



Report of the

New Zealand Government

Property Corporation

for the year ended 30 June 2013

Contents

The New Zealand Government Property Corporation.....	3
Statement of Responsibility	4
Audit Report	5

Performance Information

Statement of Accounting Policies	8
Statement of Comprehensive Income.....	9
Statement of Movement in Taxpayers' Funds.....	9
Statement of Financial Position	9
Statement of Cashflows	9
Reconciliation of Net Surplus/(Deficit) to Net Cashflow from Operating Activities	10
Statement of Commitments.....	10
Statement of Contingent Liabilities	10

The New Zealand Government Property Corporation

The New Zealand Government Property Corporation (the Corporation) is a Crown entity formed to be the legal owner of New Zealand House, London, and is required by section 45M(2) of the Public Finance Act to lay before the House of Representatives its annual financial statements.

The Treasury took over responsibility for administering the New Zealand Government Property Corporation Act 1953 and New Zealand House from the Ministry of Foreign Affairs and Trade on 1 July 2000. From that date, the Secretary to the Treasury became responsible for the preparation of the Corporation's financial statements. Previous statements were prepared by the Ministry of Foreign Affairs and Trade.

Whilst the Corporation is the legal owner of New Zealand House, the Treasury controls the property on behalf of the Crown, and all financial transactions relating to the properties are reflected in the non-departmental supplementary schedules of the Treasury's annual report. Consequently there are no financial transactions reported within the Corporation's financial statements.

The assets and liabilities owned by the Corporation as at 30 June 2013 are:

Actual 30 June 2012 (NZ\$ million)	Item	Actual 30 June 2013 (NZ\$ million)	Forecast 30 June 2013 (NZ\$ million)
Assets			
5.124	Cash	4.041	5.161
0.734	Receivables	2.666	1.648
	Physical assets:		
76.790	New Zealand House, including Her Majesty's Theatre and the Royal Opera Arcade, London	69.825	67.187
82.648	Total assets	76.532	73.996
Liabilities			
3.863	Payables and accrued expenses	3.843	5.260
78.785	Net assets	72.689	68.736

Statement of Responsibility

The Treasury is responsible for administering the New Zealand Government Property Corporation Act 1953.

The Secretary to the Treasury, in terms of section 155 of the Crown Entity Act 2004, is responsible for the preparation of the New Zealand Government Property Corporation's financial statements and the judgements made in the process of producing those statements.

The Secretary to the Treasury has responsibility for establishing and maintaining a system of internal control procedures that provide reasonable assurance as to the integrity and reliability of financial reporting.

In the opinion of the Secretary to the Treasury, these financial statements fairly reflect the financial position and operations of the New Zealand Government Property Corporation for the period from 1 July 2012 to 30 June 2013.



Gabriel Makhlouf
Secretary to the Treasury

18 December 2013



Sara Brownlie
Acting Chief Financial Officer

18 December 2013

INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF NEW ZEALAND GOVERNMENT PROPERTY CORPORATION'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

The Auditor-General is the auditor of New Zealand Government Property Corporation (the Corporation). The Auditor-General has appointed me, Graeme Edwards, using the staff and resources of KPMG, to carry out the audit of the financial statements of the Corporation on her behalf.

We have audited:

- the financial statements of the Corporation on pages 3 and 8 to 10, that comprise the statement of financial position, statement of commitments, statement of contingent liabilities as at 30 June 2013, the statement of comprehensive income, statement of movement in taxpayers' funds, and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information.

Opinion

In our opinion:

- the financial statements of the Corporation on pages 3 and 8 to 10:
 - comply with generally accepted accounting practice in New Zealand; and
 - fairly reflect the Corporation's:
 - financial position as at 30 June 2013; and
 - financial performance and cash flows for the year ended on that date.

Our audit was completed on 18 December 2013. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Secretary to the Treasury and our responsibilities, and we explain our independence.

Basis of opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers' overall understanding of the financial

statements. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation of the Corporation's financial statements that fairly reflect the matters to which they relate. We consider internal control in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Secretary to the Treasury;
- the adequacy of all disclosures in the financial statements; and
- the overall presentation of the financial statements.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements.

We have obtained all the information and explanations we have required and we believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Responsibilities of the Secretary to the Treasury

The Secretary to the Treasury is responsible for preparing financial statements that:

- comply with generally accepted accounting practice in New Zealand; and
- fairly reflect the Corporation's financial position, financial performance and cash flows.

The Secretary to the Treasury is also responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Secretary to the Treasury is also responsible for the publication of the financial statements, whether in printed or electronic form.

The Secretary to the Treasury's responsibilities arise from the Public Finance Act 1989.

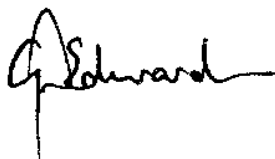
Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the financial statements and reporting that opinion to you based on our audit. Our responsibility arises from section 15 of the Public Audit Act 2001 and the Public Finance Act 1989.

Independence

When carrying out the audit, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board.

Other than the audit, we have no relationship with or interests in the Corporation.

A handwritten signature in black ink, appearing to read 'G Edwards', with a stylized flourish at the end.

Graeme Edwards
KPMG
On behalf of the Auditor-General
Wellington, New Zealand

Statement of Accounting Policies

for the year ended 30 June 2013

Reporting entity

The New Zealand Government Property Corporation is a Crown Entity as defined by Schedule 4 of the Public Finance Act 1989. The Corporation was formed to be the legal owner of New Zealand House, London.

New Zealand House is managed on behalf of the New Zealand Government (acting through the Minister of Finance) by Jones Lang LaSalle, a firm of professional property managers in London.

The Treasury administers the property on behalf of the Crown, with all financial transactions relating to the properties reflected in non-departmental supplementary schedules of the Treasury's annual report, and therefore no balances are recorded in the Corporation's financial statements.

The financial statements of the Corporation are for the year ended 30 June 2013. The financial statements were authorised for issue by the Secretary to the Treasury on 18 December 2013.

Basis of preparation

The financial statements of the Corporation have been prepared in accordance with the requirements of the Public Finance Act 1989, which includes the requirement to comply with New Zealand generally accepted accounting practices (NZ GAAP).

These financial statements have been prepared in accordance with, and comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS).

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

Operating Lease

The properties are on land held on a long term lease from the British Government, expiring in 2048.

Measurement system

These financial statements have been prepared on a historical cost basis modified by the revaluation of certain property, plant and equipment.

Foreign currency

New Zealand House London is a foreign operation and therefore its assets and liabilities are translated to New Zealand dollars at exchange rates at the reporting date.

Changes in accounting policies

There have been no changes in accounting policies.

Statement of Comprehensive Income

for the year ended 30 June 2013

2011/12 Actual (\$000)		2012/13 Actual (\$000)	2012/13 Forecast (\$000)
–	Total revenue	–	–
–	Total operating expenses	–	–
–	Net surplus and comprehensive income	–	–

Statement of Movement in Taxpayers' Funds

for the year ended 30 June 2013

2011/12 Actual (\$000)		2012/13 Actual (\$000)	2012/13 Forecast (\$000)
–	Taxpayers' funds at beginning of period	–	–
–	Total comprehensive income	–	–
–	Taxpayers' funds at close of period	–	–

Statement of Financial Position

as at 30 June 2013

2011/12 Actual (\$000)		2012/13 Actual (\$000)	2012/13 Forecast (\$000)
–	Total taxpayers' funds	–	–
–	Total assets	–	–
–	Total liabilities	–	–

Statement of Cash Flows

for the year ended 30 June 2013

2011/12 Actual (\$000)		2012/13 Actual (\$000)	2012/13 Forecast (\$000)
–	Net cash flows from operating activities	–	–
–	Net cash flows from investing activities	–	–
–	Net cash flows from financing activities	–	–
–	Net increase in cash held	–	–
–	Cash held at beginning of period	–	–
–	Cash held at close of period	–	–

The notes on page 8 form an integral part of these Financial Statements

Reconciliation of Net Surplus/(Deficit) to Net Cash Flow from Operating Activities

for the year ended 30 June 2013

2011/12 Actual (\$000)		2012/13 Actual (\$000)	2012/13 Forecast (\$000)
–	Net surplus and comprehensive income	–	–
–	Total non-cash items	–	–
–	Working capital movements	–	–
–	Net cash flows from operating activities	–	–

Statement of Commitments

as at 30 June 2013

2011/12 Actual (\$000)		2012/13 Actual (\$000)	2012/13 Forecast (\$000)
–	Total capital commitments	–	–
–	Total operating commitments	–	–
–	Total commitments	–	–

Statement of Contingent Liabilities

as at 30 June 2013

2011/12 Actual (\$000)		2012/13 Actual (\$000)	2012/13 Forecast (\$000)
–	Total contingent liabilities	–	–

The notes on page 8 form an integral part of these Financial Statements.