

Forecast Financial Statements

New Zealand Customs Service

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		91,515	101,773	96,028	102,038
Department(s)		4,016	7,327	5,031	11,592
Other revenue	1	40,562	40,401	41,313	49,405
Gains		-	-	-	-
Interest		-	-	-	-
Total Income		136,093	149,501	142,372	163,035
Expenses					
Personnel		83,383	84,741	85,853	86,447
Operating	2	38,638	46,472	38,062	50,983
Depreciation and amortisation		8,579	12,839	11,839	18,008
Capital charge		3,875	5,449	4,518	7,597
Finance costs		-	-	-	-
Other		40	-	-	-
Total Expenses		134,515	149,501	140,272	163,035
Net Surplus / (Deficit)		1,578	-	2,100	-
Other comprehensive income		-	-	-	-
Total Comprehensive Income		1,578	-	2,100	-

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		51,164	56,479	56,479	64,748
Revaluation reserve		-	-	-	-
Other reserves		-	-	-	-
Taxpayers' Funds Opening Balance		51,164	56,479	56,479	64,748
Changes in Taxpayers' Funds					
Comprehensive income for the period		1,578	-	2,100	-
Repayment of surplus		(1,578)	-	(2,100)	-
Capital contribution		5,315	56,703	8,269	68,634
Capital withdrawal		-	-	-	-
Other		-	-	-	-
Total Changes in Taxpayers' Funds		5,315	56,703	8,269	68,634
Balance at 30 June					
General funds		56,479	113,182	64,748	133,382
Revaluation reserve		-	-	-	-
Other reserves		-	-	-	-
Taxpayers' Funds Closing Balance		56,479	113,182	64,748	133,382

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		25,602	33,967	7,235	47,329
Debtors and other receivables	3	4,645	4,555	4,352	4,852
Prepayments		607	1,127	607	607
Inventories		-	-	-	-
Other current assets		-	-	-	-
Total Current Assets		30,854	39,649	12,194	52,788
Non-current Assets					
Property, plant and equipment	4	43,747	51,732	42,979	41,255
Intangible assets	5	4,984	44,374	43,257	63,353
Other non-current assets		-	-	-	-
Total Non-current Assets		48,731	96,106	86,236	104,608
Total Assets		79,585	135,755	98,430	157,396
Liabilities					
Current Liabilities					
Creditors and other payables		6,992	7,975	16,992	9,992
Repayment of surplus		1,578	-	2,100	-
Employee entitlements	6	8,996	10,873	10,665	10,247
Other current liabilities		35	48	35	35
Total Current Liabilities		17,601	18,896	29,792	20,274
Non-current Liabilities					
Provisions	7	571	735	624	624
Employee entitlements	6	4,934	2,942	3,266	3,116
Other non-current liabilities		-	-	-	-
Total Non-current Liabilities		5,505	3,677	3,890	3,740
Total Liabilities		23,106	22,573	33,682	24,014
Taxpayers' Funds					
General funds		56,479	113,182	64,748	133,382
Revaluation reserve		-	-	-	-
Other reserves		-	-	-	-
Total Taxpayers' Funds		56,479	113,182	64,748	133,382
Total Liabilities and Taxpayers' Funds		79,585	135,755	98,430	157,396

Statement of Forecast Cash Flows 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
Cash Flows from Operating Activities					
Receipts from:					
Crown		91,151	101,773	96,392	102,038
Department(s)		4,021	7,327	5,031	11,592
Other		40,605	39,901	41,242	48,905
Interest		-	-	-	-
Payments to:					
Suppliers		(38,080)	(44,962)	(28,508)	(59,051)
Employees		(82,943)	(84,241)	(85,353)	(85,947)
Capital charge		(3,875)	(5,449)	(4,518)	(7,597)
Goods and services tax (net)		(68)	-	-	-
Other operating activities		(1)	-	-	-
Net Cash from Operating Activities	8	10,810	14,349	24,286	9,940
Cash Flow from Investing Activities					
Receipts from:					
Sale of property, plant and equipment		97	300	150	200
Sale of intangible assets		-	-	-	-
Sale of other non-current assets		-	-	-	-
Purchase of:					
Property, plant and equipment		(15,422)	(17,981)	(9,066)	(10,889)
Intangible assets		(3,048)	(40,264)	(40,428)	(25,691)
Other non-current assets		2	-	-	-
Net Cash from Investing Activities		(18,371)	(57,945)	(49,344)	(36,380)
Cash Flow from Financing Activities					
Capital contribution		5,315	56,703	8,269	68,634
Other financing cash inflows		-	-	-	-
Repayment of surplus		-	(500)	(1,578)	(2,100)
Capital withdrawal		-	-	-	-
Other financing cash outflows		-	-	-	-
Net Cash from Financing Activities		5,315	56,203	6,691	66,534
Net Increase / (Decrease) in Cash		(2,246)	12,607	(18,367)	40,094
Cash at the beginning of the year		27,848	21,360	25,602	7,235
Cash at the end of the year		25,602	33,967	7,235	47,329

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 up to 1,260 full-time equivalents
- operating costs are based on historical experience. The general historical pattern is expected to continue, and
- estimated year end information for 2011/12 is used as the opening position for the 2012/13 forecasts.

These assumptions are adopted as at 17 April 2012.

Statement of Entity-Specific Accounting Policies

The New Zealand Customs Service 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 Customs Service, prepared in accordance with section 38 of the Public Finance Act 1989.

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

Authorisation Statement

These forecast financial statements were authorised for issue by Customs on 17 April 2012. Customs 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

Capitalisation

The capitalisation thresholds are set out below:

- Intangible assets (computer software) \$1,000.
- All other property plant and equipment \$500.

Depreciation

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

- Launch and watercraft - ten years.
- Computer equipment/hardware - four years.

- Motor vehicles - five years.
- Furniture and office equipment - five years.
- Plant and equipment - five to ten years.
- Intangible assets (computer software) - five to ten years.

The cost of leasehold improvements is capitalised and amortised over the unexpired period of the lease or over the estimated remaining useful lives of the improvements, whichever is shorter.

Cost Allocation

Customs has determined the costs of outputs using a cost allocation system, which is outlined below.

Cost allocation policy

Direct costs are charged directly to significant activities. Indirect costs are charged to significant activities based on cost drivers and related activity/usage information.

Criteria for direct and indirect costs

"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 assigned to outputs

Direct costs are charged directly to outputs, where appropriate. This includes depreciation and occupancy costs.

Basis for assigning indirect and corporate costs to outputs

Indirect costs are assigned to outputs based on a proportion of direct staff costs usage for each output.

Notes to the Financial Statements

Note 1 - Other Revenue

	2010/11	2011/12		2012/13
	Actual \$000	In 2011 Budget \$000	Estimated Actual \$000	Budgeted \$000
Sale of Publications	245	360	130	130
Compliance Activity - Officers' Time	99	1,000	465	465
Compliance Activity - Other	221	300	350	350
Overseas Aid Projects	1,003	-	1,909	1,209
Information Processing	488	500	498	500
Misc Recoveries - Other	2,184	2,294	2,200	19,549
Import Entry Transaction Fees	27,674	26,374	27,894	27,494
Goods Cost Recovery	11,091	11,300	11,300	11,300
State Sector Retirement Savings Scheme Recoveries	1,573	1,600	1,598	-
Less: Department Revenue	(4,016)	(3,327)	(5,031)	(11,592)
Total	40,562	40,401	41,313	49,405

Note 2 - Operating Expenses

	2010/11	2011/12		2012/13
	Actual \$000	In 2011 Budget \$000	Estimated Actual \$000	Budgeted \$000
Net loss on sale of fixed assets	3	-	-	-
Bad debts written-off	13	-	-	-
Increase/(decrease) in provision for doubtful debts	(359)	-	-	-
Audit fees to auditors for audit of financial statements	214	230	223	230
Fees to auditors for other services	72	-	-	-
Operating lease rentals	8,509	8,820	8,820	8,900
Occupancy costs (excluding rental)	3,143	2,900	3,200	3,600
Computer equipment costs	2,520	2,600	2,600	4,400
Communication costs	2,828	2,200	2,200	2,200
Net foreign exchange losses	27	-	-	-
Consultants' fees	2,385	2,000	2,000	3,300
Overseas travel	849	1,000	900	900
Domestic travel	2,477	2,400	2,200	2,100
Other operating costs	15,957	24,322	15,919	25,353
Total	38,638	46,472	38,062	50,983

Note 3 - Debtors and Other Receivables

	2010/11	2011/12		2012/13
	Actual \$000	In 2011 Budget \$000	Estimated Actual \$000	Budgeted \$000
Trade debtors	627	885	850	842
Less: Provision for doubtful debts	(27)	(440)	(40)	(40)
Net trade debtors	600	445	810	802
Receivables (inc accommodation bonds)	138	465	242	500
Debtor - Import entry transaction fee	2,113	2,100	2,000	2,200
Debtor - Crown	473	200	-	-
Debtor - Goods cost recovery	1,321	1,345	1,300	1,350
Total	4,645	4,555	4,352	4,852

Note 4 - 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 2011	-	-	14,922	4,582	65,795	85,299
Additions by purchase	-	-	2,089	198	6,779	9,066
Additions internally developed	-	-	-	-	-	-
Revaluation increase	-	-	-	-	-	-
Transfers between classes	-	-	-	-	-	-
Disposals	-	-	-	-	(450)	(450)
Balance as at 30 June 2012	-	-	17,011	4,780	72,124	93,915
Accumulated depreciation and impairment losses						
Balance as at 1 July 2011	-	-	5,294	2,830	33,428	41,552
Depreciation expense	-	-	1,621	941	7,122	9,684
Eliminate on disposal	-	-	-	-	(300)	(300)
Eliminate on revaluation	-	-	-	-	-	-
Transfers between classes	-	-	-	-	-	-
Impairment losses	-	-	-	-	-	-
Balance as at 30 June 2012	-	-	6,915	3,771	40,250	50,936
Carrying amount as at 30 June 2012	-	-	10,096	1,009	31,874	42,979

Note 5 - Intangible Assets

	Acquired software \$000	Internally generated software \$000	Other \$000	Total \$000
Cost				
Balance as at 1 July 2011	7,316	17,072		24,388
Additions by purchase	36,386	4,042	-	40,428
Additions internally developed	-	-	-	-
Disposals	-	-	-	-
Balance as at 30 June 2012	43,702	21,114	-	64,816
Accumulated amortisation and impairment losses				
Balance as at 1 July 2011	1,164	18,240	-	19,404
Amortisation expense	1,940	215	-	2,155
Disposals	-	-	-	-
Impairment losses	-	-	-	-
Balance as at 30 June 2012	3,104	18,455	-	21,559
Carrying amount as at 30 June 2012	40,598	2,659	-	43,257

Note 6 - Employee Entitlements

	2010/11	2011/12		2012/13
	Actual \$000	In 2011 Budget \$000	Estimated Actual \$000	Budgeted \$000
Current liabilities				
Personnel accruals	4,397	5,212	4,548	4,148
Annual leave	4,599	4,206	4,599	4,599
Retirement and long service leave	-	1,455	1,518	1,500
Total current liabilities	8,996	10,873	10,665	10,247
Non-current liabilities				
Retirement and long service leave	4,934	2,942	3,266	3,116
Total non-current portion	4,934	2,942	3,266	3,116
Total employee entitlements	13,930	13,815	13,931	13,363

Note 7 - Provisions

	2010/11	2011/12		2012/13
	Actual \$000	In 2011 Budget \$000	Estimated Actual \$000	Budgeted \$000
Make good provision	571	735	624	624
Total	571	735	624	624

Note 8 - 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)	1,578	-	2,100	-
Add/(less) non-cash items				
Depreciation and amortisation expense	8,579	12,839	11,839	18,008
Other non-cash items	-	-	-	-
Total non-cash items	8,579	12,839	11,839	18,008
Add/(less) items classified as investing or financing activities	(912)			
(Gains)/losses on disposal property, plant and equipment	5	-	-	-
Total items classified as investing or financing activities	(907)	-	-	-
Add/(less) movements in working capital items				
(Inc)/Dec in debtors and other receivables	(665)	(500)	293	(500)
(Inc)/Dec in prepayments	520	-	-	-
Inc/(Dec) in creditors and other payables	1,872	2,000	10,000	(7,000)
Inc/(Dec) in employee entitlements	(70)	300	1,669	(418)
Inc/(Dec) in other short term liabilities	(9)	-	-	-
Net movements in working capital items	1,648	1,800	11,962	(7,918)
Movements in non-current liabilities				
Inc/(Dec) in provision for premises make good	39	-	53	-
Inc/(Dec) in employee entitlements	(127)	(290)	(1,668)	(150)
Movements in non-current liabilities	(88)	(290)	(1,615)	(150)
Net cash from operating activities	10,810	14,349	24,286	9,940