

# *Forecast Financial Statements*

## *Department of Conservation*

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

		2010/11	2011/12		2012/13
	Note	Actual \$000	In 2011 Budget \$000	Estimated Actual \$000	Budgeted \$000
<b>Income</b>					
Crown		284,763	288,702	293,856	295,541
Department(s)		2,780	2,910	2,910	-
Other revenue		31,278	34,347	34,268	34,346
Gains		-	-	-	-
Interest		-	-	-	-
<b>Total Income</b>		<b>318,821</b>	<b>325,959</b>	<b>331,034</b>	<b>329,887</b>
<b>Expenses</b>					
Personnel		151,869	148,622	153,872	145,920
Operating	1	91,102	104,635	101,654	103,797
Depreciation and amortisation		30,337	31,651	33,651	34,410
Capital charge		41,807	46,301	46,464	47,539
Finance costs		47	121	182	221
Other		1,827	-	150	-
<b>Total Expenses</b>		<b>316,989</b>	<b>331,330</b>	<b>335,973</b>	<b>331,887</b>
<b>Net Surplus / (Deficit)</b>		<b>1,832</b>	<b>(5,371)</b>	<b>(4,939)</b>	<b>(2,000)</b>
Other comprehensive income		29	-	-	-
<b>Total Comprehensive Income</b>	2	<b>1,861</b>	<b>(5,371)</b>	<b>(4,939)</b>	<b>(2,000)</b>

## 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
<b>Balance at 1 July</b>					
General funds		436,622	460,226	439,839	449,100
Revaluation reserve		120,655	120,655	118,369	118,369
Other reserves		-	-	-	-
<b>Taxpayers' Funds Opening Balance</b>		<b>557,277</b>	<b>580,881</b>	<b>558,208</b>	<b>567,469</b>
<b>Changes in Taxpayers' Funds</b>					
Comprehensive income for the period		1,861	(5,371)	(4,939)	(2,000)
Repayment of surplus		(1,214)	-	(800)	-
Capital contribution		301	40,666	15,000	47,320
Capital withdrawal		(17)	-	-	-
Other		-	-	-	-
<b>Total Changes in Taxpayers' Funds</b>		<b>931</b>	<b>35,295</b>	<b>9,261</b>	<b>45,320</b>
<b>Balance at 30 June</b>					
General funds		439,839	495,521	449,100	494,420
Revaluation reserve		118,369	120,655	118,369	118,369
Other reserves		-	-	-	-
<b>Taxpayers' Funds Closing Balance</b>		<b>558,208</b>	<b>616,176</b>	<b>567,469</b>	<b>612,789</b>

## Forecast Statement of Financial Position as at 30 June 2013

	Note	2010/11	2011/12		2012/13
		Actual \$000	In 2011 Budget \$000	Estimated Actual \$000	Budgeted \$000
<b>Assets</b>					
<b>Current Assets</b>					
Cash and cash equivalents		36,104	45,516	23,991	41,544
Debtors and other receivables		41,548	38,650	38,168	34,738
Prepayments		1,248	1,216	1,248	1,248
Inventories		1,176	1,170	1,175	1,175
Other current assets		-	-	2,192	-
<b>Total Current Assets</b>		<b>80,076</b>	<b>86,552</b>	<b>66,774</b>	<b>78,705</b>
<b>Non-current Assets</b>					
Property, plant and equipment		532,840	565,238	549,752	574,059
Intangible assets	3	7,744	14,792	8,055	13,596
Other non-current assets		-	-	-	-
<b>Total Non-current Assets</b>		<b>540,584</b>	<b>580,030</b>	<b>557,807</b>	<b>587,655</b>
<b>Total Assets</b>		<b>620,660</b>	<b>666,582</b>	<b>624,581</b>	<b>666,360</b>
<b>Liabilities</b>					
<b>Current Liabilities</b>					
Creditors and other payables		20,496	15,624	14,944	12,056
Repayment of surplus		1,214	-	800	-
Employee entitlements		19,308	14,112	19,307	19,307
Other current liabilities		5,415	4,567	5,495	5,677
<b>Total Current Liabilities</b>		<b>46,433</b>	<b>34,303</b>	<b>40,546</b>	<b>37,040</b>
<b>Non-current Liabilities</b>					
Provisions		-	-	-	-
Employee entitlements		14,880	14,417	14,880	14,880
Other non-current liabilities		1,139	1,686	1,686	1,651
<b>Total Non-current Liabilities</b>		<b>16,019</b>	<b>16,103</b>	<b>16,566</b>	<b>16,531</b>
<b>Total Liabilities</b>		<b>62,452</b>	<b>50,406</b>	<b>57,112</b>	<b>53,571</b>
<b>Taxpayers' Funds</b>					
General funds		439,839	495,521	449,100	494,420
Revaluation reserve		118,369	120,655	118,369	118,369
Other reserves		-	-	-	-
<b>Total Taxpayers' Funds</b>		<b>558,208</b>	<b>616,176</b>	<b>567,469</b>	<b>612,789</b>
<b>Total Liabilities and Taxpayers' Funds</b>		<b>620,660</b>	<b>666,582</b>	<b>624,581</b>	<b>666,360</b>

## 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
<b>Cash Flows from Operating Activities</b>					
<b>Receipts from:</b>					
Crown		292,750	292,695	297,849	299,534
Department(s)		2,960	2,910	3,495	-
Other		31,582	30,386	29,699	33,783
Interest		-	-	-	-
<b>Payments to:</b>					
Suppliers		(91,476)	(101,559)	(101,952)	(104,041)
Employees		(143,280)	(147,322)	(154,521)	(145,369)
Capital charge		(41,807)	(48,135)	(46,464)	(48,339)
Goods and services tax (net)		616	1,161	(2,234)	(2,395)
Other operating activities		-	-	-	-
<b>Net Cash from Operating Activities</b>	4	51,345	30,136	25,872	33,173
<b>Cash Flow from Investing Activities</b>					
<b>Receipts from:</b>					
Sale of property, plant and equipment		1,544	-	-	-
Sale of intangible assets		-	-	-	-
Sale of other non-current assets		-	-	-	-
<b>Purchase of:</b>					
Property, plant and equipment	5	(39,426)	(42,648)	(43,898)	(47,787)
Intangible assets		(2,242)	(7,300)	(2,200)	(8,500)
Other non-current assets		-	-	-	-
<b>Net Cash from Investing Activities</b>		(40,124)	(49,948)	(46,098)	(56,287)
<b>Cash Flow from Financing Activities</b>					
Capital contribution		-	35,666	10,000	42,320
Other financing cash inflows		-	-	-	-
Repayment of surplus		(4,676)	(1,834)	(1,214)	(800)
Capital withdrawal		(17)	-	-	-
Other financing cash outflows		(109)	(672)	(673)	(853)
<b>Net Cash from Financing Activities</b>		(4,802)	33,160	8,113	40,667
<b>Net Increase / (Decrease) in Cash</b>		6,419	13,348	(12,113)	17,553
Cash at the beginning of the year		29,685	32,168	36,104	23,991
<b>Cash at the end of the year</b>		36,104	45,516	23,991	41,544

## Statement of Significant Assumptions

These forecast financial statements have been compiled on the basis of existing government policies and the Estimates of Appropriation relating to Vote Conservation presented by the Government. They reflect decisions made by the Government during the 2012/13 budget process up to the time the statements were finalised.

The main assumptions upon which this financial information has been prepared are as follows:

- The department's activities will remain substantially the same as for the previous year (primary underlying assumption).
- Personnel and operating costs are based on historical experience. The general historical pattern is expected to continue.
- Estimated year end information for 2011/12 is used as the opening position for the 2012/13 forecasts.

Factors that could lead to material differences between the forecast financial statements and the 2012/13 actual financial statements include unforeseen events such as fires or floods on conservation land.

## Statement of Entity-Specific Accounting Policies

The Department of Conservation 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 Department of Conservation, prepared in accordance with section 38 of the Public Finance Act 1989.

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

### Authorisation Statement

These forecast financial statements were authorised for issue by the Director-General and Chief Financial Officer on 12 April 2012. The Chief Financial 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*

Apart from land and buildings the following classes of assets are revalued at least every five years by independent registered valuers. These assets are stated at fair value using the following methods:

- Visitor assets - optimised depreciated replacement cost.
- Vessels - market-based evidence where available, or depreciated replacement cost.
- Infrastructure assets - optimised depreciated replacement cost.
- Fencing assets - optimised depreciated replacement cost.

Capitalisation thresholds applied are set out below:

- IT Equipment/Hardware - \$5,000
- Visitor assets - no threshold (despite the fact that individual costs of assets such as signs, picnic tables and seats are small, on a national basis the collective costs are significant)
- All other property, plant and equipment - \$5,000.

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

Capital Item	Estimated useful life
Buildings	20-40 years
Furniture, computers, other office equipment	5 years
Vehicles	6 years and 8 months (With a 30% salvage value)
Plant and field equipment	10 years
Radio equipment	5-10 years
<b>Other Categories</b>	
<i>Visitor Assets</i>	
Campsites and amenity areas	10-50 years
Signs	10 years
Tracks	7.5-15 years
Roads (surface only)	25-50 years
Buildings	20-50 years
Structures	25-100 years
<i>Vessels</i>	
Engines	10 years
Hulls	15 years
<i>Infrastructure</i>	
Industrial fire equipment	45 years
Landscaping	44 years
Roads	10-100 years
Sewerage works	64 years
Solid waste works	38 years
Stream control	98 years
Water supply	60 years
<i>Fences</i>	
Fences	25-40 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 - 5-7 years
- Internally developed software - 5-7 years.



# 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
Consultants' fees	1,605	1,986	1,970	2,039
Overseas travel	487	1,068	559	579
Domestic travel	4,497	5,401	4,860	5,029
Other	84,513	96,180	94,265	96,150
	91,102	104,635	101,654	103,797

## Note 2 - Property, Plant and Equipment

	Land \$000	Buildings \$000	Leasehold improvements \$000	Plant and equipment \$000	Other \$000	Total \$000
<b>Cost or revaluation</b>						
Balance as at 1 July 2012	19,384	143,521	-	144,803	755,027	1,062,735
Additions by purchase	-	4,250	-	7,750	38,758	50,758
Additions internally developed	-	-	-	-	-	-
Transfer from Crown	5,000		-	-	-	5,000
Disposals	-	-	-	-	-	-
<b>Balance as at 30 June 2013</b>	<b>24,384</b>	<b>147,771</b>	<b>-</b>	<b>152,553</b>	<b>793,785</b>	<b>1,118,493</b>
<b>Accumulated depreciation and impairment losses</b>						
Balance as at 1 July 2012	-	80,050	-	53,164	379,769	512,983
Depreciation expense	-	1,993	-	8,947	20,511	31,451
Eliminate on disposal	-	-	-	-	-	-
Eliminate on revaluation	-	-	-	-	-	-
Transfers between classes	-	-	-	-	-	-
Impairment losses	-	-	-	-	-	-
<b>Balance as at 30 June 2013</b>	<b>-</b>	<b>82,043</b>	<b>-</b>	<b>62,111</b>	<b>400,280</b>	<b>544,434</b>
<b>Carrying amount as at 30 June 2013</b>	<b>24,384</b>	<b>65,728</b>	<b>-</b>	<b>90,442</b>	<b>393,505</b>	<b>574,059</b>

**Note 3 - Intangible Assets**

	Acquired software \$000	Internally generated software \$000	Other \$000	Total \$000
<b>Cost</b>				
Balance as at 1 July 2012	3,989	15,957	-	19,946
Additions by purchase	3,400	-	-	3,400
Additions internally developed	-	5,100	-	5,100
Disposals	-	-	-	-
<b>Balance as at 30 June 2013</b>	<b>7,389</b>	<b>21,057</b>	<b>-</b>	<b>28,446</b>
<b>Accumulated amortisation and impairment losses</b>				
Balance as at 1 July 2012	2,378	9,513	-	11,891
Amortisation expense	592	2,367	-	2,959
Disposals	-	-	-	-
Impairment losses	-	-	-	-
<b>Balance as at 30 June 2013</b>	<b>2,970</b>	<b>11,880</b>	<b>-</b>	<b>14,850</b>
<b>Carrying amount as at 30 June 2013</b>	<b>4,419</b>	<b>9,177</b>	<b>-</b>	<b>13,596</b>

**Note 4 - 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
<b>Net surplus/(deficit)</b>	1,832	(5,371)	(4,939)	(2,000)
<b>Add/(less) non-cash items</b>				
Depreciation and amortisation expense	30,337	31,651	33,651	34,410
Other non-cash items	(180)	121	182	221
<b>Total non-cash items</b>	<b>30,157</b>	<b>31,772</b>	<b>33,833</b>	<b>34,631</b>
<b>Add/(less) items classified as investing or financing activities</b>				
(Gains)/losses on disposal property, plant and equipment	1,553	-	150	-
<b>Total items classified as investing or financing activities</b>	<b>1,553</b>	<b>-</b>	<b>150</b>	<b>-</b>
<b>Add/(less) movements in working capital items</b>				
(Inc)/Dec in receivables and prepayments	7,995	3,403	3,379	3,430
(Inc)/Dec in inventories	(6)	-	1	-
(Inc)/Dec in creditors and payables	3,091	2,166	(8,329)	(2,088)
Inc/(Dec) in provisions	6,723	(1,834)	1,777	(800)
<b>Net movements in working capital items</b>	<b>17,803</b>	<b>3,735</b>	<b>(3,172)</b>	<b>542</b>
<b>Net cash from operating activities</b>	<b>51,345</b>	<b>30,136</b>	<b>25,872</b>	<b>33,173</b>

**Note 5 - Capital Expenditure**

	2010/11	2011/12		2012/13
	Actual \$000	In 2011 Budget \$000	Estimated Actual \$000	Budgeted \$000
Land and Buildings	1,806	3,000	2,000	4,250
Plant and Equipment	5,364	3,382	5,282	6,971
<b>Other</b>				
Visitor Assets	29,692	31,966	34,216	31,766
Motor vehicles and vessels	2,762	4,200	2,300	4,400
Furniture and office equipment	(198)	100	100	400
<b>Total other</b>	32,256	36,266	36,616	36,566
Intangibles	2,242	7,300	2,200	8,500
<b>Total capital expenditure</b>	41,668	49,948	46,098	56,287