

# **Awhitu District School**

## **Annual Report for the year ended 31 December 2018**

<b>Ministry Number:</b>	1214
<b>Principal:</b>	Megan Allen
<b>School Address:</b>	14 Matakawau Rd, RD4, Waiuku
<b>School Postal Address:</b>	14 Matakawau Rd, RD4, Waiuku 2684
<b>School Phone:</b>	09 235 1005
<b>School Email:</b>	admin@awhitu.school.nz
<b>Service Provider:</b>	Edtech Financial Services Ltd

# **Awhitu District School**

## **Annual Report**

For the year ended 31 December 2018

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**Awhitu District School**  
**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.

ELIZABETH SARAH CLEGG  
Full Name of Board Chairperson

  
Signature of Board Chairperson

27.5.2019  
Date:

Megan Isabel Allen  
Full Name of Principal

M.I. Allen  
Signature of Principal

27.5.2019  
Date:

# Awhitu District School

## Statement of Comprehensive Revenue and Expense

For the year ended 31 December 2018

		2018	2018	2017
	Notes	Actual \$	Budget (Unaudited) \$	Actual \$
<b>Revenue</b>				
Government Grants	2	1,136,661	240,998	1,106,000
Locally Raised Funds	3	118,168	44,115	94,324
Interest Earned		4,175	2,500	3,493
		<hr/>	<hr/>	<hr/>
		1,259,004	287,613	1,203,817
<b>Expenses</b>				
Locally Raised Funds	3	38,643	7,025	23,967
Learning Resources	4	684,437	69,665	646,281
Administration	5	83,271	87,190	82,970
Finance Costs		427	259	765
Property	6	436,367	78,975	363,082
Depreciation	7	29,506	38,500	44,707
Loss on Disposal of Property, Plant and Equipment		835	-	772
		<hr/>	<hr/>	<hr/>
		1,273,486	281,614	1,162,544
<b>Net Surplus / (Deficit) for the year</b>		(14,482)	5,999	41,273
Other Comprehensive Revenue and Expenses		-	-	-
<b>Total Comprehensive Revenue and Expense for the Year</b>		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
		(14,482)	5,999	41,273

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

# Awhitu District School

## Statement of Changes in Net Assets/Equity

For the year ended 31 December 2018

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
<b>Balance at 1 January</b>	488,668	488,668	442,544
Total comprehensive revenue and expense for the year	(14,482)	5,999	41,273
Capital Contributions from the Ministry of Education			
Contribution - Furniture and Equipment Grant	6,158	-	4,851
<b>Equity at 31 December</b>	480,344	494,667	488,668
Retained Earnings	480,344	494,667	488,668
<b>Equity at 31 December</b>	480,344	494,667	488,668

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

# Awhitu District School

## Statement of Financial Position

As at 31 December 2018

		2018	2018	2017
	Notes	Actual \$	Budget (Unaudited) \$	Actual \$
<b>Current Assets</b>				
Cash and Cash Equivalents	8	260,441	193,280	188,957
Accounts Receivable	9	40,733	57,500	56,332
GST Receivable		4,700	4,500	4,282
Prepayments		889	2,500	2,745
Inventories	10	921	1,000	989
		<u>307,684</u>	<u>258,780</u>	<u>253,305</u>
<b>Current Liabilities</b>				
Accounts Payable	12	49,120	58,000	62,382
Revenue Received in Advance	13	70	300	186
Painting Contract Liability - Current Portion	15	11,831	11,700	11,379
Finance Lease Liability - Current Portion	16	2,115	2,115	4,164
		<u>63,136</u>	<u>72,115</u>	<u>78,111</u>
<b>Working Capital Surplus/(Deficit)</b>		244,548	186,665	175,194
<b>Non-current Assets</b>				
Property, Plant and Equipment	11	323,402	340,735	345,035
		<u>323,402</u>	<u>340,735</u>	<u>345,035</u>
<b>Non-current Liabilities</b>				
Provision for Cyclical Maintenance	14	76,900	21,950	10,975
Painting Contract Liability	15	10,423	10,500	18,188
Finance Lease Liability	16	283	283	2,398
		<u>87,606</u>	<u>32,733</u>	<u>31,561</u>
<b>Net Assets</b>		<u>480,344</u>	<u>494,667</u>	<u>488,668</u>
<b>Equity</b>		<u>480,344</u>	<u>494,667</u>	<u>488,668</u>

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

# Awhitu District School

## Statement of Cash Flows

For the year ended 31 December 2018

		2018	2018	2017
	Note	Actual \$	Budget (Unaudited) \$	Actual \$
<b>Cash flows from Operating Activities</b>				
Government Grants		250,231	239,498	239,964
Locally Raised Funds		139,376	22,415	94,524
Goods and Services Tax (net)		(418)	450	632
Payments to Employees		(130,227)	(113,440)	(126,949)
Payments to Suppliers		(172,370)	(111,340)	(113,378)
Cyclical Maintenance Payments in the year		(4,829)	-	(3,978)
Interest Paid		(427)	(259)	(765)
Interest Received		4,175	2,550	3,511
Net cash from / (to) the Operating Activities		85,511	39,874	93,561
<b>Cash flows from Investing Activities</b>				
Proceeds from Sale of PPE (and Intangibles)		(835)	-	(1)
Purchase of PPE (and Intangibles)		(7,873)	(2,286)	(9,530)
Net cash from / (to) the Investing Activities		(8,708)	(2,286)	(9,531)
<b>Cash flows from Financing Activities</b>				
Furniture and Equipment Grant		6,158	-	4,851
Finance Lease Payments		(4,164)	(1,852)	(9,211)
Painting Contract Payments		(7,313)	(7,400)	(7,401)
Funds Administered on Behalf of Third Parties		-	-	(5,771)
Net cash from / (to) Financing Activities		(5,319)	(9,252)	(17,532)
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>71,484</b>	<b>28,336</b>	<b>66,498</b>
Cash and cash equivalents at the beginning of the year	8	188,957	164,944	122,459
<b>Cash and cash equivalents at the end of the year</b>	<b>8</b>	<b>260,441</b>	<b>193,280</b>	<b>188,957</b>

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

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

# Notes to the Financial Statements

For the year ended 31 December 2018

## 1. Statement of Accounting Policies

### Reporting Entity

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

### Basis of Preparation

#### Reporting Period

The financial reports have been prepared for the period 1 January 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".

The School has early adopted PBE IFRS 9 Financial Instruments from the year ended 31 December 2018 (although not mandatory until periods beginning on or after 1 January 2022). This accounting standard introduces new requirements for the classification and measurement of financial assets and financial liabilities, impairment of assets, and rules for hedge accounting. The Board of Trustees is of the view that there is no material impact to the recognition or measurement of financial instruments and disclosure of the school's financial assets and liabilities for the current period and each prior period presented.

#### 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 11.



## **Notes to the Financial Statements (cont.)**

For the year ended 31 December 2018

### ***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 16.

#### ***Recognition of grants***

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

### **Revenue Recognition**

#### ***Government Grants***

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

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

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

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

#### ***Other Grants***

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

#### ***Donations, Gifts and Bequests***

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

#### ***Interest Revenue***

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

#### ***Use of Land and Buildings Expense***

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

#### ***Operating Lease Payments***

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

#### ***Finance Lease Payments***

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

## **Notes to the Financial Statements (cont.)**

For the year ended 31 December 2018

### **Cash and Cash Equivalents**

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

### **Accounts Receivable**

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

### **Inventories**

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

### **Investments**

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

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

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

The School has met the requirements under Schedule 6 Section 28 of the Education Act 1989 in relation to the acquisition of investment securities.

### **Property, Plant and Equipment**

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

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

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

Property, plant and equipment acquired with individual values under \$400 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.

## Notes to the Financial Statements (cont.)

For the year ended 31 December 2018

### **Leased Assets**

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

### **Depreciation**

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

The estimated useful lives of the assets are:

Building improvements - Crown	10-40 years
Furniture and equipment	3-10 years
Information and communication technology	3-30 years
Leased assets held under a Finance Lease	3-4 years
Library resources	12.5% Diminishing value

### **Impairment of property, plant, and equipment**

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

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

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

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

### **Accounts Payable**

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

### **Employee Entitlements**

#### *Short-term employee entitlements*

Employee benefits that are due to be settled within 12 months after the end of the period in which the employee renders the related service are measured based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date, annual leave earned to but not yet taken at balance date.

## **Notes to the Financial Statements (cont.)**

For the year ended 31 December 2018

### *Long-term employee entitlements*

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

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

### **Revenue Received in Advance**

Revenue received in advance relates to fees received from students 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 this revenue received in advance, should the School be unable to provide the services to which they relate.

### **Provision for Cyclical Maintenance**

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

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

### **Financial Assets and Liabilities**

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

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

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

### **Goods and Services Tax (GST)**

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

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

Commitments and contingencies are disclosed exclusive of GST.

### **Budget Figures**

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

### **Services received in-kind**

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

# Notes to the Financial Statements (cont.)

For the year ended 31 December 2018

## 2 Government Grants

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Operational grants	203,212	206,908	216,293
Teachers' salaries grants	587,709	-	571,532
Use of Land and Buildings grants	289,131	-	283,453
Resource teachers learning and behaviour grants	-	1,000	1,894
Other MoE Grants	53,790	33,090	28,700
Other government grants	2,819	-	4,128
	<u>1,136,661</u>	<u>240,998</u>	<u>1,106,000</u>

## 3 Locally Raised Funds

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

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
<b>Revenue</b>			
Donations	48,930	7,500	32,528
Trading	1,819	2,000	1,834
Activities	67,419	34,615	59,962
	<u>118,168</u>	<u>44,115</u>	<u>94,324</u>
<b>Expenses</b>			
Activities	37,756	5,025	22,223
Trading	887	2,000	1,744
	<u>38,643</u>	<u>7,025</u>	<u>23,967</u>
<i>Surplus/ (Deficit) for the year Locally Raised Funds</i>	<u>79,525</u>	<u>37,090</u>	<u>70,357</u>

## 4 Learning Resources

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Curricular	37,457	20,325	25,540
Information and communication technology	9,888	8,300	5,873
Extra-curricular activities	-	-	1,471
Library resources	4,400	300	406
Employee benefits - salaries	627,416	28,540	607,983
Staff development	5,276	12,200	5,008
	<u>684,437</u>	<u>69,665</u>	<u>646,281</u>

# Notes to the Financial Statements (cont.)

For the year ended 31 December 2018

## 5 Administration

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Audit Fee	5,526	5,400	5,365
Board of Trustees Fees	3,650	5,000	3,735
Board of Trustees Expenses	2,832	1,500	1,371
Communication	2,294	2,000	2,621
Consumables	8,510	10,800	9,390
Other	2,337	5,690	3,907
Employee Benefits - Salaries	50,323	48,500	49,276
Insurance	2,797	2,700	2,397
Service Providers, Contractors and Consultancy	5,002	5,600	4,908
	<b>83,271</b>	<b>87,190</b>	<b>82,970</b>

## 6 Property

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Caretaking and Cleaning Consumables	3,458	3,000	3,838
Cyclical Maintenance Expense	70,754	10,975	14,953
Grounds	5,836	12,000	7,569
Heat, Light and Water	10,780	14,000	10,755
Repairs and Maintenance	11,839	6,500	7,761
Use of Land and Buildings	289,131	-	283,453
Employee Benefits - Salaries	44,569	32,500	34,753
	<b>436,367</b>	<b>78,975</b>	<b>363,082</b>

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 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Building Improvements	8,545	6,900	8,545
Furniture and Equipment	6,751	7,900	7,800
Information and Communication Technology	8,112	17,200	16,757
Leased Assets	3,977	4,300	9,250
Library Resources	2,121	2,200	2,355
	<b>29,506</b>	<b>38,500</b>	<b>44,707</b>

## Notes to the Financial Statements (cont.)

For the year ended 31 December 2018

### 8 Cash and Cash Equivalents

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Bank Current Account	260,441	193,280	188,957
Cash and cash equivalents for Cash Flow Statement	260,441	193,280	188,957

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

### 9 Accounts Receivable

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Receivables	-	22,000	21,324
Bank Staffing Underuse	10,979	1,500	1,389
Teacher Salaries Grant Receivable	29,754	34,000	33,619
	40,733	57,500	56,332
Receivables from Exchange Transactions	-	22,000	21,324
Receivables from Non-Exchange Transactions	40,733	35,500	35,008
	40,733	57,500	56,332

### 10 Inventories

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Stationery	921	1,000	989
	921	1,000	989

# Notes to the Financial Statements (cont.)

For the year ended 31 December 2018

## 11 Property, Plant and Equipment

	Opening Balance (NBV)	Additions	Disposals	Impairment	Depreciation	Total (NBV)
2018	\$	\$	\$	\$	\$	\$
Land	50,000	-	-	-	-	50,000
Building improvements	218,849	-	-	-	(8,545)	210,304
Furniture and equipment	32,809	1,734	-	-	(6,751)	27,792
Information and communication technology	20,585	6,418	(766)	-	(8,112)	18,125
Leased assets	6,308	-	-	-	(3,977)	2,331
Library resources	16,484	556	(69)	-	(2,121)	14,850
<b>Balance at 31 December 2018</b>	<b>345,035</b>	<b>8,708</b>	<b>(835)</b>	<b>-</b>	<b>(29,506)</b>	<b>323,402</b>

	Cost or Valuation	Accumulated Depreciation	Net Book Value
2018	\$	\$	\$
Land	50,000	-	50,000
Building improvements	341,789	(131,485)	210,304
Furniture and equipment	246,754	(218,962)	27,792
Information and communication technology	151,586	(133,461)	18,125
Leased assets	28,514	(26,183)	2,331
Library resources	58,431	(43,581)	14,850
<b>Balance at 31 December 2018</b>	<b>877,074</b>	<b>(553,672)</b>	<b>323,402</b>

The net carrying value of equipment held under a finance lease is \$2,331 (2017: \$6,308).

	Opening Balance (NBV)	Additions	Disposals	Impairment	Depreciation	Total (NBV)
2017	\$	\$	\$	\$	\$	\$
Land	50,000	-	-	-	-	50,000
Building improvements	227,394	-	-	-	(8,545)	218,849
Furniture and equipment	36,139	4,470	-	-	(7,800)	32,809
Information and communication technology	34,466	3,512	(636)	-	(16,757)	20,585
Leased assets	12,524	3,034	-	-	(9,250)	6,308
Library resources	17,426	1,549	(446)	-	(2,045)	16,484
<b>Balance at 31 December 2017</b>	<b>377,949</b>	<b>12,565</b>	<b>(1,082)</b>	<b>-</b>	<b>(44,397)</b>	<b>345,035</b>

	Cost or Valuation	Accumulated Depreciation	Net Book Value
2017	\$	\$	\$
Land	50,000	-	50,000
Building improvements	341,789	(122,940)	218,849
Furniture and equipment	245,020	(212,211)	32,809
Information and communication technology	149,094	(128,509)	20,585
Leased assets	28,514	(22,206)	6,308
Library resources	58,119	(41,635)	16,484
<b>Balance at 31 December 2017</b>	<b>872,536</b>	<b>(527,501)</b>	<b>345,035</b>



# Notes to the Financial Statements (cont.)

For the year ended 31 December 2018

## 12 Accounts Payable

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Operating creditors	4,647	9,000	8,955
Accruals	9,937	15,000	19,398
Employee Entitlements - salaries	34,536	34,000	34,029
	<u>49,120</u>	<u>58,000</u>	<u>62,382</u>
Payables for Exchange Transactions	49,120	58,000	62,382
	<u>49,120</u>	<u>58,000</u>	<u>62,382</u>

The carrying value of payables approximates their fair value.

## 13 Revenue Received in Advance

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Other	70	300	186
	<u>70</u>	<u>300</u>	<u>186</u>

## 14 Provision for Cyclical Maintenance

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Provision at the Start of the Year	10,975	10,975	-
Increase to the Provision During the Year	70,754	10,975	14,953
Use of the Provision During the Year	(4,829)	-	(3,978)
Provision at the End of the Year	<u>76,900</u>	<u>21,950</u>	<u>10,975</u>
Cyclical Maintenance - Current	-	-	-
Cyclical Maintenance - Term	<u>76,900</u>	<u>21,950</u>	<u>10,975</u>
	<u>76,900</u>	<u>21,950</u>	<u>10,975</u>

## 15 Painting Contract Liability

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Current Liability	11,831	11,700	11,379
Non Current Liability	10,423	10,500	18,188
	<u>22,254</u>	<u>22,200</u>	<u>29,567</u>

In 2019 the Board signed an agreement for an agreed programme of work covering an eight year period. The programme provides for an interior and exterior repaint of the Ministry owned buildings in 2010 and 2016, with regular maintenance in subsequent years. The agreement has an annual commitment of \$11,379. 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.

# Notes to the Financial Statements (cont.)

For the year ended 31 December 2018

## 16 Finance Lease Liability

The school has entered into a number of finance lease agreements for ICT equipment.

Minimum lease payments payable (includes interest portion):

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
No Later than One Year	2,231	-	4,591
Later than One Year and no Later than Five Years	289	-	2,520
	<u>2,520</u>	<u>-</u>	<u>7,111</u>

## 17 Funds Held for Capital Works Projects

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

	2018	Opening Balances \$	Receipts from MoE \$	Payments \$	BOT Contribution/ (Write-off to R&M) \$	Closing Balances \$
Totals	-	-	-	-	-	-
		-	-	-	-	-

  

	2017	Opening Balances \$	Receipts from MoE \$	Payments \$	BOT Contribution/ (Write-off to R&M) \$	Closing Balances \$
Shade Area	<i>completed</i>	5,771	-	5,771	-	-
Totals		<u>5,771</u>	<u>-</u>	<u>5,771</u>	<u>-</u>	<u>-</u>

## 18 Transport Network Group

Awhitu District School is a member of the Waiuku Transport Network Group. Waiuku College is the fund holder, they record all income and expenses for the Transport Network Group in their financial statements. Awhitu District School will record income and expenditure as received or charged by the fund holder school.

## 19 Related Party Transactions

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

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

# Notes to the Financial Statements (cont.)

For the year ended 31 December 2018

## 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.

	2018 Actual \$	2017 Actual \$
<i>Board Members</i>		
Remuneration	3,650	2,163
Full-time equivalent members	0.06	0.16
<i>Leadership Team</i>		
Remuneration	281,888	260,645
Full-time equivalent members	3.00	3.00
Total key management personnel remuneration	285,538	262,808
Total full-time equivalent personnel	3.06	3.16

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 1		
Salary and Other Payments	70 - 80	-
Benefits and Other Emoluments	2 - 3	-
Termination Benefits	-	-
Principal 2		
Salary and Other Payments	20 - 30	100 - 110
Benefits and Other Emoluments	0 - 1	1 - 5
Termination Benefits	-	-

### Other Employees

No other employee received total remuneration over \$100,000 (2017: Nil).

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

## 21 Compensation and Other Benefits Upon Leaving

There were no compensation or other benefits paid or payable to persons upon leaving.

# Notes to the Financial Statements (cont.)

For the year ended 31 December 2018

## 22 Contingencies

There are no contingent liabilities (other than noted below) and no contingent assets as at 31 December 2018.

(Contingent liabilities and assets as 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.

## 23 Commitments

### (a) Capital Commitments

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

(Capital commitments as at 31 December 2017: nil)

## 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:

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
<b>Loans and Receivables</b>			
Cash and Cash Equivalents	260,441	193,280	188,957
Receivables	40,733	57,500	56,332
Total Loans and Receivables	301,174	250,780	245,289
<b>Financial liabilities measured at amortised cost</b>			
Payables	49,120	58,000	62,382
Finance Leases	2,398	2,398	6,562
Painting Contract Liability	22,254	22,200	29,567
Total Financial Liabilities Measured at Amortised Cost	73,772	82,598	98,511

## 26 Events After Balance Date

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

## INDEPENDENT AUDITOR'S REPORT

### TO THE READERS OF AWHITU DISTRICT SCHOOL'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

The Auditor-General is the auditor of Awhitu District School (the School). The Auditor-General has appointed me, Melissa Youngson, using the staff and resources of Deloitte Limited, to carry out the audit of the financial statements of the School on his behalf.

#### Opinion

We have audited the financial statements of the School on pages 2 to 18 that comprise the statement of financial position as at 31 December 2018, the statement of comprehensive revenue and expense, statement of changes in net assets/equity and statement of cash flows for the year ended on that date, and the notes to the financial statements that include accounting policies and other explanatory information

In our opinion the financial statements of the School:

- present fairly, in all material respects:
  - its financial position as at 31 December 2018; and
  - its financial performance and cash flows for the year then ended; and
- comply with generally accepted accounting practice in New Zealand in accordance with Public Sector – Public Benefit Entity Standards, Reduced Disclosure Regime.

Our audit was completed on 27 May 2019. This is the date at which our opinion is expressed.

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

#### Basis for our opinion

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

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

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

#### Responsibilities of the Board of Trustees for the financial statements

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

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

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



## **Responsibilities of the auditor for the audit of the financial statements**

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

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

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

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

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

- We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Trustees.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Trustees and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the School's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the School to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We assess the risk of material misstatement arising from the Novopay payroll system, which may still contain errors. As a result, we carried out procedures to minimise the risk of material errors arising from the system that, in our judgement, would likely influence readers' overall understanding of the financial statements.

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

Our responsibilities arise from the Public Audit Act 2001.



## Other information

The Board of Trustees is responsible for the other information. The other information comprises the information including List of Trustees, Statement of Responsibility, Analysis of Variance Report and Kiwisport Report, but does not include the financial statements, and our auditor's report thereon.

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

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

## Independence

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

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

A handwritten signature in black ink, appearing to read "M. Youngson", with a long horizontal stroke extending to the right.

Melissa Youngson  
for Deloitte Limited  
On behalf of the Auditor-General  
Hamilton, New Zealand