

# **DEFENCE HOUSING AUTHORITY**

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## **SUMMARY OF 2001-02 ADDITIONAL ESTIMATES**

The Defence Housing Authority's (the Authority's) Corporate Plan (2001-02 – 2003-04) develops an asset portfolio which is commercially structured and provides for a reasonable rate of return on the assets employed. At the end of the 2000-01 financial year the Authority had no debt. Additional capital repayments and an increase in borrowings forecast in the Additional Estimates provides for a more optimum capital structure.

The Authority made a special dividend payment of \$123m in December 2001-02 and seeks to make a further dividend payment of \$200m by the end of the financial year. The Authority has entered into borrowing arrangements with the Department of Finance and Administration to borrow \$100m in June 2001-02 and a further \$100m in June 2002-03. It is anticipated that total borrowing will increase to \$300m by the end of 2002-03.

## BUDGETED FINANCIAL STATEMENTS

This section provides the budgeted financial statements for the Authority.

### **Budgeted Statement of Revenues and Expenses (Budgeted Operating Statement)**

This statement provides a picture of the expected financial results for the Authority by identifying full accrual expenses and revenues, which highlight whether the Authority is operating at a sustainable level in the medium term.

### **Budgeted Statement of Assets and Liabilities (Budgeted Balance Sheet)**

This shows the financial position of the Authority. It enables decision makers to track the management of the Authority's assets and liabilities.

### **Budgeted Cash Flow Statement**

The budgeted statement of cash flows provides information on the extent and nature of cash flows by categorising them into expected cash flows from operating activities, investing activities and financing activities.

### **Capital Budget**

This shows all proposed capital expenditure funded from internal sources.

### **Non-financial Assets – Summary of Movement**

This statement shows movement of non-financial assets in 2001-02 only.

**Table 1: Budgeted Statement of Financial Performance**

Defence Housing Authority Revenues and Expenses	Budget	Revised	Budget	Estimated	Estimated
	Estimate	Estimate	Estimate		
	2001-02	2001-02	2002-03	2003-04	2004-05
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Revenues</b>					
Sales of goods and services	352,528	343,008	344,047	346,212	347,612
Interest and dividends	2,442	3,105	472	720	720
Net gains from sale of assets	4,702	7,914	3,224	4,179	4,179
<b>Total Revenue from Ordinary Activities</b>	<b>359,672</b>	<b>354,027</b>	<b>347,743</b>	<b>351,111</b>	<b>352,511</b>
<b>Expenses</b>					
Employees	40,259	45,259	46,540	47,841	47,841
Suppliers	208,072	213,919	209,010	214,832	214,832
Depreciation and amortisation	15,662	15,826	14,588	14,577	14,577
Interest and other financing costs	6,000	600	17,500	29,000	29,000
<b>Total Expenses</b>	<b>269,993</b>	<b>275,604</b>	<b>287,638</b>	<b>306,250</b>	<b>306,250</b>
<b>Operating Result Before Income Tax</b>	<b>89,679</b>	<b>78,423</b>	<b>60,105</b>	<b>44,861</b>	<b>46,261</b>
Income Tax	(26,904)	(27,756)	(22,002)	(17,795)	(25,295)
<b>Operating Result After Income Tax</b>	<b>62,775</b>	<b>50,667</b>	<b>38,103</b>	<b>27,066</b>	<b>20,966</b>
<b>Net increase/(decrease) in asset revaluation reserve</b>	<b>23,313</b>	<b>37,951</b>	<b>45,170</b>	<b>50,289</b>	<b>50,289</b>
<b>Total changes in equity excluding transactions with owners</b>	<b>86,088</b>	<b>88,618</b>	<b>83,273</b>	<b>77,355</b>	<b>71,255</b>

**Table 2: Budgeted Statement of Financial Position**

Defence Housing Authority Assets and Liabilities	Budget	Revised	Budget	Estimated	Estimated
	Estimate	Estimate	Estimate		
	2001-02	2001-02	2002-03	2003-04	2004-05
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>ASSETS</b>					
<b>Financial assets</b>					
Cash	113,025	69,312	147,277	247,763	356,749
Receivables	352,737	395,445	396,261	399,134	399,134
Other financial assets	9,566	10,307	10,307	10,307	10,307
<b>Financial assets</b>	<b>475,328</b>	<b>475,064</b>	<b>553,845</b>	<b>657,204</b>	<b>766,190</b>
<b>Non-financial assets</b>					
Land and buildings, property plant & equipment	1,142,004				
		1,077,817	982,925	837,342	864,199
Inventories	6,910	6,910	6,910	6,910	6,910
<b>Non-financial assets</b>	<b>1,148,914</b>	<b>1,084,727</b>	<b>989,835</b>	<b>844,252</b>	<b>871,109</b>
<b>Total assets</b>	<b>1,624,242</b>	<b>1,559,791</b>	<b>1,543,680</b>	<b>1,501,456</b>	<b>1,637,299</b>
<b>LIABILITIES</b>					
Debt	150,000	100,000	300,000	325,000	425,000
<b>Total debt</b>	<b>150,000</b>	<b>100,000</b>	<b>300,000</b>	<b>325,000</b>	<b>425,000</b>
<b>Provisions and payables</b>					
Employees provisions	3,000	3,000	3,000	3,000	3,000
Provision of goods and services - suppliers	88,908				
		67,959	63,683	62,066	62,067
Other provisions and payables	37,665	52,970	60,744	65,795	65,795
<b>Total provisions and payables</b>	<b>129,573</b>	<b>123,929</b>	<b>127,427</b>	<b>130,861</b>	<b>130,862</b>
<b>Total liabilities</b>	<b>279,573</b>	<b>223,929</b>	<b>427,427</b>	<b>455,861</b>	<b>555,862</b>
<b>Net assets</b>	<b>1,344,669</b>	<b>1,335,862</b>	<b>1,116,253</b>	<b>1,045,595</b>	<b>1,081,437</b>
<b>EQUITY</b>	<b>1,344,669</b>	<b>1,335,862</b>	<b>1,116,253</b>	<b>1,045,595</b>	<b>1,081,437</b>

Table 3: Budgeted Cash Flow Statement

Defence Housing Authority Cash Flows	Budget Estimate 2001-02 \$'000	Revised Estimate 2001-02 \$'000	Budget Estimate 2002-03 \$'000	Estimated 2003-04 \$'000	Estimated 2004-05 \$'000
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Other receipts	381,615	376,212	398,100	416,860	381,860
<b>Total cash received</b>	<b>381,615</b>	<b>376,212</b>	<b>398,100</b>	<b>416,860</b>	<b>381,860</b>
<b>Cash used</b>					
Total cash used for operating activities	264,855	270,302	312,501	305,992	305,992
<b>Total Cash Used</b>	<b>264,855</b>	<b>270,302</b>	<b>312,501</b>	<b>305,992</b>	<b>305,992</b>
<b>Net cash from operating activities</b>	<b>116,760</b>	<b>105,910</b>	<b>85,599</b>	<b>110,868</b>	<b>75,868</b>
<b>INVESTING ACTIVITIES</b>					
<b>Cash received</b>					
Proceeds from sales of property plant and equipment and intangibles	245,958	322,246	346,261	336,676	192,576
<b>Total cash received</b>	<b>245,958</b>	<b>322,246</b>	<b>346,261</b>	<b>336,676</b>	<b>192,576</b>
<b>Cash used</b>					
Purchase of property plant and equipment and intangibles	120,609	144,025	226,311	198,750	198,750
<b>Total cash used</b>	<b>120,609</b>	<b>144,025</b>	<b>226,311</b>	<b>198,750</b>	<b>198,750</b>
<b>Net cash from investing activities</b>	<b>125,349</b>	<b>178,221</b>	<b>119,950</b>	<b>137,926</b>	<b>(6,174)</b>
<b>FINANCING ACTIVITIES</b>					
<b>Cash received</b>					
Cash received from borrowings	150,000	100,000	200,000	25,000	100,000
<b>Total cash received</b>	<b>150,000</b>	<b>100,000</b>	<b>200,000</b>	<b>25,000</b>	<b>100,000</b>
<b>Cash used</b>					
Cash used for dividends	294,132	361,859	302,882	148,013	35,413
Cash used for other financing activities	64,795	66,114	24,702	25,295	25,295
<b>Total cash used</b>	<b>358,927</b>	<b>427,973</b>	<b>327,584</b>	<b>173,308</b>	<b>60,708</b>
<b>Net cash from (to) financing activities</b>	<b>(208,927)</b>	<b>(327,973)</b>	<b>(127,584)</b>	<b>(148,308)</b>	<b>39,292</b>
<b>Net Increase (Decrease) in cash held</b>	<b>33,182</b>	<b>(43,842)</b>	<b>77,965</b>	<b>100,486</b>	<b>108,986</b>
Cash at 1 July	79,843	113,154	69,312	147,277	247,763
<b>Cash at 30 June</b>	<b>113,025</b>	<b>69,312</b>	<b>147,277</b>	<b>247,763</b>	<b>356,749</b>

**Table 4: Capital Budget**

<b>Purchase of Non-Current Assets</b>	<b>Budget Estimate 2001-02 \$'000</b>	<b>Revised Estimate 2001-02 \$'000</b>	<b>Budget Estimate 2002-03 \$'000</b>	<b>Estimated 2003-04 \$'000</b>	<b>Estimated 2004-05 \$'000</b>
<b>Capital payments budget</b>					
Purchase of property plant and equipment	120,609	144,025	226,311	198,750	198,750
<b>Total</b>	<b>120,609</b>	<b>144,025</b>	<b>226,311</b>	<b>198,750</b>	<b>198,750</b>

**Table 5: Non-Financial Assets - Summary of Movement**

Budget Year 2001-02	Land	Building	Total Land and Building	Other Infrastructure	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Gross Value</b>					
Gross Value as at 1 July 2001	633,213	602,999	1,236,212	10,958	1,247,170
Gross Value - additions	57,210	85,815	143,025	1,000	144,025
Gross Value – Asset transferred in/(out)	(4,000)	(5,967)	(9,967)	-	(9,967)
Gross Value - Revaluations	15,180	22,771	37,951	-	37,951
Gross Value - disposals	(166,547)	(161,321)	(327,868)	-	(327,868)
<b>Gross value 30 June 2002</b>	<b>535,056</b>	<b>544,297</b>	<b>1,079,353</b>	<b>11,958</b>	<b>1,091,311</b>
<b>Accumulated depreciation/ as at 1 July 2001</b>	-	-	-	5,388	5,388
Charge for the reporting period	-	14,226	14,226	1,600	15,826
Disposals	-	(7,720)	(7,720)	-	(7,720)
<b>Accumulated Depreciation as at 30 June 2002</b>	-	6,506	6,506	6,988	13,494
<b>Net Book Value as at 30 June 2002</b>	<b>535,056</b>	<b>537,791</b>	<b>1,072,847</b>	<b>4,970</b>	<b>1,077,817</b>
Net book Value as at 1 July 2001	633,213	602,999	1,236,212	5,570	1,241,782