

**INDEPENDENT AUDITOR'S REPORT**  
**TO THE READERS OF PAPAURA HIGH SCHOOL FINANCIAL**  
**STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2017**

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 20, that comprise the statement of financial position as at 31 December 2017, 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 2017; 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 23 May 2018. 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 arises from the Public Audit Act 2001.

#### Other information

The Board of Trustees is responsible for the other information. The other information comprises the Kiwisport and Analysis of Variance Reporting attached to the financial statements, but does not include the financial statements, and our auditor's report thereon.

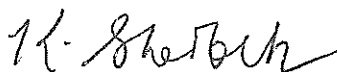
Our opinion on the financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

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

# **PAPAKURA HIGH SCHOOL**

## **FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2017**

School Address:	Willis Road, Papakura 2110
School Postal Address:	PO Box 72080, Papakura 2244
School Phone:	09 2964400
School Email:	<a href="mailto:k.lilley@papakurahigh.school.nz">k.lilley@papakurahigh.school.nz</a>
Ministry Number:	101

# PAPAKURA HIGH SCHOOL

Financial Statements - For the year ended 31 December 2017

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# Papakura High School

## Statement of Responsibility

For the year ended 31 December 2017

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 2017 fairly reflects the financial position and operations of the school.


The School's 2017 financial statements are authorised for issue by the Board.

DEANNA HOWARD-AFEAKI  
Full Name of Board Chairperson

  
Signature of Board Chairperson

21/05/18  
Date:

JOHN ROHS  
Full Name of Principal

  
Signature of Principal

21/05/18  
Date:

**Papakura High School**  
**Statement of Comprehensive Revenue and Expense**  
For the year ended 31 December 2017

	Notes	2017 Actual \$	2017 Budget (Unaudited) \$	2016 Actual \$
<b>Revenue</b>				
Government Grants	2	8,152,696	7,048,866	8,390,516
Locally Raised Funds	3	279,660	118,270	377,055
Interest Earned		49,950	50,000	62,473
International Students	4	-	-	866
Other Revenue		1,050	1,035	-
		<u>8,483,356</u>	<u>7,218,171</u>	<u>8,830,910</u>
<b>Expenses</b>				
Locally Raised Funds	3	134,163	98,050	152,587
International Students	4	-	-	635
Learning Resources	5	5,210,971	5,188,217	5,655,497
Administration	6	484,614	493,838	490,453
Finance		25,136	17,500	6,730
Property	7	2,324,675	1,400,116	2,336,588
Depreciation	8	221,016	240,000	217,390
Loss on Disposal of Property, Plant and Equipment		-	5,000	-
		<u>8,400,575</u>	<u>7,442,721</u>	<u>8,859,880</u>
<b>Net Surplus / (Deficit) for the year</b>		<b>82,781</b>	<b>(224,550)</b>	<b>(28,970)</b>
Other Comprehensive Revenue and Expenses		-	-	-
<b>Total Comprehensive Revenue and Expense for the Year</b>		<u><u>82,781</u></u>	<u><u>(224,550)</u></u>	<u><u>(28,970)</u></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 2017

	Actual 2017 \$	Budget (Unaudited) 2017 \$	Actual 2016 \$
<b>Balance at 1 January</b>	<u>2,321,309</u>	<u>2,321,309</u>	<u>2,319,217</u>
Total comprehensive revenue and expense for the year	82,781	(224,550)	(28,970)
Capital Contributions from the Ministry of Education Contribution - Furniture and Equipment Grant	32,402	-	31,062
<b>Equity at 31 December</b>	<u>2,436,492</u>	<u>2,096,759</u>	<u>2,321,309</u>
Retained Earnings	2,436,492	2,096,759	2,321,309
<b>Equity at 31 December</b>	<u>2,436,492</u>	<u>2,096,759</u>	<u>2,321,309</u>

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 2017

	Notes	2017 Actual \$	2017 Budget (Unaudited) \$	2016 Actual \$
<b>Current Assets</b>				
Cash and Cash Equivalents	9	1,674,121	1,561,317	1,033,292
Accounts Receivable	10	282,805	584,423	344,423
GST Receivable		15,137	10,632	10,632
Prepayments		20,973	12,048	12,048
Inventories	11	12,392	14,682	14,682
Investments	12	19,504	-	824,138
		<u>2,024,932</u>	<u>2,183,102</u>	<u>2,239,215</u>
<b>Current Liabilities</b>				
Accounts Payable	14	461,951	730,069	730,069
Revenue Received in Advance	15	215,524	162,822	162,822
Provision for Cyclical Maintenance	16	138,500	327,579	327,579
Finance Lease Liability - Current Portion	17	44,708	30,622	30,622
Funds held for Capital Works Projects	18	11,589	-	(5,475)
		<u>872,272</u>	<u>1,251,092</u>	<u>1,245,617</u>
<b>Working Capital Surplus/(Deficit)</b>		<b>1,152,660</b>	<b>932,010</b>	<b>993,598</b>
<b>Non-current Assets</b>				
Investments	12	1,502	1,502	1,502
Property, Plant and Equipment	13	1,355,006	1,280,190	1,448,627
		<u>1,356,508</u>	<u>1,281,692</u>	<u>1,450,129</u>
<b>Non-current Liabilities</b>				
Provision for Cyclical Maintenance	16	51,068	64,127	64,127
Finance Lease Liability	17	21,608	52,816	52,816
		<u>72,676</u>	<u>116,943</u>	<u>116,943</u>
<b>Net Assets</b>		<u><u>2,436,492</u></u>	<u><u>2,096,759</u></u>	<u><u>2,326,784</u></u>
<b>Equity</b>		<u><u>2,436,492</u></u>	<u><u>2,096,759</u></u>	<u><u>2,321,309</u></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 2017

		2017	2017	2016
	Note	Actual	Budget	Actual
		\$	(Unaudited)	\$
			\$	
<b>Cash flows from Operating Activities</b>				
Government Grants		2,761,440	3,164,069	2,641,612
Locally Raised Funds		408,247	(177,339)	386,185
International Students		(2,753)	-	866
Goods and Services Tax (net)		(4,505)	-	1,667
Payments to Employees		(1,592,060)	(1,389,384)	(1,436,890)
Payments to Suppliers		(1,433,104)	(1,103,108)	(1,360,978)
Cyclical Maintenance Payments in the year		(233,848)	(283,937)	-
Interest Paid		(25,136)	(2,500)	(6,730)
Interest Received		58,440	50,000	75,451
<b>Net cash from / (to) the Operating Activities</b>		<b>(63,279)</b>	<b>257,801</b>	<b>301,183</b>
<b>Cash flows from Investing Activities</b>				
Proceeds from Sale of PPE (and Intangibles)		-	(5,000)	-
Purchase of PPE (and Intangibles)		(127,395)	(183,418)	(185,804)
Sale of Investments		804,634	500,000	644,028
<b>Net cash from / (to) the Investing Activities</b>		<b>677,239</b>	<b>311,582</b>	<b>458,224</b>
<b>Cash flows from Financing Activities</b>				
Furniture and Equipment Grant		32,402	-	31,062
Finance Lease Payments		(17,122)	(15,000)	(36,489)
Funds Administered on Behalf of Third Parties		-	-	(2,752)
Funds Held for Capital Works Projects		11,589	-	-
<b>Net cash from Financing Activities</b>		<b>26,869</b>	<b>(15,000)</b>	<b>(8,179)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>640,829</b>	<b>554,383</b>	<b>751,228</b>
Cash and cash equivalents at the beginning of the year	9	1,033,292	1,006,934	282,064
<b>Cash and cash equivalents at the end of the year</b>	<b>9</b>	<b>1,674,121</b>	<b>1,561,317</b>	<b>1,033,292</b>

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 excluded.

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



# Papakura High School

## Notes to the Financial Statements

### 1. Statement of Accounting Policies

For the year ended 31 December 2017

#### **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 2017 to 31 December 2017 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.

### ***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 carryforward 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.

Use of land and buildings grants are recorded as revenue in the period the School uses the land and buildings. These are not received in cash by the School as they equate to the deemed expense for using the land and buildings which are owned by the Crown.

#### ***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.

### **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 for periods exceeding 90 days are classified as investments and are initially measured at the amount invested. Interest is subsequently accrued and added to the investment balance. After initial recognition bank term deposits are measured at amortised cost using the effective interest method less impairment.

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 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 investment 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.



### **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 to Crown Owned Assets	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.



### **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 international students, 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, borrowings, finance lease liability, and painting contract 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.



## 2. Government Grants

	2017 Actual \$	2017 Budget (Unaudited) \$	2016 Actual \$
Operational grants	2,092,149	2,093,765	2,039,491
Teachers' salaries grants	3,680,078	3,458,400	4,049,448
Use of Land and Buildings grants	1,512,812	765,990	1,554,733
Other MoE Grants	142,425	-	309,600
Other government grants	725,232	730,711	437,244
	<u>8,152,696</u>	<u>7,048,866</u>	<u>8,390,516</u>

## 3. Locally Raised Funds

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

	2017 Actual \$	2017 Budget (Unaudited) \$	2016 Actual \$
<b>Revenue</b>			
Donations	66,586	6,750	49,029
Other revenue	25,502	10,500	95,185
Trading	44,427	17,650	35,620
Activities	88,911	60,370	127,723
Curriculum Recoveries	54,234	23,000	69,498
	<u>279,660</u>	<u>118,270</u>	<u>377,055</u>
<b>Expenses</b>			
Activities	102,839	82,850	125,120
Trading	31,324	15,200	27,467
	<u>134,163</u>	<u>98,050</u>	<u>152,587</u>
<i>Surplus for the year Locally raised funds</i>	<u>145,497</u>	<u>20,220</u>	<u>224,468</u>





#### 4. International Student Revenue and Expenses

	2017 Actual Number	2017 Budget (Unaudited) Number	2016 Actual Number
International Student Roll	0	0	0
	2017 Actual \$	2017 Budget (Unaudited) \$	2016 Actual \$
<b>Revenue</b>			
International student fees	-	-	866
<b>Expenses</b>			
Employee Benefit - Salaries	-	-	635
	-	-	635
<i>Surplus for the year International Students'</i>	-	-	231

#### 5. Learning Resources

	2017 Actual \$	2017 Budget (Unaudited) \$	2016 Actual \$
Curricular	380,120	417,715	388,065
Equipment repairs	104,164	114,650	99,283
Library resources	2,819	3,700	3,352
Employee benefits - salaries	4,710,735	4,631,102	5,145,211
Staff development	13,133	21,050	19,586
	5,210,971	5,188,217	5,655,497

#### 6. Administration

	2017 Actual \$	2017 Budget (Unaudited) \$	2016 Actual \$
Audit Fee	8,745	8,828	8,707
Board of Trustees Fees	5,560	8,000	7,549
Board of Trustees Expenses	2,134	3,250	6,750
Communication	29,621	24,500	41,004
Consumables	39,656	51,849	44,897
Operating Lease	932	1,000	19,766
Other	25,179	58,520	33,220
Employee Benefits - Salaries	365,118	329,641	321,697
Insurance	7,669	8,250	6,863
	484,614	493,838	490,453



## 7. Property

	2017	2017	2016
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Caretaking and Cleaning Consumables	141,655	135,260	152,215
Cyclical Maintenance Expense	31,710	-	48,264
Grounds	32,088	21,100	21,658
Heat, Light and Water	127,156	148,100	155,829
Rates	505	500	514
Repairs and Maintenance	312,025	202,125	234,499
Use of Land and Buildings	1,512,812	765,990	1,554,733
Security	-	-	19,200
Employee Benefits - Salaries	166,724	127,041	149,676
	<u>2,324,675</u>	<u>1,400,116</u>	<u>2,336,588</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.

## 8. Depreciation

	2017	2017	2016
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Buildings	21,149	21,149	21,149
Furniture and Equipment	89,956	90,000	83,300
Information and Communication Technology	45,558	45,000	46,449
Motor Vehicles	11,575	15,000	3,710
Textbooks	10,545	15,000	16,036
Leased Assets	33,109	40,000	36,558
Library Resources	9,124	13,851	10,188
	<u>221,016</u>	<u>240,000</u>	<u>217,390</u>

## 9. Cash and Cash Equivalents

	2017	2017	2016
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Cash on Hand	300	300	300
Bank Current Account	473,821	736,879	480,160
Bank Call Account	-	-	50,776
Short-term Bank Deposits	1,200,000	824,138	502,056
Cash equivalents and bank overdraft for Cash Flow Statement	<u>1,674,121</u>	<u>1,561,317</u>	<u>1,033,292</u>

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



## 10. Accounts Receivable

	2017 Actual \$	2017 Budget (Unaudited) \$	2016 Actual \$
Receivables	38,478	344,423	88,828
Receivables from the Ministry of Education	-	-	5,475
Interest Receivable	824	-	9,314
Teacher Salaries Grant Receivable	243,503	240,000	240,806
	<u>282,805</u>	<u>584,423</u>	<u>344,423</u>
Receivables from Exchange Transactions	39,302	344,423	98,142
Receivables from Non-Exchange Transactions	243,503	240,000	246,281
	<u>282,805</u>	<u>584,423</u>	<u>344,423</u>

## 11. Inventories

	2017 Actual \$	2017 Budget (Unaudited) \$	2016 Actual \$
Stationery	9,173	14,682	14,682
School Uniforms	3,219	-	-
	<u>12,392</u>	<u>14,682</u>	<u>14,682</u>

## 12. Investments

The School's investment activities are classified as follows:

	2017 Actual \$	2017 Budget (Unaudited) \$	2016 Actual \$
Current Asset			
Short-term Bank Deposits	19,504	-	824,138
Non-current Asset			
Long-term Bank Deposits	1,502	1,502	1,502



### 13. Property, Plant and Equipment

	Opening Balance (NBV)	Additions	Disposals	Impairment	Depreciation	Total (NBV)
	\$	\$	\$	\$	\$	\$
2017						
Land	25,000	-	-	-	-	25,000
Buildings	708,615	-	-	-	(21,149)	687,466
Building Improvements	-	-	-	-	-	-
Furniture and Equipment	433,038	55,663	-	-	(89,956)	398,745
Information and Communication	137,462	16,675	-	-	(45,558)	108,579
Motor Vehicles	8,997	47,193	-	-	(11,575)	44,615
Textbooks	18,134	-	-	-	(10,545)	7,589
Leased Assets	82,095	-	-	-	(33,109)	48,986
Library Resources	35,286	7,864	-	-	(9,124)	34,026
<b>Balance at 31 December 2017</b>	<b>1,448,627</b>	<b>127,395</b>	<b>-</b>	<b>-</b>	<b>(221,016)</b>	<b>1,355,006</b>

	Cost or Valuation	Accumulated Depreciation	Net Book Value
	\$	\$	\$
2017			
Land	25,000	-	25,000
Buildings	845,948	(158,482)	687,466
Building Improvements	-	-	-
Furniture and Equipment	999,986	(601,241)	398,745
Information and Communication	768,611	(660,032)	108,579
Motor Vehicles	120,518	(75,903)	44,615
Textbooks	136,550	(128,961)	7,589
Leased Assets	326,205	(277,219)	48,986
Library Resources	102,033	(68,007)	34,026
<b>Balance at 31 December 2017</b>	<b>3,324,851</b>	<b>(1,969,845)</b>	<b>1,355,006</b>

	Opening Balance (NBV)	Additions	Disposals	Impairment	Depreciation	Total (NBV)
	\$	\$	\$	\$	\$	\$
2016						
Land	25,000	-	-	-	-	25,000
Buildings	729,764	-	-	-	(21,149)	708,615
Building Improvements	-	-	-	-	-	-
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
<b>Balance at 31 December 2016</b>	<b>1,380,884</b>	<b>285,133</b>	<b>-</b>	<b>-</b>	<b>(217,390)</b>	<b>1,448,627</b>

The net carrying value of equipment held under a finance lease is \$48,986 (2016: \$82,095)

	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
<b>Balance at 31 December 2016</b>	<b>3,197,456</b>	<b>(1,748,829)</b>	<b>1,448,627</b>



#### 14. Accounts Payable

	2017 Actual \$	2017 Budget (Unaudited) \$	2016 Actual \$
Operating creditors	73,370	140,069	87,847
Accruals	19,244	110,000	63,912
Banking staffing overuse	-	-	182,109
Employee Entitlements - salaries	350,070	450,000	380,773
Employee Entitlements - leave accrual	19,267	30,000	15,428
	<u>461,951</u>	<u>730,069</u>	<u>730,069</u>
Payables for Exchange Transactions	461,951	730,069	730,069
	<u>461,951</u>	<u>730,069</u>	<u>730,069</u>

The carrying value of payables approximates their fair value.

#### 15. Revenue Received in Advance

	2017 Actual \$	2017 Budget (Unaudited) \$	2016 Actual \$
Grants in Advance - Ministry of Education	93,311	115,043	115,043
International Student Fees	-	-	2,753
Other	122,213	47,779	45,026
	<u>215,524</u>	<u>162,822</u>	<u>162,822</u>

#### 16. Provision for Cyclical Maintenance

	2017 Actual \$	2017 Budget (Unaudited) \$	2016 Actual \$
Provision at the Start of the Year	391,706	391,706	343,442
Increase to the Provision During the Year	31,710	-	48,264
Use of the Provision During the Year	(233,848)	-	-
Provision at the End of the Year	<u>189,568</u>	<u>391,706</u>	<u>391,706</u>
Cyclical Maintenance - Current	138,500	327,579	327,579
Cyclical Maintenance - Term	51,068	64,127	64,127
	<u>189,568</u>	<u>391,706</u>	<u>391,706</u>

#### 17. Finance Lease Liability

The School has entered into a number of finance lease agreements for computers and other ICT equipment. Minimum lease payments payable:

	2017 Actual \$	2017 Budget (Unaudited) \$	2016 Actual \$
No Later than One Year	47,307	38,518	38,518
Later than One Year and no Later than Five Years	26,986	55,971	55,971
Later than Five Years	-	-	-
	<u>74,293</u>	<u>94,489</u>	<u>94,489</u>



## 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:

2017	Opening Balances \$	Receipts from MoE \$	Payments \$	BOT Contribution/ (Write-off to R&M)	Closing Balances \$
Drainage 2013	(27,305)	-	34,340	(4,283)	2,752
Drainage 2016	-	-	69,485	-	(69,485)
Emergency Drainage	(2,080)	-	-	-	(2,080)
Electrical	(11,008)	-	-	11,008	-
L Block	51,475	-	65,000	-	(13,525)
T Block	(10,218)	-	745	-	(9,473)
Gym Classroom	(7,140)	5,340	1,800	-	-
M Block <i>completed</i>	(8,975)	8,975	-	-	-
Spouting	32,521	-	7,500	-	25,021
Heating	7,090	1,386	-	-	8,476
Wharenui Floor <i>completed</i>	(1,899)	1,899	-	-	-
Carpeting	(27,938)	-	-	27,938	-
Admin Block	-	36,000	40,000	-	(4,000)
MA Block	-	44,337	-	-	44,337
A Block	-	60,606	64,840	-	(4,234)
S Wing	-	54,000	20,200	-	33,800
<b>Totals</b>	<b>(5,475)</b>	<b>212,543</b>	<b>303,910</b>	<b>34,663</b>	<b>11,589</b>

### Represented by:

Funds Held on Behalf of the Ministry of Education	11,589
Funds Due from the Ministry of Education	-
<b>Totals</b>	<b>11,589</b>

2016	Opening Balances \$	Receipts from MoE \$	Payments \$	BOT Contribution/ (Write-off to R&M)	Closing Balances \$
Drainage <i>in progress</i>	(2,723)	93,456	120,116	-	(29,383)
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)
<b>Totals</b>	<b>(2,723)</b>	<b>552,684</b>	<b>555,436</b>	<b>-</b>	<b>(5,475)</b>

## 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.



## 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.

	2017 Actual \$	2016 Actual \$
<i>Board Members</i>		
Remuneration	5,560	7,549
Full-time equivalent members	0.15	0.37
<i>Leadership Team</i>		
Remuneration	525,339	315,732
Full-time equivalent members	4	2
Total key management personnel remuneration	530,899	323,281
Total full-time equivalent personnel	4.15	2.37

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:

	2017 Actual \$000	2016 Actual \$000
Salaries and Other Short-term Employee Benefits:		
Salary and Other Payments	200-210	190-200
Benefits and Other Emoluments	-	-
Termination Benefits	-	-

### Other Employees

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

Remuneration \$000	2017 FTE Number	2016 FTE Number
100-110	3.00	3.00
	3.00	3.00

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:

	2017 Actual	2016 Actual
Total	\$117,064	-
Number of People	4	-



## 22. Contingencies

There are no contingent liabilities (except as noted below) and no contingent assets as at 31 December 2017 (Contingent liabilities and assets at 31 December 2016: nil).

## 23. Commitments

### (a) Capital Commitments

As at 31 December 2017 the Board has entered into contract agreements for capital works as follows:

- (a) \$49,263 contract for MA Block to be upgraded in 2018, which will be fully funded by the Ministry of Education. \$44,337 has been received of which nil has been spent on the project to date; and
- (b) \$60,000 contract to have the S wing upgraded. This project is fully funded by the Ministry and \$54,000 has been received of which \$20,200 has been spent on the project to balance date. This project has been approved by the Ministry; and
- (c) \$80,000 contract to complete drainage work. The project is fully funded by the Ministry and nil has been received of which \$69,485 has been spent on the project to balance date. This project has been approved by the Ministry.

(Capital commitments at 31 December 2016: nil)

### (b) Operating Commitments

As at 31 December 2017 the Board has entered into the following contracts:

- (a) operating leases for laptops;

	2017 Actual \$	2016 Actual \$
No later than One Year	1,138	7,089
Later than One Year and No Later than Five Years	-	1,163
Later than Five Years		
	<u>1,138</u>	<u>8,252</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:

### Loans and receivables

	2017 Actual \$	2017 Budget (Unaudited) \$	2016 Actual \$
Cash and Cash Equivalents	1,674,121	1,561,317	1,033,292
Receivables	282,805	584,423	344,423
Investments - Term Deposits	21,006	1,502	824,138
Total Loans and Receivables	<u>1,977,932</u>	<u>2,147,242</u>	<u>2,201,853</u>

### Financial liabilities measured at amortised cost

Payables	461,951	730,069	730,069
Finance Leases	66,316	83,438	83,438
Total Financial Liabilities Measured at Amortised Cost	<u>528,267</u>	<u>813,507</u>	<u>813,507</u>

## 26. Events After Balance Date

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

