

TE KURA O OTANGAREI

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

School Directory

Ministry Number: 1069

Principal: Myles Ferris

School Address: William Jones Dr, WHANGAREI

School Postal Address: PO Box 8039, KENSINGTON, 0145

School Phone: 09 437 0623

School Email: office@otangarei.school.nz

Members of the Board of Trustees

Name	Position	How Position Gained	Term Expires/ Expired
Adeline Wihongi-Tata	Chairperson	Elected	Jun 2019
Myles Ferris	Principal	ex Officio	
Devi Hill	Parent Rep	Elected	Jun 2019
Robert Hill	Parent Rep	Elected	Jun 2019
Lisa Godsall	Parent Rep	Elected	Jun 2019
Wiremu Livingstone	Parent Rep	Co-opted	Jun 2019
Karen Crosbie	Staff Rep	Elected	Jun 2019

Accountant / Service Provider: Education Services Ltd

TE KURA O OTANGAREI

Annual Report - For the year ended 31 December 2018

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Te Kura o Otangarei

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.

Adeline Wihongi Tata
Full Name of Board Chairperson

Adeline Wihongi Tata
Signature of Board Chairperson

24/6/19
Date:

Myles Ferris
Full Name of Principal

Myles Ferris
Signature of Principal

24/6/19
Date:

Te Kura o Otangarei

Statement of Comprehensive Revenue and Expense

For the year ended 31 December 2018

		2018	2018	2017
	Notes	Actual	Budget	Actual
		\$	(Unaudited)	\$
			\$	
Revenue				
Government Grants	2	1,022,814	958,830	1,025,560
Locally Raised Funds	3	41,276	13,800	33,301
Interest Earned		262	1,200	232
		<u>1,064,352</u>	<u>973,830</u>	<u>1,059,093</u>
Expenses				
Locally Raised Funds	3	27,712	8,100	25,635
Learning Resources	4	659,741	559,045	624,914
Administration	5	88,986	102,700	89,285
Finance Costs		4,624	4,275	5,839
Property	6	197,430	253,993	243,459
Depreciation	7	31,997	28,200	30,380
Loss on Uncollectable Accounts Receivable		-	-	209
		<u>1,010,490</u>	<u>956,313</u>	<u>1,019,721</u>
Net Surplus / (Deficit)		53,862	17,517	39,372
Other Comprehensive Revenue and Expenses		-	-	-
Total Comprehensive Revenue and Expense for the Year		<u>53,862</u>	<u>17,517</u>	<u>39,372</u>

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



Te Kura o Otangarei

Statement of Changes in Net Assets/Equity

For the year ended 31 December 2018

	Actual 2018 \$	Budget (Unaudited) 2018 \$	Actual 2017 \$
Balance at 1 January	54,436	43,269	15,064
Total comprehensive revenue and expense for the year	53,862	17,517	39,372
Capital Contributions from the Ministry of Education			
Contribution - Furniture and Equipment Grant	1,763	-	-
Equity at 31 December	110,061	60,786	54,436
 Retained Earnings	 110,061	 60,786	 54,436
Equity at 31 December	110,061	60,786	54,436

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



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

	Notes	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Current Assets				
Cash and Cash Equivalents	8	96,838	(14,897)	111,869
Accounts Receivable	9	56,053	43,492	36,163
GST Receivable		5,514	6,257	-
Prepayments		603	-	2,651
Inventories	10	4,372	-	-
		<u>163,380</u>	<u>34,852</u>	<u>150,683</u>
Current Liabilities				
GST Payable		-	-	2,899
Accounts Payable	12	53,360	64,087	54,147
Revenue Received in Advance	13	112	-	37
Provision for Cyclical Maintenance	14	23,713	-	60,797
Finance Lease Liability - Current Portion	15	14,764	15,486	14,165
Funds held for Capital Works Projects	16	48,511	-	66,942
		<u>140,460</u>	<u>79,573</u>	<u>198,987</u>
Working Capital Surplus/(Deficit)		<u>22,920</u>	<u>(44,721)</u>	<u>(48,304)</u>
Non-current Assets				
Property, Plant and Equipment	11	136,826	130,754	158,389
		<u>136,826</u>	<u>130,754</u>	<u>158,389</u>
Non-current Liabilities				
Provision for Cyclical Maintenance	14	26,400	9,800	17,600
Finance Lease Liability	15	23,285	15,447	38,049
		<u>49,685</u>	<u>25,247</u>	<u>55,649</u>
Net Assets		<u>110,061</u>	<u>60,786</u>	<u>54,436</u>
Equity		<u>110,061</u>	<u>60,786</u>	<u>54,436</u>

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



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

		2018	2018	2017
	Note	Actual	Budget (Unaudited)	Actual
		\$	\$	\$
Cash flows from Operating Activities				
Government Grants		341,560	331,295	356,560
Locally Raised Funds		24,308	13,800	42,406
Goods and Services Tax (net)		(8,413)	-	9,156
Payments to Employees		(212,118)	(142,000)	(163,502)
Payments to Suppliers		(117,027)	(101,347)	(144,965)
Cyclical Maintenance Payments in the year		-	(85,000)	-
Interest Paid		(4,624)	(4,275)	(5,839)
Interest Received		262	1,200	232
Net cash from / (to) the Operating Activities		23,948	13,673	94,048
Cash flows from Investing Activities				
Purchase of PPE (and Intangibles)		(10,435)	(8,500)	(11,851)
Net cash from / (to) the Investing Activities		(10,435)	(8,500)	(11,851)
Cash flows from Financing Activities				
Furniture and Equipment Grant		1,763	-	-
Finance Lease Payments		(12,206)	(16,596)	(16,212)
Painting contract payments		-	-	(7,278)
Funds Held for Capital Works Projects		(18,101)	-	56,636
Net cash from Financing Activities		(28,544)	(16,596)	33,146
Net increase/(decrease) in cash and cash equivalents		(15,031)	(11,423)	115,343
Cash and cash equivalents at the beginning of the year	8	111,869	(3,474)	(3,474)
Cash and cash equivalents at the end of the year	8	96,838	(14,897)	111,869

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

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



Te Kura o Otangarei

Notes to the Financial Statements

1. Statement of Accounting Policies

For the year ended 31 December 2018

a) Reporting Entity

Te Kura o Otangarei (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 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.

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 \$1000 are not capitalised, they are recognised as an expense in the Statement of Comprehensive Revenue and Expense.



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

Leased Assets

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

Depreciation

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

The estimated useful lives of the assets are:

Buildings	40 years
Furniture and Equipment	5-18 years
Information and Communication	4 years
Leased Assets	4 years
Library Resources	8 years

Leased assets are depreciated over the life of the lease.

l) Intangible Assets

Software costs

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

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

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

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

m) Impairment of property, plant, and equipment and intangible assets

The school does not hold any cash generating assets. Assets are considered cash generating where their primary objective is to generate a commercial return.

Non cash generating assets

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

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

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

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



n) Accounts Payable

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

o) Employee Entitlements

Short-term employee entitlements

Employee benefits that are due to be settled within 12 months after the end of the period in which the employee renders the related service are measured based on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to balance date, annual leave earned to but not yet taken at balance date.

Long-term employee entitlements

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

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

p) Revenue Received in Advance

Revenue received in advance relates to fees received from students and grants received where there are unfulfilled obligations for the School to provide services in the future. The fees are recorded as revenue as the obligations are fulfilled and the fees earned.

The School holds sufficient funds to enable the refund of unearned fees in relation to international students, should the School be unable to provide the services to which they relate.

q) Funds Held in Trust

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

r) Shared Funds

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

s) Provision for Cyclical Maintenance

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

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

t) Financial Assets and Liabilities

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

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



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

u) Borrowings

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

v) Goods and Services Tax (GST)

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

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

Commitments and contingencies are disclosed exclusive of GST.

w) Budget Figures

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

x) Services received in-kind

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



2. Government Grants

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Operational grants	328,251	311,795	321,342
Teachers' salaries grants	510,924	484,385	518,832
Use of Land and Buildings grants	151,834	143,150	146,634
Resource teachers learning and behaviour grants	435	8,000	8,000
Other MoE Grants	22,530	11,500	21,206
Other government grants	8,840	-	9,546
	<u>1,022,814</u>	<u>958,830</u>	<u>1,025,560</u>

3. Locally Raised Funds

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

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Revenue			
Donations	2,286	1,700	844
Bequests & Grants	1,833	-	4,500
Activities	23,497	5,200	19,332
Trading	12,322	5,400	8,598
Fundraising	1,338	1,500	27
	<u>41,276</u>	<u>13,800</u>	<u>33,301</u>
Expenses			
Activities	12,483	2,000	13,606
Trading	14,427	6,100	12,029
Fundraising costs	802	-	-
	<u>27,712</u>	<u>8,100</u>	<u>25,635</u>
<i>Surplus for the year Locally raised funds</i>	<u>13,564</u>	<u>5,700</u>	<u>7,666</u>

4. Learning Resources

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Curricular	16,418	20,200	12,962
Library resources	470	960	675
Employee benefits - salaries	629,248	524,885	601,551
Staff development	13,444	9,500	8,415
R&m & Purchases <\$750	161	3,500	1,311
	<u>659,741</u>	<u>559,045</u>	<u>624,914</u>



5. Administration

	2018	2018	2017
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Audit Fee	3,920	3,800	3,620
Board of Trustees Fees	3,375	4,000	3,725
Board of Trustees Expenses	6,157	10,100	2,055
Communication	4,642	5,100	4,435
Consumables	4,799	4,800	3,728
Operating Lease	930	2,900	3,054
Other	6,650	9,500	9,640
Employee Benefits - Salaries	50,682	55,000	51,917
Insurance	922	1,000	931
Service Providers, Contractors and Consultancy	6,909	6,500	6,180
	<u>88,986</u>	<u>102,700</u>	<u>89,285</u>

6. Property

	2018	2018	2017
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Caretaking and Cleaning Consumables	6,756	6,300	6,921
Cyclical Maintenance Expense	(28,284)	13,543	10,683
Grounds	6,908	8,900	4,768
Heat, Light and Water	10,057	13,000	13,370
Rates	5,622	8,000	8,722
Repairs and Maintenance	(3,278)	11,100	5,165
Use of Land and Buildings	151,834	143,150	146,634
Security	4,052	3,500	3,626
Employee Benefits - Salaries	43,665	46,500	42,435
Consultancy And Contract Services	98	-	1,135
	<u>197,430</u>	<u>253,993</u>	<u>243,459</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

	2018	2018	2017
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Buildings	419	389	419
Building Improvements	4,057	3,747	4,037
Furniture and Equipment	6,525	6,015	6,480
Information and Communication Technology	5,858	4,022	4,333
Leased Assets	15,037	13,933	15,010
Library Resources	101	94	101
	<u>31,997</u>	<u>28,200</u>	<u>30,380</u>



8. Cash and Cash Equivalents

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Cash on Hand	150	-	150
Westpac Main Account	79,208	(14,897)	31,288
Westpac Call Account	17,480	-	80,431
Cash equivalents and bank overdraft for Cash Flow Statement	<u>96,838</u>	<u>(14,897)</u>	<u>111,869</u>

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

Of the \$96,838 Cash and Cash Equivalents, \$48,511 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	19,955	11,696	2,422
Teacher Salaries Grant Receivable	36,098	31,796	33,741
	<u>56,053</u>	<u>43,492</u>	<u>36,163</u>
Receivables from Exchange Transactions	19,955	11,696	2,422
Receivables from Non-Exchange Transactions	36,098	31,796	33,741
	<u>56,053</u>	<u>43,492</u>	<u>36,163</u>

10. Inventories

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Clothing	400	-	-
Stationery	3,972	-	-
	<u>4,372</u>	<u>-</u>	<u>-</u>



11. Property, Plant and Equipment

	Opening Balance (NBV)	Additions	Disposals	Impairment	Depreciation	Total (NBV)
2018	\$	\$	\$	\$	\$	\$
Buildings	7,103	-	-	-	(419)	6,684
Building Improvements	75,598	417	-	-	(4,057)	71,958
Furniture and Equipment	15,474	4,797	-	-	(6,525)	13,746
Information and Communication Tech	11,651	5,220	-	-	(5,858)	11,013
Leased Assets	48,259	-	-	-	(15,037)	33,222
Library Resources	304	-	-	-	(101)	203
Balance at 31 December 2018	158,389	10,434	-	-	(31,997)	136,826

	Cost or Valuation	Accumulated Depreciation	Net Book Value
2018	\$	\$	\$
Buildings	16,770	(10,086)	6,684
Building Improvements	123,918	(51,960)	71,958
Furniture and Equipment	85,386	(71,640)	13,746
Information and Communication	63,938	(52,925)	11,013
Leased Assets	80,523	(47,301)	33,222
Library Resources	50,965	(50,762)	203
Balance at 31 December 2018	421,500	(284,674)	136,826

	Opening Balance (NBV)	Additions	Disposals	Impairment	Depreciation	Total (NBV)
2017	\$	\$	\$	\$	\$	\$
Buildings	7,522	-	-	-	(419)	7,103
Building Improvements	79,634	-	-	-	(4,037)	75,598
Furniture and Equipment	21,955	-	-	-	(6,480)	15,474
Information and Communication Tech	6,368	9,616	-	-	(4,333)	11,651
Leased Assets	58,200	5,069	-	-	(15,010)	48,259
Library Resources	405	-	-	-	(101)	304
Balance at 31 December 2017	174,084	14,685	-	-	(30,380)	158,389

	Cost or Valuation	Accumulated Depreciation	Net Book Value
2017	\$	\$	\$
Buildings	16,770	(9,667)	7,103
Building Improvements	123,501	(47,903)	75,598
Furniture and Equipment	80,589	(65,115)	15,474
Information and Communication	58,718	(47,067)	11,651
Leased Assets	117,420	(69,161)	48,259
Library Resources	50,965	(50,661)	304
Balance at 31 December 2017	447,963	(289,574)	158,389



12. Accounts Payable

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Operating creditors	12,105	26,563	1,591
Accruals	3,920	4,106	3,620
Banking staffing overuse	-	-	14,515
Employee Entitlements - salaries	36,098	31,796	33,741
Employee Entitlements - leave accrual	1,237	1,622	680
	<u>53,360</u>	<u>64,087</u>	<u>54,147</u>
Payables for Exchange Transactions	53,360	64,087	39,632
Payables for Non-exchange Transactions - Taxes Payable (PAYE and Rates)	-	-	-
Payables for Non-exchange Transactions - Other	-	-	14,515
	<u>53,360</u>	<u>64,087</u>	<u>54,147</u>

The carrying value of payables approximates their fair value.

13. Revenue Received in Advance

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Revenue Received In Advance	112	-	37
	<u>112</u>	<u>-</u>	<u>37</u>

14. Provision for Cyclical Maintenance

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Provision at the Start of the Year	78,397	55,257	67,714
Increase/(decrease) to the Provision During the Year	(28,284)	13,543	10,683
Use of the Provision During the Year	-	(59,000)	-
Provision at the End of the Year	<u>50,113</u>	<u>9,800</u>	<u>78,397</u>
Cyclical Maintenance - Current	23,713	-	60,797
Cyclical Maintenance - Term	26,400	9,800	17,600
	<u>50,113</u>	<u>9,800</u>	<u>78,397</u>

15. 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	17,527	15,486	18,179
Later than One Year and no Later than Five Years	25,110	15,447	42,636
	<u>42,637</u>	<u>30,933</u>	<u>60,815</u>



16. Funds Held (Owed) 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
		\$	\$	\$		\$
Carpark Upgrade	<i>completed</i>	3,395	-	3,395	-	-
Solar Canopies	<i>completed</i>	7,093	-	7,093	-	-
Swimming Pool Repairs	<i>in progress</i>	52,504	-	47,408	-	5,096
Electrical Repairs	<i>in progress</i>	(16,800)	-	(17,900)	-	1,100
Roof, Plumbing & Drainage Repairs	<i>completed</i>	20,750	195	20,945	-	-
New Pool Fence	<i>in progress</i>	-	63,000	20,685	-	42,315
Totals		66,942	63,195	81,626	-	48,511

Represented by:

Funds Held on Behalf of the Ministry of Education
Funds Due from the Ministry of Education

48,511

-

48,511

	2017	Opening Balances	Receipts from MoE	Payments	BOT Contribution/ (Write-off to R&M)	Closing Balances
		\$	\$	\$		\$
Carpark Upgrade	<i>in progress</i>	3,395	-	-	-	3,395
Solar Canopies	<i>in progress</i>	7,093	-	-	-	7,093
Swimming Pool Repairs	<i>in progress</i>	-	54,000	1,496	-	52,504
Electrical Repairs	<i>in progress</i>	-	22,500	39,300	-	(16,800)
Roof, Plumbing & Drainage Repairs	<i>in progress</i>	-	22,500	1,750	-	20,750
Totals		10,488	99,000	42,546	-	66,942

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.

	2018 Actual \$	2017 Actual \$
<i>Board Members</i>		
Remuneration	3,375	3,725
Full-time equivalent members	0.03	0.02
<i>Leadership Team</i>		
Remuneration	213,014	265,393
Full-time equivalent members	2.00	3.00
Total key management personnel remuneration	216,389	269,118
Total full-time equivalent personnel	2.03	3.02

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	110 - 120	110 - 120
Benefits and Other Emoluments	3 - 4	3 - 4
Termination Benefits	-	-

Other Employees

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

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

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

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:

	2018 Actual	2017 Actual
Total	-	-
Number of People	-	-

20. Contingencies

There are no contingent liabilities 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.

21. Commitments

(a) Capital Commitments

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

(b) Operating Commitments

As at 31 December 2018 the Board has entered into the following contracts:

(a) operating lease of laptops;

	2018 Actual \$	2017 Actual \$
No later than One Year	2,424	1,968
Later than One Year and No Later than Five Years	4,128	5,412
Later than Five Years	-	-
	<u>6,552</u>	<u>7,380</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

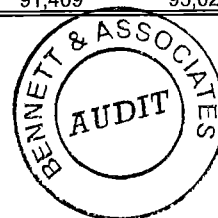
The carrying amount of financial assets and liabilities in each of the financial instrument categories are as follows:

Loans and receivables

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Cash and Cash Equivalents	96,838	(14,897)	111,869
Receivables	56,053	43,492	36,163
Investments - Term Deposits	-	-	-
Total Loans and Receivables	<u>152,891</u>	<u>28,595</u>	<u>148,032</u>

Financial liabilities measured at amortised cost

Payables	53,360	64,087	54,147
Borrowings - Loans	-	-	-
Finance Leases	38,049	30,933	52,214
Painting Contract Liability	-	-	-
Total Financial Liabilities Measured at Amortised Cost	<u>91,409</u>	<u>95,020</u>	<u>106,361</u>



24. Events After Balance Date

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

25. Comparatives

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

24. Breach of Legislation

The school breached the following statutory reporting deadline in relation to these financial statements;
Section 87C of the Education Act requires the school to provide its audited statements to the Ministry of Education by 31 May each year. The school did not comply with this deadline because the financial statements were not completed and authorised until 21 June 2019.





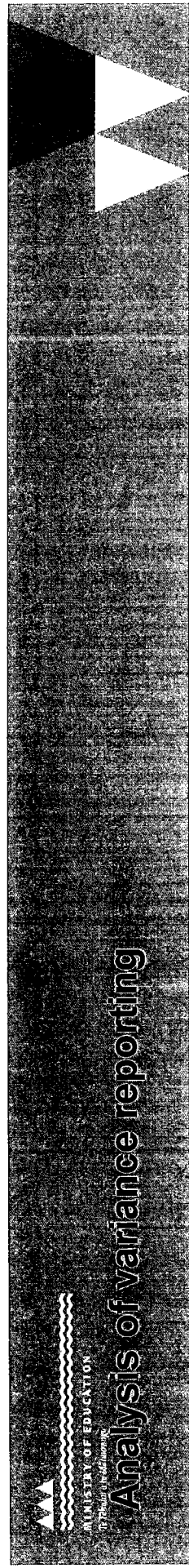
Kiwisport is a Government funding initiative to support students' participation in organised sport. In 2018, the school received total Kiwisport funding of \$1,363.25(excluding GST).

The funding was spent on transporting children to sports fixtures, top up of sports equipment for a variation of sports and participation in community sports activities.

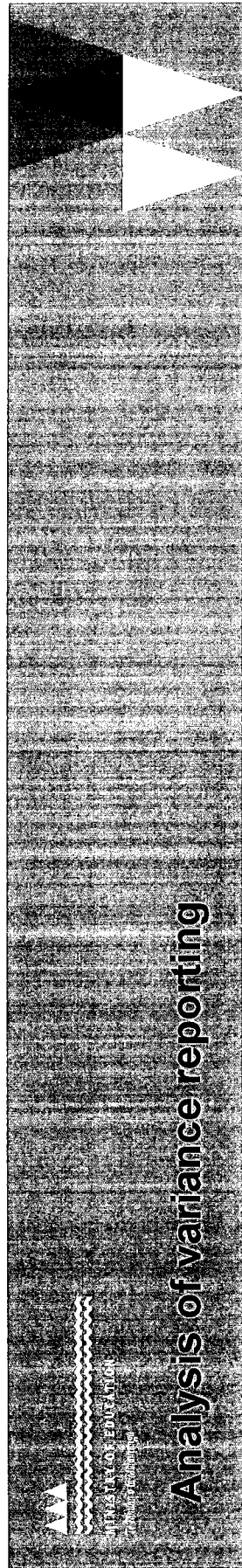
The number of students participating in inter-school sports involved all Year 3 – 8 students and as well the Year 1 – 8 students were involved in daily fitness and sports activities.

Signed: B. E. Panoaho

Date: 16-05-19



School name: Te Kura o Otangarei	School number: 1069
Focus: The key focus area for Te Kura o Otangarei for 2018 was developing the acceleration of students writing and tuhituhi	
Strategic Aim: Te Manu e kai ana i te miro, nona te ngahere – To strengthen student engagement and achievement based on valued outcomes through effective teaching and learning in literacy and numeracy	
Annual Aim: School wide Writing focus on accelerating student achievement through targeted support of all students by more than 1 years progress.	
Target: 95% of all students who have been with us from the beginning of the year will have progressed at least 2 sub-levels in their Easttle writing assessment or be above their expected curriculum level by more than 2 sub-levels	
Baseline data: 2018 BOY data used to inform 2018 EOY target – The removal of National Standards data requirements meant that we no longer had a baseline data set to compare with. To achieve the set goal we are required to use Beginning of Year assessments to identify progress.	



Actions (what did we do?)	Outcomes (what happened?)	Reasons for the variance (why did it happen?)	Evaluation (where to next?)
<p>We changed the way that we set targets for our annual goals from achievement to progress. We narrowed the focus of reporting to writing and looked at how we were assessing and moderating student samples.</p>	<p>77% of students moved 2 or more sub-levels in the eASttle writing assessment. 69% moved more 3 or more levels indicating accelerated achievement in writing. 13% of students who did not move or went backwards, all of them are students in trauma and all bar 1 had high levels of truancy.</p>	<p>We identified that while we got some significant shifts in all classes we have clearly identified that those who made no shifts or went backwards are all students that have high levels of trauma identified either by clinical assessment or by the whanau. High levels of truancy are a result of that and also impacted on the ability of teaching staff to run comprehensive programs for those students.</p>	<p>Continue to identify students with high needs and provide additional support and programs to raise their writing levels through our Special Needs tracking register.</p> <p>Further develop Teacher understanding of Trauma Informed Practice. Closer focus on assessment data and acceleration methods.</p> <p>Further develop Growth Mindset thinking across the school. Set high expectations for achievement and work on students gaining more ownership of their learning.</p> <p>Identify how we can increase the number of students captured in the data.</p>
<p>Planning for next year:</p> <p>Key targets for 2019 are now going to be focussed on Te Reo Maori as we push to embed Language Culture and Identity as the key driver to overcome further Cultural alienation across our system.</p>			

**INDEPENDENT AUDITOR'S REPORT
TO THE READERS OF
TE KURA O OTANGAREI'S
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

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The Auditor-General is the auditor of Te Kura o Otangarei (the School). The Auditor-General has appointed me, Steve Bennett, using the staff and resources of Bennett & Associates, 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 20 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 Benefit Entity Standards Reduced Disclosure Regime.

Our audit was completed on 16 July 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 Analysis of Variance, the Kiwi Sport Statement, the List of Trustees and Statement of Responsibility which form part of the Annual Report, but does not include the financial statements, and our auditor's report thereon.

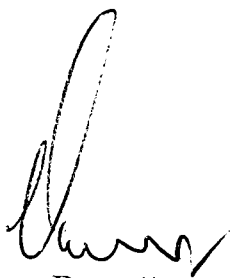
Our opinion on the financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

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.



Steve Bennett
BENNETT & ASSOCIATES
On behalf of the Auditor-General
Whangarei, New Zealand

