

# *Forecast Financial Statements*

## *Serious Fraud Office*

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## 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
<b>Income</b>					
Crown	1	7,140	9,740	9,740	9,740
Department(s)		87	-	5	10
Other revenue		362	439	530	430
Gains		1	-	-	-
Interest		-	-	-	-
<b>Total Income</b>		<b>7,590</b>	<b>10,179</b>	<b>10,275</b>	<b>10,180</b>
<b>Expenses</b>					
Personnel		5,481	6,378	6,021	6,047
Operating		2,134	3,475	3,928	3,799
Depreciation and amortisation		206	261	273	294
Capital charge		62	65	36	36
Finance costs		-	-	6	4
Other		7	-	11	-
<b>Total Expenses</b>		<b>7,890</b>	<b>10,179</b>	<b>10,275</b>	<b>10,180</b>
<b>Net Surplus / (Deficit)</b>		<b>(300)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Other comprehensive income		-	-	-	-
<b>Total Comprehensive Income</b>		<b>(300)</b>	<b>-</b>	<b>-</b>	<b>-</b>

## 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
<b>Balance at 1 July</b>					
General funds		772	452	452	452
Revaluation reserve		-	-	-	-
Other reserves		-	-	-	-
<b>Taxpayers' Funds Opening Balance</b>		<b>772</b>	<b>452</b>	<b>452</b>	<b>452</b>
<b>Changes in Taxpayers' Funds</b>					
Comprehensive income for the period		(300)	-	-	-
Repayment of surplus		(20)	-	-	-
Capital contribution		-	-	-	-
Capital withdrawal		-	-	-	-
Other		-	-	-	-
<b>Total Changes in Taxpayers' Funds</b>		<b>(320)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Balance at 30 June</b>					
General funds		452	452	452	452
Revaluation reserve		-	-	-	-
Other reserves		-	-	-	-
<b>Taxpayers' Funds Closing Balance</b>		<b>452</b>	<b>452</b>	<b>452</b>	<b>452</b>

## 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
<b>Assets</b>					
<b>Current Assets</b>					
Cash and cash equivalents		1,467	1,366	1,463	1,551
Debtors and other receivables		50	-	-	-
Prepayments		30	-	1	1
Inventories		-	-	-	-
Other current assets		-	-	-	-
<b>Total Current Assets</b>		<b>1,547</b>	<b>1,366</b>	<b>1,464</b>	<b>1,552</b>
<b>Non-current Assets</b>					
Property, plant and equipment		816	626	654	459
Intangible assets		37	136	59	61
Other non-current assets		-	-	-	-
<b>Total Non-current Assets</b>		<b>853</b>	<b>762</b>	<b>713</b>	<b>520</b>
<b>Total Assets</b>		<b>2,400</b>	<b>2,128</b>	<b>2,177</b>	<b>2,072</b>
<b>Liabilities</b>					
<b>Current Liabilities</b>					
Creditors and other payables		1,071	963	920	912
Repayment of surplus		20	-	-	-
Employee entitlements		305	164	294	304
Other current liabilities		-	-	-	-
<b>Total Current Liabilities</b>		<b>1,396</b>	<b>1,127</b>	<b>1,214</b>	<b>1,216</b>
<b>Non-current Liabilities</b>					
Provisions		545	542	504	397
Employee entitlements		7	7	7	7
Other non-current liabilities		-	-	-	-
<b>Total Non-current Liabilities</b>		<b>552</b>	<b>549</b>	<b>511</b>	<b>404</b>
<b>Total Liabilities</b>		<b>1,948</b>	<b>1,676</b>	<b>1,725</b>	<b>1,620</b>
<b>Taxpayers' Funds</b>					
General funds		452	452	452	452
Revaluation reserve		-	-	-	-
Other reserves		-	-	-	-
<b>Total Taxpayers' Funds</b>		<b>452</b>	<b>452</b>	<b>452</b>	<b>452</b>
<b>Total Liabilities and Taxpayers' Funds</b>		<b>2,400</b>	<b>2,128</b>	<b>2,177</b>	<b>2,072</b>

## 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
<b>Cash Flows from Operating Activities</b>					
<b>Receipts from:</b>					
Crown		9,860	9,740	9,740	9,740
Department(s)		100	-	-	-
Other		361	439	530	430
Interest		-	-	-	-
<b>Payments to:</b>					
Suppliers		(4,957)	(3,733)	(4,680)	(4,428)
Employees		(4,718)	(5,952)	(5,417)	(5,552)
Capital charge		(62)	(65)	(36)	(36)
Goods and services tax (net)		(29)	(43)	4	34
Other operating activities		-	-	-	-
<b>Net Cash from Operating Activities</b>	2	555	386	141	188
<b>Cash Flow from Investing Activities</b>					
<b>Receipts from:</b>					
Sale of property, plant and equipment		7	-	5	-
Sale of intangible assets		-	-	-	-
Sale of other non-current assets		-	-	-	-
<b>Purchase of:</b>					
Property, plant and equipment		(311)	(100)	(101)	(50)
Intangible assets		(17)	(50)	(49)	(50)
Other non-current assets		-	-	-	-
<b>Net Cash from Investing Activities</b>		(321)	(150)	(145)	(100)
<b>Cash Flow from Financing Activities</b>					
Capital contribution		-	-	-	-
Other financing cash inflows		-	-	-	-
Repayment of surplus		-	-	-	-
Capital withdrawal		-	-	-	-
Other financing cash outflows		-	-	-	-
<b>Net Cash from Financing Activities</b>		-	-	-	-
<b>Net Increase / (Decrease) in Cash</b>		234	236	(4)	88
Cash at the beginning of the year		1,233	1,130	1,467	1,463
<b>Cash at the end of the year</b>		1,467	1,366	1,463	1,551

## 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.

## Statement of Entity-Specific Accounting Policies

The Serious Fraud Office 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 Serious Fraud Office, prepared in accordance with section 38 of the Public Finance Act 1989.

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

### Authorisation Statement

These forecast financial statements were authorised for issue by Serious Fraud Office on 4 April 2013. The Serious Fraud Office 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*

##### **Asset capitalisation**

Property, plant and equipment are initially recorded at cost of purchase. These are capitalised:

- if purchased individually and the cost price is greater than \$1,000
- if purchased as a group and the combined value is greater than \$1,000.

Capital work-in-progress is recognised as costs are incurred. Depreciation is not recorded until the asset is fully operational and therefore capitalised.

##### **Depreciation**

Depreciation is provided on a straight-line basis on all property, plant and equipment other than land, at rates that will write-off the cost (or valuation) of the assets to their estimated residual values over their useful lives. The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

- Computer equipment: three years with a residual value of nil
- Office furniture and equipment: five years with a residual value of nil
- Motor vehicles: six to seven years with a residual value of nil.

Leasehold improvements (included within office furniture, fixtures and fittings category) are depreciated over the unexpired period of the lease or the estimated remaining useful lives of the improvements, whichever is shorter.

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at the end of each financial year.

### **Disposal of property, plant and equipment**

Where property, plant and equipment are disposed of, the gain or loss recognised in the Statement of Financial Performance is calculated as the difference between the sale price and the carrying amount.

### *Intangible Assets*

Acquired computer software licences are capitalised on the basis of the cost incurred to acquire and bring to use the specific software. Software is capitalised if its cost is \$1,000 or greater.

Costs that are directly associated with the development of software for internal use by the Serious Fraud Office are recognised as an intangible asset. Direct costs include the software development, employee costs and an appropriate portion of relevant overheads.

Staff training costs are recognised as an expense when incurred.

Costs associated with maintaining computer software are recognised as an expense when incurred.

Costs associated with the development and maintenance of the Serious Fraud Office's website are recognised as an expense when incurred.

The carrying value of an asset with a finite life is amortised on a straight-line basis over its useful life.

Amortisation begins when the asset is available for use, and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in the Statement of Comprehensive Income.

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

- Acquired computer software: three years
- Developed computer software: three years.

### *Employee Entitlements*

Provision is made in respect of the Serious Fraud Office's liability for annual, long service and sick leave as required.

- Annual leave has been calculated on an actual entitlement basis at current rates of pay.
- Long service leave provisions have been calculated on an actuarial basis, based on present value of expected future entitlements.
- Sick leave is calculated to the extent that absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date, to the extent that it will be used by staff to cover those future absences.

**Provisions**

A provision is recognised for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event that it is probable an outflow of future economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as a finance cost.

*Cost Allocations*

The SFO determines the cost of outputs using the cost allocation method below.

Direct costs are charged to output classes as and when they occur. Indirect costs are accumulated and allocated to output classes based on an assessment of personnel time. Direct costs are those costs that can be directly attributed to an output. Indirect costs are those that cannot be identified in an economically feasible manner to a specific output.



# 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
Operating expenses include:				
Fees to auditor for financial statement audit	33	34	35	37
Rental and operating leasing expenses	1,049	1,113	1,148	1,117
Onerous lease and make good provision	(2,169)	(82)	(22)	(85)
Case Related Professional Fees	1,085	402	794	892
Consultancy	617	702	189	203
Travel Expenses	309	332	421	410
IT and telecommunications costs	638	584	650	645
Other operating expenses	560	390	719	584
<b>Total operating expenses</b>	<b>2,122</b>	<b>3,475</b>	<b>3,934</b>	<b>3,803</b>

## 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
<b>Net surplus / (deficit)</b>	<b>(300)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Add/(less) non-cash items</b>				
Depreciation and amortisation expense	206	261	273	294
Total non-cash items	206	261	273	294
<b>Add/(less) items classified as investing or financing activities</b>				
(Gains)/losses on disposal property, plant and equipment	7	-	11	-
Total items classified as investing or financing activities	7	-	11	-
<b>Add/(less) movements in working capital items</b>				
(Inc)/Dec in debtors and other receivables	2,720	-	50	-
(Inc)/Dec in prepayments	(17)	-	29	-
Inc/(Dec) in creditors and other payables	(102)	180	(200)	(45)
Inc/(Dec) in employee entitlements	118	30	(11)	10
Inc/(Dec) in provisions	(2,077)	(85)	(15)	(105)
<b>Net movements in working capital items</b>	<b>642</b>	<b>125</b>	<b>(147)</b>	<b>(140)</b>
<b>Net cash from operating activities</b>	<b>555</b>	<b>386</b>	<b>137</b>	<b>154</b>