

## Section 3: Budgeted financial statements

Section 3 presents budgeted financial statements which provide a comprehensive snapshot of entity finances for the 2017–18 budget year, including the impact of budget measures and resourcing on financial statements.

### **3.1 BUDGETED FINANCIAL STATEMENTS**

#### **3.1.1 Explanatory notes and analysis of budgeted financial statements**

The financial statements contain estimates prepared in accordance with the requirements of the Australian Government’s financial budgeting and reporting framework, including Australian Accounting Standards, as well as specific guidelines issued by the Department of Finance.

The financial statements have been prepared on an accrual and fair value basis and are in accordance with the historical cost convention, with the exception of employee entitlements.

#### **Budgeted financial statements**

Under the Australian Government’s accrual budgeting framework, transactions that entities control (entity transactions) are separately budgeted for and reported from transactions entities do not have control over (administered transactions).

Entity assets, liabilities, revenue and expenses are those which are controlled by the entity. Entity expenses include employee and supplier expenses and other administrative costs, which are incurred by the entity in providing its goods and services to the Australian Parliament.

#### **Budgeted comprehensive income statement**

Under the net cash appropriation framework the Parliamentary Budget Office (PBO) receives an appropriation to meet budgeted expenses (except depreciation). This appropriation is recognised as revenue.

The PBO received a special appropriation at the time of its establishment. The special appropriation is recognised as revenue in the year the funds are spent. The associated expense is recognised in the comprehensive income statement except where the PBO has purchased assets, which are recognised in the balance sheet.

The PBO is budgeting for a break-even operating result for 2017–18 and the forward years, after non-appropriation expenses such as depreciation are removed.

The PBO has sufficient cash reserves to fund provisions and payables, and asset replacement, as they fall due across the forward estimates period.

### 3.2 BUDGETED FINANCIAL STATEMENTS TABLES

**Table 3.1: Comprehensive income statement (showing net cost of services) for the period ended 30 June**

	2016–17 Estimated actual \$'000	2017–18 Budget \$'000	2018–19 Forward estimate \$'000	2019–20 Forward estimate \$'000	2020–21 Forward estimate \$'000
<b>EXPENSES</b>					
Employee benefits	7,103	6,560	7,008	6,740	6,899
Suppliers	1,492	1,327	1,331	1,350	1,352
Depreciation and amortisation	336	336	336	336	336
<b>Total expenses</b>	<b>8,931</b>	<b>8,223</b>	<b>8,675</b>	<b>8,426</b>	<b>8,587</b>
<b>LESS:</b>					
<b>OWN-SOURCE INCOME</b>					
Other revenue	346	346	346	346	346
<b>Total own-source income</b>	<b>346</b>	<b>346</b>	<b>346</b>	<b>346</b>	<b>346</b>
<b>Net (cost of)/contribution by services</b>	<b>(8,585)</b>	<b>(7,877)</b>	<b>(8,329)</b>	<b>(8,080)</b>	<b>(8,241)</b>
Revenue from Government	8,249	7,541	7,993	7,744	7,905
<b>Surplus/(deficit) attributable to the Australian Government</b>	<b>(336)</b>	<b>(336)</b>	<b>(336)</b>	<b>(336)</b>	<b>(336)</b>
<b>Total comprehensive income/(loss) attributable to the Australian Government</b>	<b>(336)</b>	<b>(336)</b>	<b>(336)</b>	<b>(336)</b>	<b>(336)</b>

**Note: Impact of net cash appropriation arrangements**

	2016–17 \$'000	2017–18 \$'000	2018–19 \$'000	2019–20 \$'000	2020–21 \$'000
<b>Total comprehensive income/(loss) excluding depreciation/ amortisation expenses previously funded through revenue appropriations</b>	-	-	-	-	-
less depreciation/amortisation expenses previously funded through revenue appropriations	336	336	336	336	336
<b>Total comprehensive income/(loss) - as per the statement of comprehensive income</b>	<b>(336)</b>	<b>(336)</b>	<b>(336)</b>	<b>(336)</b>	<b>(336)</b>

Prepared on Australian Accounting Standards basis.

**Table 3.2: Budgeted departmental balance sheet (as at 30 June)**

	2016–17 Estimated actual \$'000	2017–18 Budget \$'000	2018–19 Forward estimate \$'000	2019–20 Forward estimate \$'000	2020–21 Forward estimate \$'000
<b>ASSETS</b>					
<b>Financial assets</b>					
Cash and cash equivalents	34	34	34	34	34
Trade and other receivables	2,436	2,468	2,500	2,533	2,566
<b>Total financial assets</b>	<b>2,470</b>	<b>2,502</b>	<b>2,534</b>	<b>2,567</b>	<b>2,600</b>
<b>Non-financial assets</b>					
Property, plant and equipment	1,785	1,699	1,613	1,527	1,443
Intangibles	1,049	799	549	299	49
Other non-financial assets	36	36	36	36	36
<b>Total non-financial assets</b>	<b>2,870</b>	<b>2,534</b>	<b>2,198</b>	<b>1,862</b>	<b>1,528</b>
<b>Total assets</b>	<b>5,340</b>	<b>5,036</b>	<b>4,732</b>	<b>4,429</b>	<b>4,128</b>
<b>LIABILITIES</b>					
<b>Payables</b>					
Suppliers	255	255	255	255	255
<b>Total payables</b>	<b>255</b>	<b>255</b>	<b>255</b>	<b>255</b>	<b>255</b>
<b>Provisions</b>					
Employee provisions	2,211	2,243	2,275	2,308	2,341
<b>Total provisions</b>	<b>2,211</b>	<b>2,243</b>	<b>2,275</b>	<b>2,308</b>	<b>2,341</b>
<b>Total liabilities</b>	<b>2,466</b>	<b>2,498</b>	<b>2,530</b>	<b>2,563</b>	<b>2,596</b>
<b>Net assets</b>	<b>2,874</b>	<b>2,538</b>	<b>2,202</b>	<b>1,866</b>	<b>1,532</b>
<b>EQUITY*</b>					
Reserves	50	50	50	50	50
Retained surplus	2,824	2,488	2,152	1,816	1,482
<b>Total equity</b>	<b>2,874</b>	<b>2,538</b>	<b>2,202</b>	<b>1,866</b>	<b>1,532</b>

\*'Equity' is the residual interest in assets after deduction of liabilities.  
Prepared on Australian Accounting Standards basis.

**Table 3.3: Departmental statement of changes in equity—summary of movement (Budget year 2017–18)**

	Retained earnings \$'000	Asset revaluation reserve \$'000	Total equity \$'000
<b>Opening balance as at 1 July 2017</b>			
Balance carried forward from previous period	2,824	50	2,874
<b>Adjusted opening balance</b>	<b>2,824</b>	<b>50</b>	<b>2,874</b>
<b>Comprehensive income</b>			
Surplus/(deficit) for the period	(336)	-	(336)
<b>Total comprehensive income</b>	<b>(336)</b>	<b>-</b>	<b>(336)</b>
of which:			
Attributable to the Australian Government	(336)	-	(336)
<b>Estimated closing balance as at 30 June 2018</b>	<b>2,488</b>	<b>50</b>	<b>2,538</b>
<b>Closing balance attributable to the Australian Government</b>	<b>2,488</b>	<b>50</b>	<b>2,538</b>

Prepared on Australian Accounting Standards basis.

**Table 3.4: Budgeted departmental statement of cash flows  
(for the period ended 30 June)**

	2016–17 Estimated actual \$'000	2017–18 Budget \$'000	2018–19 Forward estimate \$'000	2019–20 Forward estimate \$'000	2020–21 Forward estimate \$'000
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Appropriations	8,091	7,509	7,961	7,711	7,905
<b>Total cash received</b>	<b>8,091</b>	<b>7,509</b>	<b>7,961</b>	<b>7,711</b>	<b>7,905</b>
<b>Cash used</b>					
Employees	7,083	6,528	6,976	6,707	6,899
Suppliers	1,008	981	985	1,004	1,006
<b>Total cash used</b>	<b>8,091</b>	<b>7,509</b>	<b>7,961</b>	<b>7,711</b>	<b>7,905</b>
<b>Net cash from/(used by) operating activities</b>	-	-	-	-	-
Cash and cash equivalents at the beginning of the reporting period	34	34	34	34	34
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>34</b>	<b>34</b>	<b>34</b>	<b>34</b>	<b>34</b>

Prepared on Australian Accounting Standards basis.

**Table 3.5: Departmental capital budget statement (for the period ended 30 June)**

The PBO does not have any capital expenditure over the forward estimates.

**Table 3.6: Statement of asset movements (Budget year 2017–18)**

	Property, plant and equipment \$'000	Computer software and intangibles \$'000	Total \$'000
<b>As at 1 July 2017</b>			
Gross book value	2,281	1,766	4,047
Accumulated depreciation/ amortisation and impairment	(496)	(717)	(1,213)
<b>Opening net book balance</b>	<b>1,785</b>	<b>1,049</b>	<b>2,834</b>
<b>Other movements</b>			
Depreciation/amortisation expense	(86)	(250)	(336)
<b>Total other movements</b>	<b>(86)</b>	<b>(250)</b>	<b>(336)</b>
<b>As at 30 June 2018</b>			
Gross book value	2,281	1,766	4,047
Accumulated depreciation/ amortisation and impairment	(582)	(967)	(1,549)
<b>Closing net book balance</b>	<b>1,699</b>	<b>799</b>	<b>2,498</b>

Prepared on Australian Accounting Standards basis.