

# Financial Statements

*for the year ended 30 June 2005*

## FINANCIAL STATEMENTS

- 28 : Statement of Accounting Policies
- 30 : Statement of Financial Performance
- 31 : Statement of Movements  
in Taxpayers' Funds
- 32 : Statement of Financial Position
- 34 : Statement of Cash Flows
- 35 : Reconciliation of Net Operating  
Surplus to Net Cash Flow  
from Operating Activities
- 36 : Statement of Commitments
- 37 : Statement of Contingent Liabilities
- 37 : Statement of Unappropriated  
Expenditure
- 38 : Statement of Departmental  
Expenditure and Appropriations
- 39 : Statement of Non-Departmental  
Expenditure and Appropriations
- 40 : Financial Performance Objectives
- 41 : Notes to the Financial Statements

## FINANCIAL STATEMENTS AND SCHEDULES FOR NON- DEPARTMENTAL ACTIVITIES

- 47 : Statement of Accounting Policies
- 48 : Schedule of Expenses
- 49 : Statement of Expenditure  
and Appropriations
- 50 : Schedule of Assets and Liabilities
- 51 : Schedule of Commitments
- 51 : Schedule of Contingent Liabilities

## STATEMENT OF ACCOUNTING POLICIES

*for the year ended 30 June 2005*

### Reporting Entity

The Department of the Prime Minister and Cabinet is a government department defined by the Public Finance Act 1989.

These financial statements incorporate the following classes of outputs of the Department of the Prime Minister and Cabinet:

Policy advice and secretariat and co-ordination services (Output 1)

Support services to the Governor-General and maintenance of the residences (Output 2)

Intelligence assessments on developments overseas (Output 3).

The financial statements have been prepared in accordance with the Public Finance Act 1989. They have also been prepared in accordance with Treasury Instructions and generally accepted accounting practice.

### Measurement Base

The measurement base adopted is that of historical cost.

### Accounting Policies

#### *Budget figures*

The budget figures are those presented in the Budget estimates (main estimates) and those amended by the supplementary estimates and any transfer made by Order in Council under the Public Finance Act 1989.

#### *Goods and services tax (GST)*

The Statement of Unappropriated Expenditure and the Statement of Departmental Expenditure and Appropriations are inclusive of GST. All other statements are GST exclusive, with the exception of the Statement of Financial Position where the entries for creditors and payables and for debtors and receivables are GST inclusive.

The amount of GST owing to or from the Inland Revenue Department at balance date, being the difference between output GST and input GST, is included in creditors and payables or debtors and receivables (as appropriate).

#### *Fixed assets*

All fixed assets have been valued on historical cost basis. All individual assets or groups of assets are capitalised if their purchase cost is \$2,000 or greater.

Gains and losses arising from the sale or disposal of assets have been included in the Statement of Financial Performance.

#### *Depreciation of assets*

All fixed assets have been depreciated on a straight-line basis that reflects the decline in service potential of the asset during the reporting period. Specific rates of depreciation used for the various classes of fixed assets are as follows:

Fixtures and fittings	10%
IT equipment	33%
Office equipment	20%
Furniture	20%
Motor vehicles	25%
Kitchen equipment, e.g. domestic appliances	20%
Major plant and equipment	10%
Minor plant and equipment	20%
Ground improvements	14%

## STATEMENT OF ACCOUNTING POLICIES CONTINUED

*for the year ended 30 June 2005*

### *Taxation*

The department is exempt from the payment of income tax in terms of the Income Tax Act 1994. Accordingly, no charge for income tax has been provided for.

### *Financial instruments*

The department is party to financial arrangements in the form of bank accounts, accounts receivable, accounts payable, and accruals as part of its everyday operations. These are reflected in the Statement of Financial Position at their fair value. Revenue and expenses in relation to the financial instruments are recognised in the Statement of Financial Performance in arriving at the operating surplus.

### *Cost allocation*

Direct costs are expenses incurred from activities in producing outputs. These costs are charged directly to the related output classes. Direct costs represent 87 per cent of total departmental appropriation for output costs. (This compares with 88 per cent in 2003/04.)

Indirect costs are expenses incurred by Corporate Services and by the Office of the Chief Executive. Indirect costs are allocated to each output class in proportion to the level of appropriation in relation to the total vote. Indirect costs represent 13 per cent of total departmental appropriation for output costs. (This compares with 12 per cent in 2003/04.)

### *Leases*

The department leases office premises and photocopiers. As all risks and ownership are retained by the lessor, these leases are classified as operating leases. Operating lease costs are expensed in the period in which they are incurred.

### *Employee entitlements*

Provision is made in respect of the department's liability for annual, retirement, and long-service leave. Annual leave entitlements have been calculated on an actual entitlement basis at current rates of pay. Long-service leave and retirement leave have been calculated on an actuarial basis, based on the present value of expected future entitlements.

### *Commitments*

Future payments are disclosed as commitments at the point where a contractual obligation arises, to the extent that they are equally unperformed obligations. Commitments relating to employment contracts are not disclosed.

### *Contingent liabilities*

Contingent liabilities are disclosed at the point at which the contingency is evident.

### *Changes in accounting policies*

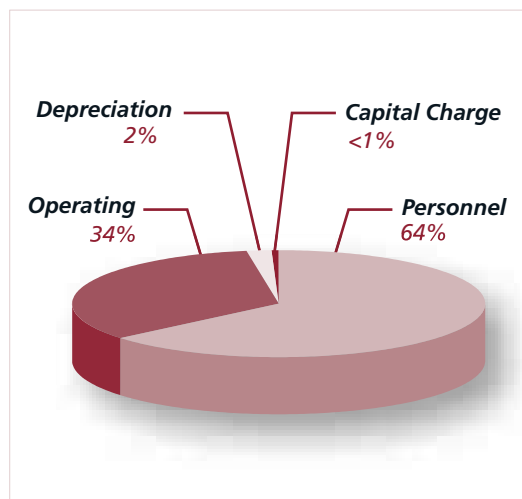
There have been no changes in accounting policies, including cost-allocation accounting policies. All policies have been applied on bases consistent with those used in the previous period.

## STATEMENT OF FINANCIAL PERFORMANCE

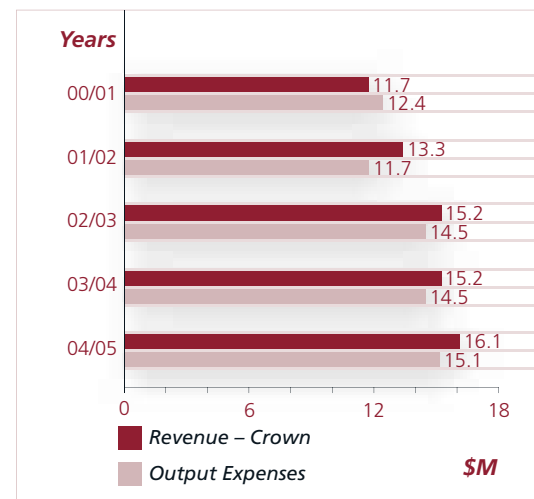
for the year ended 30 June 2005

30.6.04		Note	30.6.05	30.6.05	30.6.05
Actual \$000			Actual \$000	Main Estimates \$000	Supp. Estimates \$000
	<b>REVENUE</b>				
15,158	Revenue Crown	2	16,054	16,276	16,054
60	Revenue Other	3	91	48	58
15,218	<b>TOTAL REVENUE</b>		16,145	16,324	16,112
	<b>EXPENSES</b>				
9,261	Personnel	4	9,655	10,231	10,129
4,855	Operating	5	5,130	5,633	5,588
287	Depreciation	6	293	375	300
71	Capital charge	7	67	67	67
14,474	<b>TOTAL OUTPUT EXPENSES</b>		15,145	16,306	16,084
14,474	<b>TOTAL EXPENSES</b>		15,145	16,306	16,084
744	<b>NET SURPLUS/(DEFICIT)</b>		1,000	18	28

### Output Expenses for the year ended 30 June 2005



### Revenue – Crown & Output Expenses: 5-year comparison

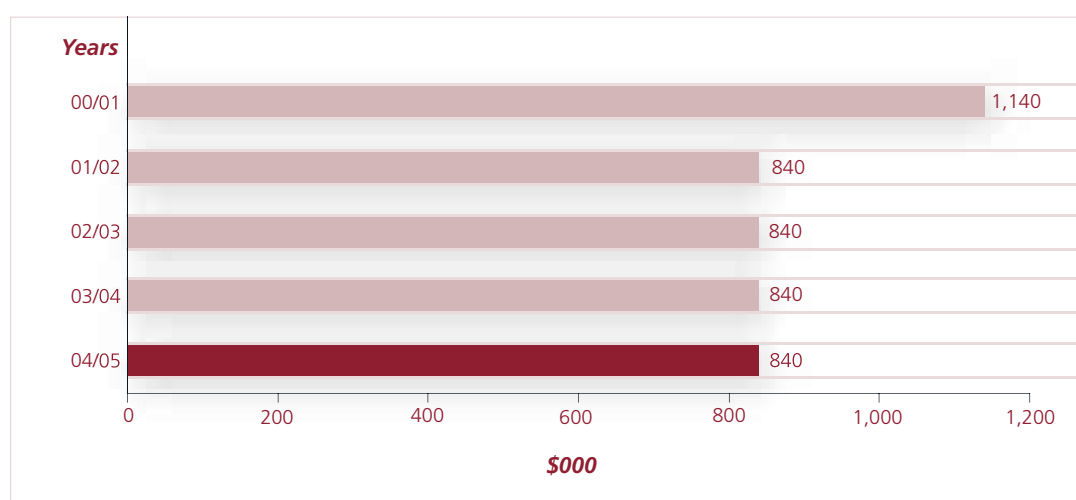


## STATEMENT OF MOVEMENTS IN TAXPAYERS' FUNDS

*for the year ended 30 June 2005*

30.6.04		30.6.05	30.6.05	30.6.05
Actual \$000	Note	Actual \$000	Main Estimates \$000	Supp. Estimates \$000
744	NET SURPLUS Other recognised revenues and expenses	1,000	18	28
744	TOTAL RECOGNISED REVENUE AND EXPENSES FOR THE YEAR	1,000	18	28
744	PROVISION FOR REPAYMENTS OF SURPLUS TO THE CROWN	1,000	18	28
840	Movements in taxpayers' funds for the year TAXPAYERS' FUNDS AS AT 1 JULY 2004	840	840	840
840	TAXPAYERS' FUNDS AS AT 30 JUNE 2005	840	840	840

### Taxpayers' Funds



## STATEMENT OF FINANCIAL POSITION

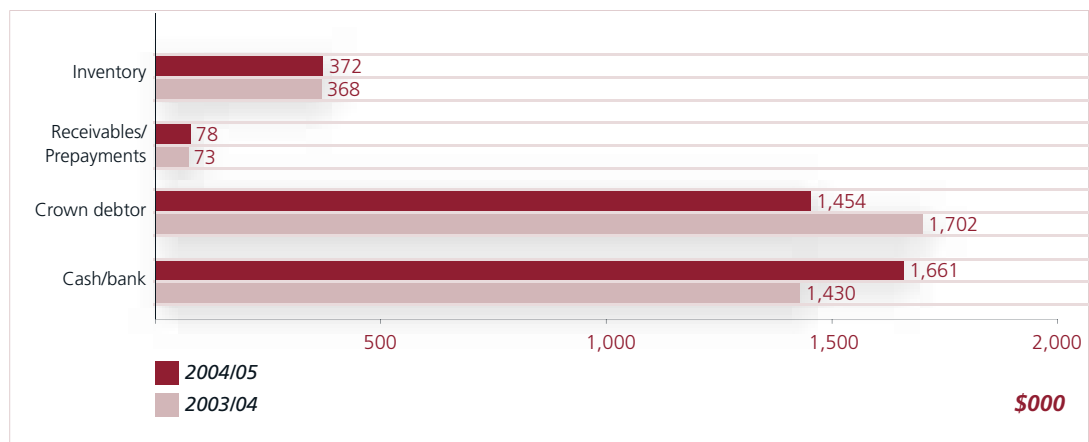
*as at 30 June 2005*

30.6.04		30.6.05	30.6.05	30.6.05
Actual \$000	Note	Actual \$000	Main Estimates \$000	Supp. Estimates \$000
840	TAXPAYERS' FUNDS General funds	840	840	840
	<b>Represented by:</b>			
	CURRENT ASSETS			
1,430	Cash and bank	1,661	918	653
73	Receivables & prepayments <sup>9</sup>	78	13	13
1,702	Crown debtors <sup>9</sup>	1,454	1,356	1,523
368	Inventory	372	306	400
3,573	TOTAL CURRENT ASSETS	3,565	2,593	2,589
	NON-CURRENT ASSETS			
810	Fixed assets <sup>10</sup>	1,035	991	780
810	TOTAL NON-CURRENT ASSETS	1,035	991	780
4,383	<b>TOTAL ASSETS</b>	4,600	3,584	3,369
	CURRENT LIABILITIES			
1,828	Creditors and payables <sup>11</sup>	1,786	1,930	1,530
744	Provision for repayment of surplus <sup>8</sup>	1,000	18	28
459	Provision for employee entitlements <sup>12</sup>	465	385	459
3,031	TOTAL CURRENT LIABILITIES	3,251	2,333	2,017
	NON-CURRENT LIABILITIES			
512	Provision for employee entitlements <sup>12</sup>	509	411	512
3,543	<b>TOTAL LIABILITIES</b>	3,760	2,744	2,529
840	<b>NET ASSETS</b>	840	840	840

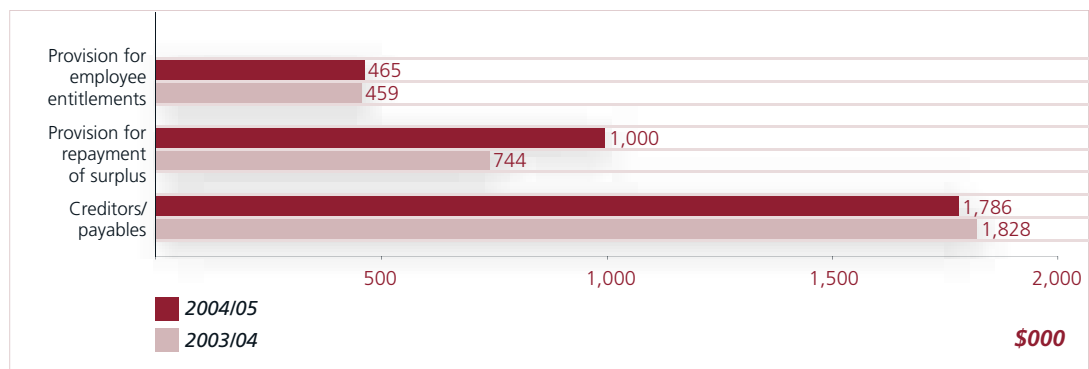
## STATEMENT OF FINANCIAL POSITION CONTINUED

as at 30 June 2005

### Current Assets as at 30 June 2005



### Current Liabilities as at 30 June 2005



## STATEMENT OF CASH FLOWS

*for the year ended 30 June 2005*

30.6.04		30.6.05	30.6.05	30.6.05
Actual \$000		Actual \$000	Main Estimates \$000	Supp. Estimates \$000
	<b>CASH FLOW OPERATING ACTIVITIES</b>			
	<i>Cash was provided from :</i>			
15,328	Supply of outputs to Crown	16,302	16,622	16,233
58	Other	54	48	58
15,386	<i>Cash was disbursed to:</i>	16,356	16,670	16,291
	Producing outputs			
(9,223)	personnel	(9,757)	(10,231)	(10,114)
(5,174)	operating	(5,098)	(5,633)	(5,785)
46	net GST paid	8		
(71)	capital charge	(67)	(67)	(67)
(14,422)		(14,914)	(15,931)	(15,966)
964	<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	1,442	739	325
	<b>CASH FLOW INVESTING ACTIVITIES</b>			
	<i>Cash was provided from:</i>			
9	Sale of fixed assets	42		
	<i>Cash was disbursed to:</i>			
(156)	Purchase of fixed assets	(509)	(400)	(358)
(147)	<b>NET CASH FLOW FROM INVESTING ACTIVITIES</b>	(467)	(400)	(358)
	<b>CASH FLOW FINANCING ACTIVITIES</b>			
	<i>Cash was disbursed to:</i>			
(467)	Repayment of net surplus to Crown	(744)	(318)	(744)
	Repayment of capital			
(467)	<b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>	(744)	(318)	(744)
350	Net increase/(decrease) in cash held	231	21	(777)
1,080	Add opening cash and deposits at 1 July	1,430	897	1,430
1,430	<b>CLOSING CASH AND DEPOSITS AT 30 JUNE</b>	1,661	918	653



## RECONCILIATION OF NET OPERATING SURPLUS TO NET CASH FLOW FROM OPERATING ACTIVITIES

*for the year ended 30 June 2005*

30.6.04		30.6.05	30.6.05	30.6.05
Actual \$000		Actual \$000	Main Estimates \$000	Supp. Estimates \$000
744	<b>NET OPERATING SURPLUS</b>	1,000	18	28
	<b>NON-CASH ITEMS</b>			
287	Depreciation	293	375	300
	Asset write off	16		
94	Increase/(decrease) in non-current employee entitlements	(3)		
381	<b>TOTAL NON-CASH ITEMS</b>	306	375	300
	<b>WORKING CAPITAL MOVEMENTS</b>			
(60)	(Increase)/decrease in receivables & prepayment	(5)		
170	(Increase)/decrease in Crown debtors	248	346	(32)
(62)	Increase/(decrease) in inventory	(4)		
(277)	Increase/(decrease) in creditors and payables	(72)		29
70	Increase/(decrease) in current employee entitlements	6		
(159)	<b>WORKING CAPITAL MOVEMENTS NET</b>	173	346	(3)
	<b>INVESTING ACTIVITY ITEMS</b>			
(2)	Add(less) investing activity items (Gain)/loss on sale of fixed assets	(37)		
(2)	<b>TOTAL INVESTING ACTIVITY ITEMS</b>	(37)		
964	<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	1,442	739	325