



31 May 2018

Henry McClintock
BDO Wellington
Level 1, Chartered Accountants House
50 Customhouse Quay
PO BOX 10-340
Wellington

REPRESENTATION LETTER FOR THE YEAR ENDED 31 DECEMBER 2017

This representation letter is provided in connection with your audit, carried out on behalf of the Auditor-General, of the financial statements of Newtown School (the School) for the year ended 31 December 2017 for the purpose of expressing an independent opinion about whether the financial statements:

- present fairly, in all material respects:
 - the financial position as at 31 December 2017; and
 - the financial performance and cash flows for the year then ended; and
- comply with generally accepted accounting practice in New Zealand in accordance with the Public Sector Public Benefit Entity Standards Reduced Disclosure Regime as applicable to public benefit entities that qualify for tier 2 reporting.

We understand that your audit was carried out in accordance with the Auditing Standards issued by the Auditor-General, which incorporate the International Standards on Auditing (New Zealand).

General representations

To the best of our knowledge and belief:

- the resources, activities, and, if applicable, entities under our control have been operating effectively and efficiently;
- we have complied with our statutory obligations including laws, regulations and contractual requirements;
- we have carried out our decisions and actions with due regard to minimising waste;
- we have met Parliament's and the public's expectations of appropriate standards of behaviour in the public sector (that is we have carried out our decisions and actions with due regard to probity); and
- any decisions or actions have been taken with due regard to financial prudence.

We also acknowledge that we have responsibility for designing, implementing, and maintaining internal control (to the extent that is reasonably practical given the size of the School) to prevent and detect fraud.

Representations for the financial statements

We confirm that all transactions have been recorded in the accounting records and are reflected in the financial statements, and that, to the best of our knowledge and belief, having made such enquiries as we considered necessary for the purpose of appropriately informing ourselves:

- we have fulfilled our responsibilities for preparing and presenting the financial statements as required by section 87(3) of the Education Act 1989 and, in particular, that the financial statements:
 - present fairly, in all material respects:
 - the financial position as at 31 December 2017; and
 - the financial performance and cash flows for the year then ended; and
 - comply with generally accepted accounting practice in New Zealand in accordance with the Public Sector Public Benefit Entity Standards Reduced Disclosure Regime as applicable to public benefit entities that qualify for tier 2 reporting.
- we believe the significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable;
- we have appropriately accounted for and disclosed the related party relationships and transactions in the financial statements;
- we have adjusted or disclosed all events subsequent to the date of the financial statements that require adjustment or disclosure; and
- we believe the effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole. A list of the uncorrected misstatements is attached to this representation letter.
- we have disclosed all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements. Where applicable, such litigation and claims have been accounted for and disclosed in accordance with the Public Sector Public Benefit Entity Standards Reduced Disclosure Regime as applicable to public benefit entities that qualify for tier 2 reporting
- We confirm that the approximate cost of the painting work being undertaken on existing school buildings in 2018 is expected to be approximately \$22,000. This is not expected to need to be repainted for 7 years after this. Also, the new buildings currently under construction are not expected to require painting at all, but will require a maintenance cost.

Representations about the provision of information

We confirm that, to the best of our knowledge and belief, having made such enquiries as we considered necessary for the purpose of appropriately informing ourselves:

- we have provided you with:
 - all information, such as records and documentation, and other matters that are relevant to preparing and presenting the financial statements; and
 - unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence;
- we have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud;
- we have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the entity and involves:
 - management;
 - employees who have significant roles in internal control; or
 - others where the fraud could have a material effect on the financial statements;
- we have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators, or others;
- we have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements; and
- we have disclosed the identity of the related parties, all of their relationships, and all of their transactions of which we are aware.
- we have provided you with all the other documents ("other information") which will accompany the financial statements which are consistent with one another, and the other information does not contain any material misstatements.

Going concern basis of accounting

We confirm that, to the best of our knowledge and belief, the School has adequate resources to continue operations at its current level for the foreseeable future. For this reason, the Board of Trustees continues to adopt the going concern basis of accounting in preparing the financial statements for the year ended 31 December 2017. We have reached this conclusion after making enquiries and having regard to circumstances that we consider likely to affect the School during the period of one year from the date of signing the financial statements, and to circumstances that we know will occur after that date which could affect the validity of the going concern basis of accounting.

We consider that the financial statements adequately disclose the circumstances, and any uncertainties, surrounding the adoption of the going concern basis of accounting by the School.

Publication of the financial statements and related audit report on a website

We confirm that we are responsible for the electronic presentation of the audited financial statements, and:

- that the electronic version of the audited financial statements and the related audit report presented on the website are the same as the final signed version of the audited financial statements and audit report.
- that the audited and unaudited information on the website has been clearly differentiated and we understand the risk of potential misrepresentation without appropriate controls.
- that we have assessed the security controls over audited financial information and the related audit report and are satisfied that procedures are adequate to ensure the integrity of the information provided.
- that the full financial statements have been provided on the website.

The representations in this letter are made at your request, and to supplement information obtained by you from the records of the School and to confirm information given to you orally.

Yours faithfully



Chairperson Victoria Esson



Principal Mark Brown

NEWTOWN SCHOOL

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

School Address: Mein Street, Newtown , Wellington

School Postal Address: Mein Street, Newtown, WELLINGTON, 6021

School Phone: 04 389 6667

School Email: admin@newtown.school.nz

Ministry Number: 2926

NEWTOWN SCHOOL

Financial Statements - For the year ended 31 December 2017

Index

Page	Statement
1	Statement of Responsibility
2	Statement of Comprehensive Revenue and Expense
3	Statement of Changes in Net Assets/Equity
4	Statement of Financial Position
5	Statement of Cash Flows
6 - 11	Statement of Accounting Policies
12 - 19	Notes to the Financial Statements

Newtown 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.

Victoria Essex
Full Name of Board Chairperson

VP
Signature of Board Chairperson

31st May 2018
Date:

Mark Gregory Brown
Full Name of Principal

Mark Gregory Brown
Signature of Principal

31st May 2018.
Date:

Newtown School
Statement of Comprehensive Revenue and Expense
For the year ended 31 December 2017

	Notes	2017 Actual \$	2017 Budget (Unaudited) \$	2016 Actual \$
Revenue				
Government Grants	2	2,554,458	2,326,815	2,406,537
Locally Raised Funds	3	102,807	86,000	113,960
Interest Earned		3,884	5,000	3,568
		<u>2,661,149</u>	<u>2,417,815</u>	<u>2,524,065</u>
Expenses				
Locally Raised Funds	3	10,054	3,500	28,504
Learning Resources	4	2,113,792	1,735,867	1,838,359
Administration	5	175,188	169,200	156,900
Finance Costs		1,762	800	880
Property	6	401,025	484,067	396,441
Depreciation	7	98,397	78,000	79,921
Loss on Disposal of Property, Plant and Equipment		1,803	-	12,573
		<u>2,802,021</u>	<u>2,471,434</u>	<u>2,513,578</u>
Net Surplus / (Deficit)		(140,872)	(53,619)	10,487
Other Comprehensive Revenue and Expenses		-	-	-
Total Comprehensive Revenue and Expense for the Year		<u>(140,872)</u>	<u>(53,619)</u>	<u>10,487</u>

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

Newtown School
Statement of Changes in Net Assets/Equity
For the year ended 31 December 2017

	Actual 2017 \$	Budget (Unaudited) 2017 \$	Actual 2016 \$
Balance at 1 January	<u>650,239</u>	<u>650,239</u>	<u>639,752</u>
Total comprehensive revenue and expense for the year Capital Contributions from the Ministry of Education	(140,872)	(53,619)	10,487
Equity at 31 December	<u>509,367</u>	<u>596,620</u>	<u>650,239</u>
Retained Earnings	509,367	596,620	650,239
Equity at 31 December	<u>509,367</u>	<u>596,620</u>	<u>650,239</u>

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

Newtown School Statement of Financial Position

As at 31 December 2017

	Notes	2017 Actual \$	2017 Budget (Unaudited) \$	2016 Actual \$
Current Assets				
Cash and Cash Equivalents	8	98,933	96,061	85,266
Accounts Receivable	9	91,078	97,764	165,172
GST Receivable		9,300	31,386	31,386
Prepayments		8,336	8,739	8,739
Inventories	10	1,430	359	359
Investments	11	101,553	134,478	134,478
Funds owed for Capital Works Projects		-	-	-
Funds owed in Trust	18	4,482	-	-
		<u>315,112</u>	<u>368,787</u>	<u>425,400</u>
Current Liabilities				
Accounts Payable	13	216,516	159,007	159,007
Revenue Received in Advance	14	14,350	-	-
Provision for Cyclical Maintenance	15	24,563	-	-
Painting Contract Liability - Current Portion	16	-	-	2,994
Finance Lease Liability - Current Portion	17	7,588	6,515	6,515
		<u>263,017</u>	<u>165,522</u>	<u>168,516</u>
Working Capital Surplus/(Deficit)		52,095	203,265	256,884
Non-current Assets				
Property, Plant and Equipment	12	463,914	444,206	444,206
		<u>463,914</u>	<u>444,206</u>	<u>444,206</u>
Non-current Liabilities				
Provision for Cyclical Maintenance	15	-	41,178	41,178
Finance Lease Liability	17	6,642	9,673	9,673
		<u>6,642</u>	<u>50,851</u>	<u>50,851</u>
Net Assets		<u>509,367</u>	<u>596,620</u>	<u>650,239</u>
Equity		<u>509,367</u>	<u>596,620</u>	<u>650,239</u>

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

Newtown School
Statement of Cash Flows
For the year ended 31 December 2017

	2017	2017	2016
Note	Actual	Budget	Actual
	\$	(Unaudited)	\$
		\$	
Cash flows from Operating Activities			
Government Grants	793,613	670,631	678,082
Locally Raised Funds	126,466	86,000	145,995
Goods and Services Tax (net)	22,086	-	(28,631)
Payments to Employees	(495,390)	(422,800)	(389,919)
Payments to Suppliers	(287,230)	(321,236)	(286,349)
Interest Paid	(1,762)	(800)	(944)
Interest Received	3,884	5,000	3,568
Net cash from / (to) the Operating Activities	<u>161,667</u>	<u>16,795</u>	<u>121,802</u>
Cash flows from Investing Activities			
Purchase of PPE (and Intangibles)	(145,891)	(6,000)	(98,299)
Net cash from / (to) the Investing Activities	<u>(145,891)</u>	<u>(6,000)</u>	<u>(98,299)</u>
Cash flows from Financing Activities			
Finance Lease Payments	(5,103)	-	(2,638)
Painting contract payments	2,994	-	(13,721)
Funds Administered on Behalf of Third Parties		-	(76,422)
Net cash from Financing Activities	<u>(2,109)</u>	<u>-</u>	<u>(92,781)</u>
Net increase/(decrease) in cash and cash equivalents	<u>13,667</u>	<u>10,795</u>	<u>(69,278)</u>
Cash and cash equivalents at the beginning of the year	8	85,266	154,544
Cash and cash equivalents at the end of the year	8	<u>98,933</u>	<u>85,266</u>

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.

Newtown School

Notes to the Financial Statements

1. Statement of Accounting Policies

For the year ended 31 December 2017

a) Reporting Entity

Newtown 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.

b) 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 12.

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.

c) 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.

d) 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.

e) 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.

f) 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.

g) 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.

h) 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.

i) 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.

j) 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 28 of schedule 6 of the Education Act 1989 in relation to the acquisition of securities.

k) 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 \$500 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 are depreciated over their estimated useful lives on a straight line 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	20 years
Furniture and Equipment	15 years
Information and Communication	10 years
Library Resources	8 years

Leased assets are depreciated over the life of the lease.

l) Intangible Assets

Software costs

Computer software acquired by the School are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Costs associated with subsequent maintenance or licensing of software are recognised as an expense in the Statement of Comprehensive Revenue and Expense when incurred.

Computer software licences with individual values under \$1,000 are not capitalised, they are recognised as an expense in the Statement of Comprehensive Revenue and Expense when incurred.

Computer software that the school receives from the Ministry of Education is normally acquired through a non-exchange transaction and is not of a material amount. It's fair value can be assessed at time of acquisition if no other methods lead to a fair value determination. Computer software purchased directly from suppliers at market rates are considered exchange transactions and the fair value is the amount paid for the software.

The carrying value of software is amortised on a straight line basis over its useful life. The useful life of software is estimated as three years. The amortisation charge for each period and any impairment loss is recorded in the Statement of Comprehensive Revenue and Expense.

m) 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.

n) 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.

o) 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

p) Revenue Received in Advance

Revenue received in advance relates to fees received from students and 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.

q) Funds Held in Trust

Funds are held in trust where they have been received by the School for a specified purpose, or are being held on behalf of a third party and these transactions are not recorded in the Statement of Revenue and Expense. The School holds sufficient funds to enable the funds to be used for their intended purpose at any time.

r) Shared Funds

Shared Funds are held on behalf of a cluster of participating schools as agreed with the Ministry of Education. The cluster of schools operate activities outside of school control. These amounts are not recorded in the Statement of Revenue and Expense. The School holds sufficient funds to enable the funds to be used for their intended purpose.

s) 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).

t) 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.

u) Borrowings

Borrowings are recognised at the amount borrowed. Borrowings are classified as current liabilities unless the School has an unconditional right to defer settlement of the liability for at least 12 months after the balance date.

v) 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.

w) Budget Figures

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

x) 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	569,494	508,131	521,284
Teachers' salaries grants	1,555,287	1,332,167	1,479,834
Use of Land and Buildings grants	267,509	324,017	240,547
Resource teachers learning and behaviour grants	24,740	-	1,172
Other MoE Grants	132,922	160,000	153,341
Other government grants	4,506	2,500	10,359
	<u>2,554,458</u>	<u>2,326,815</u>	<u>2,406,537</u>

3. Locally Raised Funds

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

	2017 Actual \$	2017 Budget (Unaudited) \$	2016 Actual \$
Revenue			
Donations	19,837	29,000	16,092
Fundraising	561	3,500	13,728
Trading	6,940	6,000	6,965
Activities	75,469	47,500	77,175
	<u>102,807</u>	<u>86,000</u>	<u>113,960</u>
Expenses			
Activities	435	-	16,212
Trading	9,619	3,500	12,292
	<u>10,054</u>	<u>3,500</u>	<u>28,504</u>
<i>Surplus for the year Locally raised funds</i>	<u>92,753</u>	<u>82,500</u>	<u>85,456</u>

4. Learning Resources

	2017 Actual \$	2017 Budget (Unaudited) \$	2016 Actual \$
Curricular	34,559	59,100	40,714
Extra-curricular activities	39,382	22,800	35,622
Library resources	912	2,500	987
Employee benefits - salaries	2,025,837	1,640,467	1,751,616
Staff development	7,798	5,000	5,421
Resource Teacher Maori	5,304	6,000	3,999
	<u>2,113,792</u>	<u>1,735,867</u>	<u>1,838,359</u>

5. Administration

	2017 Actual \$	2017 Budget (Unaudited) \$	2016 Actual \$
Audit Fee	7,800	7,200	5,708
Board of Trustees Fees	2,400	2,500	4,813
Board of Trustees Expenses	15,644	10,750	12,566
Communication	4,158	4,750	3,956
Consumables	20,409	17,400	15,859
Operating Lease	15,246	29,000	19,232
Other	20,548	17,900	14,312
Employee Benefits - Salaries	66,624	59,000	61,555
Insurance	9,819	9,700	7,259
Service Providers, Contractors and Consultancy	12,540	11,000	11,640
	<u>175,188</u>	<u>169,200</u>	<u>156,900</u>

6. Property

	2017 Actual \$	2017 Budget (Unaudited) \$	2016 Actual \$
Caretaking and Cleaning Consumables	31,156	12,050	10,224
Cyclical Maintenance Expense	(16,615)	7,000	6,863
Grounds	3,774	5,000	1,858
Heat, Light and Water	43,224	40,200	33,638
Rates	1,382	1,400	1,382
Repairs and Maintenance	15,996	31,900	39,493
Use of Land and Buildings	267,509	324,017	240,547
Security	5,743	7,000	3,005
Employee Benefits - Salaries	48,856	55,500	59,431
	<u>401,025</u>	<u>484,067</u>	<u>396,441</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.

7. Depreciation

	2017 Actual \$	2017 Budget (Unaudited) \$	2016 Actual \$
Building Improvements	24,785	23,744	24,329
Furniture and Equipment	42,491	29,919	30,656
Information and Communication Technology	21,725	18,236	18,685
Leased Assets	6,800	3,784	3,877
Library Resources	2,596	2,317	2,374
	<u>98,397</u>	<u>78,000</u>	<u>79,921</u>

8. Cash and Cash Equivalents

	2017	2017	2016
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Cash on Hand	50	-	50
BNZ 421-00	57,515	96,061	(69,946)
BNZ 421-25	40,157	-	3,562
BNZ 421-66	1,211	-	1,211
Short-term Bank Deposits	-	-	150,389
Cash equivalents and bank overdraft for Cash Flow Statement	<u>98,933</u>	<u>96,061</u>	<u>85,266</u>

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

9. Accounts Receivable

	2017	2017	2016
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Receivables	-	6,686	11,246
Teacher Salaries Grant Receivable	91,078	91,078	76,518
Receivables from the Ministry of Education	-	-	77,408
	<u>91,078</u>	<u>97,764</u>	<u>165,172</u>
Receivables from Exchange Transactions		6,686	11,246
Receivables from Non-Exchange Transactions	91,078	91,078	153,926
	<u>91,078</u>	<u>97,764</u>	<u>165,172</u>

10. Inventories

	2017	2017	2016
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Stationery	1,430	359	359
	<u>1,430</u>	<u>359</u>	<u>359</u>

11. Investments

The School's investment activities are classified as follows:

	2017	2017	2016
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Current Asset			
Short-term Bank Deposits	101,553	134,478	134,478

12. Property, Plant and Equipment

	Opening Balance (NBV)	Additions	Disposals	Impairment	Depreciation	Total (NBV)
2017	\$	\$	\$	\$	\$	\$
Building Improvements	149,789	-	-	-	(24,785)	125,004
Furniture and Equipment	231,774	77,183	-	-	(42,491)	266,466
Information and Communication Tech	36,804	36,309	(1,803)	-	(21,725)	49,585
Leased Assets	15,746	4,666	-	-	(6,800)	13,612
Library Resources	10,093	1,750	-	-	(2,596)	9,247
Balance at 31 December 2017	444,206	119,908	(1,803)	-	(98,397)	463,914

	Cost or Valuation	Accumulated Depreciation	Net Book Value
2017	\$	\$	\$
Building Improvements	563,316	(438,312)	125,004
Furniture and Equipment	785,982	(519,516)	266,466
Information and Communication	181,268	(131,683)	49,585
Leased Assets	27,911	(14,299)	13,612
Library Resources	78,460	(69,213)	9,247
Balance at 31 December 2017	1,636,937	(1,173,023)	463,914

	Opening Balance (NBV)	Additions	Disposals	Impairment	Depreciation	Total (NBV)
2016	\$	\$	\$	\$	\$	\$
Building Improvements	158,283	15,835	-	-	(24,329)	149,789
Furniture and Equipment	163,364	107,633	(8,567)	-	(30,656)	231,774
Information and Communication Tech	57,234	2,261	(4,006)	-	(18,685)	36,804
Leased Assets	7,702	11,920	-	-	(3,877)	15,746
Library Resources	9,235	3,232	-	-	(2,374)	10,093
Balance at 31 December 2016	395,818	140,881	(12,573)	-	(79,921)	444,206

	Cost or Valuation	Accumulated Depreciation	Net Book Value
2016	\$	\$	\$
Building Improvements	563,316	(413,527)	149,789
Furniture and Equipment	713,015	(481,241)	231,774
Information and Communication	146,762	(109,958)	36,804
Leased Assets	23,245	(7,499)	15,746
Library Resources	76,709	(66,616)	10,093
Balance at 31 December 2016	1,523,047	(1,078,841)	444,206

The 2016 asset figure have been restated, this is due to the reclassification of asset categories in 2017.

13. Accounts Payable

	2017 Actual \$	2017 Budget (Unaudited) \$	2016 Actual \$
Operating creditors	20,570	67,425	33,736
Accruals	6,720	-	6,003
Capital accruals for PPE items	16	-	35,262
Banking staffing overuse	90,644	-	-
Employee Entitlements - salaries	91,078	91,078	76,518
Employee Entitlements - leave accrual	7,488	504	7,488
	<u>216,516</u>	<u>159,007</u>	<u>159,007</u>
Payables for Exchange Transactions	125,872	159,007	159,007
Payables for Non-exchange Transactions - Taxes Payable (PAYE and Rates)	-	-	-
Payables for Non-exchange Transactions - Other	90,644	-	-
	<u>216,516</u>	<u>159,007</u>	<u>159,007</u>

The carrying value of payables approximates their fair value.

14. Revenue Received in Advance

	2017 Actual \$	2017 Budget (Unaudited) \$	2016 Actual \$
FANS	14,350	-	-
	<u>14,350</u>	<u>-</u>	<u>-</u>

15. Provision for Cyclical Maintenance

	2017 Actual \$	2017 Budget (Unaudited) \$	2016 Actual \$
Provision at the Start of the Year	41,178	34,178	34,315
Increase to the Provision During the Year	(16,615)	7,000	6,863
Provision at the End of the Year	<u>24,563</u>	<u>41,178</u>	<u>41,178</u>
Cyclical Maintenance - Current	24,563	-	-
Cyclical Maintenance - Term	-	41,178	41,178
	<u>24,563</u>	<u>41,178</u>	<u>41,178</u>

16. Painting Contract Liability

	2017 Actual \$	2017 Budget (Unaudited) \$	2016 Actual \$
Current Liability	-	-	2,994
Non Current Liability	-	-	-
	<u>-</u>	<u>-</u>	<u>2,994</u>

In 2010 the Board signed an agreement with Programmed Maintenance Services (the contractor) for an agreed programme of work covering a eight year period. The programme provides for one exterior repaint of the Ministry owned buildings in 2010, with regular maintenance in subsequent years. The agreement has an annual commitment of \$11,994. The liability is the best estimate of the actual amount of work performed by the contractor for which the contractor has not been paid at balance sheet date. The liability has not been adjusted for inflation and the effect of the time value of money.

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	7,588	6,515	6,515
Later than One Year and no Later than Five Years	6,642	9,673	9,673
	<u>14,230</u>	<u>16,188</u>	<u>16,188</u>

18. Funds held in Trust

	2017 Actual \$	2017 Budget (Unaudited) \$	2016 Actual \$
Funds Held in Trust on Behalf of Third Parties - Current	(4,482)	-	-
Funds Held in Trust on Behalf of Third Parties - Non-current	-	-	-
	<u>(4,482)</u>	<u>-</u>	<u>-</u>

These funds are held where the school is agent for representative amounts and therefore these are not included in the Statement of Comprehensive Revenue and Expense.

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	2,400	4,813
Full-time equivalent members	0.16	0.17
<i>Leadership Team</i>		
Remuneration	500,112	497,632
Full-time equivalent members	5.00	5.00
Total key management personnel remuneration	502,512	502,445
Total full-time equivalent personnel	5.16	5.17

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	130 - 140	130 - 140
Benefits and Other Emoluments	16 - 17	15 - 16
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	-	-
	0.00	0.00

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	-	-
Number of People	-	-

22. Contingencies

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

23. Commitments

(a) Capital Commitments

There are no capital commitments as at 31 December 2017 (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 lease of laptops;

	2017 Actual \$	2016 Actual \$
No later than One Year	1,454	3,186
Later than One Year and No Later than Five Years	-	1,454
Later than Five Years	-	-
	<u>1,454</u>	<u>4,640</u>

(b) The School has entered into an agreement with Programmed Maintenance Services Ltd for painting of the School's buildings. The amount committed on the contract is:

	2017 Actual \$	2016 Actual \$
No later than One Year	-	-
Later than One Year and No Later than Five Years	-	-
Later than Five Years	-	-
	<u>-</u>	<u>-</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

	Actual \$	Budget (Unaudited) \$	Actual \$
Cash and Cash Equivalents	98,933	96,061	85,266
Receivables	91,078	97,764	165,172
Investments - Term Deposits	101,553	134,478	134,478
Total Loans and Receivables	<u>291,564</u>	<u>328,303</u>	<u>384,916</u>

Financial liabilities measured at amortised cost

Payables	216,516	159,007	159,007
Borrowings - Loans	-	-	-
Finance Leases	14,230	16,188	16,188
Painting Contract Liability	-	-	2,994
Total Financial Liabilities Measured at Amortised Cost	<u>230,746</u>	<u>175,195</u>	<u>178,189</u>

26. Events After Balance Date

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