

LIST OF DEPARTMENTAL BALANCE-SHEETS NOT YET READY FOR
PUBLICATION.

Agriculture.
Cool-storage Account.
Education.
Justice.

Lands and Survey.
Legislative.
Mental Hospitals.
Mines.

Native.
Naval Defence.
Police.
Prisons.

Public Works.
Tourist.
War Expenses.

NOTE.

WHILE the present method of showing the financial operations of State Departments conforms to parliamentary requirements as expressed in the various statutes, it has been considered by the Government that a more accurate expression of these operations would be presented to the public if they were focussed into a Balance-sheet and Revenue Account. With this object in view it was decided that Departments should keep their accounts on the double-entry system, the foundation of which was already well laid by the existing Treasury accounting methods.

A true perspective of Departments from a financial standpoint cannot be shown unless proper provision is made for depreciation and interest charges, outstanding revenue and expenditure, inter-departmental services, &c., and although this fact has long been recognized by the Treasury it has hitherto been found necessarily impossible to include any reference to such items in the Statement of Public Accounts, which are purely cash statements showing the amounts actually expended and the revenue actually received within each financial year.

It is hoped that the preparation of an annual balance-sheet by each Department will, besides preserving to the State a valuable record of State-owned assets, lead to economical working of State services and also stimulate a greater public interest in the very important Department of Finance, which really dominates all the many and varied activities of the State.

Great difficulties have been met with in connection with the valuation of assets and the apportionment of certain items of revenue and expenditure. In respect to the former it was necessary to have all office furniture, fittings, equipment, stores, materials, &c., inventoried, and, together with land and buildings, valued. For this work the co-operation of the Public Works and Valuation Departments was sought. Other assets, such as machinery, plant, steamboats, &c., have been valued by the experts of the Departments concerned. All valuations are not yet complete, and it has been necessary in some cases to accept conservative estimates, which will be adjusted during the current year to the correct figures.

In respect to the capital assets of the Railway and Post and Telegraph Departments, the valuations have been based on the ascertained capital expenditure thereon to the 31st March, 1921.

Interest has been based on the average rate of interest paid on the public debt of New Zealand.

The introduction of the Treasury Adjustment Account, which appears in the balance-sheets of nearly all Departments not operating their own banking accounts, was rendered necessary to enable the principles of double-entry book-keeping to be adhered to. It is virtually a Cash Account, as it is debited with all receipts actually received, and credited with all payments actually made, by the Treasury on behalf of State Departments. Transfers from one Department to another are passed through this account, and for the past financial year it has also formed the medium for writing off services which have been taken into Department's accounts but for which transfers had not been passed.

Considerable difficulties have been experienced by some Departments in drawing up their balance-sheets, and it is not suggested that in all cases the results are as complete as might be desired, but it is anticipated that improvements will be effected in future years. It is also regretted that there are some Departments whose balance-sheets in a commercial form are not yet ready for publication. A list of these appears above. It will be, of course, impossible to prepare a general balance-sheet for the whole service until all the separate Departments come into line.

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Secretary to the Treasury.

The Treasury, Wellington, 15th December, 1921.

Approximate Cost of Paper.—Preparation, not given; printing (535 copies), £112.

By Authority: MARCUS F. MARKS, Government Printer, Wellington.—1921.

Price 1s. 6d.]