

Forecast Financial Statements

Ministry of Defence

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
Income					
Crown		10,545	14,186	11,099	11,866
Department(s)	1	328	203	444	-
Other revenue		-	-	-	-
Gains		-	-	-	-
Interest		-	-	-	-
Total Income		10,873	14,389	11,543	11,866
Expenses					
Personnel		6,518	8,364	7,352	8,334
Operating	2	2,962	5,325	3,583	2,847
Depreciation and amortisation		328	427	335	412
Capital charge		253	273	273	273
Finance costs		-	-	-	-
Other		-	-	-	-
Total Expenses		10,061	14,389	11,543	11,866
Net Surplus / (Deficit)		812	-	-	-
Other comprehensive income		-	-	-	-
Total Comprehensive Income		812	-	-	-

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		3,416	3,416	3,416	3,416
Revaluation reserve		-	-	-	-
Other reserves		-	-	-	-
Taxpayers' Funds Opening Balance		3,416	3,416	3,416	3,416
Changes in Taxpayers' Funds					
Comprehensive income for the period		812	-	-	-
Repayment of surplus		(812)	-	-	-
Capital contribution		-	-	-	-
Capital withdrawal		-	-	-	-
Other		-	-	-	-
Total Changes in Taxpayers' Funds		-	-	-	-
Balance at 30 June					
General funds		3,416	3,416	3,416	3,416
Revaluation reserve		-	-	-	-
Other reserves		-	-	-	-
Taxpayers' Funds Closing Balance		3,416	3,416	3,416	3,416

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		3,462	3,101	2,529	2,641
Debtors and other receivables	3	55	45	49	49
Prepayments		4	-	-	-
Inventories		-	-	-	-
Other current assets		-	-	-	-
Total Current Assets		3,521	3,146	2,578	2,690
Non-current Assets					
Property, plant and equipment	4	2,048	1,937	1,892	1,694
Intangible assets	5	145	118	138	224
Other non-current assets		-	-	-	-
Total Non-current Assets		2,193	2,055	2,030	1,918
Total Assets		5,714	5,201	4,608	4,608
Liabilities					
Current Liabilities	6				
Creditors and other payables		703	1,033	367	367
Repayment of surplus		812	-	-	-
Employee entitlements	7	497	467	468	468
Other current liabilities		-	-	-	-
Total Current Liabilities		2,012	1,500	835	835
Non-current Liabilities					
Provisions		-	-	-	-
Employee entitlements		286	285	357	357
Other non-current liabilities		-	-	-	-
Total Non-current Liabilities		286	285	357	357
Total Liabilities		2,298	1,785	1,192	1,192
Taxpayers' Funds					
General funds		3,416	3,416	3,416	3,416
Revaluation reserve		-	-	-	-
Other reserves		-	-	-	-
Total Taxpayers' Funds		3,416	3,416	3,416	3,416
Total Liabilities and Taxpayers' Funds		5,714	5,201	4,608	4,608

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		10,545	14,186	11,099	11,866
Department(s)		350	203	454	-
Other		1	-	-	-
Interest		-	-	-	-
Payments to:					
Suppliers		(2,883)	(5,483)	(4,159)	(2,993)
Employees		(6,534)	(8,223)	(7,140)	(8,188)
Capital charge		(253)	(256)	(273)	(273)
Goods and services tax (net)		(99)	-	70	-
Other operating activities		-	-	-	-
Net Cash from Operating Activities	8	1,127	427	51	412
Cash Flow from Investing Activities					
Receipts from:					
Sale of property, plant and equipment		-	-	-	-
Sale of intangible assets		-	-	-	-
Sale of other non-current assets		-	-	-	-
Purchase of:					
Property, plant and equipment		(64)	(145)	(119)	(110)
Intangible assets		(43)	(87)	(53)	(190)
Other non-current assets		-	-	-	-
Net Cash from Investing Activities		(107)	(232)	(172)	(300)
Cash Flow from Financing Activities					
Capital contribution		-	-	-	-
Other financing cash inflows		-	-	-	-
Repayment of surplus		(183)	(363)	(812)	-
Capital withdrawal		-	-	-	-
Other financing cash outflows		-	-	-	-
Net Cash from Financing Activities		(183)	(363)	(812)	-
Net Increase / (Decrease) in Cash		837	(168)	(933)	112
Cash at the beginning of the year		2,625	3,269	3,462	2,529
Cash at the end of the year		3,462	3,101	2,529	2,641

Statement of Significant Assumptions

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 72 staff positions.
- 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.

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 Ministry of Defence 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 Ministry of Defence, prepared in accordance with section 38 of the Public Finance Act 1989.

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

Authorisation Statement

These forecast financial statements were authorised for issue by the Secretary of Defence on 4 April 2012. The Ministry of Defence is responsible for the forecast financial statements presented, including the appropriateness of the assumptions underlying the forecast financial statements presented and all other required disclosures.

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:

- Leasehold improvements - 18 years.
- IT equipment / hardware - 3 to 5 years.
- Furniture and office equipment - 7 years.

Intangible Assets

The capitalisation threshold for intangible assets is \$5,000. The estimated useful life of intangible assets is 3 years.

Cost Allocation

The Ministry derives the cost of outputs using a cost allocation system that is outlined below:

Criteria for direct and indirect costs

"Direct costs" are those costs directly attributable 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 assigned to outputs by charging payments to specific job numbers. Selection of "general cost" job numbers within an output class will treat the expense as a direct cost to the output even though a specific job within the output class has not been identified.

Basis for assigning indirect and corporate costs to outputs

Indirect costs are assigned to outputs by charging payments to a corporate job number. The accounting system is programmed to allocate job costs to three output classes on a predetermined percentage for each expense item. The percentage number is an assessment of services to be provided to each output class in the ensuing year.

Notes to the Financial Statements

Note 1 - Other Revenue - Department

	2010/11	2011/12		2012/13
	Actual \$000	In 2011 Budget \$000	Estimated Actual \$000	Budgeted \$000
Employer superannuation subsidy recovery	143	203	194	-
New Zealand Defence Force pre-acquisition costs	148	-	250	-
Other	37	-	-	-
Total	328	203	444	-

Note 2 - Operating Expenses

	2010/11	2011/12		2012/13
	Actual \$000	In 2011 Budget \$000	Estimated Actual \$000	Budgeted \$000
Consultants Fees	949	382	949	533
Travel	274	207	233	203
Rental & Leasing	458	471	470	470
Other Expenses	1,281	4,265	1,931	1,641
Total Operating Expenses	2,962	5,325	3,583	2,847

Note 3 - Debtors and Other Receivables

	2010/11	2011/12		2012/13
	Actual \$000	In 2011 Budget \$000	Estimated Actual \$000	Budgeted \$000
Debtor Dept	55	45	49	49
Total	55	45	49	49

Note 4 - Plant, Property and Equipment

	2010/11	2011/12		2012/13
	Actual \$000	In 2011 Budget \$000	Estimated Actual \$000	Budgeted \$000
Cost or revaluation				
Opening balance as at 1 July	4,045	4,014	3,936	4,056
Additions by purchase	64	145	119	110
Disposals	(17)	-	-	-
Transfers	(156)	-	1	-
Closing balance as at 30 June	3,936	4,159	4,056	4,166

	2010/11	2011/12		2012/13
	Actual \$000	In 2011 Budget \$000	Estimated Actual \$000	Budgeted \$000
Accumulated depreciation				
Opening balance as at 1 July	1,765	1,926	1,889	2,164
Depreciation expense	280	296	275	308
Disposals	(16)	-	-	-
Transfers	(140)	-	-	-
Closing balance at 30 June	1,889	2,222	2,164	2,472
Net Plant, Property and Equipment at 30 June	2,048	1,937	1,892	1,694

Note 5 - Intangible Assets

	2010/11	2011/12		2012/13
	Actual \$000	In 2011 Budget \$000	Estimated Actual \$000	Budgeted \$000
Cost	715	740	914	967
Additions by purchase or reclassification	43	87	53	190
Transfers	156	-	-	-
Closing balance at 30 June	914	827	967	1157
Accumulated amortisation and impairment losses	-	-	-	-
Opening balance at 1 July	581	578	769	829
Amortisation expense	48	131	60	104
Transfers	140	-	-	-
Closing balance at 30 June	769	709	829	933
Carrying amount at 30 June	145	118	138	224

Note 6 - Current Liabilities

	2010/11	2011/12		2012/13
	Actual \$000	In 2011 Budget \$000	Estimated Actual \$000	Budgeted \$000
Creditors and Other Payables	65	274	144	144
Accrued Expenses	580	399	95	95
GST payable	58	360	128	128
Total	703	1,033	367	367

Note 7 - Employee Entitlements

	2010/11	2011/12		2012/13
	Actual \$000	In 2011 Budget \$000	Estimated Actual \$000	Budgeted \$000
Annual Leave	479	458	450	450
Sick Leave	18	9	18	18
Total current employee entitlements	497	467	468	468
Long service, retirement and resigning leave	286	285	357	357
Total non current employee entitlements	286	285	357	357
Total Employee Entitlements	783	752	825	825

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)	810	-	-	-
Add/(less) non-cash items				
Inc/(Dec) in non current employee entitlements	(20)	-	-	-
Depreciation and amortisation expense	327	427	335	412
Total non-cash items	307	427	335	412
Add/(less) items classified as savings or financing activities	-	-	-	-
Total items classified as investing or financing activities	-	-	-	-
Add/(less) movements in working capital items	-	-	-	-
(Inc)/Dec in debtors and other receivables	26	-	6	-
(Inc)/Dec in prepayments	(4)	-	4	-
(Inc)/Dec in creditors and other payable	(53)	-	(336)	-
(Inc)/Dec in employee entitlements	41	-	42	-
Net movements in working capital items	10	-	(284)	-
Net cash from operating activities	1,127	427	51	412