		580	-	202	-

Statement of Forecast Changes in Taxpayers' Funds for the year ending 30 June 2013

	Note	2010/11	2011/12		2012/13
		Actual \$000	In 2011 Budget \$000	Estimated Actual \$000	Budgeted \$000
Balance at 1 July					
General funds		3,572	3,572	3,746	3,746
Revaluation reserve		-	-	-	-
Other reserves		-	-	-	-
Taxpayers' Funds Opening Balance		3,572	3,572	3,746	3,746
Changes in Taxpayers' Funds					
Comprehensive income for the period		580	-	202	-
Repayment of surplus		(406)	-	(202)	-
Capital contribution		-	-	-	-
Capital withdrawal		-	-	-	-
Other		-	-	-	-
Total Changes in Taxpayers' Funds		174	-	-	-
Balance at 30 June					
General funds		3,746	3,572	3,746	3,746
Revaluation reserve		-	-	-	-
Other reserves		-	-	-	-
Taxpayers' Funds Closing Balance		3,746	3,572	3,746	3,746

Forecast Statement of Financial Position as at 30 June 2013

		2010/11	2011/12		2012/13
	Note	Actual \$000	In 2011 Budget \$000	Estimated Actual \$000	Budgeted \$000
Assets					
Current Assets					
Cash and cash equivalents		5,263	4,372	5,110	5,031
Debtors and other receivables		72	150	115	115
Prepayments		102	120	105	105
Inventories		-	-	-	-
Other current assets		-	-	-	-
Total Current Assets		5,437	4,642	5,330	5,251
Non-current Assets					
Property, plant and equipment		2,887	3,061	3,089	3,065
Intangible assets		547	622	692	450
Other non-current assets		26	-	-	-
Total Non-current Assets		3,460	3,683	3,781	3,515
Total Assets		8,897	8,325	9,111	8,766
Liabilities					
Current Liabilities					
Creditors and other payables		1,753	1,790	1,798	1,823
Repayment of surplus		406	-	202	-
Employee entitlements		1,493	1,428	1,452	1,464
Other current liabilities		-	-	-	-
Total Current Liabilities		3,652	3,218	3,452	3,287
Non-current Liabilities					
Provisions		133	-	449	379
Employee entitlements		1,366	1,535	1,464	1,354
Other non-current liabilities		-	-	-	-
Total Non-current Liabilities		1,499	1,535	1,913	1,733
Total Liabilities		5,151	4,753	5,365	5,020
Taxpayers' Funds					
General funds		3,746	3,572	3,746	3,746
Revaluation reserve		-	-	-	-
Other reserves		-	-	-	-
Total Taxpayers' Funds		3,746	3,572	3,746	3,746
Total Liabilities and Taxpayers' Funds		8,897	8,325	9,111	8,766

Statement of Forecast Cash Flows for the year ending 30 June 2013

	Note	2010/11	2011/12		2012/13
		Actual \$000	In 2011 Budget \$000	Estimated Actual \$000	Budgeted \$000
Cash Flows from Operating Activities					
Receipts from:					
Crown		28,141	27,709	27,833	27,398
Department(s)		551	447	901	450
Other		146	-	27	27
Interest		-	-	-	-
Payments to:					
Suppliers		(6,903)	(6,408)	(5,875)	(6,301)
Employees		(20,014)	(20,347)	(21,053)	(20,275)
Capital charge		(268)	(286)	(300)	(300)
Goods and services tax (net)		-	-	-	-
Other operating activities		-	-	-	-
Net Cash from Operating Activities	2	1,653	1,115	1,533	999
Cash Flow from Investing Activities					
Receipts from:					
Sale of property, plant and equipment		87	100	101	124
Sale of intangible assets		-	-	-	-
Sale of other non-current assets		-	-	-	-
Purchase of:					
Property, plant and equipment		(636)	(850)	(1,054)	(949)
Intangible assets		(114)	(150)	(327)	(51)
Other non-current assets		-	-	-	-
Net Cash from Investing Activities		(663)	(900)	(1,280)	(876)
Cash Flow from Financing Activities					
Capital contribution		-	-	-	-
Other financing cash inflows		-	-	-	-
Repayment of surplus		(206)	-	(406)	(202)
Capital withdrawal		-	-	-	-
Other financing cash outflows		-	-	-	-
Net Cash from Financing Activities		(206)	-	(406)	(202)
Net Increase / (Decrease) in Cash		784	215	(153)	(79)
Cash at the beginning of the year		4,479	4,157	5,263	5,110
Cash at the end of the year		5,263	4,372	5,110	5,031

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:

- ERO's activities will remain substantially the same as for the previous year.
- Personnel costs are based on 210 full time equivalents.
- Operating costs are based on historical experience adjusted for any known expected increase in expenditure items.
- Estimated year end information for 2011/12 is used as the opening position for the 2012/13 forecasts.

These assumptions are adopted as at 4 April 2012.

Factors that could lead to material differences between the forecast financial statements and the 2011/12 actual financial statements include changes to the baseline budget through new initiatives, or technical adjustments.

Statement of Entity-Specific Accounting Policies

The Education Review Office (ERO) 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 ERO, prepared in accordance with section 38 of the Public Finance Act 1989.

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

Authorisation Statement

These forecast financial statements were authorised for issue by the Chief Review Officer on 4 April 2012. The Chief Review Officer 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 as follows:

- Computer hardware - \$1,000.
- Motor vehicles - \$500.
- Office equipment - \$1,000.
- Leasehold improvements - \$1,500.

- Furniture and fittings - \$1,500.

The estimated useful life and associated depreciation rates applied to each class of fixed assets are as follows:

- Computer hardware - 2.5 years to 4 years, 25% to 40%.
- Motor vehicles - 4 years to 5 years, 20% to 25%.
- Office equipment - 5 years, 20%.
- Leasehold improvements - 10 years, 10%.
- Furniture and fittings - 10 years, 10%.

Intangible Assets

Capitalisation thresholds applied are set out as follows:

- Computer software - \$1,000.
- Review procedures - \$20,000.

The estimated useful life and associated amortisation rates applied to intangible assets are as follows:

- Computer software - 4 years, 25%.
- Review procedures - 5 years, 20%.

Cost Allocation

Direct costs are costs incurred by output delivery management units. Direct costs are attributed to outputs based on time spent on each output from ERO's time recording system.

Indirect costs are the costs of corporate management and support services which cannot be identified with a specific output in an economically feasible manner. Indirect costs are allocated to output-delivery management units (excluding Policy Services and Ministerial Services) through the most appropriate cost driver as a proxy for consumption.

The cost of Education Evaluation Reports includes a transfer of time from institutional reporting activities. This transfer represents time spent by review officers in institutions collecting overview information.

The costs of Policy Services and Ministerial Services are based on the estimated hours at the average charge-out rate.

Notes to the Financial Statements

Note 1 - Operating Expenses

	2010/11	2011/12		2012/13
	Actual \$000	In 2011 Budget \$000	Estimated Actual \$000	Budgeted \$000
Operating expenses include:				
Consultancy	231	450	326	350
Fees paid to Auditors for Audit of Financial Reports	50	55	54	53
Domestic Travel	2,099	1,750	2,063	2,066
International Travel	63	80	52	52
Leasing and Rental	2,232	2,007	1,726	1,679
Other	2,294	2,063	2,012	2,056
Total operating expenses	6,969	6,405	6,233	6,256

Note 2 - Reconciliation of Net Surplus to Net Cash Flows from Operating Activities

	2010/11	2011/12		2012/13
	Actual \$000	In 2011 Budget \$000	Estimated Actual \$000	Budgeted \$000
Net Surplus (deficit)	580	-	202	-
Add/(less) non-cash items				
Depreciation and amortisation expense	939	1,180	933	1,142
<i>Total non-cash items</i>	939	1,180	933	1,142
Add/(less) items classified as investing or financing activities				
Net loss on sale of property, plant and equipment	189	-	-	-
<i>Total items classified as investing or financing activities</i>	189	-	-	-
Add/less movements in working capital items				
(Inc)/ Dec in debtors and receivables	(14)	(3)	(17)	-
(Inc)/ Dec in prepayments	(13)	(20)	(3)	-
Inc/ (Dec) in creditors and payables	(85)	-	87	(2)
Inc/ (Dec) in current provisions	164	17	274	(43)
Inc/ (Dec) in employee entitlements	(107)	(59)	(41)	12
<i>Net movements in working capital items</i>	(55)	(65)	300	(33)
Add/ (less) movements in non-current liabilities				
(Inc)/ Dec in employee entitlements	-	-	98	(110)
<i>Net movements in non-current liabilities</i>	-	-	98	(110)
Net cash from operating activities	1,653	1,115	1,533	999