

External Reporting Board

*(formerly Accounting Standards
Review Board)*

Statement of Intent
For the period 1 July 2011
to 30 June 2014



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This Statement of Intent has been prepared by the current Board of the Accounting Standards Review Board (ASRB) on 6 May 2011, on the assumption that the legislation re-constituting the ASRB as the External Reporting Board (XRB) will come into force in time for the transition to take place on 1 July 2011.

The Minister has announced that the current six members of the ASRB Board will all continue as Board members of the XRB and be joined by two new members.

Statement of Responsibility

This Statement of Intent has been prepared in accordance with the requirements of sections 138-149 of the Crown Entities Act 2004. The purpose of the Statement of Intent is to promote the public accountability of the External Reporting Board (XRB) by:

- enabling the Crown to participate in the process of setting the XRB's medium term intentions and undertakings;
- setting out for the House of Representatives those intentions and undertakings; and
- providing a base against which the XRB's actual performance can be assessed.

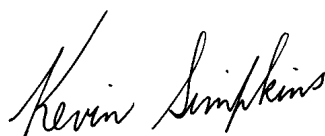
The Board is responsible for the content of this Statement of Intent, including the forecast financial statements and the assumptions on which they are based, the statement of forecast service performance, and for the judgements used in them.

The forecast financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand.

This Statement of Intent assumes that the legislation re-constituting the ASRB as the XRB will come into force in time for the transition to take place on 1 July 2011.

As the XRB is an Independent Crown Entity, the Minister may not direct the XRB to have regard to, or give effect to, a government policy relating to the XRB's standard setting functions and as a result no such matters are included in this Statement of Intent.

In accordance with section 145 of the Crown Entities Act 2004, the XRB has consulted with the Minister of Commerce in the preparation of this statement.



Kevin Simpkins
Chairman

6 May 2011



Michele Embling
Deputy Chair

6 May 2011

Part 1: Introduction

1.1 New Organisation

On 1 July 2011, the Accounting Standards Review Board (ASRB) will be reconstituted as the External Reporting Board (XRB) when amendments to the Financial Reporting Act 1993 are expected to come into force. The establishment of the XRB represents a significant change to both the financial reporting standard setting arrangements in New Zealand and the functions and operations of the organisation.

Since its formation, the ASRB has performed restricted statutorily designated functions comprising the review and approval of financial reporting standards, international harmonisation, and the monitoring of developments in financial reporting requirements in New Zealand. The financial reporting standards themselves have been prepared by the Financial Reporting Standards Board of the New Zealand Institute of Accountants. The ASRB's role has been to approve those standards.

The XRB has a wider mandate than the ASRB. From 1 July 2011, the XRB will be responsible for financial reporting strategy, and preparing and issuing both accounting and auditing and assurance standards. This means that all the functions relating to the setting of accounting standards for entities required to comply with generally accepted accounting practice, and auditing and assurance standards for auditors providing assurance as required by statute, will sit in the one organisation for the first time.

1.2 Overview of the XRB

The XRB is an Independent Crown Entity established under the Financial Reporting Act 1993 and subject to the Crown Entities Act 2004. The Board itself comprises up to 9 members appointed by the Governor General on the recommendation of the responsible Minister. Information about the current members of the XRB can be found at www.asrb.co.nz.

The functions of the XRB are prescribed by the Financial Reporting Act 1993 and comprise:

- developing and implementing an overall strategy for financial reporting standards and auditing and assurance standards (including developing and implementing tiers of financial reporting and assurance);
- preparing and issuing accounting standards;
- preparing and issuing auditing and assurance standards, including the professional and ethical standards that will govern the professional conduct of auditors; and
- liaising with national and international organisations that exercise functions that correspond with, or are similar to, those conferred on the XRB.

Throughout its history the ASRB operated as a “virtual entity” without either offices or staff. In order to effectively carry out its wider set of functions the XRB will require both physical offices and a full-time permanent staff of 15-18 based in Wellington and Auckland. The Board has been preparing for this transition during the latter half of the 2010/11 financial year. The remaining aspects of the transition will be completed during the 2011/12 financial year.

The XRB is also establishing two standard setting boards¹, one to have responsibility for accounting standard setting (the New Zealand Accounting Standards Board) and the other with responsibility for auditing and assurance standard setting (the New Zealand Auditing and Assurance Standards Board). This structure is designed to not only ensure that the technical resources are available and that standard setting is undertaken in accordance with best practice, but also to enhance functional equivalence with Australia. These part-time, remunerated standards boards are appointed by the XRB, and comprise up to ten suitably qualified and experienced persons with a diversity of perspective. Information about the current members of the standard setting boards can be found at www.asrb.co.nz.

The XRB Board itself will be responsible for general governance of the organisation, overall financial reporting strategy (including advising the government accordingly), standards strategy, and oversight of the standard setting boards.

¹ In terms of the Crown Entities Act 2004, these are Committees of the Board.

Part 2: Medium Term Strategic Focus 2011-2014

2.1 Purpose of this Part

This part of the Statement of Intent outlines the XRB's strategic focus for the three year period 1 July 2011 to 30 June 2014. It contains key background information about the XRB, its outcomes and how it contributes to the Government's goals, how it intends to achieve those outcomes, and the environment in which it operates.

2.2 Outcome Goals

The Government's overarching outcome goal is:

To grow the New Zealand economy in order to deliver greater prosperity, security and opportunities to all New Zealanders.

In the economic development sector, one of the intermediate outcomes flowing from this overarching goal is:

The creation of dynamic and trusted markets.

A precondition for dynamic and trusted markets is effective public accountability and good corporate governance. This applies in all sectors (for-profit, public sector and not-for-profit) and in this sense "markets" needs to be viewed in a wider multi-sectoral context rather than in just a commercial context.

Good corporate governance requires, among other things, systems and processes that encourage the management of entities to behave in ways that are fully consistent with the interests of shareholders or other stakeholders. To that end, the main purpose of financial reports is to promote the accountability of the senior management of an entity to those who own it, either directly (e.g. shareholders in the case of companies or members in the case of not-for-profit entities) or indirectly (e.g. taxpayers in the case of government entities). There is often accountability to a wider range of stakeholders as well, for example debt security holders in the case of issuers of securities, service recipients in the case of public sector entities, and donors in the case of charities.

High quality financial reporting (incorporating both financial and, where relevant, non-financial elements) that informs the decision-making of stakeholders is therefore important to achieving effective public accountability and good corporate governance, and through them dynamic and trusted markets (in the broadest sense). To achieve this, financial reporting needs to be of a quality that engenders stakeholder confidence in the information received; assists entities to compete (particularly internationally, for example by reducing the cost of funds through the use of generally recognised accounting approaches); and enhances accountability (through the transparency provided).

High quality financial reporting can only be achieved if the rules on which it is based (accounting standards) are reliable and based on clear and sound economic principles, are mutually consistent,

can be readily applied by preparers and can be understood by users; and the assurance provided on that information is similarly based on standards that require robust and independent examination by assurance providers. In other words, a necessary condition for high quality financial reporting is high quality accounting and assurance standards. It is through the issuing of such standards that the XRB contributes to Government's and sector's outcome goals.

Accordingly, the XRB's outcome goal for the three-year period is:

To contribute to the creation of dynamic and trusted markets through the establishment of an accounting and assurance standards framework that:

- engenders confidence in New Zealand financial reporting

- assists entities to compete internationally

- enhances entities' accountability to stakeholders.

2.3 Operating Intentions

Outputs

The XRB intends to impact its outcome goal over the three-year period through the delivery of three outputs:

- developing financial reporting strategy;
- preparing and issuing accounting standards; and
- preparing and issuing auditing and assurance standards.

The overall outcome/output framework is illustrated in Figure 1.

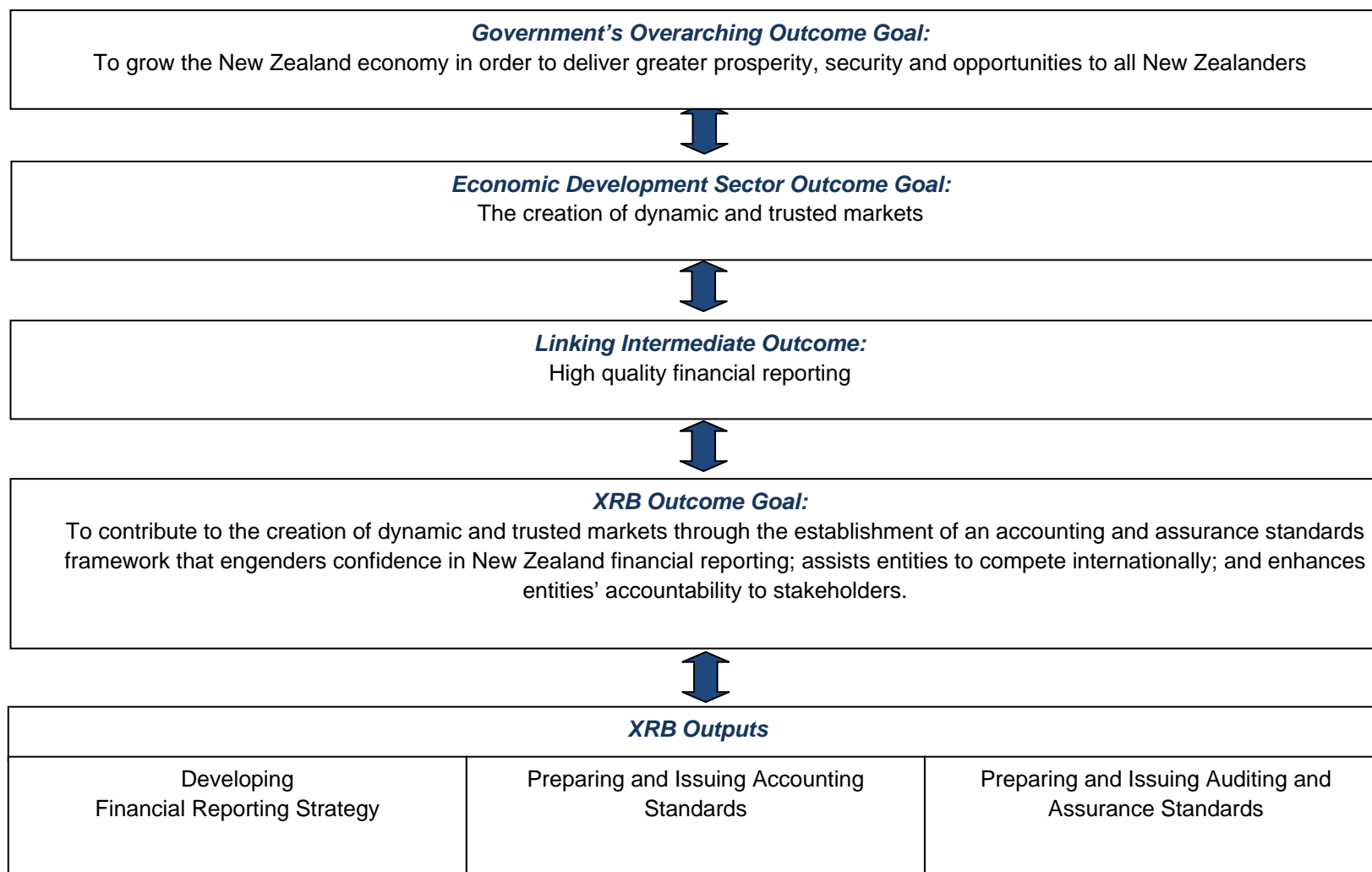
Standard Setting Strategy

The way in which these outputs will be delivered over the period will be determined by the Board's standard setting strategy.

In September 2009, the ASRB issued a discussion document outlining a proposed new approach to standard setting. After carefully considering submissions on that document, the ASRB has prepared a Position Paper which it expects to release towards the end of May 2011. The Position Paper concludes that user-needs in the future cannot be adequately addressed by a single set of accounting standards applying to all entities required to prepare General Purpose Financial Reports (GPFR). The Paper outlines plans to adopt a new accounting standards framework consisting of two sets of accounting standards: one to be applied by entities with a for-profit objective; and the other to be applied by public benefit entities (PBEs - public sector and not-for-profit entities)

The ASRB also plans to issue two Consultation Papers: one seeking comment on the details of the proposed accounting standards framework for for-profit entities; and the other seeking comment on the details of the proposed accounting standards framework for PBEs. These include a suggested implementation timeline spread over the period to 2014.

Figure 1: XRB Outcome/Output Performance Framework



(Performance measures for these outputs are provided in Appendix 1)

Much of the work of the XRB, particularly the accounting standards output, will be driven by this standard setting strategy and timeline, once it is finalised following the consultation process.

At the overall strategy level the XRB's focus will be to ensure that the specific needs of New Zealand users and entities in all sectors are met.

2.4 Organisational Health and Capability

Establishing the new organisation and ensuring it is fulfilling its statutory functions effectively and efficiently is a key strategic objective for the Board for the first part of the three year strategic planning period. This will be the major capability development focus during the three-year period.

The XRB's key resource will be its staff. The Board will seek to recruit suitably qualified and experienced staff and to ensure an ongoing staff development programme is put in place.

The XRB's assets are limited to office fit-outs, furniture and equipment. These will all be acquired at the beginning of the three-year period and no significant asset replacements are envisaged during the period.

The XRB will be establishing appropriate risk management strategies as part of its organisational establishment.

2.5 International Environment Influences

In delivering its outputs, the XRB will be cognisant of the global financial reporting environment.

Adopting International Standards

Under the planned multi-standards framework, the accounting standards for for-profit entities will continue to be based on International Financial Reporting Standards (IFRS). The adoption of IFRS by New Zealand reporting entities results in considerable benefits from improved comparability of financial statements, and removal of the need for interested parties and providers of capital to have to translate the New Zealand financial information into the more universally understood accounting practices adopted by New Zealand's major trading partners. Benefits also accrue in relation to the New Zealand subsidiaries of multinational organizations based in Australia and the European Union, as the IFRS based financial information prepared here can be incorporated directly into their IFRS based group reporting, without translation and amendment.

IFRS is developed by the International Accounting Standards Board (IASB) and in relation to this area of accounting standards, the XRB's work programme will be primarily driven by the standards issued by the IASB. It is expected that there will be a number of new IFRS and amendments to existing IFRS from the IASB in the three years to 30 June 2014.

The XRB is keen to ensure that the integrity of the IFRS 'brand' is not prejudiced by any actions in New Zealand which could be construed as departing from the internationally agreed agenda of seeking one set of high quality standards across the world.

It is proposed that the accounting standards for public benefit entities will be based around International Public Sector Accounting Standards (IPSAS), modified as appropriate for New Zealand circumstances. IPSAS is issued by the International Public Sector Accounting Standards Board (IPSASB) and the XRB's work programme will therefore also be influenced by the number of standards issued by the IPSASB over the next three years. There are expected to be a number of such standards and a conceptual framework issued during this period.

Similarly, the XRB's assurance standards work programme will be significantly influenced by the work of the International Auditing and Assurance Standards Board (IAASB). The IAASB issues the International Standards on Auditing (ISA's), which form the basis for the New Zealand auditing and assurance standards.

Harmonisation with Australia

Another important factor influencing the standard setting work is harmonisation with Australia. The Board considers harmonisation a particularly important factor in establishing the for-profit framework given both Government policy² and the number of for-profit entities with trans-Tasman reporting obligations. The XRB will therefore continue to work closely with Australian counterparts as appropriate over the three-year period. This will include two specific areas: the maintenance of a harmonised set of IFRS standards for application in both countries; and (subject to consultation) a harmonised Reduced Disclosure Regime for for-profit entities not required to comply with full IFRS.

2.6 Due Process and Stakeholder Communications

The XRB has a statutory obligation to consult with the constituency before issuing accounting or auditing and assurance standards. The Board is fully committed to following appropriate due process and considers this an essential part of the standard setting process.

Further, the Board plans to develop both communication mechanisms and relationships with all of its key stakeholder groups over the three-year period, such that it can progress the advancement of New Zealand's financial reporting in a timely, efficient and objective manner. Inherent to this is the recognition that the XRB will discharge its own accountabilities to the Crown, and remain open to, and proactive in, its communication with affected groups such as preparers and users of financial statements as well as the New Zealand accounting profession.

2.7 Assessing the achievement of the XRB outcome goal

In assessing the achievement of the XRB outcome goal, the XRB will consider surveys and other information on the state of financial reporting by such bodies as the Companies Office, the Financial Markets Authority (FMA) and the Office of the Auditor-General. This will include reviewing periodic reports by the FMA on its Financial Reporting Surveillance Programme. Financial reporting issues are monitored to determine whether changes to financial reporting standards may be required.

The XRB will continue the ASRB practice of monitoring all qualified audit opinions referred to the Registrar of Companies under the Act, and discussing financial reporting issues arising from qualified opinions. Where issues result from deficiencies in financial reporting standards or auditing and assurance standards, these are considered by the Board in the context of the need for possible changes to standards.

During the year ending 30 June 2011, the Board has monitored the surveys and other information mentioned above and no financial reporting standards issues have been identified.

² The Single Economic Market Outcomes Framework agreed by the New Zealand and Australian Governments in August 2009 includes a specific section on financial reporting.

Part 3: Forecast 2011/12 Annual Performance

3.1 Purpose of this Part

This part of the Statement of Intent outlines the XRB's projected (forecast) financial and non-financial performance for the twelve months ended 30 June 2012.

3.2 Outcome Goal

The XRB's outcome goal for the year is:

To contribute to the creation of dynamic and trusted markets through the establishment of an accounting and assurance standards framework that engenders confidence in New Zealand financial reporting; assists entities to compete internationally; and enhances entities' accountability to stakeholders.

3.3 Outputs and Measures

The XRB's outputs for the year are:

- Output 1: Developing Financial Reporting Strategy
- Output 2: Preparing and Issuing Accounting Standards
- Output 3: Preparing and Issuing Auditing and Assurance Standards.

Measures and standards for each of these outputs are provided in the statement of forecast service performance in Appendix 1.

3.4 Scope of Business

The XRB's scope of business for the year is:

Financial reporting and assurance standard setting and associated strategy setting functions.

3.5 Financial Targets

The XRB's financial targets for the year are:

Financial Measure	2011/12 Forecast (\$000)
Revenue	4,435
Expenses	4,409
Operating Surplus	26
Equity	1,253
Net Cash Flows from Operating	150
Net Increase in Cash	490

Forecast financial statements, including the assumptions on which they are based, are provided in Appendix 2.

3.6 Organisational Capability

The XRB's key capability initiatives planned for the year are:

- Establishment of well functioning standard setting sub-Boards
- Establishment of a physical organisation including premises in Wellington and Auckland
- Hiring a near full complement of staff

3.7 Management of Organisational Risks

The XRB's key risk management initiatives planned for the year are:

Risk	2011/12 Action
Loss of property and equipment	Insurance of property, plant and equipment
Loss of key staff	Cross training
Loss of key data and records	Off site backup

Part 4: Other Matters

4.1 Reporting to the Responsible Minister

There is a formal Output Agreement between the XRB and the Responsible Minister which is negotiated annually. This agreement sets out the expectations of the Minister in terms of the specific outputs to be delivered (in accordance with Part 3 of this SOI) and also requires two formal reports, at the half year and year end.

In addition, at regular intervals during the year the Chairman will meet with the Minister or his advisors to discuss matters concerning progress toward achieving the XRB's projected performance for the year, and also any other matters which may be relevant to the environment in which both the Minister and the XRB operate.

The XRB also recognises that from time to time it might be appropriate for it to make a formal submission on a proposed piece of legislation. The XRB understands that, should it be invited to or wish to make a submission to a Select Committee on any matter, it will alert the Minister to this first.

The Board will at all times endeavour to maintain a "no surprises" policy with the Minister, and inform him and/or his advisors well in advance of any material or significant events, transactions and other issues that could be considered contentious or attract wide public interest.

4.2 Consultations with the Responsible Minister

As an Independent Crown Entity the XRB is not required to consult with the Responsible Minister over standard setting matters.

However, there are two matters where the Minister's approval is required by statute. These are approval of the tier framework; and approval of the issuing of auditing and assurance standards other than for statutory assurance. The XRB expects to provide advice to the Minister and seek his approval in relation to both of these matters at least once during the three-year period.

The XRB will consult the Minister in the course of preparing the annual Statement of Intent each year, and in relation to any other matters on which the XRB is required by legislation to consult the Minister.

4.3 Process to be followed for Acquisitions

The XRB does not expect to acquire shares or interests in companies, trusts or partnerships or joint ventures during the three-year period. No process is therefore required to be specified in accordance with section 100 of the Crown Entities Act 2004.

4.4 Exemptions

The XRB does not have any outputs that are exempted from inclusion in the SOI pursuant to section 143 of the Crown Entities Act 2004.

Appendix 1 - Statement of Forecast Service Performance for the year ended 30 June 2012

Output Class	2011/12 Forecast
Description	
Financial reporting and assurance standard setting and associated strategy setting functions	
Cost (\$000)	4,410
Revenue from the Crown (\$000)	4,410
Revenue from Others (\$000)	25

Output 1: Developing Financial Reporting Strategy	2011/12 Forecast
Quantity	
Finalised financial reporting framework	1 issued
Finalised reporting tiers structure	1 submitted for Ministerial approval
Quality	
Financial reporting framework is consistent with the Government's trans-Tasman outcome goals	100% consistent
Tier structure is established in accordance with statutory requirements	100% compliance
Timeliness	
Financial reporting framework	31 December 2011
Tier structure	Within statutory deadline: expected to be 31 December 2011

Output 2: Preparing and Issuing Accounting Standards		2011/12 Forecast
Quantity		
Number of International Accounting Standards Board standards and related documents issued	All relevant: expected to be 5-10	
Number of other accounting standards and related documents issued	15-25	
Quality		
Statutory due process requirements followed	All standards	
Standards reflect relevant international standards with departures only to improve quality	All standards	
Timeliness		
Standards issued in time for the commencement date to be no later than the international commencement date (where relevant)	All standards	

Output 3: Preparing and Issuing Auditing and Assurance Standards		2011/12 Forecast
Quantity		
Number of initial standards issued on establishment	45-50	
Number of new International Auditing and Assurance Standards Board standards and related documents issued	All relevant: expected to be 4-8	
Number of other assurance standards and related documents issued	2-5	
Quality		
Statutory due process requirements followed	All standards	
Standards reflect relevant international standards with departures only to improve quality	All standards	
Timeliness		
Standards issued in time for the commencement date to be no later than the international commencement date	All standards	

Appendix 2 - Forecast Financial Statements for the year ended 30 June 2012

1. Introduction

These forecast financial statements have been prepared in accordance with generally accepted accounting practice. Their purpose is to facilitate consideration and appropriations by Parliament for and planned performance of the External Reporting Board. Use of this information for other purposes may not be appropriate. Readers are cautioned that actual results are likely to vary from the information presented and that the variation may be material.

These forecast financial statements have been prepared on the basis of assumptions as to future events that the XRB reasonably expects to occur as at the date the information was prepared. It is not intended that this information will be updated.

2. Assumptions

The following assumptions have been used in preparing these forecast financial statements:

- Revenue of \$4,410,000 and a capital injection of \$370,000 has been confirmed by The Crown as available to the XRB for the 2011/12 year.
- The legislation creating the XRB as a re-constituted ASRB will be enacted in such a form that the XRB is established on 1 July 2011.
- The contribution to the IASB is at the amount approved by The Minister when the original application was made.
- Purchases of property, plant and equipment in the year ending 30 June 2011 will amount to \$415,000 out of a total projected expenditure on property, plant and equipment for the establishment of the XRB of \$445,000.
- It is assumed that occupation of the Wellington and Auckland premises will take place on 1 July 2011, and therefore depreciation on property, plant and equipment will only commence on 1 July 2011.

3. Financial Sustainability

In light of the significant changes taking place for the XRB during the year ending 30 June 2012, the Board has set itself a challenging, but realistic, budget, whilst maintaining financial stability.

These prospective financial statements have been prepared with the future financial sustainability of the XRB in mind.

4. Statement of Accounting Policies

(a) Reporting Entity

The financial statements are prepared for the External Reporting Board pursuant to the Crown Entities Act 2004. Estimated comparative figures for the 2011 year are for the ASRB which operated as a “virtual entity” with no staff, equipment or premises with a narrower set of responsibilities.

(b) Measurement System

The accounting principles recognised as appropriate for the measurement and reporting of results and financial position on a historical cost basis have been applied.

(c) Revenue

Revenue is measured at the fair value of consideration received or receivable. Revenue is recognised when earned and is reported in the financial period to which it relates.

(d) Revenue from the Crown

The Board is primarily funded through revenue received from the Crown, which is restricted in its use for the purpose specified in the Appropriation.

(e) Interest

Interest income is recognised using the effective interest method.

(f) Cash and cash equivalents

Cash and cash equivalents include cash on hand and deposits held at call with banks

(g) Receivables

Receivables are stated at expected realisable value.

(h) Goods and Services Tax

The financial statements have been prepared on a GST exclusive basis with the exception of receivables and payables which are stated GST inclusive.

(i) Creditors and other payables

Creditors and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method.

(j) Financial Instruments

The XRB is party to financial instruments as part of its normal operations. These financial instruments include bank accounts, short term deposits, debtors and creditors. All financial instruments are recognised in the statement of financial position and all revenues and expenses in relation to financial instruments are recognised in the statement of financial performance.

(k) Property, plant and equipment

Purchases of property, plant and equipment are initially recorded at cost. Depreciation is calculated so as to write off the cost over the expected useful lives of the assets.

Items of property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may overstate fair value.

(l) Operating Leases

Operating lease payments, where the lessors effectively retain substantially all the risks and benefits of ownership of the leased items, are included in the Statement of Comprehensive Income in equal instalments over the lease term when the leased items are in use.

(m) Income Tax

The Board is exempt from the payment of income tax. Accordingly, no charge for income tax has been provided for.

(n) Changes in Accounting Policies

There have been no changes in accounting policies during the year.

External Reporting Board

Statement of Forecast Comprehensive Income For the year ending 30 June 2012

	2011 Estimated \$	2012 Forecast \$
Revenue from the Crown	1,350,000	4,410,000
Interest	25,482	25,000
Total Revenue	1,375,482	4,435,000
Meeting Attendance and Related Expenses	123,077	682,500
Personnel Costs	65,000	2,210,800
Professional Fees (Policy Development)	158,081	60,000
Transitional Expenses	236,875	0
Audit Fees	8,500	25,000
Occupancy Costs	0	161,250
General Operational Costs	164,241	505,000
Depreciation	0	54,827
International Activities	19,872	300,000
FRS Development Funding	550,000	0
IASB and IPSASB Development Funding	250,000	250,000
Website/IT Costs	2,535	160,000
Total Expenses	1,578,181	4,409,377
Net Surplus/ (Deficit)	(202,699)	25,623

The Statement of Accounting Policies and the Notes to the Financial Statements form part of and are to be read in conjunction with the Statement of Forecast Comprehensive Income.

External Reporting Board

Statement of Forecast Financial Position As at 30 June 2012

	2011 Estimated \$	2012 Forecast \$
Current Assets		
Cash at Bank	461,995	952,445
Current Liabilities		
Payables	50,000	120,000
Working Capital	411,995	832,445
Non Current Assets		
Property, Plant, and Equipment	415,000	390,173
Equity	826,995	1,222,618

The Statement of Accounting Policies and the Notes to the Financial Statements form part of and are to be read in conjunction with the Statement of Forecast Financial Position.

External Reporting Board

Statement of Forecast Movements in Equity For the year ending 30 June 2012

	2011 Estimated \$	2012 Forecast \$
Equity as at 1 July	204,694	826,995
Net (Deficit) /Surplus – Total Recognised Revenues and Expenses	(202,699)	25,623
Capital Contribution from the Crown	825,000	370,000
Equity as at 30 June	826,995	1,222,618

The Statement of Accounting Policies and the Notes to the financial Statements form part of and are to be read in conjunction with the Statement of Forecast Movements in Equity.

External Reporting Board

Statement of Forecast Cash Flows For the year ended 30 June 2012

	2011 Estimated \$	2012 Forecast \$
Cash Flows from Operating Activities		
Cash was provided from:		
Revenue from the Crown	1,350,000	4,410,000
Interest	25,482	25,000
	<u>1,375,482</u>	<u>4,435,000</u>
<i>Cash was distributed to:</i>		
Employee costs	0	2,210,800
Suppliers	775,848	1,823,750
FRS / IASB / IPSASB Development Funding	800,000	250,000
	<u>1,575,848</u>	<u>4,284,550</u>
Net Cash Flow from: Operating Activities	(200,366)	150,450
Cash Flows from Investing Activities		
Cash was distributed to:		
Purchase of Property, Plant, and Equipment	415,000	30,000
	<u>415,000</u>	<u>30,000</u>
Net Cash Flow from: Investing Activities	(415,000)	(30,000)
Cash Flows from Financing Activities		
Cash was provided from:		
Capital contribution from the Crown	825,000	370,000
	<u>825,000</u>	<u>370,000</u>
Net Cash Flow from: Financing Activities	825,000	370,000
Net Increase/(Decrease) in Cash	209,634	490,450
Add Opening Balance	252,361	461,995
Closing Cash Balance	<u>461,995</u>	<u>952,445</u>

The Statement of Accounting Policies and the Notes to the Financial Statements form part of and are to be read in conjunction with the Statement of Forecast Cash Flows.