

Forecast Financial Statements

Controller and Auditor- General

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		10,001	10,000	10,045	10,045
Department(s)		9,427	10,388	9,460	10,175
Other revenue	1	55,742	61,463	61,380	58,918
Gains		25	-	40	-
Interest		-	-	-	-
Total Income		75,195	81,851	80,925	79,138
Expenses					
Personnel		34,672	37,568	37,378	36,989
Operating	2	38,454	42,943	41,460	40,579
Depreciation and amortisation		867	1,071	901	1,204
Capital charge		261	269	322	366
Finance costs		-	-	-	-
Other		25	-	-	-
Total Expenses		74,279	81,851	80,061	79,138
Net Surplus / (Deficit)		916	-	864	-
Other comprehensive income		-	-	-	-
Total Comprehensive Income		916	-	864	-

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		3,521	4,021	4,021	4,021
Revaluation reserve		-	-	-	-
Other reserves		-	-	-	-
Taxpayers' Funds Opening Balance		3,521	4,021	4,021	4,021
Changes in Taxpayers' Funds					
Comprehensive income for the period		916	-	864	-
Repayment of surplus		(916)	-	(864)	-
Capital contribution		500	2,200	-	2,200
Capital withdrawal		-	-	-	-
Other		-	-	-	-
Total Changes in Taxpayers' Funds		500	2,200	-	2,200
Balance at 30 June					
General funds		4,021	6,221	4,021	6,221
Revaluation reserve		-	-	-	-
Other reserves		-	-	-	-
Taxpayers' Funds Closing Balance		4,021	6,221	4,021	6,221

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		4,283	4,379	3,806	2,394
Debtors and other receivables		6,003	5,601	6,267	5,794
Prepayments		255	185	180	185
Inventories		1,886	2,200	2,000	1,800
Other current assets		-	-	-	-
Total Current Assets		12,427	12,365	12,253	10,173
Non-current Assets					
Property, plant and equipment		1,304	1,646	1,407	4,692
Intangible assets		810	1,280	886	1,108
Other non-current assets		-	-	-	-
Total Non-current Assets		2,114	2,926	2,293	5,800
Total Assets		14,541	15,291	14,546	15,973
Liabilities					
Current Liabilities					
Creditors and other payables		2,999	2,583	3,007	3,007
Repayment of surplus		916	-	864	-
Employee entitlements		3,865	3,707	3,915	3,994
Other current liabilities		2,154	2,200	2,154	2,154
Total Current Liabilities		9,934	8,490	9,940	9,155
Non-current Liabilities					
Provisions		-	-	-	-
Employee entitlements		586	580	585	597
Other non-current liabilities		-	-	-	-
Total Non-current Liabilities		586	580	585	597
Total Liabilities		10,520	9,070	10,525	9,752
Taxpayers' Funds					
General funds		4,021	6,221	4,021	6,221
Revaluation reserve		-	-	-	-
Other reserves		-	-	-	-
Total Taxpayers' Funds		4,021	6,221	4,021	6,221
Total Liabilities and Taxpayers' Funds		14,541	15,291	14,546	15,973

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		10,001	10,000	10,045	10,045
Department(s)		7,586	8,104	7,419	8,078
Other		29,723	34,911	34,542	32,298
Interest		-	-	-	-
Payments to:					
Suppliers		(5,388)	(10,043)	(8,719)	(7,455)
Employees		(34,381)	(37,459)	(37,268)	(36,878)
Capital charge		(269)	(269)	(322)	(366)
Goods and services tax (net)		(4,891)	(4,205)	(4,178)	(4,119)
Other operating activities		-	-	-	-
Net Cash from Operating Activities	3	2,381	1,039	1,519	1,603
Cash Flow from Investing Activities					
Receipts from:					
Sale of property, plant and equipment		59	92	72	43
Sale of intangible assets		-	-	-	-
Sale of other non-current assets		-	-	-	-
Purchase of:					
Property, plant and equipment		(777)	(950)	(722)	(4,144)
Intangible assets		(75)	(850)	(430)	(250)
Other non-current assets		-	-	-	-
Net Cash from Investing Activities		(793)	(1,708)	(1,080)	(4,351)
Cash Flow from Financing Activities					
Capital contribution		500	2,200	-	2,200
Other financing cash inflows		-	-	-	-
Repayment of surplus		(2,014)	(500)	(916)	(864)
Capital withdrawal		-	-	-	-
Other financing cash outflows		-	-	-	-
Net Cash from Financing Activities		(1,514)	1,700	(916)	1,336
Net Increase / (Decrease) in Cash		74	1,031	(477)	(1,412)
Cash at the beginning of the year		4,209	3,348	4,283	3,806
Cash at the end of the year		4,283	4,379	3,806	2,394

Statement of Significant Assumptions

The forecast financial statements have been compiled on the basis of existing Government policies and after the Controller and Auditor-General consulted with the Speaker and the Officers of Parliament Committee. The main assumptions are that:

- the Controller and Auditor-General's portfolio of entities will remain substantially the same as for the previous year, adjusted for known disestablishments and mergers
- the Controller and Auditor-General will continue to deliver the range of products currently provided and will also be in a position to deliver new products, or existing products in new ways, to cope with changing demands
- the scale of annual audits will remain substantially the same. Audits of local authorities' long-term plans will not be carried out in 2012/13
- the balance of activity associated with inquiries and with advice to Parliament and others will continue to vary because of increases in demand and the effects of the Public Audit Act 2001, and
- the Controller and Auditor-General will continue to use audit expertise from both Audit New Zealand and private sector accounting firms.

These assumptions are adopted as at 5 April 2012.

Statement of Entity-Specific Accounting Policies

The Controller and Auditor-General 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 Controller and Auditor-General, prepared in accordance with section sections 38, 41(1), and 45G of the Public Finance Act 1989.

The Controller and Auditor-General is a corporation sole established by section 10(1) of the Public Audit Act 2001, and is an Office of Parliament for the purpose of the Public Finance Act 1989. For the purposes of financial reporting Controller and Auditor-General is a public benefit entity.

Authorisation Statement

These forecast financial statements were authorised for issue by Lyn Provost, Controller and Auditor-General on 12 April 2012. The Controller and Auditor-General 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

Income

Income is measured at the fair value of the consideration received. Income is derived from the Crown for outputs provided to Parliament, from audit fees for the audit of public entities' financial statements, and from other assurance work carried out by Audit New Zealand at the request of public entities.

Crown funding is recognised in the period to which it relates.

Fee revenue is recognised when earned, by reference to the stage of completion of audit and other assurance work, if the outcome can be estimated reliably. Revenue accrues as the audit activity progresses by reference to the value of work performed, and as direct expenses that can be recovered are incurred. If the outcome of an audit cannot be estimated reliably, revenue is recognised only to the extent of the direct costs incurred in respect of the work performed. If there are significant uncertainties regarding recovery, or if recovery is contingent on events outside our control, no revenue is recognised.

Fee revenue generated by contracted audit service providers for audits

Fee revenue generated by contracted audit service providers for audits of public entities is also recognised as the work progresses based on advice from the contracted audit service providers. Contracted audit service providers invoice and collect audit fees directly from public entities.

Expenditure

Expenses of audit service providers

Fees for audits of public entities carried out by contracted audit service providers are recognised as the work progresses, based on advice from the contracted audit service providers. Contracted audit service providers invoice and collect audit fees directly from public entities.

Work in Progress

Work in progress is stated at estimated realisable value, after providing for non-recoverable amounts. Work in progress represents unbilled revenue.

Plant and Equipment

Individual assets, or group of assets, are capitalised if their cost is greater than \$1,000.

The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

- Furniture and fittings 4 years (25%)
- Office equipment 2.5 - 5 years (20% - 40%)
- IT hardware 2.5 - 5 years (20% - 40%)
- Motor vehicles 3 - 5 years (20% - 33%).

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each balance date.

Output Cost Allocation

The Office has determined the cost of outputs using allocations as outlined below.

Direct costs are those costs directly attributable to a single output.

Direct costs that can readily be identified with a single output are assigned directly to the relevant output class. For example, the cost of audits carried out by contracted audit service providers is charged directly to output class: Provision of audit and assurance services.

Indirect costs are all other costs. These costs include: payroll costs; variable costs such as travel; and operating overheads such as property costs, depreciation, and capital charges.

Indirect costs are allocated according to the time charged to a particular activity.

There have been no changes in cost allocation policies since the date of the last audited financial statements.

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
Audit fees - non departments	28,270	33,027	32,706	30,427
Income of contracted audit service providers	27,472	28,436	28,674	28,491
Total	55,742	61,463	61,380	58,918

Note 2 - Operating Expenses

	2010/11	2011/12		2012/13
	Actual \$000	In 2011 Budget \$000	Estimated Actual \$000	Budgeted \$000
Consultants' Fees	608	600	200	200
Overseas travel	275	300	350	350
Domestic travel	2,453	2,800	2,550	2450
Fees paid to contracted auditors for audits of public entities	27,472	28,436	28,674	28,491
Other	7,646	10,807	9,686	9,088
Total	38,454	42,943	41,460	40,579

Note 3 - 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
Surplus	916	-	864	-
Add non-cash items				
Depreciation and amortisation	867	1,071	901	1,204
Total non-cash items	867	1,071	901	1,204
Add/(less) items classified as investing or financing activities				
Loss/(profit) on sale of plant and equipment	53	-	40	-
Total items classified as investing or financing activities	53	-	40	-
Add/(less) movements in working capital items				
(Increase)/decrease in receivables and prepayments	(552)	(166)	(189)	468
(Increase)/decrease in work in progress	239	-	(114)	200
Increase/(decrease) in payables	656	95	66	(178)
Increase/(decrease) in employee entitlements	180	29	(50)	(79)
Net movements in working capital items	523	(42)	(287)	411
Add/(less) movements in non-current liabilities				
Increase/(decrease) in employee entitlements	22	10	1	(12)
Net Cash from Operating Activities	2,381	1,039	1,519	1,603