

Papakura High School

Financial Statements for the year ended 31 December 2016

School Address:	Willis Road, Papakura, 2110
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Ministry Number:	101

Papakura High School

Financial Statements

For the year ended 31 December 2016

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Papakura High School
Statement of Responsibility
For the year ended 31 December 2016

The Board of Trustees accepts responsibility for the preparation of the annual financial statements and the judgements used in these financial statements.

The management (including the principal and others as directed by the Board) accepts responsibility for establishing and maintaining a system of internal controls designed to provide reasonable assurance as to the integrity and reliability of the school's financial reporting.

It is the opinion of the Board and management that the annual financial statements for the financial year ended 31 December 2016 fairly reflects the financial position and operations of the school.

The School's 2016 financial statements are authorised for issue by the Board.

Deanna Howard Afeaki
Full Name of Board Chairperson

[Signature]
Signature of Board Chairperson

31/05/17
Date:

John Robb
Full Name of Principal

[Signature]
Signature of Principal

31/05/17
Date:

Papakura High School

Statement of Comprehensive Revenue and Expense

For the year ended 31 December 2016

		2016	2016	2015
	Notes	Actual \$	Budget (Unaudited) \$	Actual \$
Revenue				
Government Grants	2	8,390,516	6,916,898	7,592,287
Locally Raised Funds	3	377,055	165,873	322,976
Interest Earned		62,473	50,650	85,028
International Students	4	866	-	33,556
		<u>8,830,910</u>	<u>7,133,421</u>	<u>8,033,847</u>
Expenses				
Locally Raised Funds	3	152,587	103,545	122,378
International Students	4	635	-	29,563
Learning Resources	5	5,655,497	5,027,763	5,630,884
Administration	6	490,453	503,044	544,775
Finance Costs		6,730	2,500	4,176
Property	7	2,336,588	1,401,391	1,467,705
Depreciation	8	217,390	225,000	209,029
Loss on Disposal of Property, Plant and Equipment		-	2,500	641
		<u>8,859,880</u>	<u>7,265,743</u>	<u>8,009,151</u>
Net Surplus / (Deficit)		(28,970)	(132,322)	24,696
Other Comprehensive Revenue and Expenses		-	-	-
Total Comprehensive Revenue and Expense for the Year		<u>(28,970)</u>	<u>(132,322)</u>	<u>24,696</u>

The above Statement of Comprehensive Revenue and Expense should be read in conjunction with the accompanying notes.



Papakura High School

Statement of Changes in Net Assets/Equity

For the year ended 31 December 2016

	2016 Actual \$	2016 Budget (Unaudited) \$	2015 Actual \$
Balance at 1 January	2,319,217	2,171,912	2,171,912
Total comprehensive revenue and expense for the year	(28,970)	(132,322)	24,696
Capital Contributions from the Ministry of Education			
Contribution - Furniture and Equipment Grant	31,062	-	122,609
Equity at 31 December	2,321,309	2,039,590	2,319,217
Retained Earnings	2,321,309	2,039,590	2,319,217
Equity at 31 December	2,321,309	2,039,590	2,319,217

The above Statement of Changes in Net Assets/Equity should be read in conjunction with the accompanying notes.



Papakura High School

Statement of Financial Position

As at 31 December 2016

		2016	2016	2015
	Notes	Actual \$	Budget (Unaudited) \$	Actual \$
Current Assets				
Cash and Cash Equivalents	9	1,033,292	253,088	282,064
Accounts Receivable	10	344,423	310,000	470,291
GST Receivable		10,632	5,000	12,299
Prepayments		12,048	10,000	15,939
Inventories	11	14,682	15,000	15,548
Investments	12	824,138	1,000,000	1,468,166
		<u>2,239,215</u>	<u>1,593,088</u>	<u>2,264,307</u>
Current Liabilities				
Accounts Payable	14	730,069	370,000	812,029
Revenue Received in Advance	15	162,822	20,000	148,655
Provision for Cyclical Maintenance	16	327,579	300,000	276,234
Finance Lease Liability - Current Portion	17	30,622	-	20,598
Funds held for Capital Works Projects	18	-	-	2,752
		<u>1,251,092</u>	<u>690,000</u>	<u>1,260,268</u>
Working Capital Surplus/(Deficit)		<u>988,123</u>	<u>903,088</u>	<u>1,004,039</u>
Non-current Assets				
Property, Plant and Equipment	13	1,448,627	1,200,000	1,380,884
Trust		1,502	1,502	1,502
		<u>1,450,129</u>	<u>1,201,502</u>	<u>1,382,386</u>
Non-current Liabilities				
Provision for Cyclical Maintenance	16	64,127	65,000	67,208
Finance Lease Liability	17	52,816	-	-
		<u>116,943</u>	<u>65,000</u>	<u>67,208</u>
Net Assets		<u>2,321,309</u>	<u>2,039,590</u>	<u>2,319,217</u>
Equity		<u>2,321,309</u>	<u>2,039,590</u>	<u>2,319,217</u>

The above Statement of Financial Position should be read in conjunction with the accompanying notes.



Papakura High School

Statement of Cash Flows

For the year ended 31 December 2016

		2016	2016	2015
	Note	Actual	Budget	Actual
		\$	(Unaudited)	\$
Cash flows from Operating Activities				
Government Grants		2,641,612	2,386,206	2,625,992
Locally Raised Funds		386,185	615,523	434,177
International Students		866	-	33,556
Goods and Services Tax (net)		1,667	8,342	1,043
Payments to Employees		(1,436,890)	(1,292,377)	(1,506,697)
Payments to Suppliers		(1,360,978)	(1,925,565)	(1,468,542)
Interest Paid		(6,730)	(2,500)	(4,176)
Interest Received		75,451	40,650	75,530
Net cash from / (to) the Operating Activities		301,183	(169,721)	190,883
Cash flows from Investing Activities				
Proceeds from Sale of PPE		-	(7,500)	(642)
Purchase of PPE		(185,804)	(245,954)	(149,982)
(Purchase) / Sale of Investments		644,028	-	(406,050)
Net cash from / (to) the Investing Activities		458,224	(253,454)	(556,674)
Cash flows from Financing Activities				
Furniture and Equipment Grant		31,062	(1,912)	64,028
Finance Lease Payments		(36,489)	(21,148)	(26,148)
Funds Administered on Behalf of Third Parties		(2,752)	(2,752)	-
Net cash from Financing Activities		(8,179)	(25,812)	37,880
Net increase/(decrease) in cash and cash equivalents		751,228	(448,987)	(327,911)
Cash and cash equivalents at the beginning of the year	9	282,064	702,075	609,975
Cash and cash equivalents at the end of the year	9	1,033,292	253,088	282,064

The statement of cash flows records only those cash flows directly within the control of the School. This means centrally funded teachers' salaries and the use of land and buildings grant and expense have been omitted.

The above Statement of Cash Flow should be read in conjunction with the accompanying notes.



Papakura High School

Notes to the Financial Statements

For the year ended 31 December 2016

1. Statement of Accounting Policies

Reporting Entity

Papakura High School (the School) is a Crown entity as specified in the Crown Entities Act 2004 and a school as described in the Education Act 1989. The Board of Trustees (the Board) is of the view that the School is a public benefit entity for financial reporting purposes.

Basis of Preparation

Reporting Period

The financial reports have been prepared for the period 1 January 2016 to 31 December 2016 and in accordance with the requirements of the Public Finance Act 1989.

Basis of Preparation

The financial statements have been prepared on a going concern basis, and the accounting policies have been consistently applied throughout the period.

Financial Reporting Standards Applied

The Education Act 1989 requires the School, as a Crown entity, to prepare financial statements in accordance with generally accepted accounting practice. The financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand, applying Public Sector Public Benefit Entity (PBE) Standards Reduced Disclosure Regime as appropriate to public benefit entities that qualify for Tier 2 reporting. The school is considered a Public Benefit Entity as it meets the criteria specified as "having a primary objective to provide goods and/or services for community or social benefit and where any equity has been provided with a view to supporting that primary objective rather than for financial return to equity holders".

PBE Accounting Standards Reduced Disclosure Regime

The School qualifies for Tier 2 as the school is not publicly accountable and is not considered large as it falls below the expenditure threshold of \$30 million per year. All relevant reduced disclosure concessions have been taken.

Measurement Base

The financial statements are prepared on the historical cost basis unless otherwise noted in a specific accounting policy.

Presentation Currency

These financial statements are presented in New Zealand dollars, rounded to the nearest dollar.

Specific Accounting Policies

The accounting policies used in the preparation of these financial statements are set out below.

Critical Accounting Estimates And Assumptions

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenue and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Useful lives of property, plant and equipment

The School reviews the estimated useful lives of property, plant and equipment at the end of each reporting date. The School believes that the estimated useful lives of the property, plant and equipment as disclosed in the Significant Accounting Policies are appropriate to the nature of the property, plant and equipment at reporting date. Property, plant and equipment is disclosed at note 13.



Papakura High School

Notes to the Financial Statements (cont.)

For the year ended 31 December 2016

Critical Judgements in applying accounting policies

Management has exercised the following critical judgements in applying accounting policies:

Classification of leases

The School reviews the details of lease agreements at the end of each reporting date. The School believes the classification of each lease as either operation or finance is appropriate and reflects the nature of the agreement in place. Finance leases are disclosed at note 17.

Recognition of grants

The School reviews the grants monies received at the end of each reporting period and whether any require a provision to carry forward amounts unspent. The School believes all grants received have been appropriately recognised as a liability if required. Government grants are disclosed at note 2.

Revenue Recognition

Government Grants

The school receives funding from the Ministry of Education. The following are the main types of funding that the School receives;

Operational grants are recorded as revenue when the School has the rights to the funding, which is in the year that the funding is received.

Teachers salaries grants are recorded as revenue when the School has the rights to the funding in the salary period they relate to. The grants are not received in cash by the School and are paid directly to teachers by the Ministry of Education.

Other Grants

Other grants are recorded as revenue when the School has the rights to the funding, unless there are unfulfilled conditions attached to the grant, in which case the amount relating to the unfulfilled conditions is recognised as a liability and released to revenue as the conditions are fulfilled.

Donations, Gifts and Bequests

Donations, gifts and bequests are recorded as revenue when their receipt is formally acknowledged by the School.

Interest Revenue

Interest Revenue earned on cash and cash equivalents and investments is recorded as revenue in the period it is earned.

Use of Land and Buildings Expense

The property from which the School operates is owned by the Crown and managed by the Ministry of Education on behalf of the Crown. The School's use of the land and buildings as occupant is based on a property occupancy document as gazetted by the Ministry. The expense is based on an assumed market rental yield on the value of land and buildings as used for rating purposes. This is a non-cash expense that is offset by a non-cash grant from the Ministry.

Operating Lease Payments

Payments made under operating leases are recognised in the Statement of Comprehensive Revenue and Expense on a straight line basis over the term of the lease.

Finance Lease Payments

Finance lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term on an effective interest basis.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, bank balances, deposits held at call with banks, and other short term highly liquid investments with original maturities of 90 days or less, and bank overdrafts. The carrying amount of cash and cash equivalents represent fair value.



Papakura High School

Notes to the Financial Statements (cont.)

For the year ended 31 December 2016

Accounts Receivable

Accounts Receivable represents items that the School has issued invoices for or accrued for, but has not received payment for at year end. Receivables are initially recorded at fair value and subsequently recorded at the amount the School realistically expects to receive. A receivable is considered uncollectable where there is objective evidence the School will not be able to collect all amounts due. The amount that is uncollectable (the provision for uncollectibility) is the difference between the amount due and the present value of the amounts expected to be collected.

Inventories

Inventories are consumable items held for sale and comprise of stationery and school uniforms. They are stated at the lower of cost and net realisable value. Cost is determined on a first in, first out basis. Net realisable value is the estimated selling price in the ordinary course of activities less the estimated costs necessary to make the sale. Any write down from cost to net realisable value is recorded as an expense in the Statement of Comprehensive Revenue and Expense in the period of the write down.

Investments

Bank term deposits are initially measured at the amount invested. Interest is subsequently accrued and added to the investment balance.

Investments that are shares are categorised as "available for sale" for accounting purposes in accordance with financial reporting standards. Share investments are recognised initially by the School at fair value plus transaction costs. At balance date the School has assessed whether there is any evidence that an investment is impaired. Any impairment, gains or losses are recognised in the Statement of Comprehensive Revenue and Expense.

After initial recognition bank term deposits are measured at amortised cost using the effective interest method less impairment.

After initial recognition any investments categorised as available for sale are measured at their fair value without any deduction for transaction costs the school may incur on sale or other disposal.

The School has met the requirements under section 73 of the Education Act 1989 in relation to the acquisition of securities.

Property, Plant and Equipment

Land and buildings owned by the Crown are excluded from these financial statements. The Board's use of the land and buildings as 'occupant' is based on a property occupancy document.

Improvements to buildings owned by the Crown are recorded at cost, less accumulated depreciation and impairment losses.

Property, plant and equipment are recorded at cost or, in the case of donated assets, fair value at the date of receipt, less accumulated depreciation and impairment losses. Cost or fair value as the case may be, includes those costs that relate directly to bringing the asset to the location where it will be used and making sure it is in the appropriate condition for its intended use.

Property, plant and equipment acquired with individual values under \$1,000 are not capitalised, they are recognised as an expense in the Statement of Comprehensive Revenue and Expense.

Gains and losses on disposals (*i.e.* sold or given away) are determined by comparing the proceeds received with the carrying amounts (*i.e.* the book value). The gain or loss arising from the disposal of an item of property, plant and equipment is recognised in the Statement of Comprehensive Revenue and Expense.

Leased Assets

Leases where the School assumes substantially all the risks and rewards of ownership are classified as finance leases. The assets acquired by way of finance lease are measured at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and impairment losses. Leased assets and corresponding liability are recognised in the Statement of Financial Position and leased assets are depreciated over the period the School is expected to benefit from their use or over the term of the lease.

Papakura High School

Notes to the Financial Statements (cont.)

For the year ended 31 December 2016

Depreciation

Property, plant and equipment except for library resources are depreciated over their estimated useful lives on a straight line basis. Library resources are depreciated on a diminishing value basis. Depreciation of all assets is reported in the Statement of Comprehensive Revenue and Expense.

The estimated useful lives of the assets are:

Building improvements – Crown	40 years
Furniture and equipment	5-10 years
Information and communication technology	5 years
Motor vehicles	5 years
Textbooks	3 years
Leased assets held under a Finance Lease	3 years
Library resources	12.5% Diminishing value

Impairment of property, plant, and equipment and intangible assets

The school does not hold any cash generating assets. Assets are considered cash generating where their primary objective is to generate a commercial return.

Non cash generating assets

Property, plant, and equipment and intangible assets held at cost that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable service amount. The recoverable service amount is the higher of an asset's fair value less costs to sell and value in use.

Value in use is determined using an approach based on either a depreciated replacement cost approach, restoration cost approach, or a service units approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and availability of information.

If an asset's carrying amount exceeds its recoverable service amount, the asset is regarded as impaired and the carrying amount is written down to the recoverable amount. The total impairment loss is recognised in the surplus or deficit.

The reversal of an impairment loss is recognised in the surplus or deficit.

Accounts Payable

Accounts Payable represents liabilities for goods and services provided to the School prior to the end of the financial year which are unpaid. Accounts Payable are recorded at the amount of cash required to settle those liabilities. The amounts are unsecured and are usually paid within 30 days of recognition.

Employee Entitlements

Short-term employee entitlements

Employee benefits that are due to be settled within 12 months after the end of the period in which the employee renders the related service are measured based on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to balance date, annual leave earned to but not yet taken at balance date.

Long-term employee entitlements

Employee benefits that are due to be settled beyond 12 months after the end of the period in which the employee renders the related service, such as long service leave and retirement gratuities, have been calculated on an actuarial basis. The calculations are based on:

- likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement, and contractual entitlement information; and
- the present value of the estimated future cash flows



Papakura High School

Notes to the Financial Statements (cont.)

For the year ended 31 December 2016

Revenue Received in Advance

Revenue received in advance relates to fees received from grants received where there are unfulfilled obligations for the School to provide services in the future. The fees are recorded as revenue as the obligations are fulfilled and the fees earned.

The School holds sufficient funds to enable the refund of unearned fees in relation to the grants, should the School be unable to provide the services to which they relate.

Provision for Cyclical Maintenance

The property from which the School operates is owned by the Crown, and is vested in the Ministry. The Ministry has gazetted a property occupancy document that sets out the Board's property maintenance responsibilities. The Board is responsible for maintaining the land, buildings and other facilities on the School site in a state of good order and repair.

Cyclical maintenance, which involves painting the interior and exterior of the School, makes up the most significant part of the Board's responsibilities outside day-to-day maintenance. The provision for cyclical maintenance represents the obligation the Board has to the Ministry and is based on the Board's ten year property plan (10YPP).

Financial Assets and Liabilities

The School's financial assets comprise cash and cash equivalents, accounts receivable, and investments. All of these financial assets, except for investments that are shares, are categorised as "loans and receivables" for accounting purposes in accordance with financial reporting standards.

Investments that are shares are categorised as "available for sale" for accounting purposes in accordance with financial reporting standards.

The School's financial liabilities comprise accounts payable and finance lease liability. All of these financial liabilities are categorised as "financial liabilities measured at amortised cost" for accounting purposes in accordance with financial reporting standards.

Goods and Services Tax (GST)

The financial statements have been prepared on a GST exclusive basis, with the exception of accounts receivable and accounts payable which are stated as GST inclusive.

The net amount of GST paid to, or received from, the IRD, including the GST relating to investing and financing activities, is classified as a net operating cash flow in the statements of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

Budget Figures

The budget figures are extracted from the School budget that was approved by the Board at the start of the year.

Services received in-kind

From time to time the School receives services in-kind, including the time of volunteers. The School has elected not to recognise services received in kind in the Statement of Comprehensive Revenue and Expense.

Papakura High School

Notes to the Financial Statements (cont.)

For the year ended 31 December 2016

2 Government Grants

	2016 Actual \$	2016 Budget (Unaudited) \$	2015 Actual \$
Operational grants	2,039,491	1,659,074	1,890,028
Teachers' salaries grants	4,049,448	3,663,997	4,186,000
Use of Land and Buildings grants	1,554,733	765,990	765,990
Other MoE Grants	309,600	197,999	79,523
Other government grants	437,244	629,838	670,746
	<u>8,390,516</u>	<u>6,916,898</u>	<u>7,592,287</u>

3 Locally Raised Funds

Local funds raised within the School's community are made up of:

	2016 Actual \$	2016 Budget (Unaudited) \$	2015 Actual \$
Revenue			
Donations	49,029	9,500	113,378
Other revenue	95,185	12,168	11,049
Trading	35,620	36,400	68,990
Activities	127,723	85,725	129,559
Curriculum Recoveries	69,498	22,080	-
	<u>377,055</u>	<u>165,873</u>	<u>322,976</u>
Expenses			
Activities	125,120	77,295	87,557
Trading	27,467	26,250	34,821
	<u>152,587</u>	<u>103,545</u>	<u>122,378</u>
Surplus for the year Locally Raised Funds	<u>224,468</u>	<u>62,328</u>	<u>200,598</u>

Papakura High School

Notes to the Financial Statements (cont.)

For the year ended 31 December 2016

4 International Student Revenue and Expenses

	2016 Actual Number	2016 Budget (Unaudited) Number	2015 Actual Number
International Student Roll	0	0	3
Revenue			
International student fees	866	-	33,556
Expenses			
International student levy	-	-	478
Employee Benefit - Salaries	635	-	7,358
Other Expenses	-	-	21,727
	635	-	29,563
<i>Surplus for the year International Students'</i>	231	-	3,993

5 Learning Resources

	2016 Actual \$	2016 Budget (Unaudited) \$	2015 Actual \$
Curricular	388,065	417,841	480,382
Equipment repairs	99,283	104,395	65,605
Information and communication technology	-	-	2,935
Library resources	3,352	3,635	3,265
Employee benefits - salaries	5,145,211	4,478,642	5,062,516
Staff development	19,586	23,250	16,181
	5,655,497	5,027,763	5,630,884

6 Administration

	2016 Actual \$	2016 Budget (Unaudited) \$	2015 Actual \$
Audit Fee	8,707	8,707	8,724
Board of Trustees Fees	7,549	11,200	7,865
Board of Trustees Expenses	6,750	6,000	6,133
Communication	41,004	29,550	28,630
Consumables	44,897	51,350	33,898
Operating Lease	19,766	12,500	12,983
Legal Fees	-	3,000	2,673
Other	33,220	48,300	39,897
Employee Benefits - Salaries	321,697	324,187	395,214
Insurance	6,863	8,250	8,758
	490,453	503,044	544,775



Papakura High School

Notes to the Financial Statements (cont.)

For the year ended 31 December 2016

7 Property

	2016	2016	2015
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Caretaking and Cleaning Consumables	152,215	141,870	142,974
Cyclical Maintenance Provision	48,264	-	-
Grounds	21,658	19,250	19,632
Heat, Light and Water	155,829	152,100	177,375
Rates	514	450	474
Repairs and Maintenance	234,499	133,186	179,950
Use of Land and Buildings	1,554,733	765,990	765,990
Security	19,200	20,000	14,287
Employee Benefits - Salaries	149,676	168,545	167,023
	<u>2,336,588</u>	<u>1,401,391</u>	<u>1,467,705</u>

The use of land and buildings figure represents 8% of the school's total property value. This is used as a 'proxy' for the market rental of the property. Property values are established as part of the nation-wide revaluation exercise that is conducted every 30 June for the Ministry of Education's year-end reporting purposes.

For the 30 June 2016 valuation the Ministry of Education continued to revise its valuation methodology, which has improved the accuracy of the valuations of school land and buildings. This has resulted in a significant movement in the use of land and buildings charge for the 2016 year. The movements in the valuation methodology will be carried forward into future revaluations.

8 Depreciation of Property, Plant and Equipment

	2016	2016	2015
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Buildings - School	21,149	20,000	19,941
Furniture and Equipment	83,300	85,000	74,491
Information and Communication Technology	46,449	55,000	52,431
Motor Vehicles	3,710	5,000	5,624
Textbooks	16,036	20,000	19,492
Leased Assets	36,558	30,000	26,733
Library Resources	10,188	10,000	10,317
	<u>217,390</u>	<u>225,000</u>	<u>209,029</u>

9 Cash and Cash Equivalents

	2016	2016	2015
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Cash on Hand	300	300	300
Bank Current Account	480,161	132,788	170,441
Bank Call Account	50,776	120,000	110,648
Short-term Bank Deposits	502,055	-	675
Net cash and cash equivalents and bank overdraft for Cash Flow Statement	<u>1,033,292</u>	<u>253,088</u>	<u>282,064</u>

The carrying value of short-term deposits with maturity dates of 90 days or less approximates their fair value.

Papakura High School

Notes to the Financial Statements (cont.)

For the year ended 31 December 2016

10 Accounts Receivable

	2016 Actual \$	2016 Budget (Unaudited) \$	2015 Actual \$
Receivables	88,828	50,000	76,610
Receivables from the Ministry of Education	5,475	-	-
Interest Receivable	9,314	10,000	22,292
Teacher Salaries Grant Receivable	240,806	250,000	371,389
	<u>344,423</u>	<u>310,000</u>	<u>470,291</u>
Receivables from Exchange Transactions	98,142	60,000	98,902
Receivables from Non-Exchange Transactions	246,281	250,000	371,389
	<u>344,423</u>	<u>310,000</u>	<u>470,291</u>

11 Inventories

	2016 Actual \$	2016 Budget (Unaudited) \$	2015 Actual \$
Stationery	14,682	15,000	15,548
	<u>14,682</u>	<u>15,000</u>	<u>15,548</u>

12 Investments

The School's investment activities are classified as follows:

	2016 Actual \$	2016 Budget (Unaudited) \$	2015 Actual \$
Current Asset			
Short-term Bank Deposits	824,138	1,000,000	1,468,166

The carrying value of long term deposits longer than 12 months approximates their fair value at 31 December 2016.

Notes to the Financial Statements (cont.)

For the year ended 31 December 2016

13 Property, Plant and Equipment

	Opening Balance (NBV)	Additions	Disposals	Impairment	Depreciation	Total (NBV)
2016	\$	\$	\$	\$	\$	\$
Land	25,000	-	-	-	-	25,000
Buildings	729,764	-	-	-	(21,149)	708,615
Furniture and Equipment	401,036	115,302	-	-	(83,300)	433,038
Information and Communication Technology	118,178	65,733	-	-	(46,449)	137,462
Motor Vehicles	12,707	-	-	-	(3,710)	8,997
Textbooks	34,170	-	-	-	(16,036)	18,134
Leased Assets	19,325	99,328	-	-	(36,558)	82,095
Library Resources	40,704	4,770	-	-	(10,188)	35,286
Balance at 31 December 2016	1,380,884	285,133	-	-	(217,390)	1,448,627

	Cost or Valuation	Accumulated Depreciation	Net Book Value
2016	\$	\$	\$
Land	25,000	-	25,000
Buildings	845,948	(137,333)	708,615
Furniture and Equipment	944,323	(511,285)	433,038
Information and Communication Technology	751,936	(614,474)	137,462
Motor Vehicles	73,325	(64,328)	8,997
Textbooks	136,550	(118,416)	18,134
Leased Assets	326,205	(244,110)	82,095
Library Resources	94,169	(58,883)	35,286
Balance at 31 December 2016	3,197,456	(1,748,829)	1,448,627

The net carrying value of equipment held under a finance lease is \$82,095.

	Opening Balance (NBV)	Additions	Disposals	Impairment	Depreciation	Total (NBV)
2015	\$	\$	\$	\$	\$	\$
Land	25,000	-	-	-	-	25,000
Buildings	673,698	76,007	-	-	(19,941)	729,764
Furniture and Equipment	407,208	68,319	-	-	(74,491)	401,036
Information and Communication Technology	88,286	82,938	(615)	-	(52,431)	118,178
Motor Vehicles	18,331	-	-	-	(5,624)	12,707
Textbooks	37,096	16,566	-	-	(19,492)	34,170
Leased Assets	46,058	-	-	-	(26,733)	19,325
Library Resources	46,069	4,952	-	-	(10,317)	40,704
Balance at 31 December 2015	1,341,746	248,782	(615)	-	(209,029)	1,380,884

	Cost or Valuation	Accumulated Depreciation	Net Book Value
2015	\$	\$	\$
Land	25,000	-	25,000
Buildings	845,948	(116,184)	729,764
Furniture and Equipment	829,021	(427,985)	401,036
Information and Communication Technology	686,203	(568,025)	118,178
Motor Vehicles	73,325	(60,618)	12,707
Textbooks	136,550	(102,380)	34,170
Leased Assets	226,876	(207,551)	19,325
Library Resources	89,400	(48,696)	40,704
Balance at 31 December 2015	2,912,323	(1,531,439)	1,380,884



Notes to the Financial Statements (cont.)

For the year ended 31 December 2016

14 Accounts Payable

	2016 Actual \$	2016 Budget (Unaudited) \$	2015 Actual \$
Operating creditors	87,847	65,000	67,782
Accruals	63,912	40,000	34,168
Banking staffing overuse	182,109	-	132,067
Employee Entitlements - salaries	380,773	250,000	562,584
Employee Entitlements - leave accrual	15,428	15,000	15,428
	<u>730,069</u>	<u>370,000</u>	<u>812,029</u>
Payables for Exchange Transactions	730,069	370,000	812,029
	<u>730,069</u>	<u>370,000</u>	<u>812,029</u>

The carrying value of payables approximates their fair value.

15 Revenue Received in Advance

	2016 Actual \$	2016 Budget (Unaudited) \$	2015 Actual \$
Grants in Advance - Ministry of Education	115,043	-	122,224
International Student Fees	2,753	-	2,753
Other	45,026	20,000	23,678
	<u>162,822</u>	<u>20,000</u>	<u>148,655</u>

16 Provision for Cyclical Maintenance

	2016 Actual \$	2016 Budget (Unaudited) \$	2015 Actual \$
Provision at the Start of the Year	343,442	343,442	396,035
Increase to the Provision During the Year	48,264	-	(52,593)
Use of the Provision During the Year	-	21,558	-
Provision at the End of the Year	<u>391,706</u>	<u>365,000</u>	<u>343,442</u>
Cyclical Maintenance - Current	327,579	300,000	276,234
Cyclical Maintenance - Term	64,127	65,000	67,208
	<u>391,706</u>	<u>365,000</u>	<u>343,442</u>

17 Finance Lease Liability

The school has entered into a number of finance lease agreements for Tela Laptops & Photocopier.
Minimum lease payments payable (Includes interest portion):

	2016 Actual \$	2016 Budget (Unaudited) \$	2015 Actual \$
No Later than One Year	38,518	-	22,155
Later than One Year and no Later than Five Years	55,971	-	-
Later than Five Years	-	-	-
	<u>94,489</u>	<u>-</u>	<u>22,155</u>



Notes to the Financial Statements (cont.)

For the year ended 31 December 2016

18 Funds Held for Capital Works Projects

During the year the school received and applied funding from the Ministry of Education for the following capital works projects:

		BOT				
		Contribution/ (Write-off to R&M)				
	2016	Opening Balances \$	Receipts from MoE \$	Payments \$		Closing Balances \$
Drainage	<i>in progress</i>	2,752	93,456	120,116	-	(23,908)
Electrical	<i>in progress</i>	-	-	11,008	-	(11,008)
L Block	<i>in progress</i>	-	81,475	30,000	-	51,475
T Block	<i>in progress</i>	-	85,253	95,471	-	(10,218)
Gym Classroom	<i>in progress</i>	-	54,000	61,140	-	(7,140)
M Block	<i>in progress</i>	-	85,500	94,475	-	(8,975)
Spouting	<i>in progress</i>	-	76,500	43,979	-	32,521
Heating	<i>in progress</i>	-	54,000	46,910	-	7,090
Wharenui Floor	<i>in progress</i>	-	22,500	24,399	-	(1,899)
Carpeting	<i>in progress</i>	-	-	27,938	-	(27,938)
Totals		2,752	552,684	555,436	-	-

		BOT				
		Contribution/ (Write-off to R&M)				
	2015	Opening Balances \$	Receipts from MoE \$	Payments \$		Closing Balances \$
Flooring	<i>completed</i>	-	88,677	88,677	-	-
Administration Roof	<i>completed</i>	-	50,401	50,401	-	-
ILE *3 Blocks	<i>completed</i>	-	79,744	79,744	-	-
rekey	<i>completed</i>	-	29,895	29,895	-	-
Drainage	<i>in progress</i>	2,752	-	-	-	2,752
Totals		2,752	248,717	248,717	-	2,752

19 Related Party Transactions

The School is a controlled entity of the Crown, and the Crown provides the major source of revenue to the school. The school enters into transactions with other entities also controlled by the Crown, such as government departments, state-owned enterprises and other Crown entities. Transactions with these entities are not disclosed as they occur on terms and conditions no more or less favourable than those that it is reasonable to expect the school would have adopted if dealing with that entity at arm's length.

Related party disclosures have not been made for transactions with related parties that are within a normal supplier or client/recipient relationship on terms and condition no more or less favourable than those that it is reasonable to expect the school would have adopted in dealing with the party at arm's length in the same circumstances. Further, transactions with other government agencies (for example, Government departments and Crown entities) are not disclosed as related party transactions when they are consistent with the normal operating arrangements between government agencies and undertaken on the normal terms and conditions for such transactions.

Notes to the Financial Statements (cont.)

For the year ended 31 December 2016

20 Remuneration

Key management personnel compensation

Key management personnel of the School include all trustees of the Board, Principal, Deputy Principals and Heads of Departments.

	2016 Actual \$	2015 Actual \$
Board Members		
Remuneration	7,549	7,865
Full-time equivalent members	0.37	0.20
Leadership Team		
Remuneration	315,732	222,890
Full-time equivalent members	2.00	2.00
Total key management personnel remuneration	323,281	230,755
Total full-time equivalent personnel	2.37	2.20

The full time equivalent for Board members has been determined based on attendance at Board meetings, Committee meetings and for other obligations of the Board, such as stand downs and suspensions, plus the estimated time for Board members to prepare for meetings.

Principal

The total value of remuneration paid or payable to the Principal was in the following bands:

	2016 Actual \$000	2015 Actual \$000
Salaries and Other Short-term Employee Benefits:		
Salary and Other Payments	190 - 200	100-110
Benefits and Other Emoluments	-	1-5
Termination Benefits	-	-

Other Employees

The number of other employees with remuneration greater than \$100,000 was in the following bands:

Remuneration \$000	2016 FTE Number	2015 FTE Number
100-110	3	1
	3.00	1.00

The disclosure for 'Other Employees' does not include remuneration of the Principal.

21 Compensation and Other Benefits Upon Leaving

The total value of compensation or other benefits paid or payable to persons who ceased to be trustees, committee member, or employees during the financial year in relation to that cessation and number of persons to whom all or part of that total was payable was as follows:

	2016 Actual	2015 Actual
Total	-	\$1,500
Number of People	-	1

Papakura High School

Notes to the Financial Statements (cont.)

For the year ended 31 December 2016

22 Contingencies

There are no contingent liabilities (except as noted below) and no contingent assets as at 31 December 2016.

(Contingent liabilities and assets as at 31 December 2015: nil)

23 Commitments

(a) Capital Commitments

The Board considers there to be no contractual commitments at the above date other than those disclosed in the preceding financial statements and detailed below.

(Capital commitments as at 31 December 2015: nil)

(b) Operating Commitments

As at 31 December 2016 the Board has entered into the following contracts:

- operating lease for laptops

	2016 Actual \$	2015 Actual \$
No later than One Year	7,089	9,544
Later than One Year and No Later than Five Years	1,163	4,172
Later than Five Years	-	-
	<u>8,252</u>	<u>13,716</u>

24 Managing Capital

The School's capital is its equity and comprises capital contributions from the Ministry of Education for property, plant and equipment and accumulated surpluses and deficits. The School does not actively manage capital but "attempts" to ensure that income exceeds spending in most years. Although deficits can arise as planned in particular years, they are offset by planned surpluses in previous years or ensuing years.

25 Financial Instruments

The carrying amount of financial assets and liabilities in each of the financial instrument categories are as follows:

	2016 Actual \$	2016 Budget (Unaudited) \$	2015 Actual \$
Loans and receivables			
Cash and Cash Equivalents	1,033,292	253,088	282,064
Receivables	344,423	310,000	470,291
Investments - Term Deposits	824,138	1,000,000	1,468,166
Total Cash and Receivables	<u>2,201,853</u>	<u>1,563,088</u>	<u>2,220,521</u>
Financial liabilities measured at amortised cost			
Payables	730,069	370,000	812,029
Finance Leases	83,438	-	20,598
Total Financial Liabilities Measured at Amortised Cost	<u>813,507</u>	<u>370,000</u>	<u>832,627</u>

26 Events After Balance Date

There were no significant events after the balance date that impact these financial statements.

27 Prior Year Comparatives

Comparative figures included in the financial statements relate to the financial year ended 31 December 2015. Where necessary these figures have been reclassified on a basis consistent with current disclosure for the year ended 31 December 2016.



Papakura High School

Members of the Board of Trustees

Name	Position	How position on Board gained	Occupation	Term expired/expires
John Rohs	Principal	Appointed		
Peter Goldsmith	Chairperson	Elected Aug 2008	Consultant	April 2019
Rosalie Freeman	Parent Rep	Elected Aug 2008	Accounts Administrator	April 2019
Allen Kukutai	Parent Rep	Elected May 2013	Groundsman	April 2019
Aaron Davidson	Parent Rep	Elected March 2015	Tribunal Adjudicator	April 2019
Jerome Mika	Parent Rep	Elected June 2016		April 2019
Daniel Newman	Parent Rep	Elected June 2016		April 2019
Deanna Howard-Afeaki	Parent Rep	Elected March 2015	Parent	April 2019
rev James Matamua		Co opted June 2016		April 2019
Beverley Matamua		Elected Sept 2016		April 2019
Sipa Leka	Student Rep	Elected Sept 2015		Sept 2016
Keith Buchan	Staff Rep	Elected July 2014	Property Supervisor	May 2016

INDEPENDENT AUDITOR'S REPORT**TO THE READERS OF PAKAKURA HIGH SCHOOL'S FINANCIAL
STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016**

The Auditor-General is the auditor of Papakura High School (the School). The Auditor-General has appointed me, Kurt Sherlock, using the staff and resources of Crowe Horwath New Zealand Audit Partnership, to carry out the audit of the financial statements of the School on his behalf.

Opinion

We have audited the financial statements of the School on pages 2 to 19, that comprise the statement of financial position as at 31 December 2016, the statement of comprehensive revenue and expense, statement of changes in net assets/equity 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.

In our opinion the financial statements of the School:

- present fairly, in all material respects:
 - its financial position as at 31 December 2016; and
 - its financial performance and cash flows for the year then ended; and
- comply with generally accepted accounting practice in New Zealand in accordance with Public Sector – Public Benefit Entity Standards, Reduced Disclosure Regime.

Our audit was completed on 31 May 2017. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Board of Trustees and our responsibilities relating to the financial statements, we comment on other information, and we explain our independence.

Basis for our opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Trustees for the financial statements

The Board of Trustees is responsible on behalf of the School for preparing financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand. The Board of Trustees is responsible for such internal control as it determines is necessary to enable it to prepare financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Trustees is responsible on behalf of the School for assessing the School's ability to continue as a going concern. The Board of Trustees is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to close or merge the School, or there is no realistic alternative but to do so.

The Board of Trustees' responsibilities arise from the Education Act 1989.

Responsibilities of the auditor for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of these financial statements.

For the budget information reported in the financial statements, our procedures were limited to checking that the information agreed to the School's approved budget.

We did not evaluate the security and controls over the electronic publication of the financial statements.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit 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 School's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Trustees.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Trustees and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the School's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report.

However, future events or conditions may cause the School to cease to continue as a going concern.

- We evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We assess the risk of material misstatement arising from the Novopay payroll system, which may still contain errors. As a result, we carried out procedures to minimise the risk of material errors arising from the system that, in our judgement, would likely influence readers' overall understanding of the financial statements.

We communicate with the Board of Trustees regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

Other information

The Board of Trustees are responsible for the other information. The other information obtained at the date of our report is the Analysis of Variance, Kiwisport Report and a List of the Members of the Board of Trustees, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

We are independent of the School in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1 (Revised): *Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board.

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



Kurt Sherlock
Crowe Horwath New Zealand Audit Partnership
On behalf of the Auditor-General
Auckland, New Zealand