

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
for the year ended 30 June 2005

Note 11: Creditors and payables

30.6.04		30.6.05
Actual \$000		Actual \$000
969	Trade creditors	700
88	Fixed assets creditors	118
771	Accrued liabilities and provisions	968
1,828	TOTAL CREDITORS AND PAYABLES	1,786

Note 12: Employee entitlements

30.6.04		30.6.05
Actual \$000		Actual \$000
	NON-CURRENT LIABILITIES	
431	Retirement leave	419
81	Long service leave	90
512		509
	CURRENT LIABILITIES	
420	Annual leave	394
39	Long service leave	45
	Retirement leave	26
459	TOTAL CURRENT PORTION	465
971	TOTAL EMPLOYEE ENTITLEMENTS	974

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 30 June 2005

Note 13: Financial instruments

The department is a party to financial arrangements as part of its everyday operations. These include instruments such as bank balance, investments, sundry receivables and trade creditors.

Credit risk

Credit risk is the risk that a third party will default on its obligations to the department, causing the department to incur a loss. In the normal course of its operations, the department incurs credit risk from sundry debtors and transactions with financial institutions and the New Zealand Debt Management Office (NZDMO).

The department does not require any collateral or security to support financial instruments with financial institutions it deals with, or with NZDMO, as these entities have high credit ratings. For other financial instruments, the department does not have significant concentrations of credit risk.

Fair value

The fair value of all financial instruments is equivalent to the carrying amount disclosed in the Statement of Financial Position. The department is not involved in any off-balance-sheet transactions.

Currency risk and interest rate risk

Currency risk is the risk that debtors and creditors due in foreign currency will fluctuate because of changes in foreign exchange rates.

Interest rate risk is the risk that the department's return on the funds it has invested will fluctuate due to changes in market interest rates.

The department has no significant exposure to currency risk or interest rate risk on its financial instruments.

All interest earned on short-term deposits with the NZDMO are returned to the Crown as part of the surplus repayable to the Crown.

Note 14: Related-party information

The department is a wholly owned entity of the Crown. The government significantly influences the roles of the department as well as its source of revenue.

The department undertakes transactions with other departments, Crown entities and state-owned enterprises. These transactions are carried out at an arm's length basis and are not considered to be related-party transactions.

Apart from those transactions described above, the department has not entered into any related-party transactions.

Note 15: Major budget variations

D1 – Policy Advice and Secretariat and Co-ordination Services

The appropriation for this output class decreased by \$218,000. This amount was transferred to Government House Crown development project in Auckland.

Statement of Financial Performance

The variance between actual and budgeted operating costs was due to underspending in the Foreshore and Seabed project.

This is reflected in the higher bank balance and higher provision for repayment of surplus.

NON-DEPARTMENTAL ACTIVITIES STATEMENT OF ACCOUNTING POLICIES

for the year ended 30 June 2005

Overview

The following statements and schedules record the expenses, assets and liabilities that the department manages on behalf of the Crown. These non-departmental balances are consolidated into the Crown Financial Statements and therefore readers of these statements and schedules should also refer to the Crown Financial Statements for 2004/05.

Accounting Policies

Measurement and recognition rules applied in the preparation of these non-departmental financial statements and schedules are consistent with generally accepted accounting practice and Crown accounting policies.

The following particular accounting policies, which materially affect the measurement of financial results and financial position, have been applied.

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 Section 5 of the Public Finance Act 1989.

Goods and services tax (GST)

All Crown items are inclusive of GST.

Property, plant and equipment valuation

QV valuations revalued land and buildings in Wellington as at 30 June 2004, and land and buildings in Auckland as at 1 May 2003.

Land and buildings are recorded at fair value. Fair value is determined using market-based evidence, unless insufficient market-based evidence exists, in which case they are valued at optimised depreciated replacement cost.

Land and buildings are revalued at least every three years. Additions between revaluations are recorded at cost.

Any revaluation surplus arising on the revaluation of a class of asset is transferred directly to the asset revaluation reserve. A revaluation deficit in excess of the asset revaluation reserve balance for the class of fixed asset is recognised in the Statement of Financial Performance in the period in which it arises.

Other property, plant and equipment is initially recorded at cost.

All individual assets or groups of assets are capitalised if their purchase cost is \$2,000 or greater.

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:

NON-DEPARTMENTAL ACTIVITIES STATEMENT OF ACCOUNTING POLICIES CONTINUED

for the year ended 30 June 2005

Buildings	2%
Fixtures and fittings	10%
Furniture	20%
Motor vehicles	25%
Plant & equipment	20%
Ground improvements	20%
Household ornaments	20%
Artwork	2%

Commitments

Future payments are disclosed as commitments at the point where a contractual obligation arises, to the extent that they are equally unperformed obligations.

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. All policies have been applied on bases consistent with those used in the previous period.

Assets and liabilities

All assets and liabilities are recognised at fair value.

NON-DEPARTMENTAL ACTIVITIES SCHEDULE OF EXPENSES

for the year ended 30 June 2005

The Schedule of Expenses summarises non-departmental expenses that the department administers on behalf of the Crown.

30.6.04		30.6.05	30.6.05
Actual \$000		Actual \$000	Supp. Estimates \$000
	<i>Vote: Prime Minister and Cabinet</i>		
795	Other expenses to be incurred by the Crown	839	860
356	Depreciation	379	430
1,151	Total non-departmental expenses	1,218	1,290

NON-DEPARTMENTAL ACTIVITIES

STATEMENT OF EXPENDITURE AND APPROPRIATIONS

for the year ended 30 June 2005

The statement of expenditure and appropriations details expenditure and capital payments incurred against appropriations.

The department administers these appropriations on behalf of the Crown.

30.6.04		30.6.05	30.6.05
Actual \$000		Actual \$000	Supp. Estimates \$000
	Vote: Prime Minister and Cabinet		
	Other expenses to be incurred by the Crown:		
20	Fees for the Commissioner of Security Warrants (NZSIS Amendment (No 2) Act 1999)	23	30
775	Government House Other payments (Civil List Act 1979)	816	830
795	TOTAL APPROPRIATIONS FOR OTHER EXPENSES INCURRED BY THE CROWN	839	860
	Purchase or development of capital assets by the Crown:		
788	Government House	2,546	2,546
788	TOTAL APPROPRIATIONS FOR PURCHASE OR DEVELOPMENT OF CROWN ASSETS	2,546	2,546

NON-DEPARTMENTAL ACTIVITIES SCHEDULE OF ASSETS AND LIABILITIES

as at 30 June 2005

The schedule of assets and liabilities summarises the assets and liabilities that the department administers on behalf of the Crown.

30.6.04		30.6.05	30.6.05
Actual \$000		Actual \$000	Supp. Estimates \$000
	Vote: Prime Minister and Cabinet		
	CURRENT ASSETS		
879	Bank	441	251
	PROPERTY, PLANT AND EQUIPMENT		
27,660	Land	27,660	27,660
13,667	Buildings	15,933	13,178
2	Plant and equipment		2
51	Furniture and fittings	35	51
116	Motor vehicles	77	120
601	Other assets	559	2,919
42,976	TOTAL NON-DEPARTMENTAL ASSETS	44,705	44,181
	CURRENT LIABILITIES		
169	Accounts payable	59	50
39	Accrued liabilities	91	50
520	Fixed asset accruals	119	
728	TOTAL NON-DEPARTMENTAL LIABILITIES	269	100

NON-DEPARTMENTAL ACTIVITIES SCHEDULE OF COMMITMENTS

as at 30 June 2005

30.6.04		30.6.05
Actual \$000		Actual \$000
	Vote: Prime Minister and Cabinet	
	CAPITAL COMMITMENTS	
2,003	Land & buildings	37
	TOTAL COMMITMENTS	37
	TERM CLASSIFICATION FOR OPERATING COMMITMENTS	
2,003	Less than one year	37
2,003	TOTAL COMMITMENTS	37

NON-DEPARTMENTAL ACTIVITIES SCHEDULE OF CONTINGENT LIABILITIES

as at 30 June 2005

Vote: Prime Minister and Cabinet

There are no contingent liabilities as at 30 June 2005.

(30 June 2004: Nil)