

Forecast Financial Statements

Ministry of Social Development

Statement of Forecast Comprehensive Income for the year ending 30 June 2014

		2011/12	2012/13		2013/14
	Note	Actual \$000	In 2012 Budget \$000	Estimated Actual \$000	Budgeted \$000
Income					
Crown		1,153,775	1,162,658	1,203,636	1,189,557
Department(s)		13,620	5,650	6,972	4,544
Other revenue		3,527	6,161	7,462	7,916
Gains		106	-	-	-
Interest		-	-	-	-
Total Income		1,171,028	1,174,469	1,218,070	1,202,017
Expenses					
Personnel		639,198	589,889	662,156	655,078
Operating	1	444,462	510,578	486,923	471,511
Depreciation and amortisation		47,948	50,427	41,416	51,853
Capital charge		24,062	23,575	23,575	23,575
Finance costs		-	-	-	-
Other		376	-	-	-
Total Expenses		1,156,046	1,174,469	1,214,070	1,202,017
Net Surplus / (Deficit)		14,982	-	4,000	-
Other comprehensive income		-	-	-	-
Total Comprehensive Income		14,982	-	4,000	-

Statement of Forecast Changes in Taxpayers' Funds for the year ending 30 June 2014

	Note	2011/12	2012/13		2013/14
		Actual \$000	In 2012 Budget \$000	Estimated Actual \$000	Budgeted \$000
Balance at 1 July					
General funds		264,896	264,896	264,896	256,896
Revaluation reserve		35,875	35,875	35,875	35,875
Other reserves		-	-	-	-
Taxpayers' Funds Opening Balance		300,771	300,771	300,771	292,771
Changes in Taxpayers' Funds					
Comprehensive income for the period		14,982	-	4,000	-
Repayment of surplus		(14,982)	-	(4,000)	-
Capital contribution		-	-	-	-
Capital withdrawal		-	(8,000)	(8,000)	-
Other		-	-	-	-
Total Changes in Taxpayers' Funds		-	(8,000)	(8,000)	-
Balance at 30 June					
General funds		264,896	256,896	256,896	256,896
Revaluation reserve		35,875	35,875	35,875	35,875
Other reserves		-	-	-	-
Taxpayers' Funds Closing Balance		300,771	292,771	292,771	292,771

Forecast Statement of Financial Position as at 30 June 2014

	Note	2011/12	2012/13		2013/14
		Actual \$000	In 2012 Budget \$000	Estimated Actual \$000	Budgeted \$000
Assets					
Current Assets					
Cash and cash equivalents		30,414	57,589	39,644	40,701
Debtors and other receivables		115,233	40,682	72,798	60,798
Prepayments		10,205	8,409	10,205	10,205
Inventories		-	-	-	-
Other current assets		-	-	-	-
Total Current Assets		155,852	106,680	122,647	111,704
Non-current Assets					
Property, plant and equipment	2	303,048	297,204	312,404	317,662
Intangible assets	3	48,688	58,832	53,555	57,640
Other non-current assets		-	-	-	-
Total Non-current Assets		351,736	356,036	365,959	375,302
Total Assets		507,588	462,716	488,606	487,006
Liabilities					
Current Liabilities					
Creditors and other payables		101,247	83,978	101,247	103,647
Repayment of surplus		14,982	-	4,000	-
Employee entitlements		53,622	52,010	53,622	53,622
Other current liabilities		-	-	-	-
Total Current Liabilities		169,851	135,988	158,869	157,269
Non-current Liabilities					
Provisions		-	-	-	-
Employee entitlements		36,966	33,957	36,966	36,966
Other non-current liabilities		-	-	-	-
Total Non-current Liabilities		36,966	33,957	36,966	36,966
Total Liabilities		206,817	169,945	195,835	194,235
Taxpayers' Funds					
General funds		264,896	256,896	256,896	256,896
Revaluation reserve		35,875	35,875	35,875	35,875
Other reserves		-	-	-	-
Total Taxpayers' Funds		300,771	292,771	292,771	292,771
Total Liabilities and Taxpayers' Funds		507,588	462,716	488,606	487,006

Statement of Forecast Cash Flows for the year ending 30 June 2014

	Note	2011/12	2012/13		2013/14
		Actual \$000	In 2012 Budget \$000	Estimated Actual \$000	Budgeted \$000
Cash Flows from Operating Activities					
Receipts from:					
Crown		1,115,338	1,172,658	1,246,072	1,201,557
Department(s)		14,908	5,650	6,972	4,544
Other		3,155	6,161	7,462	7,916
Interest		-	-	-	-
Payments to:					
Suppliers		(435,247)	(512,021)	(487,819)	(472,407)
Employees		(631,751)	(588,446)	(661,260)	(651,782)
Capital charge		(24,062)	(23,575)	(23,575)	(23,575)
Goods and services tax (net)		26	-	-	-
Other operating activities		-	-	-	-
Net Cash from Operating Activities	4	42,367	60,427	87,852	66,253
Cash Flow from Investing Activities					
Receipts from:					
Sale of property, plant and equipment		1,172	1,800	1,800	1,800
Sale of intangible assets		-	-	-	-
Sale of other non-current assets		-	-	-	-
Purchase of:					
Property, plant and equipment		(30,373)	(41,198)	(39,618)	(45,175)
Intangible assets		(20,242)	(31,241)	(17,821)	(17,821)
Other non-current assets		-	-	-	-
Net Cash from Investing Activities		(49,443)	(70,639)	(55,639)	(61,196)
Cash Flow from Financing Activities					
Capital contribution		-	-	-	-
Other financing cash inflows		-	-	-	-
Repayment of surplus		(5,942)	(5,000)	(14,983)	(4,000)
Capital withdrawal		-	(8,000)	(8,000)	-
Other financing cash outflows		-	-	-	-
Net Cash from Financing Activities		(5,942)	(13,000)	(22,983)	(4,000)
Net Increase / (Decrease) in Cash		(13,018)	(23,212)	9,230	1,057
Cash at the beginning of the year		43,432	80,801	30,414	39,644
Cash at the end of the year		30,414	57,589	39,644	40,701

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 the previous year.
- Personnel costs are based on 9,400 full time equivalent staff positions.
- Operating costs are based on historical experience. The general historical pattern is expected to continue.
- Estimated year end information for 2012/13 is used as the opening position for the 2013/14 forecasts.

These assumptions are adopted as at 1 April 2013.

Factors that could lead to material differences between the forecast financial statements and the 2012/13 actual financial statements include:

- changes to the baseline budget through new initiatives, or technical adjustments.

Statement of Entity-Specific Accounting Policies

The Ministry of Social Development 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 Social Development, prepared in accordance with section 38 of the Public Finance Act 1989.

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

Authorisation Statement

These forecast financial statements were authorised for issue by Brendan Boyle, Chief Executive and Nick Gale, Chief Financial Officer on 17 April 2013. The Chief Executive and Chief Financial Officer are 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

Capitalisation thresholds applied are set out below:

- IT equipment/hardware - \$2,000.
- All other property, plant and equipment - \$2,000.

Depreciation

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

- Buildings - 10 to 80 years.
- Leasehold improvements - up to 10 years.
- IT equipment/hardware - 3 to 5 years.
- Motor vehicles - 4 to 5 years.
- Furniture and office equipment - 3 to 5 years.

Intangible Assets

Capitalisation thresholds applied are:

- Purchased software - \$2,000.
- Internally developed software - \$2,000.

Amortisation

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

- Purchased software - 3 to 8 years.
- Internally developed software - 3 to 8 years.

Cost Allocation

The Ministry accumulates and allocates costs to Departmental Output Expenses using a three-staged costing system which is outlined below:

Cost allocation policy

The first stage allocates all direct costs to output classes as and when they are incurred. The second stage accumulates and allocates indirect costs to output classes based on cost drivers, such as full-time equivalent staff (FTE) and workload information obtained from surveys, which reflect an appropriate measure of resource consumption/use. The third stage accumulates and allocates overhead costs to output classes based on resource consumption/use where possible, such as FTE staff ratio, or if an appropriate driver cannot be found, then in proportion to the costs charged in the previous two stages.

Criteria for direct and indirect costs

Direct costs are all costs that vary directly with the level of activity and are causally related to, and readily assignable to, an output class. Overhead costs are those costs that do not vary with the level of activity undertaken. Indirect costs are all costs other than direct costs and overhead costs.

Notes to the Financial Statements

Note 1 - Operating Expenses

	2011/12	2012/13		2013/14
	Actual \$000	In 2012 Budget \$000	Estimated Actual \$000	Budgeted \$000
Audit fees	1,050	1,300	1,178	1,178
Rental, leasing and occupancy costs	74,337	70,000	67,858	70,000
Client Financial plan costs	113,611	112,000	119,161	120,000
Non specific client costs	20,990	22,000	23,100	25,000
Vocational Skills Training	54,515	54,635	54,635	46,784
Consultancy and contractors' fees	5,114	6,000	6,974	7,000
Professional fees	11,325	12,000	15,093	15,000
Overseas travel	158	350	103	100
Domestic travel	6,520	6,500	6,893	7,000
IT related operating expenses	85,037	75,000	98,891	98,000
Office operating expenses	33,881	34,000	30,234	31,000
Other operating expenses	37,924	116,793	62,803	50,449
Total operating expenses	444,462	510,578	486,923	471,511

Note 2 - Property, Plant and Equipment

	Land \$000	Buildings \$000	Furniture & Fittings \$000	Computer Equipment \$000	Motor Vehicles \$000	Plant & Equipment \$000	Total \$000
Cost or revaluation							
Balance as at 1 July 2013	49,983	204,017	86,806	126,032	33,806	17,509	518,153
Additions by purchase	-	7,372	11,046	17,977	8,000	780	45,175
Disposals	-	-	-	-	(3,000)	(270)	(3,270)
Balance as at 30 June 2014	49,983	211,389	97,852	144,009	38,806	18,019	560,058
Accumulated depreciation and impairment losses							
Balance as at 1 July 2013	-	12,520	61,600	105,736	15,770	10,123	205,749
Depreciation expense	-	7,440	8,890	11,977	7,731	2,079	38,117
Eliminate on disposal	-	-	-	-	(1,300)	(170)	(1,470)
Balance as at 30 June 2014	-	19,960	70,490	117,713	22,201	12,032	242,396
Carrying amount as at 30 June 2014	49,983	191,429	27,362	26,296	16,605	5,987	317,662

Note 3 - Intangible Assets

	Acquired software \$000	Internally generated software \$000	Other \$000	Total \$000
Cost				
Balance as at 1 July 2013	237,346	-	-	237,346
Additions by purchase	17,821	-	-	17,821
Additions internally developed	-	-	-	-
Disposals	-	-	-	-
Balance as at 30 June 2014	255,167	-	-	255,167
Accumulated amortisation and impairment losses				
Balance as at 1 July 2013	183,791	-	-	183,791
Amortisation expense	13,736	-	-	13,736
Disposals	-	-	-	-
Impairment losses	-	-	-	-
Balance as at 30 June 2014	197,527	-	-	197,527
Carrying amount as at 30 June 2014	57,640	-	-	57,640

Note 4 - Reconciliation of Net Surplus to Net Cash Flows from Operating Activities

	2011/12	2012/13		2013/14
	Actual \$000	In 2012 Budget \$000	Estimated Actual \$000	Budgeted \$000
Net surplus/deficit	14,982	-	4,000	-
Add/(less) non-cash items				
Depreciation and amortisation expense	47,948	50,427	41,416	51,853
Total non-cash items	47,948	50,427	41,416	51,853
Add/(less) items classified as investing or financing activities				
(Gains)/losses on disposal property, plant and equipment	(106)	-	-	-
Total items classified as investing or financing activities	(106)	-	-	-
Add/(less) movements in working capital items				
(Inc)/Dec in debtors and other receivables	(40,551)	10,000	42,436	12,000
(Inc)/Dec in prepayments	(1,796)	-	-	-
Inc/(Dec) in creditors and other payables	17,269	-	-	2,400
Inc/(Dec) in current provisions	-	-	-	-
Inc/(Dec) in employment entitlements	1,612	-	-	-
Net movements in working capital items	(23,466)	10,000	42,436	14,400
Add/(less) movements in non-current liabilities				
Inc/(Dec) in employee entitlements	3,009	-	-	-
Net movements in non-current liabilities	3,009	-	-	-
Net cash from operating activities	42,367	60,427	87,852	66,253