Forecast Financial Statements

Land Information New Zealand

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		47,680	47,430	48,359	48,489
Department(s)		1,557	2,053	2,474	8,951
Other revenue	1	63,145	61,278	71,752	74,506
Gains		-	-	-	-
Interest		-	-	-	-
Total Income		112,382	110,761	122,585	131,946
Expenses					
Personnel		36,195	35,897	40,195	43,171
Operating	2	50,656	54,399	52,749	60,811
Depreciation and amortisation		5,487	5,729	5,975	5,975
Capital charge		4,350	2,950	5,056	5,056
Finance costs		-	-	-	-
Other		586	-	14	14
Total Expenses		97,274	98,975	103,989	115,027
Net Surplus / (Deficit)		15,108	11,786	18,596	16,919
Other comprehensive income		-	-	-	-
Total Comprehensive Income		15,108	11,786	18,596	16,919

Statement of Forecast Changes in Taxpayers' Funds 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
Balance at 1 July					
General funds		40,647	42,075	41,540	42,436
Revaluation reserve		-	-	-	-
Other reserves		-	-	-	-
Taxpayers' Funds Opening Balance		40,647	42,075	41,540	42,436
Changes in Taxpayers' Funds					
Comprehensive income for the period		15,108	11,786	18,596	16,919
Repayment of surplus		-	-	-	-
Capital contribution		-	-	-	-
Capital withdrawal		(14,000)	(8,750)	(17,700)	(5,800)
Other		(215)	-	-	-
Total Changes in Taxpayers' Funds		893	3,036	896	11,119
Balance at 30 June					
General funds		41,540	45,111	42,436	53,555
Revaluation reserve		-	-	-	-
Other reserves		-	-	-	-
Taxpayers' Funds Closing Balance		41,540	45,111	42,436	53,555

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		5,849	11,303	5,955	7,049
Debtors and other receivables		8,889	12,723	11,490	25,440
Prepayments		420	528	420	420
Inventories		674	1,011	674	674
Other current assets		-	-	-	-
Total Current Assets		15,832	25,565	18,539	33,583
Non-current Assets					
Property, plant and equipment		4,340	5,565	3,835	3,330
Intangible assets		37,779	38,071	34,074	30,654
Other non-current assets		-	-	-	-
Total Non-current Assets		42,119	43,636	37,909	33,984
Total Assets		57,951	69,201	56,448	67,567
Liabilities					
Current Liabilities					
Creditors and other payables		9,442	15,833	7,043	7,043
Repayment of surplus		-	-	-	-
Employee entitlements		4,351	5,649	4,351	4,351
Other current liabilities		-	166	-	-
Total Current Liabilities		13,793	21,648	11,394	11,394
Non-current Liabilities					
Provisions		-	-	-	-
Employee entitlements		2,618	2,442	2,618	2,618
Other non-current liabilities		-	-	-	-
Total Non-current Liabilities		2,618	2,442	2,618	2,618
Total Liabilities		16,411	24,090	14,012	14,012
Taxpayers' Funds					
General funds		41,540	45,111	42,436	53,555
Revaluation reserve		-	-	-	-
Other reserves		-	-	-	-
Total Taxpayers' Funds		41,540	45,111	42,436	53,555
Total Liabilities and Taxpayers' Funds		57,951	69,201	56,448	67,567

Statement of Forecast Cash Flows 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
Cash Flows from Operating Activities					
Receipts from:					
Crown		48,126	42,678	43,359	34,539
Department(s)		791	1,412	1,173	1,042
Other		60,225	61,735	73,170	82,401
Interest		-	-	-	-
Payments to:					
Suppliers		(50,782)	(53,151)	(50,601)	(58,532)
Employees		(37,052)	(36,961)	(42,474)	(45,450)
Capital charge		(4,581)	(2,950)	(5,056)	(5,056)
Goods and services tax (net)		600	-	-	-
Other operating activities		-	-	-	-
Net Cash from Operating Activities	3	17,327	12,763	19,571	8,944
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		(3,057)	-	-	-
Intangible assets		(2,965)	(6,120)	(1,765)	(2,050)
Other non-current assets		-	-	-	-
Net Cash from Investing Activities		(6,022)	(6,120)	(1,765)	(2,050)
Cash Flow from Financing Activities					
Capital contribution		-	-	-	-
Other financing cash inflows		-	-	-	-
Repayment of surplus		-	-	-	-
Capital withdrawal		(14,000)	(12,884)	(17,700)	(5,800)
Other financing cash outflows		-	-	-	-
Net Cash from Financing Activities		(14,000)	(12,884)	(17,700)	(5,800)
Net Increase / (Decrease) in Cash		(2,695)	(6,241)	106	1,094
Cash at the beginning of the year		8,544	17,544	5,849	5,955
Cash at the end of the year		5,849	11,303	5,955	7,049

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
- personnel costs are based upon 499 full time equivalent staff positions
- operating costs are based upon historical experience. The general historical pattern is expected to continue, and
- estimated year-end information for 2012/13 is used as the opening position for the 2013/14 forecasts.

These assumptions were adopted as at 10 April 2013.

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

- any significant change in property market transaction volumes from that currently forecast could materially impact LINZ's revenue from survey and titles transactions.

Statement of Entity-Specific Accounting Policies

Land Information New Zealand 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 Land Information New Zealand, prepared in accordance with section 38 of the Public Finance Act 1989.

Land Information New Zealand is a Government Department as defined by section 2 of the Public Finance Act 1989. For the purposes of financial reporting Land Information New Zealand is a public benefit entity.

Authorisation Statement

These forecast financial statements are authorised for issue by Peter Mersi, Chief Executive of Land Information New Zealand on 9 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

Surplus Leased Accommodation

The provision for surplus leased accommodation represents the Department's liability under lease agreements for surplus leased space. The provision is calculated on a net present value of the rental payable less any revenue expected to be collected. The liability created is then amortised over the term of the lease.

Property, Plant and Equipment

Property, plant and equipment consists of leasehold improvements, furniture and office equipment, computer hardware, and motor vehicles. Property, plant and equipment is shown at cost less accumulated depreciation and impairment losses. Individual assets, or groups of assets, are capitalised if their cost is greater than $3,000. The value of an individual asset that is less than $3,000, and is part of a group of assets, is capitalised.

Additions

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Department and the cost of the item can be measured reliably.

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are included in the Statement of Financial Performance.

Subsequent costs

Costs incurred subsequent to initial acquisition are capitalised only when is it probable that future economic or service potential associated with the item will flow to the Department and the cost of the item can be measured reliably.

Depreciation

Depreciation is provided on a straight-line basis on all property, plant and equipment, other than work in progress, at rates that will write-off the cost (or valuation) of the assets to their estimated residual values over their useful lives.

The estimated useful lives of major classes of assets are as follows:

- leasehold property improvements - over term of lease
- motor vehicles five to seven years
- computer hardware two to twenty years
- plant and equipment three to eleven years, and
- furniture and fittings four to eleven years.

The cost of leasehold improvements is capitalised and 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 each financial year-end.

Intangible Assets

Software acquisition and development

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Costs associated with maintaining computer software are recognised as an expense when incurred. Costs that are directly associated with the development of software for internal use by the Department, 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.

Work in progress

The value of work in progress is the total of direct costs incurred that are attributed to incomplete capital projects.

Amortisation

The carrying value of an intangible 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 Financial Performance.

The useful lives of intangible assets have been estimated at between three and 20 years.

Impairment of Non-financial Assets

Property, plant and equipment and intangible assets that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised as the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

Value in use is depreciated replacement cost for an asset where the future economic benefits or service potential of the asset are not primarily dependent on the asset's ability to generate net cash inflows and where the entity would, if deprived of the asset, replace its remaining future economic benefits or service potential.

If an asset's carrying amount exceeds it recoverable amount, the asset is impaired and the carrying amount is written down to the recoverable amount. The total impairment loss is recognised in the Statement of Financial Performance.

Employee Entitlements

Short-term employee entitlements

Employee entitlements that the Department expects to be settled within 12 months of balance date are measured at nominal values based on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to balance date, annual leave earned but not yet taken at balance date, retiring and long service leave entitlements expected to be settled within 12 months, and sick leave.

The Department recognises a liability for sick leave 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 the Department anticipates it will be used by staff to cover those future absences.

The Department recognises a liability and an expense for pay for performance where it is contractually obliged to pay them, or where there is a past practice that has created a constructive obligation.

Long-term employee entitlements

Entitlements that are payable beyond 12 months, such as long service leave and retiring leave, have been calculated on an actuarial basis. The calculations are based on:

- likely future entitlements based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement and contractual entitlements information, and
- the present value of the estimated future cash flows. The discount rate is based on rates supplied by the Treasury. The inflation factor is based on the expected long-term increase in remuneration for employees.

Statement of Cost Accounting Policies

The Department has determined the cost of outputs using the cost allocation system outlined below.

- Costs that are directly related to an output are allocated directly to that output.
- Costs that are not directly related to a single output fall into two categories:

  (1) overhead costs, which cannot be directly attributed to the production of outputs, are allocated to Direct Cost Producing Cost Centres (DCPCC)

  (2) costs that partially relate to the production of outputs are those incurred within DCPCC that are not sufficiently direct to allocate directly.

Cost-drivers such as the number of full-time equivalent (FTE) staff, and floor usage were used when allocating costs in both of the above instances.

Notes to the Financial Statements

Note 1 - Other Revenue

	2011/12	2012/13		2013/14
	Actual $000	In 2012 Budget $000	Estimated Actual $000	Budgeted $000
Title fees	38,297	38,430	46,219	46,219
Search fees	13,158	455	13,394	13,394
Survey fees	5,761	5,859	7,090	7,090
Other goods and services	5,929	16,534	5,049	7,823
Total	63,145	61,278	71,752	74,506

Note 2 - Operating Expenses

	2011/12	2012/13		2013/14
	Actual $000	In 2012 Budget $000	Estimated Actual $000	Budgeted $000
Operating expenses include:				
Audit fees for financial statement audit	241	198	242	272
Leasing and renting costs	3,239	3,288	2,814	2,814
Other operating expenses	47,176	50,913	49,693	57,725
Total	50,656	54,399	52,749	60,811

Note 3 - Reconciliation of Net Surplus to Net Cash Flows from Operating Activities for the year ending 30 June

	2011/12	2012/13		2013/14
	Actual $000	In 2012 Budget $000	Estimated Actual $000	Budgeted $000
Net surplus/(deficit)	15,108	11,786	18,596	16,919
Add/(less) non-cash items				
Depreciation and assets written off	1,012	520	505	505
Amortisation of intangibles	5,019	5,209	5,470	5,470
Total non-cash items	6,031	5,729	5,975	5,975
Add back items classified as investing activity				
Net loss/(gain) on sale of plant, property and equipment	-	-	-	-
Working capital movement				
(Increase)/Decrease in receivables and prepayments	2,594	4,752	4,869	13,950
(Increase)/Decrease in inventory	(337)	-	-	-
Increase/(Decrease) in payables	1,591	-	131	-
Increase/(Decrease) in provision	564	-	-	-
Net working capital movement	4,412	4,752	5,000	13,950
Net cash from operating activities	17,327	12,763	19,571	8,944