

# **BATHGATE PARK SCHOOL**

Annual Report - For the year ended 31 December 2018

## **Index**

<b>Page</b>	<b>Statement</b>
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### **Financial Statements**

1	Statement of Responsibility
2	Statement of Comprehensive Revenue and Expense
3	Statement of Changes in Net Assets/Equity
4	Statement of Financial Position
5	Statement of Cash Flows
6 - 11	Statement of Accounting Policies
12 - 20	Notes to the Financial Statements

### **Other Information**

Analysis of Variance

Kiwisport

# BATHGATE PARK SCHOOL

## ANNUAL REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2018

#### School Directory

<b>Ministry Number:</b>	647
<b>Principal:</b>	Whetu Cormick
<b>School Address:</b>	213 Macandrew Road, South Dunedin 9012
<b>School Postal Address:</b>	213 Macandrew Road, South Dunedin 9012
<b>School Phone:</b>	03 455 3421
<b>School Email:</b>	principal@bathgatepark.school.nz

#### Members of the Board of Trustees

<b>Name</b>	<b>Position</b>	<b>How Position Gained</b>
Tracy Cameron	Chair Person	Elected
Whetu Cormick	Principal	ex Officio
Katrina Robertson	Acting Principal/Staff Rep	
Karen Campbell	Treasurer	Co-opted
Maria Hunt	Parent Rep	Elected
Mike Rangihika	Parent Rep	Elected
Geana Elisara	Parent Rep	Elected

**Accountant / Service Provider:** Markhams Otago

# Bathgate Park 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.

Tracy Cameron  
Full Name of Board Chairperson

  
Signature of Board Chairperson

27/05/2019  
Date:

Kahina Marie Robertson  
Full Name of Principal

K.M. Robertson  
Signature of Principal (Acting)

24/05/2019  
Date:

## Bathgate Park School

# Statement of Comprehensive Revenue and Expense

For the year ended 31 December 2018

	Notes	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
<b>Revenue</b>				
Government Grants	2	1,872,984	802,067	1,888,635
Locally Raised Funds	3	72,414	89,050	59,313
Interest Earned		1,887	3,500	1,563
		<u>1,947,285</u>	<u>894,617</u>	<u>1,949,511</u>
<b>Expenses</b>				
Locally Raised Funds	3	38,946	46,950	44,190
Learning Resources	4	1,359,002	247,250	1,387,202
Administration	5	81,653	102,600	87,312
Finance		2,787	-	4,584
Property	6	476,596	499,684	601,433
Depreciation	7	43,243	45,100	45,721
Loss on Disposal of Property, Plant and Equipment		290	-	344
		<u>2,002,517</u>	<u>941,584</u>	<u>2,170,786</u>
<b>Net Surplus / (Deficit) for the year</b>		(55,232)	(46,967)	(221,275)
Other Comprehensive Revenue and Expenses		-	-	-
<b>Total Comprehensive Revenue and Expense for the Year</b>		<u>(55,232)</u>	<u>(46,967)</u>	<u>(221,275)</u>

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



**Bathgate Park School**  
**Statement of Changes in Net Assets/Equity**

For the year ended 31 December 2018

	Actual 2018 \$	Budget (Unaudited) 2018 \$	Actual 2017 \$
<b>Balance at 1 January</b>	<u>18,334</u>	<u>18,334</u>	<u>239,609</u>
Total comprehensive revenue and expense for the year	(55,232)	(46,967)	(221,275)
Capital Contributions from the Ministry of Education Contribution - Furniture and Equipment Grant	-	-	-
<b>Equity at 31 December</b>	<u>(36,898)</u>	<u>(28,633)</u>	<u>18,334</u>
Retained Earnings	(36,898)	(28,633)	18,334
Reserves	-	-	-
<b>Equity at 31 December</b>	<u>(36,898)</u>	<u>(28,633)</u>	<u>18,334</u>

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



**Bathgate Park School**  
**Statement of Financial Position**

As at 31 December 2018

	Notes	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
<b>Current Assets</b>				
Cash and Cash Equivalents	8	101,706	(8,324)	38,643
Accounts Receivable	9	90,415	54,038	54,038
GST Receivable		-	2,820	2,820
Prepayments		4,541	4,246	4,246
Inventories	10	2,615	4,226	4,226
Investments	11	-	75,000	75,000
		<u>199,277</u>	<u>132,006</u>	<u>178,973</u>
<b>Current Liabilities</b>				
GST Payable		1,624	-	-
Accounts Payable	13	94,980	78,761	78,761
Revenue Received in Advance	14	-	104	104
Provision for Cyclical Maintenance	15	74,000	40,750	40,750
Finance Lease Liability - Current Portion	16	9,482	20,868	20,868
Funds held for Capital Works Projects	17	26,243	9,813	9,813
		<u>206,329</u>	<u>150,296</u>	<u>150,296</u>
<b>Working Capital Surplus/(Deficit)</b>		<b>(7,052)</b>	<b>(18,290)</b>	<b>28,677</b>
<b>Non-current Assets</b>				
Property, Plant and Equipment	12	95,662	130,057	130,057
		<u>95,662</u>	<u>130,057</u>	<u>130,057</u>
<b>Non-current Liabilities</b>				
Provision for Cyclical Maintenance	15	112,600	126,667	126,667
Finance Lease Liability	16	12,908	13,733	13,733
		<u>125,508</u>	<u>140,400</u>	<u>140,400</u>
<b>Net Assets</b>		<b><u>(36,898)</u></b>	<b><u>(28,633)</u></b>	<b><u>18,334</u></b>
<b>Equity</b>		<b><u>(36,898)</u></b>	<b><u>(28,633)</u></b>	<b><u>18,334</u></b>

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



**Bathgate Park 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	619,777	457,966	622,265
Locally Raised Funds	72,947	89,050	54,704
Goods and Services Tax (net)	4,444	-	6,041
Payments to Employees	(460,203)	(230,500)	(462,415)
Payments to Suppliers	(242,954)	(292,800)	(253,317)
Cyclical Maintenance Payments in the year	-	(29,083)	
Interest Paid	(2,424)	-	(3,962)
Interest Received	1,395	3,500	1,030
Net cash from / (to) the Operating Activities	<u>(7,018)</u>	<u>(1,867)</u>	<u>(35,654)</u>
<b>Cash flows from Investing Activities</b>			
Proceeds from Sale of PPE (and Intangibles)	(290)	-	(344)
Purchase of PPE (and Intangibles)	32	(45,100)	(9,049)
Purchase of Investments	75,000	-	(75,000)
Net cash from / (to) the Investing Activities	<u>74,742</u>	<u>(45,100)</u>	<u>(84,393)</u>
<b>Cash flows from Financing Activities</b>			
Finance Lease Payments	(21,091)	-	(18,734)
Funds Held for Capital Works Projects	16,430	-	(4,375)
Net cash from Financing Activities	<u>(4,661)</u>	<u>-</u>	<u>(23,109)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<u><u>63,063</u></u>	<u><u>(46,967)</u></u>	<u><u>(143,156)</u></u>
Cash and cash equivalents at the beginning of the year	8 38,643	38,643	181,799
<b>Cash and cash equivalents at the end of the year</b>	8 <u><u>101,706</u></u>	<u><u>(8,324)</u></u>	<u><u>38,643</u></u>

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

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



## **Bathgate Park School Notes to the Financial Statements For the year ended 31 December 2018**

### **1. Statement of Accounting Policies**

#### **a) Reporting Entity**

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

#### **b) Basis of Preparation**

##### ***Reporting Period***

The financial reports have been prepared for the period 1 January 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 12.

***Critical Judgements in applying accounting policies***

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

***Classification of leases***

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

**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 \$500 are not capitalised, they are recognised as an expense in the Statement of Comprehensive Revenue and Expense.

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



**Leased Assets**

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

**Depreciation**

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

The estimated useful lives of the assets are:

Building improvements to Crown Owned Assets	20 years
Furniture and equipment	5-20 years
Leased assets held under a Finance Lease	2-5 years
Library resources	10 years

**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 \$500 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.

**p) 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 students, should the School be unable to provide the services to which they relate.

**q) 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).

**r) 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.

**s) 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.

**t) Budget Figures**

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



**u) 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.

**v) New standards adopted in the current period  
PBE IFRS 9 Financial Instruments**

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 financial 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.



## MARKHAMS OTAGO

Chartered Accountants & Business Advisors  
(Incorporating Clarke Crow)

### 2. Government Grants

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Operational grants	394,617	377,966	374,240
Teachers' salaries grants	890,920	-	918,170
Use of Land and Buildings grants	340,486	344,101	344,101
Other MoE Grants	4,329	-	4,099
Other government grants	242,632	80,000	248,025
	<u>1,872,984</u>	<u>802,067</u>	<u>1,888,635</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	25,271	39,500	17,677
Bequests & Grants	5,925	8,400	6,039
Activities	20,668	26,000	15,089
Trading	6,965	7,750	4,964
Fundraising	4,569	-	10,997
Other Revenue	9,016	7,400	4,547
	<u>72,414</u>	<u>89,050</u>	<u>59,313</u>
<b>Expenses</b>			
Activities	21,341	25,100	23,471
Trading	8,086	6,750	5,233
Fundraising costs	2,858	-	3,605
Transport (local)	4,758	4,700	10,794
Other Expenses	1,903	10,400	1,087
	<u>38,946</u>	<u>46,950</u>	<u>44,190</u>
<i>Surplus/ (Deficit) for the year Locally raised funds</i>	<u>33,468</u>	<u>42,100</u>	<u>15,123</u>

### 4. Learning Resources

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Curricular	40,739	46,050	42,485
Information and communication technology	537	2,000	1,348
Extra-curricular activities	4,322	5,000	1,201
Library resources	515	200	358
Employee benefits - salaries	1,301,126	189,000	1,337,566
Staff development	11,763	5,000	4,244
	<u>1,359,002</u>	<u>247,250</u>	<u>1,387,202</u>



**MARKHAMS OTAGO**Chartered Accountants & Business Advisors  
(Incorporating Clarke Cray)**5. Administration**

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Audit Fee	3,594	4,000	3,541
Board of Trustees Fees	3,315	3,500	3,445
Board of Trustees Expenses	1,238	1,700	82
Communication	4,821	5,150	6,581
Consumables	3,650	10,600	8,730
Operating Lease	(82)	15,000	116
Other	6,016	8,050	8,960
Employee Benefits - Salaries	49,997	45,500	46,323
Insurance	4,534	4,100	4,785
Service Providers, Contractors and Consultancy	4,570	5,000	4,749
	<u>81,653</u>	<u>102,600</u>	<u>87,312</u>

**6. Property**

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Caretaking and Cleaning Consumables	4,446	4,000	3,695
Consultancy and Contract Services	59,079	60,000	63,258
Cyclical Maintenance Expense	19,183	29,083	122,417
Grounds	11,563	11,000	18,674
Heat, Light and Water	28,914	26,000	24,729
Rates	7,778	7,000	7,777
Repairs and Maintenance	4,167	15,000	15,207
Use of Land and Buildings	340,486	344,101	344,101
Security	980	3,500	1,575
	<u>476,596</u>	<u>499,684</u>	<u>601,433</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 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Building Improvements	956	600	791
Furniture and Equipment	21,649	24,000	24,637
Leased Assets	20,296	20,000	19,835
Library Resources	342	500	458
	<u>43,243</u>	<u>45,100</u>	<u>45,721</u>



**MARKHAMS OTAGO**Chartered Accountants & Business Advisors  
(Incorporating Clarke Craw)**8. Cash and Cash Equivalents**

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Bank Current Account	5,848	-	-
Bank Call Account	20,858	-	41,408
Short-term Bank Deposits	75,000	-	-
Bank Overdraft	-	(8,324)	(2,765)
Cash and cash equivalents for Cash Flow Statement	<u>101,706</u>	<u>(8,324)</u>	<u>38,643</u>

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

Of the \$101,706 Cash and Cash Equivalents, \$26,243 is held by the School on behalf of the Ministry of Education. These funds are required to be spent in 2019 on Crown owned school buildings under the School's Five Year Property Plan.

**9. Accounts Receivable**

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Receivables	9,110	9,747	9,747
Receivables from the Ministry of Education	8,223	-	-
Interest Receivable	1,028	536	536
Teacher Salaries Grant Receivable	72,054	43,755	43,755
	<u>90,415</u>	<u>54,038</u>	<u>54,038</u>
Receivables from Exchange Transactions	10,138	10,283	10,283
Receivables from Non-Exchange Transactions	80,277	43,755	43,755
	<u>90,415</u>	<u>54,038</u>	<u>54,038</u>

**10. Inventories**

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Stationery	1,491	-	-
School Uniforms	1,124	4,226	4,226
	<u>2,615</u>	<u>4,226</u>	<u>4,226</u>

**11. Investments**

The School's investment activities are classified as follows:

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Current Asset	-	75,000	75,000
Short-term Bank Deposits	-	75,000	75,000





**12. Property, Plant and Equipment**

	Opening Balance (NBV)	Additions	Disposals	Impairment	Depreciation	Total (NBV)
	\$	\$	\$	\$	\$	\$
<b>2018</b>						
Building Improvements	10,914	-	-	-	(956)	9,958
Furniture and Equipment	85,944	1,562	(1,594)	-	(21,649)	64,263
Leased Assets	32,381	8,880	-	-	(20,296)	20,965
Library Resources	818	-	-	-	(342)	476
<b>Balance at 31 December 2018</b>	<b>130,057</b>	<b>10,442</b>	<b>(1,594)</b>	<b>-</b>	<b>(43,243)</b>	<b>95,662</b>

	Cost or Valuation	Accumulated Depreciation	Net Book Value
	\$	\$	\$
<b>2018</b>			
Building Improvements	54,909	(44,951)	9,958
Furniture and Equipment	463,054	(398,791)	64,263
Leased Assets	75,586	(54,621)	20,965
Library Resources	84,172	(83,696)	476
<b>Balance at 31 December 2018</b>	<b>677,721</b>	<b>(582,059)</b>	<b>95,662</b>

	Opening Balance (NBV)	Additions	Disposals	Impairment	Depreciation	Total (NBV)
	\$	\$	\$	\$	\$	\$
<b>2017</b>						
Building Improvements	4,423	7,282	-	-	(791)	10,914
Furniture and Equipment	109,065	1,860	(344)	-	(24,637)	85,944
Leased Assets	47,430	4,788	-	-	(19,835)	32,381
Library Resources	965	311	-	-	(458)	818
<b>Balance at 31 December 2017</b>	<b>161,883</b>	<b>14,241</b>	<b>(344)</b>	<b>-</b>	<b>(45,721)</b>	<b>130,057</b>

	Cost or Valuation	Accumulated Depreciation	Net Book Value
	\$	\$	\$
<b>2017</b>			
Building Improvements	54,909	(43,995)	10,914
Furniture and Equipment	498,891	(412,947)	85,944
Leased Assets	66,706	(34,325)	32,381
Library Resources	164,172	(163,354)	818
<b>Balance at 31 December 2017</b>	<b>784,678</b>	<b>(654,621)</b>	<b>130,057</b>



**13. Accounts Payable**

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Operating creditors	17,805	20,686	20,686
Accruals	5,121	5,071	5,071
Banking staffing overuse	-	9,249	9,249
Employee Entitlements - salaries	72,054	43,755	43,755
	<u>94,980</u>	<u>78,761</u>	<u>78,761</u>
Payables for Exchange Transactions	94,980	78,761	78,761
Payables for Non-exchange Transactions - Taxes Payable (PAYE and Rates)			
Payables for Non-exchange Transactions - Other			
	<u>94,980</u>	<u>78,761</u>	<u>78,761</u>

The carrying value of payables approximates their fair value.

**14. Revenue Received in Advance**

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Other	-	104	104
	<u>-</u>	<u>104</u>	<u>104</u>

**15. Provision for Cyclical Maintenance**

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Provision at the Start of the Year	167,417	167,417	45,000
Increase/ (decrease) to the Provision During the Year	19,183	-	128,082
Use of the Provision During the Year	-	-	(5,665)
Provision at the End of the Year	<u>186,600</u>	<u>167,417</u>	<u>167,417</u>
Cyclical Maintenance - Current	74,000	40,750	40,750
Cyclical Maintenance - Term	112,600	126,667	126,667
	<u>186,600</u>	<u>167,417</u>	<u>167,417</u>



**16. 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	11,097	-	23,631
Later than One Year and no Later than Five Years	14,171	-	15,337
	<u>25,268</u>	<u>-</u>	<u>38,968</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 Contributions	Closing Balances \$
School Redevelopment	<i>in progress</i>	14,188	-	-	-	14,188
Exterior door replacement	<i>in progress</i>	318	-	(318)	-	-
Emergency Butynol repairs	<i>in progress</i>	-	20,140	(19,378)	-	762
Urgent repairs to windows	<i>in progress</i>	-	19,417	-	-	19,417
Sick Bay Upgrade	<i>in progress</i>	-	-	(2,781)	-	(2,781)
Proposed claim power outage	<i>in progress</i>	(4,693)	-	(650)	-	(5,343)
Totals		<u>9,813</u>	<u>39,557</u>	<u>(23,127)</u>	<u>-</u>	<u>26,243</u>

**Represented by:**

Funds Held on Behalf of the Ministry of Education	34,367
Funds Due from the Ministry of Education	(8,124)
	<u>26,243</u>

	2017	Opening Balances \$	Receipts from MoE \$	Payments \$	BOT Contributions	Closing Balances \$
Special needs fencing	<i>completed</i>	-	12,272	(12,272)	-	-
School Redevelopment	<i>in progress</i>	14,188	-	-	-	14,188
Exterior door replacement	<i>in progress</i>	-	6,134	(5,185)	-	318
Proposed claim power outage	<i>in progress</i>	-	-	(4,693)	-	(4,693)
Totals		<u>14,188</u>	<u>18,406</u>	<u>(22,150)</u>	<u>-</u>	<u>9,813</u>



**18. 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.

**19. 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	3,315	3,445
Full-time equivalent members	0.27	0.21
<i>Leadership Team</i>		
Remuneration	510,421	422,170
Full-time equivalent members	5.00	4.00
Total key management personnel remuneration	513,736	425,615
Total full-time equivalent personnel	5.27	4.21

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:		
Salary and Other Payments	150 - 160	150 - 160
Benefits and Other Emoluments	4 - 5	4 - 5
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
110-120	-	-
120-130	1	1
	1	1

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

The Principal of the School represents the NZ Principal Association as the President which results in his salary still being treated as the Principal. It is funded by the Association and the Deputy Principal's salary has increased temporarily which results in the disclosure for Other Employees in the second part of this note.



**20. 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	-	-
Number of People	-	-

**21. 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.

**22. Commitments****(a) Capital Commitments**

As at 31 December 2018 the Board has entered into contract agreements for capital works as follows:

(a) \$1,051,089 contract for redevelopment of the school on merger as agent for the Ministry of Education. This project is fully funded by the Ministry of Education. \$1,049,762 has been received of which \$1,035,574 has been spent on the project to date; and

(b) \$22,378 contract for emergency butynol repairs as agent for the Ministry of Education. The project is fully funded by the Ministry and \$20,140 has been received of which \$19,378 has been spent on the project to balance date. This project has been approved by the Ministry; and

(c) \$21,575 contract for urgent repairs to windows as agent for the Ministry of Education. The project is fully funded by the Ministry. \$19,417 has been received. No funds have been spent on the project to balance date. This project has been approved by the Ministry; and

(d) \$89,938 contract for Sick Bay upgrade as agent for the Ministry of Education. The project is fully funded by the Ministry. No funds have been received. \$2,780 has been spent on the project to balance date. This project has been approved by the Ministry.

(Capital commitments at 31 December 2017: \$9,813)

**(b) Operating Commitments**

As at 31 December 2018 the Board has not entered into any contracts.



**23. 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.

**24. 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	101,706	(8,324)	38,643
Receivables	90,415	54,038	54,038
Investments - Term Deposits	-	75,000	75,000
<b>Total Loans and Receivables</b>	<b>192,121</b>	<b>120,714</b>	<b>167,681</b>

**Financial liabilities measured at amortised cost**

Payables	94,980	78,761	78,761
Finance Leases	22,390	34,601	34,601
<b>Total Financial Liabilities Measured at Amortised Cost</b>	<b>117,370</b>	<b>113,362</b>	<b>113,362</b>

**25. Events After Balance Date**

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

**26. Going Concern**

The School is experiencing financial difficulties. At balance date the School has an Operating deficit of \$55,232 (considerably reduced from the prior year deficit) and a working capital deficit of \$7,052. This result follows the school having incurred a deficit in the previous year, following surplus results having been achieved from 2012-2015. The School is managing this situation by tighter budgetary control to reduce future deficits.

These financial statements are prepared on a going concern basis. The going concern assumption is dependent on the continuing support from the Ministry of Education. The Ministry of Education has confirmed it will continue to provide the School with resources, so it may meet its obligations as they fall due.

