

# KAIKOURA SUBURBAN SCHOOL

## FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

Ministry Number: 3392

Address: 425 School house Road  
RD1 Kaikoura 7371

Phone: (03) 319 5064

89 Nazareth Avenue  
Christchurch  
Ph: 03 338 4444



# KAIKOURA SUBURBAN SCHOOL

Financial Statements - For the year ended 31 December 2017

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# Kaikoura Suburban School

## Statement of Responsibility

For the year ended 31 December 2017

The Board of Trustees accepts responsibility for the preparation of the annual financial statements and the judgements used in these statements.

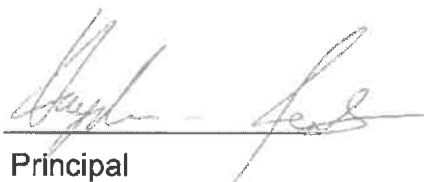
The management (including the principal and others as directed by the Board) accepts responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of the School's financial reporting.

It is the opinion of the Board and management that the annual financial statements for the financial year ended 31 December 2017 fairly reflect the financial position and operations of the School.

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



Chairperson



Principal

1/5/18

Date

1/5/18

Date

**Kaikoura Suburban School**  
**Statement of Comprehensive Revenue and Expense**  
For the year ended 31 December 2017

	Notes	2017 Actual \$	2017 Budget (Unaudited) \$	2016 Actual \$
<b>Revenue</b>				
Government Grants	2	860,122	873,834	850,083
Locally Raised Funds	3	75,791	46,840	64,136
Interest Received		1,074	1,000	1,351
		<u>936,988</u>	<u>921,674</u>	<u>915,570</u>
<b>Expenses</b>				
Locally Raised Funds	3	55,155	36,175	33,804
Learning Resources	4	609,204	610,936	582,982
Administration	5	58,919	70,630	57,483
Finance Costs		383	-	-
Property	6	195,350	201,179	202,813
Depreciation	7	20,755	18,001	17,394
Loss on Disposal of Property, Plant and Equipment		-	-	270
		<u>939,765</u>	<u>936,921</u>	<u>894,746</u>
<b>Net Surplus / (Deficit)</b>		(2,777)	(15,247)	20,824
<b>Other Comprehensive Revenue and Expenses</b>				
Earthquake Insurance Proceeds		95,710	-	-
<b>Total Comprehensive Revenue and Expense for the Year</b>		<u>92,933</u>	<u>(15,247)</u>	<u>20,824</u>

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

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

	Actual 2017 \$	Budget (Unaudited) 2017 \$	Actual 2016 \$
<b>Balance at 1 January</b>	350,470	349,000	324,357
Total comprehensive revenue and expense for the year	92,933	(15,247)	20,824
<b>Capital Contributions from the Ministry of Education</b> Contribution - Furniture and Equipment Grant	-	-	5,289
<b>Equity at 31 December</b>	443,403	333,753	350,470
Retained Earnings	443,403	333,753	350,470
Reserves			
<b>Equity at 31 December</b>	443,403	333,753	350,470

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

## Kaikoura Suburban School Statement of Financial Position

As at 31 December 2017

	Notes	2017 Actual \$	2017 Budget (Unaudited) \$	2016 Actual \$
<b>Current Assets</b>				
Cash and Cash Equivalents	8	225,651	162,253	219,971
Investments	9	30,000	-	-
Accounts Receivable	10	31,547	30,000	25,825
GST Receivable		11,844	-	2,656
Prepayments		5,008	5,000	4,370
Inventories	11	230	-	169
		<u>304,280</u>	<u>197,253</u>	<u>252,991</u>
<b>Current Liabilities</b>				
Accounts Payable	13	40,409	40,000	31,043
Revenue Received in Advance	14	1,530	-	1,877
Provision for Cyclical Maintenance	15	-	-	8,370
Finance Lease Liability - Current Portion	16	7,782	5,000	6,274
		<u>49,721</u>	<u>45,000</u>	<u>47,564</u>
<b>Working Capital Surplus/(Deficit)</b>		254,559	152,253	205,427
<b>Non-current Assets</b>				
Property, Plant and Equipment	12	213,425	206,500	163,247
		<u>213,425</u>	<u>206,500</u>	<u>163,247</u>
<b>Non-current Liabilities</b>				
Provision for Cyclical Maintenance	15	21,950	21,000	11,000
Finance Lease Liability	16	2,631	4,000	7,204
		<u>24,581</u>	<u>25,000</u>	<u>18,204</u>
<b>Net Assets</b>		<u>443,403</u>	<u>333,753</u>	<u>350,470</u>
<b>Equity</b>		<u>443,403</u>	<u>333,753</u>	<u>350,470</u>

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

**Kaikoura Suburban School**  
**Statement of Cash Flows**  
For the year ended 31 December 2017

	Notes	2017 Actual \$	2017 Budget (Unaudited) \$	2016 Actual \$
<b>Cash flows from Operating Activities</b>				
Government Grants		204,257	18,969	202,918
Locally Raised Funds		75,444	3,040	71,957
Goods and Services Tax (net)		(9,188)	3,000	3,280
Payments to Employees		(117,196)	(34,000)	(97,299)
Payments to Suppliers		(139,732)	40,023	(133,010)
Interest Paid		(383)	-	-
Interest Received		765	-	1,351
Net cash from / (to) the Operating Activities		13,968	31,032	49,197
<b>Cash flows from Investing Activities</b>				
Proceeds from Sale of PPE (and Intangibles)		(1,429)	-	(270)
Purchase of PPE (and Intangibles)		(68,537)	(49,278)	(10,284)
Purchase of Investments		(30,000)	-	-
Proceeds from Insurance		95,710	-	-
Net cash from / (to) the Investing Activities		(4,256)	(49,278)	(10,554)
<b>Cash flows from Financing Activities</b>				
Furniture and Equipment Grant		-	-	5,289
Finance Lease Payments		(4,032)	(1,222)	(4,293)
Net cash from Financing Activities		(4,032)	(1,222)	996
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>5,680</b>	<b>(19,468)</b>	<b>39,639</b>
Cash and cash equivalents at the beginning of the year	8	219,971	181,721	180,332
<b>Cash and cash equivalents at the end of the year</b>	<b>8</b>	<b>225,651</b>	<b>162,253</b>	<b>219,971</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.

# Kaikoura Suburban School

## Notes to the Financial Statements

### 1 Statement of Accounting Policies

For the year ended 31 December 2017

#### a) Reporting Entity

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

#### b) Basis of Preparation

##### **Reporting Period**

The financial reports have been prepared for the period 1 January 2017 to 31 December 2017 and in accordance with the requirements of the Public Finance Act 1989.

##### **Basis of Preparation**

The financial statements have been prepared on a going concern basis, and the accounting policies have been consistently applied throughout the period.

##### **Financial Reporting Standards Applied**

The Education Act 1989 requires the School, as a Crown entity, to prepare financial statements in accordance with generally accepted accounting practice. The financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand, applying Public Sector Public Benefit Entity (PBE) Standards Reduced Disclosure Regime as appropriate to public benefit entities that qualify for Tier 2 reporting. The school is considered a Public Benefit Entity as it meets the criteria specified as "having a primary objective to provide goods and/or services for community or social benefit and where any equity has been provided with a view to supporting that primary objective rather than for financial return to equity holders".

##### **PBE Accounting Standards Reduced Disclosure Regime**

The School qualifies for Tier 2 as the school is not publicly accountable and is not considered large as it falls below the expenditure threshold of \$30 million per year. All relevant reduced disclosure concessions have been taken.

##### **Measurement Base**

The financial statements are prepared on the historical cost basis unless otherwise noted in a specific accounting policy.

##### **Presentation Currency**

These financial statements are presented in New Zealand dollars, rounded to the nearest dollar.

##### **Specific Accounting Policies**

The accounting policies used in the preparation of these financial statements are set out below.

##### **Critical Accounting Estimates And Assumptions**

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenue and expenses. Actual results may differ from these estimates.

##### *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.

##### **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 15.

##### *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.

**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 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.

The School has met the requirements under section 73 of the Education Act 1989 in relation to the acquisition of securities.

**k) Property, Plant and Equipment**

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

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

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

Property, plant and equipment acquired with individual values under \$1,000 are not capitalised, they are recognised as an expense in the Statement of Comprehensive Revenue and Expense.

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

**Leased Assets**

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

**Depreciation**

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

The estimated useful lives of the assets are:

Building improvements – Crown	10–20 years
Furniture and equipment	10 years
Information and communication technology	5 years
Plant and equipment	10 years
Sports equipment	5 years
Leased assets held under a Finance Lease	per term of lease agreement
Library resources	12.5% Diminishing value

**i) 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.

**m) 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.

**n) 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.

*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

**o) 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.

**p) 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. The School holds sufficient funds to enable the funds to be used for their intended purpose at any time.

**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.

The School's financial liabilities comprise accounts payable and finance lease 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.

## 2 Government Grants

	2017	2017	2016
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Operational grants	195,255	202,969	179,459
Teachers' salaries grants	504,186	504,186	492,478
Use of Land and Buildings grants	151,679	151,679	154,687
Other MoE Grants	9,002	15,000	23,459
	<u>860,122</u>	<u>873,834</u>	<u>850,083</u>

## 3 Locally Raised Funds

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

	2017	2017	2016
	Actual	Budget	Actual
	\$	(Unaudited)	\$
<b>Revenue</b>			
Donations	11,677	6,500	13,190
Fundraising	20,697	20,000	20,577
School House Rent Income	6,760	6,500	6,760
Activities	36,657	13,840	23,609
	<u>75,791</u>	<u>46,840</u>	<u>64,136</u>
<b>Expenses</b>			
Activities	39,228	20,042	20,958
Fundraising (costs of raising funds)	5,442	5,000	4,616
School House Expenses	3,462	8,133	7,165
Other Locally Raised Funds Expenditure	7,022	3,000	1,065
	<u>55,155</u>	<u>36,175</u>	<u>33,804</u>
<i>Surplus for the year Locally raised funds</i>	<u>20,637</u>	<u>10,665</u>	<u>30,332</u>

## 4 Learning Resources

	2017	2017	2016
	Actual	Budget	Actual
	\$	(Unaudited)	\$
General Expenses	-	-	2,824
Employee benefits - salaries	573,799	573,686	540,392
Resource/attached teacher costs	16,971	17,250	19,628
Staff development	18,435	20,000	20,138
	<u>609,204</u>	<u>610,936</u>	<u>582,982</u>

## 5 Administration

	2017	2017	2016
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Audit Fee	2,330	2,400	2,300
Board of Trustees Fees	3,110	3,080	3,405
Board of Trustees Expenses	2,955	5,000	3,247
Communication	1,829	2,600	1,759
Consumables	1,949	7,000	870
Operating Lease	2,282	2,250	1,672
Other	11,166	13,300	12,363
Employee Benefits - Salaries	28,599	30,000	27,388
Service Providers, Contractors and Consultancy	4,700	5,000	4,479
	<u>58,919</u>	<u>70,630</u>	<u>57,483</u>

**6 Property**

	2017	2017	2016
	Actual	Budget	Actual
	\$	(Unaudited)	\$
	\$	\$	\$
Caretaking and Cleaning Consumables	1,345	2,000	1,679
Cyclical Maintenance Provision	2,580	-	4,810
Grounds	385	500	1,350
Heat, Light and Water	4,859	5,500	4,892
Rates	367	1,200	130
Repairs and Maintenance	15,150	16,800	13,269
Use of Land and Buildings - Non Integrated	151,679	151,679	154,687
Employee Benefits - Salaries	18,985	23,500	21,996
	<u>195,350</u>	<u>201,179</u>	<u>202,813</u>

The use of land and buildings figure represents 8% of the school's total property value. This is used as a 'proxy' for the market rental of the property. Property values are established as part of the nation-wide revaluation exercise that is conducted every 30 June for the Ministry of Education's year-end reporting purposes.

**7 Depreciation of Property, Plant and Equipment**

	2017	2017	2016
	Actual	Budget	Actual
	\$	(Unaudited)	\$
	\$	\$	\$
Buildings - School	4,664	4,045	4,664
Plant & Equip - Leased Equip	4,800	4,163	4,800
Furniture and Equipment	2,757	2,391	2,530
Info and Communication Tech	2,368	2,054	3,089
Leased IT	1,429	1,239	-
Library Resources	573	497	517
Plant & Equip	2,143	1,859	1,794
Vehicles	2,021	1,753	-
	<u>20,755</u>	<u>18,001</u>	<u>17,394</u>

**8 Cash and Cash Equivalents**

	2017	2017	2016
	Actual	Budget	Actual
	\$	(Unaudited)	\$
	\$	\$	\$
Cash on Hand	50	-	50
Bank Current Account	210,525	147,253	219,921
Short-term Bank Deposits	15,076	15,000	-
Net cash and cash equivalents and bank overdraft for Cash Flow Statement	<u>225,651</u>	<u>162,253</u>	<u>219,971</u>

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

**9 Investments**

The School's investment activities are classified as follows:

	2017	2017	2016
	Actual	Budget	Actual
	\$	(Unaudited)	\$
	\$	\$	\$
Current Asset			
Short-term Bank Deposits	30,000	-	-
Non-current Asset			
Long-term Bank Deposits			

The carrying value of long term deposits longer than 12 months approximates their fair value at 31 December 2017.

**10 Accounts Receivable**

	2017 Actual \$	2017 Budget (Unaudited) \$	2016 Actual \$
Interest Receivable	309	-	-
Teacher Salaries Grant Receivable	31,238	30,000	25,825
	<u>31,547</u>	<u>30,000</u>	<u>25,825</u>
Receivables from Exchange Transactions	309	-	-
Receivables from Non-Exchange Transactions	31,238	30,000	25,825
	<u>31,547</u>	<u>30,000</u>	<u>25,825</u>

**11 Inventories**

	2017 Actual \$	2017 Budget (Unaudited) \$	2016 Actual \$
Stationery	-	-	44
School Uniforms	230	-	125
	<u>230</u>	<u>-</u>	<u>169</u>

**12 Property, Plant and Equipment**

2017	Opening Balance (NBV) \$	Additions \$	Disposals \$	Impairment \$	Depreciation \$	Total (NBV) \$
Buildings - School	117,193				(4,664)	112,529
Plant - Leased Equipment	10,400				(4,800)	5,600
Furniture and Equipment	15,776	3,557			(2,757)	16,576
Info and Communication Tech	5,692	36,776			(2,368)	40,100
Leased IT	1,979	3,957			(1,429)	4,507
Musical Equipment	-				-	-
Sports	-				-	-
Library Resources	3,619	967			(573)	4,013
Plant & Equip	8,588	5,468			(2,143)	11,913
Motor Vehicles	-	20,208			(2,021)	18,187
<b>Balance at 31 December 2017</b>	<u>163,247</u>	<u>70,933</u>	<u>-</u>	<u>-</u>	<u>(20,755)</u>	<u>213,425</u>

**Accumulated Depreciation**

2017	Cost or Valuation \$	Accumulated Depreciation \$	Net Book Value \$
Buildings - School	172,942	(60,413)	112,529
Plant - Leased Equipment	19,200	(13,600)	5,600
Furniture and Equipment	51,925	(35,349)	16,576
Info and Communication Tech	133,019	(92,919)	40,100
Leased IT	5,936	(1,429)	4,507
Musical Equipment	529	(529)	-
Sports	-	-	-
Library Resources	14,731	(10,718)	4,013
Plant & Equip	53,293	(41,380)	11,913
Motor Vehicles	38,946	(20,759)	18,187
<b>Balance at 31 December 2017</b>	<u>490,521</u>	<u>(277,096)</u>	<u>213,425</u>

	Opening Balance (NBV)	Additions	Disposals	Impairment	Depreciation	Total (NBV)
2016	\$	\$	\$	\$	\$	\$
Buildings - School	121,857	-	-	-	(4,664)	117,193
Plant - Leased Equipment	15,200	-	-	-	(4,800)	10,400
Furniture and Equipment	14,060	4,246	-	-	(2,530)	15,776
Info and Communication Tech	4,393	4,388	-	-	(3,089)	5,692
Leased IT	-	1,979	-	-	-	1,979
Musical Equipment	-	-	-	-	-	-
Sports	329	-	(329)	-	-	-
Library Resources	3,385	751	-	-	(517)	3,619
Plant & Equip	10,382	-	-	-	(1,794)	8,588
Motor Vehicles	-	-	-	-	-	-
<b>Balance at 31 December 2016</b>	<b>169,606</b>	<b>11,364</b>	<b>(329)</b>	<b>-</b>	<b>(17,394)</b>	<b>163,247</b>

#### Accumulated Depreciation

	Cost or Valuation	Accumulated Depreciation	Net Book Value
2016	\$	\$	\$
Buildings - School	172,942	(55,749)	117,193
Plant - Leased Equipment	19,200	(8,800)	10,400
Furniture and Equipment	48,368	(32,592)	15,776
Info and Communication Tech	96,243	(90,551)	5,692
Leased IT	1,979	-	1,979
Musical Equipment	529	(529)	-
Sports	-	-	-
Library Resources	13,764	(10,145)	3,619
Plant & Equip	47,825	(39,237)	8,588
Motor Vehicles	18,738	(18,738)	-
<b>Balance at 31 December 2016</b>	<b>400,850</b>	<b>(237,603)</b>	<b>163,247</b>

#### 13 Accounts Payable

	2017 Actual	2017 Budget (Unaudited)	2016 Actual
	\$	\$	\$
Accruals	8,118	8,000	4,166
Employee Entitlements - salaries	31,238	31,000	25,824
Employee Entitlements - leave accrual	1,053	1,000	1,053
	<b>40,409</b>	<b>40,000</b>	<b>31,043</b>
Payables for Exchange Transactions	40,409	40,000	31,043
Payables for Non-exchange Transactions - Taxes Payable (PAYE and Rates)			
Payables for Non-exchange Transactions - Other			
	<b>40,409</b>	<b>40,000</b>	<b>31,043</b>

The carrying value of payables approximates their fair value.

#### 14 Revenue Received in Advance

	2017 Actual	2017 Budget (Unaudited)	2016 Actual
	\$	\$	\$
Other	1,530	-	1,877
	<b>1,530</b>	<b>-</b>	<b>1,877</b>

**15 Provision for Cyclical Maintenance**

	2017 Actual \$	2017 Budget (Unaudited) \$	2016 Actual \$
Provision at the Start of the Year	19,370	19,370	14,560
Increase to the Provision During the Year	2,580	-	4,810
Adjustment to the Provision			
Use of the Provision During the Year			
Provision at the End of the Year	<u>21,950</u>	<u>19,370</u>	<u>19,370</u>
Cyclical Maintenance - Current	-	-	8,370
Cyclical Maintenance - Term	<u>21,950</u>	<u>21,000</u>	<u>11,000</u>
	<u>21,950</u>	<u>21,000</u>	<u>19,370</u>

**16 Finance Lease Liability**

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

	2017 Actual \$	2017 Budget (Unaudited) \$	2016 Actual \$
No Later than One Year	7,782	5,000	6,274
Later than One Year and no Later than Five Years	2,631	4,000	7,204
Later than Five Years	-	-	-
	<u>10,413</u>	<u>9,000</u>	<u>13,478</u>

**17 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.



## 18 Remuneration

### *Key management personnel compensation*

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

	<b>2017 Actual \$</b>	<b>2016 Actual \$</b>
<i>Board Members</i>		
Remuneration	3,110	3,405
Full-time equivalent members	0.11	0.11
<i>Leadership Team</i>		
Remuneration	166,651	166,062
Full-time equivalent members	2.00	2.00
Total key management personnel remuneration	169,761	169,467
Total full-time equivalent personnel	2.11	2.11

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:

	<b>2017 Actual \$000</b>	<b>2016 Actual \$000</b>
Salaries and Other Short-term Employee Benefits:		
Salary and Other Payments	120-130	100-110
Benefits and Other Emoluments	0-10	0-10
Termination Benefits	-	-

### *Other Employees*

No other employees received remuneration greater than \$100,000 in 2017 (2016 : nil)

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

## 19 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:

	<b>2017 Actual</b>	<b>2016 Actual</b>
Total	-	-
Number of People	-	-

## 20 Contingencies

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

## 21 Commitments

### (a) Capital Commitments

As at 31 December 2017 the Board has no capital commitments:

(Capital commitments at 31 December 2016: nil)

**(b) Operating Commitments**

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

(a) operating lease of TELA leases ;

	<b>2017 Actual \$</b>	<b>2016 Actual \$</b>
No later than One Year	417	681
Later than One Year and No Later than Five Years	-	417
Later than Five Years	-	-
	<u>417</u>	<u>1,098</u>

**22 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.

**23 Financial Instruments**

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

**Loans and receivables**

	<b>2017 Actual \$</b>	<b>2017 Budget (Unaudited) \$</b>	<b>2016 Actual \$</b>
Cash and Cash Equivalents	225,651	162,253	219,971
Short Term investments	30,000	-	-
Receivables	31,547	30,000	25,825
Total Cash and Receivables	<u>287,198</u>	<u>192,253</u>	<u>245,796</u>

**Financial liabilities measured at amortised cost**

Payables	40,409	40,000	31,043
Finance Leases	10,413	9,000	13,478
Total Financial Liabilities Measured at Amortised Cost	<u>50,822</u>	<u>49,000</u>	<u>44,521</u>

**24 Events After Balance Date**

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

## **Kaikoura Suburban School**

# **Members of the Board of Trustees**

For the year ended 31 December 2017

<b>Name</b>	<b>Position</b>	<b>How position on Board gained</b>	<b>Term expires</b>
Danny Pettit	Chairperson	Elected May 2016	May 2019
Susanne Dunnett	Parent rep	Elected May 2016	May 2019
Alison Milne	Parent rep	Elected May 2016	May 2019
Justine Schroeder	Parent rep	Appointed March 2017	May 2019
Jodie Denton	Parent rep	Appointed March 2017	May 2019
Rebecca Macer	Staff rep	Elected May 2016	May 2019
Hayden van Lent	Principal		

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

The Auditor-General is the auditor of Kaikoura Suburban School (the School). The Auditor-General has appointed me, John Hooper, using the staff and resources of John Hooper & Co, 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 17, that comprise the statement of financial position as at 31 December 2017, the statements of comprehensive revenue and expense, changes in net assets / equity and cash flows for the year ended on that date, and the notes to the financial statements that include accounting policies and other explanatory information.

In our opinion the financial statements of the School:

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

Our audit was completed on 11 May 2018. This is the date at which our opinion is expressed.

The basis of 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 of 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**

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 other information. The other information obtained at the date of our report is the list of board of trustee members and the analysis of variance report.

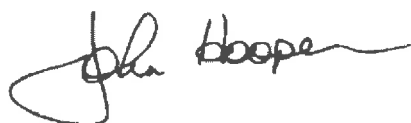
Our opinion on the financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

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



#### **JOHN HOOPER**

John Hooper & Co

On behalf of the Auditor-General

Nelson, New Zealand