

Forecast Financial Statements

The Treasury

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		63,921	73,789	99,310	82,961
Department(s)	1	681	1,140	4,152	8,000
Other revenue		1,186	16	1,766	481
Gains		-	-	-	-
Interest		-	-	-	-
Total Income		65,788	74,945	105,228	91,442
Expenses					
Personnel		44,138	46,476	44,985	49,081
Operating	2	19,639	26,076	57,585	38,969
Depreciation and amortisation		1,558	1,938	2,187	2,675
Capital charge		453	455	471	717
Finance costs		-	-	-	-
Other		-	-	-	-
Total Expenses		65,788	74,945	105,228	91,442
Net Surplus / (Deficit)		-	-	-	-
Other comprehensive income		-	-	-	-
Total Comprehensive Income		-	-	-	-

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		6,342	5,742	5,742	8,957
Revaluation reserve		-	-	-	-
Other reserves		-	-	-	-
Taxpayers' Funds Opening Balance		6,342	5,742	5,742	8,957
Changes in Taxpayers' Funds					
Comprehensive income for the period		-	-	-	-
Repayment of surplus		-	-	-	-
Capital contribution		-	-	3,315	-
Capital withdrawal		(600)	(100)	(100)	-
Other		-	-	-	-
Total Changes in Taxpayers' Funds		(600)	(100)	3,215	-
Balance at 30 June					
General funds		5,742	5,642	8,957	8,957
Revaluation reserve		-	-	-	-
Other reserves		-	-	-	-
Taxpayers' Funds Closing Balance		5,742	5,642	8,957	8,957

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		4,755	1,049	4,018	4,877
Debtors and other receivables	3	7,626	9,500	7,100	7,110
Prepayments		344	468	468	468
Inventories		-	-	-	-
Other current assets		-	-	-	-
Total Current Assets		12,725	11,017	11,586	12,455
Non-current Assets					
Property, plant and equipment	4	3,328	3,103	3,961	2,695
Intangible assets	5	203	1,034	2,924	3,419
Other non-current assets		-	-	-	-
Total Non-current Assets		3,531	4,137	6,885	6,114
Total Assets		16,256	15,154	18,471	18,569
Liabilities					
Current Liabilities					
Creditors and other payables	6	4,802	4,300	4,302	4,300
Repayment of surplus		-	-	-	-
Employee entitlements	7	4,903	4,342	4,342	4,442
Other current liabilities		-	-	-	-
Total Current Liabilities		9,705	8,642	8,644	8,742
Non-current Liabilities					
Provisions		-	-	-	-
Employee entitlements		809	870	870	870
Other non-current liabilities		-	-	-	-
Total Non-current Liabilities		809	870	870	870
Total Liabilities		10,514	9,512	9,514	9,612
Taxpayers' Funds					
General funds		5,742	5,642	8,957	8,957
Revaluation reserve		-	-	-	-
Other reserves		-	-	-	-
Total Taxpayers' Funds		5,742	5,642	8,957	8,957
Total Liabilities and Taxpayers' Funds		16,256	15,154	18,471	18,569

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		65,969	73,633	99,365	82,961
Department(s)		698	1,278	4,180	8,010
Other		1,188	12	1,764	481
Interest		-	-	-	-
Payments to:					
Suppliers		(20,668)	(27,948)	(57,409)	(40,938)
Employees		(43,961)	(44,939)	(45,261)	(47,032)
Capital charge		(453)	(455)	(471)	(717)
Goods and services tax (net)		285	(180)	(272)	(3)
Other operating activities		-	-	-	-
Net Cash from Operating Activities	8	3,058	1,401	1,896	2,762
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		(1,130)	(818)	(1,745)	(912)
Intangible assets		(66)	(1,400)	(1,953)	(991)
Other non-current assets		-	-	-	-
Net Cash from Investing Activities		(1,196)	(2,218)	(3,698)	(1,903)
Cash Flow from Financing Activities					
Capital contribution		-	-	1,165	-
Other financing cash inflows		-	-	-	-
Repayment of surplus		-	-	-	-
Capital withdrawal		(600)	(100)	(100)	-
Other financing cash outflows		-	-	-	-
Net Cash from Financing Activities		(600)	(100)	1,065	-
Net Increase / (Decrease) in Cash		1,262	(917)	(737)	859
Cash at the beginning of the year		3,493	1,966	4,755	4,018
Cash at the end of the year		4,755	1,049	4,018	4,877

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 except for new initiatives included as part of the budget process.
- On 7 March 2012 the Central Agencies Shared Services was established. This has impacted on staff numbers and the balance sheet.
- Personnel costs are based on an average of 383 full time equivalents across the year. The cost includes 31 additional full time equivalents for Central Agency Shared Services.
- Operating costs are based on historic experience with some inflationary increases. The general historical pattern is expected to continue.
- Estimated year end information for 2011/2012 is used as the opening position for the 2012/13 forecasts.

These assumptions are adopted as at 31 March 2012.

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

Statement of Entity-Specific Accounting Policies

The Treasury 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 The Treasury, prepared in accordance with section 38 of the Public Finance Act 1989 and cover all activities of the Treasury as set out in the 2011/12 Estimates of the Appropriations in Vote Finance.

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

Authorisation Statement

These forecast financial statements were authorised for issue by the Secretary to the Treasury on 31 March 2012. The Secretary to the Treasury 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

Financial Instruments

Financial assets and financial liabilities are initially measured at fair value plus transaction costs unless they are carried at fair value through profit and loss in which case the transaction costs are recognised in the Statement of Financial Performance.

Financial instruments primarily comprise cash and bank balances, accounts receivable and payables. All financial instruments are recognised in the Statement of Financial Position at cost. Revenues and expenses in relation to all financial instruments are recognised in the Statement of Financial Performance.

Property, Plant and Equipment

Property, plant and equipment consists of leasehold improvements, computer hardware, furniture and fittings and office equipment.

Capitalisation thresholds applied are set out below:

- IT Equipment/Hardware \$5,000.
- All other property plant and equipment \$5,000.

Depreciation

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

- Furniture and fittings 5-15 years.
- Leasehold improvements 10 years.
- Leasehold equipment 5 years.
- IT Equipment/Hardware 3-5 years.
- Office equipment 3-5 years.

Intangible Assets

Capitalisation thresholds applied are:

- Purchased software \$5,000.
- Internally developed software \$30,000.

The estimated useful lives of intangible assets are set out below:

- Purchased software 3 years.
- Internally developed software 3 years.

Statement of Cost Allocation Policies

The Department has derived the cost of outputs using a standard cost allocation system which is outlined below.

Direct costs

Direct costs are costs that can be identified with a single output and are assigned directly to that output.

Indirect costs

Indirect costs are costs that cannot be identified with an output in an economically feasible manner. They are incurred for the common benefit of more than one output. Costs that bear no direct relationship to outputs are classified as indirect. Indirect costs are allocated to outputs based on a predetermined cost driver.

Notes to the Financial Statements

Note 1 - Department(s) and Other Revenue

	2010/11	2011/12		2012/13
	Actual \$000	In 2011 Budget \$000	Estimated Actual \$000	Budgeted \$000
State sector retirement superannuation scheme and kiwisaver scheme recoveries	1,162	1,156	1,074	-
Better Administrative Support Services, AMI and Policy Expenditure Review recoveries	681	-	1,566	-
Central Agencies Shared Services	-	-	3,000	8,000
Local Government Funding Agency	-	-	250	465
Other	24	-	28	16
Total	1,867	1,156	5,918	8,481

Note 2 - Operating Expenses

	2010/11	2011/12		2012/13
	Actual \$000	In 2011 Budget \$000	Estimated Actual \$000	Budgeted \$000
Operating expenses include:				
Consultants' fees	4,674	6,240	26,023	21,927
Process management fees	1,853	3,352	2,026	639
Transport and Travel	1,403	1,482	1,996	1,761
Lease of premises	2,978	3,108	3,068	3,133
Information costs	1,432	989	1,056	1,238
Data processing costs	728	714	782	1,413
Fees to KPMG for audit of the Department, Central Agencies Shared Services and NZDMO	377	250	350	473
Fees to other Auditors for DICE and audit of Crown Financial Statements	506	510	510	510
Fees to KPMG for other services including better administrative and support services (BASS) benchmarking, SOE review, assurance on DGS registry system and project management report	893	-	-	-
Training and Development	738	890	942	993
Other operating costs	4,057	8,541	20,832	6,882
Total	19,639	26,076	57,585	38,969

Note 3 - Debtors and Other Receivables

	2010/11	2011/12		2012/13
	Actual \$000	In 2011 Budget \$000	Estimated Actual \$000	Budgeted \$000
Crown debtor	6,751	9,096	6,696	6,696
Other	875	404	404	414
Total	7,626	9,500	7,100	7,110

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 2012	-	-	5,285	2,247	6,488	14,020
Additions by purchase	-	-	124	113	675	912
Disposals	-	-	-	(200)	(350)	(550)
Balance as at 30 June 2013	-	-	5,409	2,160	6,813	14,382
Accumulated depreciation and impairment losses						
Balance as at 1 July 2012	-	-	3,100	1,552	5,407	10,059
Depreciation expense	-	-	410	73	1,695	2,178
Eliminate on disposal	-	-	-	(200)	(350)	(550)
Balance as at 30 June 2013	-	-	3,510	1,425	6,752	11,687
Carrying amount as at 30 June 2013	-	-	1,899	735	61	2,695

Note 5 - Intangible Assets

	Acquired software \$000	Internally generated software \$000	Other \$000	Total \$000
Cost				
Balance as at 1 July 2012	3,587	1,810	-	5,397
Additions by purchase	21	970	-	991
Disposals	-	-	-	-
Balance as at 30 June 2013	3,608	2,780	-	6,388
Accumulated amortisation and impairment losses				
Balance as at 1 July 2012	1,697	775	-	2,472
Amortisation expense	173	324	-	497
Balance as at 30 June 2013	1,870	1,099	-	2,969
Carrying amount as at 30 June 2013	1,738	1,681	-	3,419

Note 6 - Creditors and Other Payables

	2010/11	2011/12		2012/13
	Actual \$000	In 2011 Budget \$000	Estimated Actual \$000	Budgeted \$000
Creditors	1,158	1,115	1,075	1,035
Receipts in advance	80	-	-	-
Accrued expenses	2,891	2,785	2,827	2,865
GST payable	673	400	400	400
Total	4,802	4,300	4,302	4,300

Note 7 - Employee Entitlements

	2010/11	2011/12		2012/13
	Actual \$000	In 2011 Budget \$000	Estimated Actual \$000	Budgeted \$000
Retirement, resigning and long service leave	1,106	1,200	1,200	1,300
Annual leave	2,670	2,362	2,362	2,362
Sick leave	142	130	130	130
Accrued salaries	881	760	760	760
Accrued performance payments	312	200	200	200
Accrued other entitlements	601	560	560	560
Total	5,712	5,212	5,212	5,312

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)	-	-	-	-
Add/(Less) Non-cash Items				
Depreciation and amortisation expense	1,558	1,938	2,187	2,675
Gain/loss on sale of PPE	-	-	-	-
Total non-cash items	1,558	1,938	2,187	2,675
Add/(Less) Movements in Working Capital Items				
(Inc)/Dec in debtors and other receivables	1,779	(61)	404	(10)
Inc/ (Dec) in creditors and other payables	(237)	17	78	(3)
Inc/(Dec) in GST payable	(57)	(180)	(273)	-
Inc/ (Dec) in employee entitlements	93	(313)	(561)	100
Net movements in working capital items	1,578	(537)	(352)	87
Add/(Less) Movements in Non-current Liabilities				
Inc/ (Dec) in non-current employee entitlements	(78)	-	61	-
Net Cash From Operating Activities	3,058	1,401	1,896	2,762