

# *Forecast Financial Statements*

*Ministry of Social  
Development*

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## 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
<b>Income</b>					
Crown		1,186,687	1,135,930	1,153,775	1,162,658
Department(s)		13,139	14,899	16,772	5,650
Other revenue		4,035	6,161	6,161	6,161
Gains		475	-	-	-
Interest		-	-	-	-
<b>Total Income</b>		<b>1,204,336</b>	<b>1,156,990</b>	<b>1,176,708</b>	<b>1,174,469</b>
<b>Expenses</b>					
Personnel		642,109	606,691	606,691	589,889
Operating	1	467,151	473,221	458,292	510,578
Depreciation and amortisation		65,594	53,503	83,150	50,427
Capital charge		23,438	23,575	23,575	23,575
Finance costs		-	-	-	-
Other		101	-	-	-
<b>Total Expenses</b>		<b>1,198,393</b>	<b>1,156,990</b>	<b>1,171,708</b>	<b>1,174,469</b>
<b>Net Surplus / (Deficit)</b>		<b>5,943</b>	<b>-</b>	<b>5,000</b>	<b>-</b>
Other comprehensive income		4,448	-	-	-
<b>Total Comprehensive Income</b>		<b>10,391</b>	<b>-</b>	<b>5,000</b>	<b>-</b>

## 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
<b>Balance at 1 July</b>					
General funds		282,901	264,896	264,896	264,896
Revaluation reserve		31,427	31,427	35,875	35,875
Other reserves		-	-	-	-
<b>Taxpayers' Funds Opening Balance</b>		<b>314,328</b>	<b>296,323</b>	<b>300,771</b>	<b>300,771</b>
<b>Changes in Taxpayers' Funds</b>					
Comprehensive income for the period		10,391	-	5,000	-
Repayment of surplus		(5,943)	-	(5,000)	-
Capital contribution		1,820	-	-	-
Capital withdrawal		(19,825)	-	-	(8,000)
Other		-	-	-	-
<b>Total Changes in Taxpayers' Funds</b>		<b>(13,557)</b>	<b>-</b>	<b>-</b>	<b>(8,000)</b>
<b>Balance at 30 June</b>					
General funds		264,896	264,896	264,896	256,896
Revaluation reserve		35,875	31,427	35,875	35,875
Other reserves		-	-	-	-
<b>Taxpayers' Funds Closing Balance</b>		<b>300,771</b>	<b>296,323</b>	<b>300,771</b>	<b>292,771</b>

## 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
<b>Assets</b>					
<b>Current Assets</b>					
Cash and cash equivalents		43,432	108,753	80,801	57,589
Debtors and other receivables		74,681	7,479	50,682	40,682
Prepayments		8,409	6,310	8,409	8,409
Inventories		-	-	-	-
Other current assets		-	-	-	-
<b>Total Current Assets</b>		126,522	122,542	139,892	106,680
<b>Non-current Assets</b>					
Property, plant and equipment	2	303,502	316,178	292,464	297,204
Intangible assets	3	46,635	45,131	43,360	58,832
Other non-current assets		-	-	-	-
<b>Total Non-current Assets</b>		350,137	361,309	335,824	356,036
<b>Total Assets</b>		476,659	483,851	475,716	462,716
<b>Liabilities</b>					
<b>Current Liabilities</b>					
Creditors and other payables		83,978	107,705	83,978	83,978
Repayment of surplus		5,943	-	5,000	-
Employee entitlements		52,010	48,856	52,010	52,010
Other current liabilities		-	-	-	-
<b>Total Current Liabilities</b>		141,931	156,561	140,988	135,988
<b>Non-current Liabilities</b>					
Provisions		-	-	-	-
Employee entitlements		33,957	30,967	33,957	33,957
Other non-current liabilities		-	-	-	-
<b>Total Non-current Liabilities</b>		33,957	30,967	33,957	33,957
<b>Total Liabilities</b>		175,888	187,528	174,945	169,945
<b>Taxpayers' Funds</b>					
General funds		264,896	264,896	264,896	256,896
Revaluation reserve		35,875	31,427	35,875	35,875
Other reserves		-	-	-	-
<b>Total Taxpayers' Funds</b>		300,771	296,323	300,771	292,771
<b>Total Liabilities and Taxpayers' Funds</b>		476,659	483,851	475,716	462,716

## 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
<b>Cash Flows from Operating Activities</b>					
<b>Receipts from:</b>					
Crown		1,117,687	1,135,930	1,177,775	1,172,658
Department(s)		11,992	14,899	16,772	5,650
Other		3,726	6,161	6,161	6,161
Interest		-	-	-	-
<b>Payments to:</b>					
Suppliers		(496,237)	(474,664)	(459,735)	(512,021)
Employees		(633,278)	(605,248)	(605,248)	(588,446)
Capital charge		(23,438)	(23,575)	(23,575)	(23,575)
Goods and services tax (net)		3,724	-	-	-
Other operating activities		-	-	-	-
<b>Net Cash from Operating Activities</b>	4	(15,824)	53,503	112,150	60,427
<b>Cash Flow from Investing Activities</b>					
<b>Receipts from:</b>					
Sale of property, plant and equipment		3,085	1,800	1,800	1,800
Sale of intangible assets		-	-	-	-
Sale of other non-current assets		-	-	-	-
<b>Purchase of:</b>					
Property, plant and equipment		(27,148)	(43,198)	(44,398)	(41,198)
Intangible assets		(18,119)	(21,241)	(26,241)	(31,241)
Other non-current assets		-	-	-	-
<b>Net Cash from Investing Activities</b>		(42,182)	(62,639)	(68,839)	(70,639)
<b>Cash Flow from Financing Activities</b>					
Capital contribution		-	-	-	-
Other financing cash inflows		-	-	-	-
Repayment of surplus		(5,765)	-	(5,942)	(5,000)
Capital withdrawal		(19,825)	-	-	(8,000)
Other financing cash outflows		-	-	-	-
<b>Net Cash from Financing Activities</b>		(25,590)	-	(5,942)	(13,000)
<b>Net Increase / (Decrease) in Cash</b>		(83,596)	(9,136)	37,369	(23,212)
Cash at the beginning of the year		127,028	117,889	43,432	80,801
<b>Cash at the end of the year</b>		43,432	108,753	80,801	57,589

## 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 2011/12 is used as the opening position for the 2012/13 forecasts.

These assumptions are adopted as at 1 April 2012.

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 30 April 2012. 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

	2010/11	2011/12		2012/13
	Actual \$000	In 2011 Budget \$000	Estimated Actual \$000	Budgeted \$000
Audit fees	1,078	1,300	1,300	1,300
Rental, leasing and occupancy costs	71,564	70,000	68,443	70,000
Client Financial plan costs	118,392	120,000	111,679	112,000
Non specific client costs	16,893	20,000	20,988	22,000
Vocational Skills Training	69,040	70,000	54,515	54,635
Consultancy and contractors' fees	5,740	9,500	5,559	6,000
Professional fees	15,335	16,000	11,419	12,000
Overseas travel	305	350	168	350
Domestic travel	9,257	8,500	6,367	6,500
IT related operating expenses	69,094	65,000	73,719	75,000
Office operating expenses	37,093	37,000	32,088	34,000
Other operating expenses	53,360	55,571	72,047	116,793
<b>Total operating expenses</b>	<b>467,151</b>	<b>473,221</b>	<b>458,292</b>	<b>510,578</b>

## Note 2 - Property, Plant and Equipment

	Land \$000	Buildings \$000	Furniture & Fittings \$000	Computer Equipment \$000	Motor Vehicles \$000	Plant & Equipment \$000	Total \$000
<b>Cost or revaluation</b>							
Balance as at 1 July 2012	49,983	199,678	85,518	123,057	31,861	14,583	504,680
Additions by purchase	-	12,372	11,046	9,000	8,000	780	41,198
Disposals	-	-	-	-	(3,000)	(270)	(3,270)
<b>Balance as at 30 June 2013</b>	<b>49,983</b>	<b>212,050</b>	<b>96,564</b>	<b>132,057</b>	<b>36,861</b>	<b>15,093</b>	<b>542,608</b>
<b>Accumulated depreciation and impairment losses</b>							
Balance as at 1 July 2012	-	11,860	60,540	112,639	16,913	10,264	212,216
Depreciation expense	-	7,532	8,789	8,784	7,718	1,835	34,658
Eliminate on disposal	-	-	-	-	(1,300)	(170)	(1,470)
<b>Balance as at 30 June 2013</b>	<b>-</b>	<b>19,392</b>	<b>69,329</b>	<b>121,423</b>	<b>23,331</b>	<b>11,929</b>	<b>245,404</b>
<b>Carrying amount as at 30 June 2013</b>	<b>49,983</b>	<b>192,658</b>	<b>27,235</b>	<b>10,634</b>	<b>13,530</b>	<b>3,164</b>	<b>297,204</b>



**Note 3 - Intangible Assets**

	Acquired software \$000	Internally generated software \$000	Other \$000	Total \$000
<b>Cost</b>				
Balance as at 1 July 2012	228,547	-	-	228,547
Additions by purchase	31,241	-	-	31,241
Additions internally developed	-	-	-	-
Disposals	-	-	-	-
<b>Balance as at 30 June 2013</b>	<b>259,788</b>	<b>-</b>	<b>-</b>	<b>259,788</b>
<b>Accumulated amortisation and impairment losses</b>				
Balance as at 1 July 2012	185,187	-	-	185,187
Amortisation expense	15,769	-	-	15,769
Disposals	-	-	-	-
Impairment losses	-	-	-	-
<b>Balance as at 30 June 2013</b>	<b>200,956</b>	<b>-</b>	<b>-</b>	<b>200,956</b>
<b>Carrying amount as at 30 June 2013</b>	<b>58,832</b>	<b>-</b>	<b>-</b>	<b>58,832</b>

**Note 4 - 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
<b>Net surplus/deficit</b>	<b>5,943</b>	<b>-</b>	<b>5,000</b>	<b>-</b>
<b>Add/(less) non-cash items</b>				
Depreciation and amortisation expense	65,594	53,503	83,150	50,427
<b>Total non-cash items</b>	<b>65,594</b>	<b>53,503</b>	<b>83,150</b>	<b>50,427</b>
<b>Add/(less) items classified as investing or financing activities</b>				
(Gains)/losses on disposal property, plant and equipment	(475)	-	-	-
<b>Total items classified as investing or financing activities</b>	<b>(475)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Add/(less) movements in working capital items</b>				
(Inc)/Dec in debtors and other receivables	(67,202)	-	24,000	10,000
(Inc)/Dec in prepayments	(2,099)	-	-	-
Inc/(Dec) in creditors and other payables	(22,134)	-	-	-
Inc/(Dec) in current provisions	(1,595)	-	-	-
Inc/(Dec) in employment entitlements	3,154	-	-	-
<b>Net movements in working capital items</b>	<b>(89,876)</b>	<b>-</b>	<b>24,000</b>	<b>10,000</b>
<b>Add/(less) movements in non-current liabilities</b>				
Inc/(Dec) in employee entitlements	2,990	-	-	-
<b>Net movements in non-current liabilities</b>	<b>2,990</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net cash from operating activities</b>	<b>(15,824)</b>	<b>53,503</b>	<b>112,150</b>	<b>60,427</b>