

Forecast Financial Statements

Department of Corrections

Statement of Forecast Comprehensive Income 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
Income					
Crown		1,132,967	1,153,956	1,140,554	1,167,589
Department(s)		10,609	431	683	146
Other revenue		35,450	30,998	39,656	31,102
Gains		913	-	-	-
Interest		-	-	-	-
Total Income		1,179,939	1,185,385	1,180,893	1,198,837
Expenses					
Personnel		519,430	553,332	529,518	534,031
Operating	1	324,882	305,057	339,355	349,328
Depreciation and amortisation		144,304	138,512	126,836	130,631
Capital charge		180,493	188,484	185,184	184,847
Finance costs		-	-	-	-
Other	1	8,014	-	-	-
Total Expenses		1,177,123	1,185,385	1,180,893	1,198,837
Net Surplus / (Deficit)		2,816	-	-	-
Other comprehensive income		(25,856)	-	(869)	-
Total Comprehensive Income		(23,040)	-	(869)	-

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		1,676,035	1,761,080	1,755,069	1,751,719
Revaluation reserve		583,325	583,325	557,469	556,600
Other reserves		2,267	2,267	2,267	2,267
Taxpayers' Funds Opening Balance		2,261,627	2,346,672	2,314,805	2,310,586
Changes in Taxpayers' Funds					
Comprehensive income for the period		(23,040)	-	(869)	-
Repayment of surplus		(8,827)	-	-	-
Capital contribution		95,965	19,500	-	19,500
Capital withdrawal		(10,920)	-	(3,350)	-
Other		-	-	-	-
Total Changes in Taxpayers' Funds		53,178	19,500	(4,219)	19,500
Balance at 30 June					
General funds		1,755,069	1,780,580	1,751,719	1,771,219
Revaluation reserve		557,469	583,325	556,600	556,600
Other reserves		2,267	2,267	2,267	2,267
Taxpayers' Funds Closing Balance		2,314,805	2,366,172	2,310,586	2,330,086

Forecast Statement of Financial Position as at 30 June 2014

		2011/12	2012/13		2013/14
	Note	Actual \$000	In 2012 Budget \$000	Estimated Actual \$000	Budgeted \$000
Assets					
Current Assets					
Cash and cash equivalents		315,186	267,459	200,255	180,053
Debtors and other receivables		72,815	70,995	170,995	170,995
Prepayments		2,043	3,025	3,025	3,025
Inventories		4,972	6,231	6,231	6,231
Other current assets		-	-	-	-
Total Current Assets		395,016	347,710	380,506	360,304
Non-current Assets					
Property, plant and equipment		2,015,461	2,061,458	1,978,333	2,002,073
Intangible assets		47,842	72,888	67,018	83,079
Other non-current assets		50,818	128,737	107,449	282,149
Total Non-current Assets		2,114,121	2,263,083	2,152,800	2,367,301
Total Assets		2,509,137	2,610,793	2,533,306	2,727,605
Liabilities					
Current Liabilities					
Creditors and other payables		102,333	91,581	86,880	86,880
Repayment of surplus		8,827	-	-	-
Employee entitlements		68,053	66,622	66,622	66,721
Other current liabilities		-	-	-	1,100
Total Current Liabilities		179,213	158,203	153,502	154,701
Non-current Liabilities					
Provisions		-	-	-	-
Employee entitlements		15,119	12,618	12,618	12,618
Other non-current liabilities		-	73,800	56,600	230,200
Total Non-current Liabilities		15,119	86,418	69,218	242,818
Total Liabilities		194,332	244,621	222,720	397,519
Taxpayers' Funds					
General funds		1,755,069	1,780,580	1,751,719	1,771,219
Revaluation reserve		557,469	583,325	556,600	556,600
Other reserves		2,267	2,267	2,267	2,267
Total Taxpayers' Funds		2,314,805	2,366,172	2,310,586	2,330,086
Total Liabilities and Taxpayers' Funds		2,509,137	2,610,793	2,533,306	2,727,605

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		1,107,283	1,153,956	1,040,554	1,167,589
Department(s)		12,454	2,922	1,984	146
Other		35,215	30,998	40,175	31,102
Interest		-	-	-	-
Payments to:					
Suppliers		(331,260)	(309,157)	(359,597)	(351,876)
Employees		(502,424)	(549,133)	(530,902)	(531,384)
Capital charge		(180,493)	(188,484)	(185,184)	(184,847)
Goods and services tax (net)		(4,701)	-	-	-
Other operating activities		-	-	-	-
Net Cash from Operating Activities	2	136,074	141,102	7,030	130,730
Cash Flow from Investing Activities					
Receipts from:					
Sale of property, plant and equipment		1,715	1,000	535	1,000
Sale of intangible assets		-	-	-	-
Sale of other non-current assets		-	-	-	-
Purchase of:					
Property, plant and equipment		(56,156)	(113,639)	(84,665)	(144,680)
Intangible assets		(23,746)	(32,355)	(29,004)	(26,752)
Other non-current assets		-	-	-	-
Net Cash from Investing Activities		(78,187)	(144,994)	(113,134)	(170,432)
Cash Flow from Financing Activities					
Capital contribution		95,965	19,500	-	19,500
Other financing cash inflows		-	-	-	-
Repayment of surplus		(44,077)	(17,144)	(8,827)	-
Capital withdrawal		(10,920)	-	-	-
Other financing cash outflows		-	-	-	-
Net Cash from Financing Activities		40,968	2,356	(8,827)	19,500
Net Increase / (Decrease) in Cash		98,855	(1,536)	(114,931)	(20,202)
Cash at the beginning of the year		216,331	268,995	315,186	200,255
Cash at the end of the year		315,186	267,459	200,255	180,053

Statement of Significant Assumptions

These forecast financial statements have been compiled on the basis of government policies and the Department of Corrections' outcome agreements with the Minister of Corrections at the time the statements were finalised.

The 2013/14 budgeted figures are based on management's judgements, estimates and assumptions of the final 2012/13 outcome and is used as the opening position for 2012/13 forecasts. Estimated year end information for 2012/13 is used as the opening position for the 2013/14 forecasts. Actual results may differ from these estimates and these variations may be material.

Statement of Entity-Specific Accounting Policies

The Department of Corrections has applied the accounting policies set out in the Statement of Accounting Policies Standard included in this document, except as stated below.

Reporting Entity

These are the prospective financial statements of the Department of Corrections, prepared in accordance with section 38 of the Public Finance Act 1989.

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

Authorisation Statement

These forecast financial statements were authorised for issue by the Chief Executive of the Department of Corrections on 4 April 2013. The Chief Executive 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

Property, Plant and Equipment

The capitalisation thresholds applied are set out below:

Asset Category	Capitalisation Threshold
IT Equipment / Hardware	\$3,000 other than personal computers, printers and laptops which are capitalised at cost.
All other property, plant and equipment	\$3,000

Depreciation

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

Asset Category	Useful Lives
Buildings	3 to 75 years
Leasehold improvement	10 years
IT Equipment / Hardware	3 to 10 years
Motor vehicles	5 to 8 years
Furniture and fittings	3 to 5 years
Plant and equipment	5 to 10 years

Intangible Assets

The capitalisation thresholds applied are set out below:

Asset Category	Capitalisation Threshold
Purchased software	\$3,000
Internally developed software	\$3,000

Amortisation

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

Asset Category	Useful Lives
Purchased software	3 to 10 years
Internally developed software	3 to 10 years

Cost Allocation

Costs that are driven by prisoner or offender related activities are recognised as direct costs and assigned to outputs. Direct costs are charged to outputs based on actual consumption or activity analysis. Pre-established ratios have been used in some instances which are reviewed at regular intervals.

Indirect costs are driven by organisational support functions and are not directly related to prisoner or offender activities. Indirect costs are allocated to outputs based on appropriate resource consumption and/or activity analysis.

Non-current Assets Held for Sale

Non-current assets held for sale are classified as held for sale if their carrying amount will be recovered principally through a sale transaction, not through continuing use. Non-current assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Any impairment losses for write-downs of non-current assets held for sale are recognised in the Statement of Forecast Comprehensive Income.

Any increases in fair value less costs to sell are recognised up to the level of any impairment losses that have been previously recognised.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Biological Assets

The Department recognises biological assets or agriculture produce when, and only when:

- the Department controls the assets as a result of past events
- it is probable that future economic benefits associated with the asset will flow to the Department, and
- the fair value or costs of the asset can be measured reliably.

Biological Assets managed for harvesting into agricultural produce are recorded at fair value less costs to sell, with any realised gains or losses reported in the Statement of Forecast Comprehensive Income.

The Department's valuations incorporate any material costs to sell in the valuation.

The Department's biological assets are forests and livestock.

Forests

Forestry assets are independently revalued annually at fair value less costs to sell. Fair value is determined based on the present value of expected net cash flows discounted at a current market determined pre-tax rate.

Gains or losses arising on initial recognition of biological assets at fair value less costs to sell and from a change in fair value less costs to sell are recognised in the Statement of Forecast Comprehensive Income.

The costs to maintain the forestry assets are included in the Statement of Forecast Comprehensive Income.

Livestock

Livestock assets are recorded at fair value less costs to sell.

Gains and losses due to changes in the per head value of the livestock at balance date are recognised in the Statement of Forecast Comprehensive Income.

Gains and losses due to changes in livestock numbers are recognised in the Statement of Forecast Comprehensive Income.

Any material differences in fair value are recognised in the Statement of Forecast Comprehensive Income.

Notes to the Financial Statements

Note 1 - Operating Expenses and Other

	2011/12	2012/13		2013/14
	Actual \$000	In 2012 Budget \$000	Estimated Actual \$000	Budgeted \$000
Operating Leases	16,435	16,375	16,621	16,375
Audit fees for audit of the financial statements	366	358	361	366
Fees for auditors for other services provided	88	-	-	-
Facilities maintenance	76,807	68,694	81,750	81,750
Offender management costs	52,810	50,911	58,849	58,849
Computer costs	27,099	23,059	27,844	27,844
Contract management	60,476	59,153	69,887	69,887
Administration	36,438	35,779	34,485	34,485
Bad debts	63	-	1	-
Other operating costs	53,963	50,728	46,057	59,772
Biological assets revaluation	4,089	-	-	-
Investment revaluation	-	-	-	-
Earthquake related expenditure	2,407	-	3,500	-
(Gain)/Loss on sale of fixed assets	1,855	-	-	-
Total	332,896	305,057	339,355	349,328

Note 2 - 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)	2,816	-	-	-
Depreciation and amortisation	144,304	138,512	126,836	130,631
Increase/(decrease) in non-current employee entitlements	3,011	-	-	-
Biological assets revaluation gain	6,011	-	-	-
Increase/(decrease) in non-cash items	-	-	-	-
Total non-cash items	153,326	138,512	126,836	130,631
Increase/(decrease) in receivables	(23,675)	2,491	(98,699)	-
Increase/(decrease) in inventory	499	-	(1,259)	-
Increase/(decrease) in prepayment	(251)	-	(463)	-
Increase/(decrease) in creditors and payables	(9210)	99	(7,469)	99
Increase/(decrease) in provisions	11,920	-	(11,916)	-
Increase/(decrease) in current employee entitlements	1,629	-	-	-

	2011/12	2012/13		2013/14
	Actual \$000	In 2012 Budget \$000	Estimated Actual \$000	Budgeted \$000
Working capital movements - net	(19,088)	2,590	(119,806)	99
Biological assets revaluation loss	(1,922)	-	-	-
Investments revaluation loss	-	-	-	-
Net loss/(gain) on sale or disposal of physical assets	942	-	-	-
Net loss/(gain) on sale or disposal of investments	-	-	-	-
Total investing activities	(980)	0	0	0
Net cash flow from operating activities	136,074	141,102	7,030	130,730