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Silks Audit
Chartered Accountants Limited
Agent for the Office of the Controller and Auditor-General
P O Box 7144
Wanganui

Dear Sirs

This representation letter is given in connection with your audit, conducted on behalf of the Auditor-General, of the financial statements of Te Kura o Waitahanui for the year ended 31 December 2018.

This representation letter is furnished to you in connection with your responsibility to express an opinion as to whether the financial statements comply with generally accepted accounting practice in New Zealand and fairly reflect the financial position as at 31 December 2018 and of the results of its operations for the year then ended in accordance with the and Education Act 1989.

We understand that your examination was conducted in accordance with the Auditing Standards issued by the Auditor-General, which incorporate the Auditing Standards issued by the New Zealand Institute of Chartered Accountants. We also understand that your examination was (to the extent that you deemed appropriate) for the purposes of expressing an opinion on the financial statements, and that such an examination would not necessarily disclose any or all irregularities should any exist.

We confirm, to the best of our knowledge and belief, the following representations:

1. We have fulfilled our responsibilities for preparing and presenting the financial statements as required by section 87(3AA) of the Education Act 1989 and:
 - the resources, activities, 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.
2. The financial statements are free of material misstatements or omissions.
3. The Board of Trustees' financial statements have been prepared within the scope of generally accepted accounting practice being the Tier 2 PBE Accounting Standards (PBE IPSAS) Reduced Disclosure Regime.
4. The Board of Trustees has applied the defined accounting policies set out in the annual statements consistently throughout the period and any significant change in policy has been disclosed in the financial statements.
5. No transactions and balances (including income and expenditure arising from locally raised funds) have been offset, except where a right of set-off is permitted by generally accepted accounting practice in New Zealand.
6. The records maintained by the School during the year were:
 - adequate for the preparation of the School's financial statements; and
 - in accordance with the requirements of the Inland Revenue Department.
7. We have made available to you all the accounting records, including supporting documentation, and there have been no material transactions which have not been recorded in the accounting records.
8. All minutes of meetings of the Board of Trustees and its sub-committees held to date have been made available to you for inspection, including summaries of recent meetings for which minutes have not yet been prepared or approved.
9. We have informed you of the existence of all agreements relating to other controlled entities or activities, joint ventures, trust funds or other contractual agreements.
10. We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.

11. The information contained in the School's financial statements is consistent with the information contained elsewhere in the annual report.
12. The Board of Trustees accepts that it is responsible for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting. The Board also acknowledges its responsibility for the design and implementation of internal control to prevent and detect fraud. The Board has maintained effective internal control systems during the financial year and the systems have operated to generate accurate and reliable financial information and safeguard assets. The governing body is not aware or have no knowledge of fraud or suspecting fraud affecting the organisation involving, management, employees who have significant roles in internal control; or others where the fraud could have a material effect on the financial statements; and have disclosed to us any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators or others.
13. There have been no changes to, or introduction of new, information systems during the year that could adversely impact the completeness and accuracy of the School's information systems and underlying data.
14. The Board of Trustees accepts that it is responsible for ensuring that all applicable legislative, regulatory and contractual requirements which impact on the activities and functions of the School have been complied with. To the best of its knowledge the Board of Trustees has complied with all legislative, regulatory and contractual requirements during the year. Specific statutory requirements the Board of Trustees have complied with to the best of its knowledge are:
 - Clause 29, Schedule 6 of Education Act 1989, which places restrictions on the ability of Boards to borrow money;
 - Clause 34, Schedule 6 of the Education Act 1989, which places restrictions on the ability of Boards to acquire or lease land and premises;
 - Clause 28 of Schedule 6 of the Education Act 1989, which places restrictions on the ability of Boards to invest money; and
 - Section 103A of the Education Act 1989 (contracts between Boards and their members).
 - Clause 40 8(8) of Schedule 6 of the Education Act 1989 (a trustee who has a pecuniary interest in any matter, or any interest that may reasonably be regarded as likely to influence a trustee in carrying out his or her duties and responsibilities, shall be excluded from any meeting of the Board); and
 - Clause 40 9 (9) of the Education Act 1989 (a trustee who is a member of the board staff shall be excluded from any meeting of the Board while it discusses etc any matter relating to the trustees employment by the board).
15. The Board of Trustees' actions during the financial year were according to and within its powers. In addition, we have disclosed to you all known actual or potential instances of non-compliance with any legislative, regulatory or contractual requirements which we have considered for inclusion in the financial statements as a liability, contingency or commitment.
16. No charges are pending against the Board of Trustees for alleged violation of any laws or regulations, which, if decided adversely, would have a material effect on the financial statements for the period and to the best of our knowledge and belief, there have been no such violations.
17. Expenditure relating to restricted reserves, trusts and monies held on behalf of third parties has been paid in accordance with the purposes of the restricted reserve, trust deed or any other agreement or understanding, and has been appropriately authorised.
18. We have provided full and complete information regarding the identification of related parties. The identity of related parties, related party transactions, and related amounts receivable or payable (including fees, commissions, purchases and sales, loans, transfers, leasing arrangements and guarantees) has been properly recorded and disclosed in the financial statements.
19. No loan has been made to any member of the Board of Trustees or staff member of the School. Nor have any guarantees been entered into or securities provided in connection with a loan made to a member of the Board of Trustees or staff member during the year that have not been disclosed in the financial statements. No member of staff has been paid for hours that they have not worked.
20. Except as disclosed in the financial statements, the operations for the year ended 31 December 2018 have not been significantly affected by transactions of a type not usually undertaken by the Board of Trustees.

21. All revenue earned prior to 31 December 2018 has been taken into account and, except as disclosed in the financial statements, the results for the year were not materially affected by:
- transactions of a sort not usually undertaken by the School;
 - circumstances of an exceptional or non-recurrent nature;
 - charges or credits relating to prior years;
 - any change in the basis of accounting or application of accounting policies;
 - losses arising from sale and purchase commitments; or
 - transactions or agreements with related parties (such as members of the Board of Trustees or management which were not in the ordinary course of business).
22. We have disclosed to you:
- The results of any assessment made by the Board that the financial statements of the School may be materially misstated as a result of fraud;
 - Any fraud or suspected fraud affecting the School involving members of the Board, management, employees of the Board or any of its subsidiaries, or any other parties; and
 - Any allegations of fraud, or suspected fraud, affecting the Schools financial statements communicated by employees, former employees, or others.
23. Unless otherwise stated in the Notes to the Accounts, or in the Statement of Resources, the Board of Trustees has satisfactory title to all assets reflected in the financial statements.
24. All current assets are expected to realise, in the ordinary course of business, at least the value at which they are recorded in the financial statements and within twelve months. Adequate provision has been made for all uncollectable or doubtful amounts owing to the School.
25. The carrying amount of non-current assets measured at historical cost has been reviewed to determine whether it is in excess of the assets' recoverable amount. Where an asset's estimated recoverable amount is lower than its carrying amount, it has been written down to that lower value.
26. Non-current assets of the School that are measured on a valuation basis are recorded at valuations that are not materially different from their fair value.
27. Assurance is given that management procedures ensure adequate control over the purchasing, retention and disposal of assets held by the Board of Trustees.
28. All property, plant and equipment is included in the financial statements. Capital expenditure charged during the year is stated at cost and represents actual additions to property, plant and equipment. Property, plant and equipment disposed of or abandoned has been removed from the financial statements. No property, plant and equipment additions or improvements of a material amount were charged to expenses. The Board has satisfactory title to all assets and there are no liens or encumbrances on the assets, except for those that are disclosed in the notes to the financial statements.
29. The rate of depreciation applied to each asset is sufficient to amortise the cost or valuation of that asset over its estimated remaining useful life.
30. Adequate insurance has been effected in respect of all assets and insurable risks generally, and all policies are still current.
31. All vested assets and/or donations have been accounted for in the financial statements.
32. All funds received for specific purposes have been used for the purposes that they had been granted for. Any unused portions at year end which are returnable to the Ministry of Education have been recorded as liabilities.
33. The Board has provided sufficient information for the calculation of the provision for cyclical maintenance to comply with the requirements set out by Statute.
34. There are no material commitments, contingent liabilities or contingent assets other than those disclosed in the financial statements.
35. We have disclosed all obligations in respect of options (put and call), guarantees, on-selling and buy back

arrangements, and all other arrangements (contingent or otherwise) relating to the acquisition or disposal of assets, including investments.

36. 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 2018. 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.
37. No events have occurred and no facts have been discovered since 31 December 2018 that would make the financial statements materially inaccurate or misleading or which, though properly excluded from the financial statements, should be disclosed through some other medium.
38. Any Statement of Service Performance or Variance attached to the financial statements fairly reflects the degree of success of the Board of Trustees in meeting its objectives in so far as objectives have been formally established for the year ending 31 December 2018.
39. The Board accepts that it is responsible to prepare and annually review property plans covering a 10 year period. The 10 year property plan has been approved and adopted by the Board of Trustees for the year ended 31 December 2018.
40. The Board of Trustees believe the going concern assumption is appropriate in the preparation of the financial statements and that the going concern assumption is appropriate for the next 12 months.
41. We are not aware of any events subsequent to year end which require adjustment of, or disclosure in, the financial statements or notes thereto.
42. 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.
43. Due to the new payroll system, Novopay, which has resulted in many errors. To the best of our knowledge, all material matters are properly reflected in the financial statements.

These representations are made to supplement information obtained by you from the records of the School and to confirm information given to you orally.

Yours faithfully

for and on behalf of the Board of Trustees



Principal



Chairperson

31 May 2019

Date

TE KURA O WAITAHANUI

Annual Report - For the year ended 31 December 2018

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TE KURA O WAITAHANUI

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

School Directory

Ministry Number:	2068
Principal:	Terina Tahau
School Address:	R D 2, Waitahanui, Taupo
School Postal Address:	R D 2, Waitahanui, Taupo, 3378
School Phone:	07 378 4511
School Email:	takiora.wall@waitahanui.school.nz

Members of the Board of Trustees

Name	Position	How Position Gained	Term Expires/ Expired
Sandra Andrews	Chairperson	Elected	May 2019
Terina Tahau	Principal	ex Officio	
Janice Wall	Parent Rep	Elected	May 2019
Amanda Mantell	Parent Rep	Elected	May 2019
Te Rina Wall	Parent Rep	Elected	May 2019
Antonio Wall	Parent Rep	Elected	May 2019
Takiora Wall	Staff Rep	Elected	May 2019

Accountant / Service Provider:	Education Services Ltd
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Te Kura o Waitahanui

Statement of Responsibility

For the year ended 31 December 2018

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 2018 fairly reflects the financial position and operations of the school.

The School's 2018 financial statements are authorised for issue by the Board.

Sandra Leigh Kahurangi Andrews Terina Suzanne Ranginui
Full Name of Board Chairperson Full Name of Principal
Tchru

Sandra Leigh Kahurangi Andrews
Signature of Board Chairperson

Terina Suzanne Ranginui
Signature of Principal

31 May 2019

Date:

31 May 2019

Date:

Te Kura o Waitahanui

Statement of Comprehensive Revenue and Expense

For the year ended 31 December 2018

		2018	2018	2017
	Notes	Actual	Budget	Actual
		\$	(Unaudited)	\$
Revenue				
Government Grants	2	628,528	485,734	512,083
Locally Raised Funds	3	61,109	30,000	25,961
Interest Earned		2,457	2,000	2,248
Gain on Sale of Property, Plant and Equipment		1,717	-	143
		693,811	517,734	540,435
Expenses				
Locally Raised Funds	3	22,016	5,500	16,875
Learning Resources	4	331,232	292,809	296,931
Administration	5	60,520	56,534	65,810
Finance Costs		786	500	415
Property	6	179,708	147,396	129,626
Depreciation	7	26,721	21,000	22,647
Loss on Disposal of Property, Plant and Equipment		-	-	45
		620,983	523,739	532,349
Net Surplus / (Deficit)		72,828	(6,005)	8,086
Other Comprehensive Revenue and Expenses		-	-	-
Total Comprehensive Revenue and Expense for the Year		72,828	(6,005)	8,086

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

Te Kura o Waitahanui

Statement of Changes in Net Assets/Equity

For the year ended 31 December 2018

	Actual 2018 \$	Budget (Unaudited) 2018 \$	Actual 2017 \$
Balance at 1 January	296,417	252,757	288,331
Total comprehensive revenue and expense for the year	72,828	(6,005)	8,086
Capital Contributions from the Ministry of Education			
Contribution - Furniture and Equipment Grant	655	-	-
Equity at 31 December	369,900	246,752	296,417
 Retained Earnings	 369,900	 246,752	 296,417
Equity at 31 December	369,900	246,752	296,417

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

Te Kura o Waitahanui
Statement of Financial Position
As at 31 December 2018

		2018	2018	2017
	Notes	Actual \$	Budget (Unaudited) \$	Actual \$
Current Assets				
Cash and Cash Equivalents	8	269,903	179,134	204,221
Accounts Receivable	9	15,727	12,183	37,182
GST Receivable		3,274	2,124	1,947
Prepayments		3,592	2,935	4,391
		<u>292,496</u>	<u>196,376</u>	<u>247,741</u>
Current Liabilities				
Accounts Payable	11	28,240	31,644	28,032
Revenue Received in Advance	12	3,461	37,542	43,407
Provision for Cyclical Maintenance		-	-	-
Finance Lease Liability - Current Portion	14	9,176	4,247	4,412
Funds held in Trust	15	22,710	22,891	22,710
		<u>63,587</u>	<u>96,324</u>	<u>98,561</u>
Working Capital Surplus/(Deficit)		<u>228,909</u>	<u>100,052</u>	<u>149,180</u>
Non-current Assets				
Property, Plant and Equipment	10	164,179	164,062	161,236
		<u>164,179</u>	<u>164,062</u>	<u>161,236</u>
Non-current Liabilities				
Provision for Cyclical Maintenance	13	15,859	15,858	10,573
Finance Lease Liability	14	7,329	1,504	3,426
		<u>23,188</u>	<u>17,362</u>	<u>13,999</u>
Net Assets		<u>369,900</u>	<u>246,752</u>	<u>296,417</u>
Equity		<u>369,900</u>	<u>246,752</u>	<u>296,417</u>

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

Te Kura o Waitahanui
Statement of Cash Flows
For the year ended 31 December 2018

		2018	2018	2017
	Note	Actual \$	Budget (Unaudited) \$	Actual \$
Cash flows from Operating Activities				
Government Grants		201,722	155,000	137,988
Locally Raised Funds		61,996	15,000	27,483
Goods and Services Tax (net)		(1,327)	-	177
Payments to Employees		(65,941)	(50,200)	(51,848)
Payments to Suppliers		(113,286)	(113,382)	(107,307)
Interest Paid		(786)	(500)	(415)
Interest Received		2,457	2,000	2,248
Net cash from / (to) the Operating Activities		84,835	7,918	8,326
Cash flows from Investing Activities				
Proceeds from Sale of PPE (and Intangibles)		-	-	999
Purchase of PPE (and Intangibles)		(12,570)	(23,088)	169
Net cash from / (to) the Investing Activities		(12,570)	(23,088)	1,168
Cash flows from Financing Activities				
Furniture and Equipment Grant		655	-	-
Finance Lease Payments		(7,238)	(3,968)	(3,364)
Funds Administered on Behalf of Third Parties		-	-	(181)
Net cash from Financing Activities		(6,583)	(3,968)	(3,545)
Net increase/(decrease) in cash and cash equivalents		65,682	(19,138)	5,949
Cash and cash equivalents at the beginning of the year	8	204,221	198,272	198,272
Cash and cash equivalents at the end of the year	8	269,903	179,134	204,221

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.

Te Kura o Waitahanui

Notes to the Financial Statements

For the year ended 31 December 2018

1. Statement of Accounting Policies

a) Reporting Entity

Te Kura o Waitahanui (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 2018 to 31 December 2018 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 10.

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 14.

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 of Schedule 6 para 28 of the Education Act 1989 in relation to the acquisition of investment 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 \$250 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:

Land	Nil
Building Improvements	18-40 years
Furniture and Equipment	5-15 years
Information and Communication	5 years
Motor Vehicles	5 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. Its 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

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Operational grants	167,241	145,000	126,289
Teachers' salaries grants	285,818	240,020	271,612
Use of Land and Buildings grants	116,321	89,714	93,704
Resource teachers learning and behaviour grants	-	-	385
Other MoE Grants	56,088	11,000	20,093
Other government grants	3,060	-	-
	628,528	485,734	512,083

3. Locally Raised Funds

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

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Revenue			
Donations	84	-	30
Bequests & Grants	10,713	5,000	7,500
Activities	9,007	5,000	5,378
Trading	7,029	1,500	4,138
Fundraising	15,276	5,000	1,215
Other Revenue	19,000	13,500	7,700
	61,109	30,000	25,961
Expenses			
Activities	9,322	1,600	7,340
Trading	6,925	1,500	3,888
Fundraising costs	3,661	-	-
Other Expenses	2,108	2,400	5,647
	22,016	5,500	16,875
<i>Surplus for the year Locally raised funds</i>	39,093	24,500	9,086

4. Learning Resources

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Curricular	11,785	18,389	10,536
Employee benefits - salaries	315,263	255,420	276,302
Staff development	3,858	6,000	2,199
Resource Teacher Maori	326	13,000	7,894
	331,232	292,809	296,931

5. Administration

	2018	2018	2017
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Audit Fee	3,470	4,000	3,369
Board of Trustees Fees	3,575	4,455	3,850
Board of Trustees Expenses	3,324	6,850	18,997
Communication	2,371	3,150	2,860
Consumables	3,783	2,900	2,605
Operating Lease	3,714	2,729	4,330
Other	10,167	3,950	2,509
Employee Benefits - Salaries	23,469	20,000	21,016
Insurance	2,219	2,700	2,254
Service Providers, Contractors and Consultancy	4,428	5,800	4,020
	<u>60,520</u>	<u>56,534</u>	<u>65,810</u>

6. Property

	2018	2018	2017
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Caretaking and Cleaning Consumables	1,570	1,400	1,189
Cyclical Maintenance Expense	5,286	5,286	5,287
Grounds	1,767	1,400	1,304
Heat, Light and Water	4,250	4,300	2,843
Rates	3,294	3,600	3,291
Repairs and Maintenance	3,945	3,000	2,729
Use of Land and Buildings	116,321	89,714	93,704
Security	780	1,000	873
Employee Benefits - Salaries	13,792	14,800	7,344
Van	28,703	22,896	11,062
	<u>179,708</u>	<u>147,396</u>	<u>129,626</u>

The use of land and buildings figure represents 8% of the school's total property value. 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

	2018	2018	2017
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Building Improvements	2,380	2,515	2,712
Furniture and Equipment	4,359	3,820	4,120
Information and Communication Technology	4,119	4,002	4,316
Motor Vehicles	6,198	6,606	7,124
Leased Assets	9,665	4,057	4,375
	<u>26,721</u>	<u>21,000</u>	<u>22,647</u>

8. Cash and Cash Equivalents

	2018	2018	2017
	Actual	Budget	Actual
	\$	(Unaudited)	\$
BNZ Investment Account	210,551	179,134	185,234
BNZ Taupo -Sch.Float A/c.	47,890	-	7,640
BNZ Call A/c - Reserves	11,462	-	11,347
Cash equivalents for Cash Flow Statement	<u>269,903</u>	<u>179,134</u>	<u>204,221</u>

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

9. Accounts Receivable

	2018	2018	2017
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Receivables	770	274	170
Receivables from the Ministry of Education	-	-	18,571
Teacher Salaries Grant Receivable	14,957	11,909	18,441
	<u>15,727</u>	<u>12,183</u>	<u>37,182</u>
Receivables from Exchange Transactions	770	274	170
Receivables from Non-Exchange Transactions	14,957	11,909	37,012
	<u>15,727</u>	<u>12,183</u>	<u>37,182</u>

10. Property, Plant and Equipment

	Opening Balance (NBV)	Additions	Disposals	Impairment	Depreciation	Total (NBV)
	\$	\$	\$	\$	\$	\$
2018						
Land	50,000	-	-	-	-	50,000
Building Improvements	57,147	-	-	-	(2,380)	54,767
Furniture and Equipment	17,376	10,994	(17)	-	(4,359)	23,994
Information and Communication Tech	10,849	-	-	-	(4,119)	6,730
Motor Vehicles	19,834	-	-	-	(6,198)	13,636
Leased Assets	6,030	20,309	(1,622)	-	(9,665)	15,052
Balance at 31 December 2018	161,236	31,303	(1,639)	-	(26,721)	164,179

	Cost or Valuation	Accumulated Depreciation	Net Book Value
	\$	\$	\$
2018			
Land	50,000	-	50,000
Building Improvements	97,500	(42,733)	54,767
Furniture and Equipment	46,359	(22,365)	23,994
Information and Communication	21,941	(15,211)	6,730
Motor Vehicles	38,815	(25,179)	13,636
Leased Assets	26,329	(11,277)	15,052
Balance at 31 December 2018	280,944	(116,765)	164,179

	Opening Balance (NBV)	Additions	Disposals	Impairment	Depreciation	Total (NBV)
	\$	\$	\$	\$	\$	\$
2017						
Land	50,000	-	-	-	-	50,000
Building Improvements	59,859	-	-	-	(2,712)	57,147
Furniture and Equipment	20,649	1,748	(901)	-	(4,120)	17,376
Information and Communication Tech	14,396	769	-	-	(4,316)	10,849
Motor Vehicles	26,958	-	-	-	(7,124)	19,834
Leased Assets	10,405	-	-	-	(4,375)	6,030
Balance at 31 December 2017	182,267	2,517	(901)	-	(22,647)	161,236

	Cost or Valuation	Accumulated Depreciation	Net Book Value
	\$	\$	\$
2017			
Land	50,000	-	50,000
Building Improvements	97,500	(40,353)	57,147
Furniture and Equipment	35,695	(18,319)	17,376
Information and Communication	21,941	(11,092)	10,849
Motor Vehicles	38,815	(18,981)	19,834
Leased Assets	17,861	(11,831)	6,030
Balance at 31 December 2017	261,812	(100,576)	161,236

11. Accounts Payable

	2018	2018	2017
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Operating creditors	8,184	3,912	3,185
Accruals	3,470	3,244	3,369
Capital accruals for PPE items	941	-	2,633
Banking staffing overuse	-	11,949	-
Employee Entitlements - salaries	14,957	11,909	18,441
Employee Entitlements - leave accrual	688	630	404
	<u>28,240</u>	<u>31,644</u>	<u>28,032</u>

Payables for Exchange Transactions	28,240	19,695	28,032
Payables for Non-exchange Transactions - Taxes Payable (PAYE and Rates)	-	-	-
Payables for Non-exchange Transactions - Other	-	11,949	-
	<u>28,240</u>	<u>31,644</u>	<u>28,032</u>

The carrying value of payables approximates their fair value.

12. Revenue Received in Advance

	2018	2018	2017
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Income in Advance	3,461	37,542	1,626
RTM Income in Advance	-	-	41,781
	<u>3,461</u>	<u>37,542</u>	<u>43,407</u>

13. Provision for Cyclical Maintenance

	2018	2018	2017
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Provision at the Start of the Year	10,573	10,572	5,286
Increase to the Provision During the Year	5,286	5,286	5,287
Provision at the End of the Year	<u>15,859</u>	<u>15,858</u>	<u>10,573</u>
Cyclical Maintenance - Current	-	-	-
Cyclical Maintenance - Term	15,859	15,858	10,573
	<u>15,859</u>	<u>15,858</u>	<u>10,573</u>

14. Finance Lease Liability

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

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
No Later than One Year	9,864	4,247	4,412
Later than One Year and no Later than Five Years	8,427	1,504	3,426
	<u>18,291</u>	<u>5,751</u>	<u>7,838</u>

15. Funds held in Trust

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Funds Held in Trust on Behalf of Third Parties - Current	22,710	22,891	22,710
Funds Held in Trust on Behalf of Third Parties - Non-current	-	-	-
	<u>22,710</u>	<u>22,891</u>	<u>22,710</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.

16. 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.

During 2018 the Principal occupied the school house at a rate of \$500 per fortnight

17. Remuneration

Key management personnel compensation

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

	2018 Actual \$	2017 Actual \$
Board Members		
Remuneration	3,575	3,850
Full-time equivalent members	0.37	0.77
Leadership Team		
Remuneration	122,979	85,659
Full-time equivalent members	1.00	0.89
Total key management personnel remuneration	126,554	89,509
Total full-time equivalent personnel	1.37	1.66

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:

	2018 Actual \$000	2017 Actual \$000
Salaries and Other Short-term Employee Benefits:		
Principal A		
Salary and Other Payments	120 - 130	60 - 70
Benefits and Other Emoluments	2 - 3	-
Termination Benefits	-	-
Principal B		
Salary and Other Payments	-	20 - 30
Benefits and Other Emoluments	-	0 - 1
Termination Benefits	-	-

Other Employees

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

Remuneration \$000	2018 FTE Number	2017 FTE Number
100 - 110	-	-
	0.00	0.00

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

18. 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:

	2018 Actual	2017 Actual
Total	-	\$15,000
Number of People	-	1

19. Contingencies

There are no contingent liabilities (except as noted below) and no contingent assets as at 31 December 2018 (Contingent liabilities and assets at 31 December 2017: nil).

Holidays Act Compliance – schools payroll

The Ministry of Education performs payroll processing and payments on behalf of school boards of trustees, through payroll service provider Education Payroll Limited.

The Ministry has commenced a review of the schools sector payroll to ensure compliance with the Holidays Act 2003. The initial phase of this review has identified areas of non-compliance, however the potential impact on any specific school or individual and any associated historical liability will not be known until further detailed analysis has been completed.

To the extent that any obligation cannot reasonably be quantified at 31 December 2018, a contingent liability for the school may exist.

20. Commitments

(a) Capital Commitments

There are no capital commitments as at 31 December 2018 (Capital commitments at 31 December 2017: nil).

(b) Operating Commitments

There are no operating commitments as at 31 December 2018 (Operating commitments at 31 December 2017: nil).

21. 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.

22. Financial Instruments

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

Loans and receivables

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Cash and Cash Equivalents	269,903	179,134	204,221
Receivables	15,727	12,183	37,182
Investments - Term Deposits	-	-	-
Total Loans and Receivables	285,630	191,317	241,403

Financial liabilities measured at amortised cost

Payables	28,240	31,644	28,032
Borrowings - Loans	-	-	-
Finance Leases	16,505	5,751	7,838
Painting Contract Liability	-	-	-
Total Financial Liabilities Measured at Amortised Cost	44,745	37,395	35,870

23. Events After Balance Date

Subsequent to balance date the school purchased a new van at a cost of \$25,250 (GST excl)

24. Comparatives

There have been a number of prior period comparatives which have been reclassified to make disclosure consistent with the current year.