

OWHATA PRIMARY SCHOOL

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

School Address: Brent Road, Rotorua

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Ministry Number: 1881

OWHATA PRIMARY SCHOOL

Financial Statements - For the year ended 31 December 2017

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Owhata Primary 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 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 2017 fairly reflects the financial position and operations of the school.

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

Tony Scott

Full Name of Board Chairperson



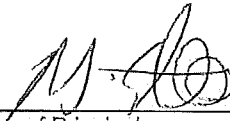
Signature of Board Chairperson

15 10 2018

Date:

Robert Stiles

Full Name of Principal



Signature of Principal

15 10 2018

Date:

Owhata Primary School

Statement of Comprehensive Revenue and Expense

For the year ended 31 December 2017

	Notes	2017 Actual \$	2017 Budget (Unaudited) \$	2016 Actual \$
Revenue				
Government Grants	2	2,122,931	1,881,565	1,817,876
Locally Raised Funds	3	143,189	30,500	128,709
Interest Earned		1,223	2,000	1,651
		<u>2,267,343</u>	<u>1,914,065</u>	<u>1,948,236</u>
Expenses				
Locally Raised Funds	3	50,870	20,500	92,256
Learning Resources	4	1,551,564	1,384,110	1,403,073
Administration	5	110,224	146,032	130,194
Finance Costs		4,663	-	4,352
Property	6	494,865	365,717	385,629
Depreciation	7	48,825	25,000	27,182
Loss on Disposal of Property, Plant and Equipment		2,504	-	1,934
		<u>2,263,515</u>	<u>1,941,359</u>	<u>2,044,620</u>
Net Surplus / (Deficit)		3,828	(27,294)	(96,384)
Other Comprehensive Revenue and Expenses		-	-	-
Total Comprehensive Revenue and Expense for the Year		<u>3,828</u>	<u>(27,294)</u>	<u>(96,384)</u>

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



Owhata Primary School
Statement of Changes in Net Assets/Equity
 For the year ended 31 December 2017

	Actual 2017 \$	Budget (Unaudited) 2017 \$	Actual 2016 \$
Balance at 1 January	187,402	187,402	283,786
Total comprehensive revenue and expense for the year	3,828	(27,294)	(96,384)
Capital Contributions from the Ministry of Education SNUP Contribution	9,828	-	-
Equity at 31 December	201,058	160,108	187,402
Retained Earnings	201,058	160,108	187,402
Equity at 31 December	201,058	160,108	187,402

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



Owhata Primary School
Statement of Financial Position
As at 31 December 2017

	Notes	2017 Actual \$	2017 Budget (Unaudited) \$	2016 Actual \$
Current Assets				
Cash and Cash Equivalents	8	5,953	37,343	50,040
Accounts Receivable	9	80,912	74,221	74,221
GST Receivable		23,936	5,986	5,986
Prepayments		2,528	2,533	2,533
Inventories	10	1,392	1,508	1,508
Investments	11	-	-	30,419
Funds owed for Capital Works Projects	19	29,966	-	7,737
		<u>144,687</u>	<u>121,591</u>	<u>172,444</u>
Current Liabilities				
Accounts Payable	13	147,615	103,766	103,766
Borrowings - Due in one year	14	9,130	-	-
Revenue Received in Advance	15	922	1,000	46,766
Provision for Cyclical Maintenance		-	-	-
Painting Contract Liability - Current Portion	17	20,193	20,193	20,193
Finance Lease Liability - Current Portion	18	25,593	4,548	4,548
		<u>203,453</u>	<u>129,507</u>	<u>175,273</u>
Working Capital Surplus/(Deficit)		(58,766)	(7,916)	(2,829)
Non-current Assets				
Property, Plant and Equipment	12	359,309	223,720	248,720
		<u>359,309</u>	<u>223,720</u>	<u>248,720</u>
Non-current Liabilities				
Borrowings - Due beyond one year	14	36,520	-	-
Provision for Cyclical Maintenance	16	9,202	9,202	-
Painting Contract Liability	17	39,639	39,639	51,634
Finance Lease Liability	18	14,124	6,855	6,855
		<u>99,485</u>	<u>55,696</u>	<u>58,489</u>
Net Assets		<u><u>201,058</u></u>	<u><u>160,108</u></u>	<u><u>187,402</u></u>
Equity		<u><u>201,058</u></u>	<u><u>160,108</u></u>	<u><u>187,402</u></u>

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

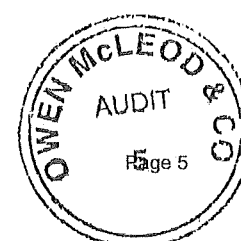


Owhata Primary School
Statement of Cash Flows
For the year ended 31 December 2017

		2017	2017	2016
	Note	Actual	Budget	Actual
		\$	(Unaudited)	\$
			\$	
Cash flows from Operating Activities				
Government Grants		587,846	593,314	525,017
Locally Raised Funds		97,345	10,000	180,048
Goods and Services Tax (net)		(17,950)	-	12,283
Payments to Employees		(342,619)	(337,697)	(377,201)
Payments to Suppliers		(269,731)	(230,274)	(408,085)
Interest Paid		(4,663)	-	(4,352)
Interest Received		1,223	2,000	1,651
Net cash from / (to) the Operating Activities		51,451	37,343	(70,639)
Cash flows from Investing Activities				
Purchase of PPE (and intangibles)		(103,771)	-	(42,711)
Purchase of Investments		-	-	(1,173)
Proceeds from Sale of Investments		30,419	-	-
Net cash from / (to) the Investing Activities		(73,352)	-	(43,884)
Cash flows from Financing Activities				
Finance Lease Payments		(28,009)	-	(6,791)
Painting contract payments		(20,193)	-	71,827
Loans Received/ Repayment of Loans		45,650	-	-
Funds Administered on Behalf of Third Parties		-	-	5,000
Funds Held for Capital Works Projects		(19,634)	-	(5,000)
Net cash from Financing Activities		(22,186)	-	65,036
Net Increase/(decrease) in cash and cash equivalents		(44,087)	37,343	(49,487)
Cash and cash equivalents at the beginning of the year	8	50,040	-	99,527
Cash and cash equivalents at the end of the year	8	5,953	37,343	50,040

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.



Owhata Primary School

Notes to the Financial Statements

1. Statement of Accounting Policies

For the year ended 31 December 2017

a) Reporting Entity

Owhata Primary 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.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Useful lives of property, plant and equipment

The School reviews the estimated useful lives of property, plant and equipment at the end of each reporting date. The School believes that the estimated useful lives of the property, plant and equipment as disclosed in the Significant Accounting Policies are appropriate to the nature of the property, plant and equipment at reporting date. Property, plant and equipment is disclosed

at note 12.

Critical Judgements in applying accounting policies

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

Classification of leases

The School reviews the details of lease agreements at the end of each reporting date. The School believes the classification of each lease as either operation or finance is appropriate and reflects the nature of the agreement in place. Finance leases are disclosed at note 18.

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

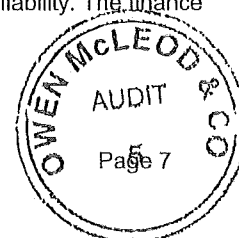
The property from which the School operates is owned by the Crown and managed by the Ministry of Education on behalf of the Crown. The School's use of the land and buildings as occupant is based on a property occupancy document as gazetted by the Ministry. The expense is based on an assumed market rental 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 under section 28 of schedule 6 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 \$500 are not capitalised, they are recognised as an expense in the Statement of Comprehensive Revenue and Expense.

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

Leased Assets

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

period the School is expected to benefit from their use or over the term of the lease.

Depreciation

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

The estimated useful lives of the assets are:

Building Improvements	18-40 Years
Furniture and Equipment	5-15 Years
Information and Communication	5 Years
Motor Vehicles	4 Years
Library Resources	8 Years DV

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. It's 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

	2017 Actual \$	2017 Budget (Unaudited) \$	2016 Actual \$
Operational grants	568,444	569,414	486,982
Teachers' salaries grants	1,228,054	1,089,467	1,089,467
Use of Land and Buildings grants	302,452	198,784	198,784
Other MoE Grants	23,981	23,900	42,643
	<u>2,122,931</u>	<u>1,881,565</u>	<u>1,817,876</u>

3. Locally Raised Funds

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

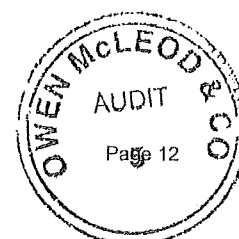
	2017 Actual \$	2017 Budget (Unaudited) \$	2016 Actual \$
Revenue			
Donations	96,066	23,500	34,184
Fundraising	4,498	-	28,221
Trading	15,178	-	19,045
Activities	27,447	7,000	47,259
	<u>143,189</u>	<u>30,500</u>	<u>128,709</u>
Expenses			
Activities	37,693	20,500	76,221
Trading	13,177	-	16,035
	<u>50,870</u>	<u>20,500</u>	<u>92,256</u>
Surplus for the year Locally raised funds	<u>92,319</u>	<u>10,000</u>	<u>36,453</u>

4. Learning Resources

	2017 Actual \$	2017 Budget (Unaudited) \$	2016 Actual \$
Curricular	23,325	33,300	22,719
Library resources	579	1,200	602
Employee benefits - salaries	1,512,674	1,332,930	1,369,627
Staff development	14,986	16,680	10,125
	<u>1,551,564</u>	<u>1,384,110</u>	<u>1,403,073</u>

5. Administration

	2017 Actual \$	2017 Budget (Unaudited) \$	2016 Actual \$
Audit Fee	4,830	4,200	4,200
Board of Trustees Fees	3,350	6,180	3,590
Board of Trustees Expenses	1,295	3,518	4,744
Communication	4,919	8,100	6,374
Consumables	14,714	16,200	15,552
Operating Lease	6,240	35,040	25,021
Other	20,133	21,318	17,054
Employee Benefits - Salaries	45,913	44,626	44,629
Insurance	5,530	3,550	5,730
Service Providers, Contractors and Consultancy	3,300	3,300	3,300
	<u>110,224</u>	<u>146,032</u>	<u>130,194</u>



6. Property

	2017 Actual \$	2017 Budget (Unaudited) \$	2016 Actual \$
Caretaking and Cleaning Consumables	11,552	10,238	10,719
Cyclical Maintenance Expense	9,202	-	36,492
Grounds	12,804	11,170	5,476
Heat, Light and Water	24,834	28,600	24,004
Rates	4,594	4,436	3,928
Repairs and Maintenance	38,717	12,688	23,264
Use of Land and Buildings	302,452	198,784	198,784
Security	1,770	2,500	2,491
Employee Benefits - Salaries	52,832	49,608	52,410
Van	4,616	4,500	4,777
Consultancy And Contract Services	31,492	43,193	23,284
	<u>494,865</u>	<u>365,717</u>	<u>385,629</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

	2017 Actual \$	2017 Budget (Unaudited) \$	2016 Actual \$
Building Improvements	7,933	6,334	6,887
Furniture and Equipment	18,270	10,700	11,633
Information and Communication Technology	2,626	2,699	2,935
Leased Assets	17,793	2,989	3,250
Library Resources	2,203	2,278	2,477
	<u>48,825</u>	<u>25,000</u>	<u>27,182</u>

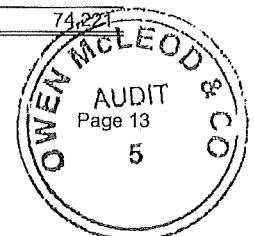
8. Cash and Cash Equivalents

	2017 Actual \$	2017 Budget (Unaudited) \$	2016 Actual \$
Westpac Cheque -00	687	37,343	19,833
Westpac Saver -01	5,266	-	30,207
Cash equivalents and bank overdraft for Cash Flow Statement	<u>5,953</u>	<u>37,343</u>	<u>50,040</u>

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

9. Accounts Receivable

	2017 Actual \$	2017 Budget (Unaudited) \$	2016 Actual \$
Receivables	2,343	2,343	2,343
Teacher Salaries Grant Receivable	78,569	71,878	71,878
	<u>80,912</u>	<u>74,221</u>	<u>74,221</u>
Receivables from Exchange Transactions	2,343	2,343	2,343
Receivables from Non-Exchange Transactions	78,569	71,878	71,878
	<u>80,912</u>	<u>74,221</u>	<u>74,221</u>



10. Inventories

	2017 Actual \$	2017 Budget (Unaudited) \$	2016 Actual \$
Stationery	1,012	1,440	1,440
Canteen	380	68	68
	<u>1,392</u>	<u>1,508</u>	<u>1,508</u>

11. Investments

The School's investment activities are classified as follows:

	2017 Actual \$	2017 Budget (Unaudited) \$	2016 Actual \$
Current Asset			
Short-term Bank Deposits	-	-	30,419



12. Property, Plant and Equipment

	Opening Balance (NBV)	Additions	Disposals	Impairment	Depreciation	Total (NBV)
2017	\$	\$	\$	\$	\$	\$
Building Improvements	163,595	60,491	-	-	(7,933)	216,154
Furniture and Equipment	47,281	39,609	(2,504)	-	(18,270)	66,116
Information and Communication Tech	7,625	13,324	-	-	(2,626)	18,322
Leased Assets	13,001	48,319	-	-	(17,793)	43,527
Library Resources	17,218	175	-	-	(2,203)	15,190
Balance at 31 December 2017	248,720	161,918	(2,504)	-	(48,825)	359,309

	Cost or Valuation	Accumulated Depreciation	Net Book Value
2017	\$	\$	\$
Building Improvements	357,973	(141,819)	216,154
Furniture and Equipment	325,861	(259,745)	66,116
Information and Communication	110,709	(92,387)	18,322
Motor Vehicles	51,982	(51,982)	-
Leased Assets	79,038	(35,511)	43,527
Library Resources	108,727	(93,537)	15,190
Balance at 31 December 2017	1,034,290	(674,981)	359,309

	Opening Balance (NBV)	Additions	Disposals	Impairment	Depreciation	Total (NBV)
2016	\$	\$	\$	\$	\$	\$
Building Improvements	148,462	22,020	-	-	(6,887)	163,595
Furniture and Equipment	42,655	18,192	(1,934)	-	(11,633)	47,281
Information and Communication Tech	8,096	2,464	-	-	(2,935)	7,625
Leased Assets	16,251	-	-	-	(3,250)	13,001
Library Resources	19,660	35	-	-	(2,477)	17,218
Balance at 31 December 2016	235,124	42,711	(1,934)	-	(27,182)	248,720

	Cost or Valuation	Accumulated Depreciation	Net Book Value
2016	\$	\$	\$
Building Improvements	299,483	(135,888)	163,595
Furniture and Equipment	292,986	(245,705)	47,281
Information and Communication	168,198	(160,573)	7,625
Motor Vehicles	51,982	(51,982)	-
Leased Assets	30,719	(17,718)	13,001
Library Resources	108,552	(91,334)	17,218
Balance at 31 December 2016	951,920	(703,200)	248,720



13. Accounts Payable

	2017 Actual \$	2017 Budget (Unaudited) \$	2016 Actual \$
Operating creditors	10,066	13,027	13,027
Accruals	4,200	4,830	4,830
Banking staffing overuse	39,187	-	-
Employee Entitlements - salaries	78,569	71,878	71,878
Employee Entitlements - leave accrual	15,593	14,031	14,031
	<u>147,615</u>	<u>103,766</u>	<u>103,766</u>
Payables for Exchange Transactions	108,428	103,766	103,766
Payables for Non-exchange Transactions - Taxes Payable (PAYE and Rates)	-	-	-
Payables for Non-exchange Transactions - Other	39,187	-	-
	<u>147,615</u>	<u>103,766</u>	<u>103,766</u>

The carrying value of payables approximates their fair value.

14. Borrowings

	2017 Actual \$	2017 Budget (Unaudited) \$	2016 Actual \$
Due in One Year	9,130	-	-
Due Beyond One Year	36,520	-	-
	<u>45,650</u>	<u>-</u>	<u>-</u>

The school obtained a loan in 2017 from EECA for the installation of solar connectors and a pool cover to heat the schools swimming pool. The loan is interest free and is repayable in 20 consecutive quarterly payments of \$2,282.50.

15. Revenue Received in Advance

	2017 Actual \$	2017 Budget (Unaudited) \$	2016 Actual \$
Income in Advance	922	1,000	46,766
	<u>922</u>	<u>1,000</u>	<u>46,766</u>

16. Provision for Cyclical Maintenance

	2017 Actual \$	2017 Budget (Unaudited) \$	2016 Actual \$
Provision at the Start of the Year	-	9,202	55,528
Increase to the Provision During the Year	9,202	-	36,492
Use of the Provision During the Year	-	-	(92,020)
Provision at the End of the Year	<u>9,202</u>	<u>9,202</u>	<u>-</u>
Cyclical Maintenance - Current	-	-	-
Cyclical Maintenance - Term	9,202	9,202	-
	<u>9,202</u>	<u>9,202</u>	<u>-</u>

17. Painting Contract Liability

	2017 Actual \$	2017 Budget (Unaudited) \$	2016 Actual \$
Current Liability	20,193	20,193	20,193
Non Current Liability	39,639	39,639	51,634
	<u>59,832</u>	<u>59,832</u>	<u>71,827</u>

In 2015 the Board signed an agreement with Higgins Coatings Pty Ltd (the contractor) for an agreed programme of work covering a seven year period. The programme provides for one exterior repaint of the Ministry owned buildings in 2016, with regular maintenance in subsequent years. The agreement has an annual commitment of \$20,193, however since balance date Higgins Coatings Pty Ltd has closed its New Zealand operations and has negotiated with the school a payment settlement deed. Refer to note 27. The liability is the best estimate of the actual amount of work performed by the contractor for which the contractor has not been paid at balance sheet date. The liability has not been adjusted for inflation and the effect of the time value of money.

18. Finance Lease Liability

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

	2017 Actual \$	2017 Budget (Unaudited) \$	2016 Actual \$
No Later than One Year	25,593	4,548	4,548
Later than One Year and no Later than Five Years	16,801	6,855	6,855
Future finance charges	(2,677)	-	-
	<u>39,717</u>	<u>11,403</u>	<u>11,403</u>

19. Funds Owed (Held) for Capital Works Projects

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

	2017	Opening Balances \$	Receipts from MoE \$	Payments \$	BOT Contribution/ (Write-off to R&M)	Closing Balances \$
Development Plan 2010	<i>completed</i>	(7,856)	-	-	7,856	-
Entranceway Drainage Development	<i>completed</i>	10,109	-	-	(10,109)	-
Leaky Buildings	<i>completed</i>	5,484	-	-	(5,484)	-
Repair Roofs and Guttering	<i>in progress</i>	-	-	29,966	-	29,966
Heat Pumps 2017	<i>completed</i>	-	10,761	10,761	-	-
Flooring Replacement	<i>completed</i>	-	66,742	66,742	-	-
Burst Pipes Project	<i>completed</i>	-	10,384	10,004	380	-
Totals		<u>7,737</u>	<u>87,887</u>	<u>117,473</u>	<u>(7,357)</u>	<u>29,966</u>

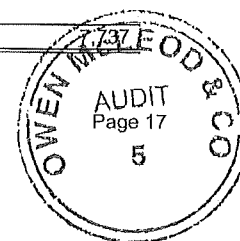
Represented by:

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

-
29,966

29,966

	2016	Opening Balances \$	Receipts from MoE \$	Payments \$	BOT Contribution/ (Write-off to R&M)	Closing Balances \$
Development Plan 2010	<i>in progress</i>	(7,856)	-	-	-	(7,856)
Entranceway Drainage Development	<i>in progress</i>	10,109	-	-	-	10,109
Leaky Buildings	<i>in progress</i>	5,484	-	-	-	5,484
Repair Roofs and Guttering	<i>completed</i>	-	6,695	6,695	-	-
Totals		<u>7,737</u>	<u>6,695</u>	<u>6,695</u>	<u>-</u>	<u>-</u>



20. 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.

21. Remuneration

Key management personnel compensation

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

	2017 Actual \$	2016 Actual \$
<i>Board Members</i>		
Remuneration	3,350	3,590
Full-time equivalent members	0.10	0.10
<i>Leadership Team</i>		
Remuneration	133,591	130,171
Full-time equivalent members	1.00	1.00
Total key management personnel remuneration	136,941	133,761
Total full-time equivalent personnel	1.10	1.10

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:

	2017 Actual \$000	2016 Actual \$000
Salaries and Other Short-term Employee Benefits:		
Salary and Other Payments	130 - 140	130 - 140
Benefits and Other Emoluments	-	-
Termination Benefits	-	-

Other Employees

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

Remuneration \$000	2017 FTE Number	2016 FTE Number
100 - 110	-	-
	0.00	0.00

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



22. 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:

	2017 Actual	2016 Actual
Total	-	-
Number of People	-	-

23. Contingencies

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

24. Commitments

(a) Capital Commitments

There are no capital commitments as at 31 December 2017 (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 laptops;

	2017 Actual \$	2016 Actual \$
No later than One Year	9,139	13,726
Later than One Year and No Later than Five Years	6,300	17,073
Later than Five Years	-	-
	<u>15,439</u>	<u>30,799</u>

(b) The School has entered into an agreement with Programmed Maintenance Services Ltd for painting of the School's buildings. The amount committed on the contract is:

	2017 Actual \$	2016 Actual \$
No later than One Year	8,198	8,198
Later than One Year and No Later than Five Years	32,793	32,793
Later than Five Years	142	8,340
	<u>41,133</u>	<u>49,331</u>

25. 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.

26. Financial Instruments

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

Loans and receivables

	2017	2017	2016
	Actual	Budget (Unaudited)	Actual
	\$	\$	\$
Cash and Cash Equivalents	5,953	37,343	50,040
Receivables	80,912	74,221	74,221
Investments - Term Deposits	-	-	30,419
Total Loans and Receivables	86,865	111,564	154,680

Financial liabilities measured at amortised cost

Payables	147,615	103,766	103,766
Borrowings - Loans	45,650	-	-
Finance Leases	39,717	11,403	11,403
Painting Contract Liability	59,832	59,832	71,827
Total Financial Liabilities Measured at Amortised Cost	292,814	175,001	186,996

27. Events After Balance Date

The school has a painting contract with Higgins Coatings Pty Ltd. Since balance date Higgins Coatings Pty Ltd decided to close its New Zealand operations, terminate the original contract and negotiated with the school a settlement amount. In May 2018 the school signed a payment settlement deed with Higgins and agreed to make three payments of \$18,783.33 in 2019, 2020 and 2021. No adjustment has been made to the 31 December 2017 financial statements as the amounts are not materially different. There were no other significant events after balance date that impact these financial statements

28. Going Concern

The school is experiencing financial difficulties. At balance date the school had a working capital deficit of \$58,766. The financial difficulties have arisen primarily due to an increase in borrowings in 2017. The school is managing the situation by implementing tighter budgetary controls and is taking action to address factors that have resulted in the working capital deficit.

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



School Name: Owhata Primary School

Members of the Board of Trustees

For the year 1 January to 31 December 2017

Member Name	Position	How position on Board gained (e.g. Elected/Co-opted)	Occupation	Term expired/expires
Tony Scott	Chairperson	Elected	Manager	May-19
Aubrey Rikihana	Member	Elected	Conservation	May-19
Marie Hodge	Member	Elected	Housewife	May-19
Ralph King-Mosen	Member	Co-opted	Hapu Rep	May-19
Mary Nicholas	Member	Co-opted	Social Worker	May-19
Kumiko Hammersley	Staff Rep	Elected	Teacher	May-19
Bob Stiles	Principal			

Kiwisport

Kiwisport is a Government funding initiative to support students' participation in organised sport. In 2017, the school received total Kiwisport funding of \$3,786 (excluding GST). The funding was spent on sporting endeavours.

INDEPENDENT AUDITOR'S REPORT

**TO THE READERS OF OWHATA PRIMARY SCHOOL'S FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

The Auditor-General is the auditor of Owhata Primary School (the School). The Auditor-General has appointed me, R K Owen, using the staff and resources of Owen McLeod & 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 20, that comprise the statement of financial position as at 31 December 2017, 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 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 (PBE) Standards Reduced Disclosure Regime.

Emphasis of matter - financial difficulties

In forming our unmodified opinion, we draw your attention to note 28 which refers to the School's working capital deficit of \$58,766.

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

Our audit was completed on 19 October 2018. 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 arises from the Public Audit Act 2001.

Other information

The Board of Trustees is responsible for the other information. The other information comprises the information included on page 21 for the List of Trustees and Kiwi Sport Statement and pages 1 to 12 for the Analysis of Variance Report 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.



R K Owen
Owen McLeod & Co
On behalf of the Auditor-General
Hamilton, New Zealand

19 October 2018



The Board of Trustees
Owhata Primary School
Brent Road
Owhata
Rotorua 3010

Dear Sir/Madam

Audit Management Letter For The Year Ended 31 December 2017

1. Introduction

We have completed the audit of Owhata Primary School for the year ended 31 December 2017.

This letter provides a summary of:

- the audit scope
- the audit opinion
- the issues arising from the audit

You will appreciate that while our audit is carried out in accordance with the Auditor-General's auditing standards, it cannot, and should not, be relied upon to detect every instance of misstatement, fraud, irregularity or inefficiency.

The responsibility for public accountability and the implementation and monitoring of internal and management controls rests with management and the Board of Trustees.

2. Audit Scope

The audit aimed to:

- provide an audit opinion on whether the financial statements fairly reflect your school's reported financial results and financial position.
- assess and report on aspects of the school's financial management and controls.

3. Audit Opinion

We have issued our audit opinion on the financial statements for the year ended 31 December 2017 without any modification.

4. Going Concern Assumption

The financial statements were prepared on the basis that the school is a going concern. As required by the Office of the Auditor-General, we reviewed this assumption in terms of the criteria set out in the Auditing Standard ISA (NZ) 570. Based on the supporting evidence we concluded that the use of the going concern assumption was appropriate.

5. Issues Arising from Audit

Payroll Issues – Novopay System

The assurance work carried out centrally on behalf of the Auditor-General has found that the Novopay system places substantial reliance on schools to check the accuracy of their payroll. It is therefore important that the fortnightly transactions and expenditure reports are scrutinised thoroughly by people independent of the routine payroll processing in a timely manner. We found that appropriate controls were operating in your school.

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Facsimile 07 839 1237

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enquiries@owenmcleod.co.nz
www.owenmcleod.co.nz



Assurance work relating to Novopay that is carried out centrally on behalf of the Auditor-General, hasn't identified any major anomalies for investigation. We have received confirmation from the Board that the people on the end of year payroll report were employed during the year, and the total shown against each person is substantially correct.

Cyclical Maintenance plan

The Cyclical Maintenance provision (for painting) in the financial statements is an estimate based on the school's property plan. It is therefore important that the property plan is regularly updated. The school's 10 year property plan is required to be professionally reviewed every 3 years at which time the separate painting plan should also be updated, as this is used as the basis for calculating the painting provision figure.

Please ensure that the separate painting plan forms part of the 3 year review cycle and is updated and approved at that time. This needs to be reviewed and approved annually by the BOT to ensure the plan aligns with what is happening at the school.

Sensitive Expenditure Policy

Due to the high-profile issues raised for schools around sensitive expenditure, over the previous year, we recommend that you adopt the "Sensitive Expenditure Policy" to address such expenditure as gift, koha etc. For more guidance, you can refer to the MOE website which can be found on <https://www.education.govt.nz/school/running-a-school/school-finances/model-financial-policies-kiwi-park-school/>.

Authorisation of Journals

During the audit, we noted for the journals processed by the school, that there was no evidence of approval. To strengthen internal control, journals should be reviewed and approved by an independent person. We suggest that it would be good practice to apply a "one up" principle of authorisation for journals. This means a journal prepared by the office administrator should be approved by either a senior management member or a Board member.

Financial Difficulty

The school has negative working capital of \$58,766 in 2017.

The Seriousness of your school's financial situation has required us to seek confirmation from the Ministry of Education about the validity of your continued use of the going concern assumption in preparing your financial statements and to put an Emphasis of matter paragraph in the audit report.

We are pleased to confirm that the Ministry provided this confirmation. We were able to issue an unmodified opinion because of the Ministry's confirmation.

We recommend that the Board continue to monitor the School's financial situation closely and take action to reduce expenditure and/or generate additional revenue where possible.

Further we recommend that the Board carefully review the situation at the next balance date and make another assessment about the appropriateness of continuing to apply the going concern assumption.

Novopay Debtor

There is an amount owing to the school from Verbena Anderson of \$2,343 and we sighted a letter dated 2 February 2017 that stated Novopay are following this up and will refer to a Debt Collect Agency if they do have any success. This debt still appears to be still outstanding at the time of the audit and therefore the school need to follow up with Novopay as to whether it is likely to be received and if not, the amount should be written off.

Library System

The information produced from the Access-it Library system does not match the fixed asset register for library books. All library books purchased during the year need to be added to the fixed asset register and the Access-it system and any books disposed of/lost need to be removed from both systems, also. The value in the register and the system should reconcile.

GST

The GST balance per the financial statements does not reconcile to the GST return. This is due to differences between Education Services Ledger and the school's ledger. \$3,257 of the variance relates to journals raised in 2017 that needs to be processed by the school (where GST has not been treated correctly in regards to lease payments) and the rest of the variance appears to relate to prior year adjustments that haven't been processed or actioned by the school. The school needs to ensure they are processing any adjustments that Education Services have processed so that the ledger balances agree and the GST then needs to be claimed/paid to the IRD. A thorough review needs to be undertaken by the school to ensure GST has been accurately paid/claimed and more care needs to be taken going forward in regards to whether revenue and expenditure includes or excludes GST.

Leases

It was noted that the school entered into several finance leases, however these were accounted for as operating leases. Also, a lease agreement was entered into in 2016, however the agreement was not provided to the auditors or service provider and therefore not accounted for correctly. The school did not account for the GST per the contract for this lease either. The school need to ensure that they are accounting for leases correctly going forward and are accounting for the GST per the terms of the contract.

Annual Leave

The caretaker has an annual leave balance owing of 75.11 days as at December 2016. This is an excessive amount of leave. The school needs to ensure the caretaker is taking his leave, for health and safety and financial reasons.

BOT minutes

It was noted that School Final Payroll report approval is not being documented in the minutes. Also noted was that when the minute secretary was away, the minutes were not completed accurately as the prior meeting minutes were not approved, It is vital that approval of important documents and motions are recorded accurately in the minutes for audit and legal purposes.

Canteen

In Term 4 2017 a Charity took over preparing and selling the lunches at the school which resulted in a decrease in canteen income and expenditure. It appears that the school do not have a contract in place with the Charity. For legal and health and safety reasons the school should have a contract with the Charity who is not only providing services to the school, but also using school facilities.

Capital works

In 2017 \$8,117 worth of expenditure that related to capital works projects in prior years, was written off. Going forward the school need to ensure that all expenditure relating to capital works projects are coded correctly and the balances are reviewed and written off or paid back to the MOE on a timely basis.

Required Communications

As required by the Auditing Standards we affirm that:

- We have had no disagreements with management during our audit nor have we had any serious difficulties in dealing with management.
- We have not identified any instances of fraud involving senior management or any other frauds that have caused material misstatement in the financial statements.
- We have not noted any significant risks or exposures that are required to be separately disclosed in the financial statements.
- We are also required to advise you of any uncorrected misstatements. There are none to report.

We reaffirm we are independent of your organisation, and that we have no relationship with your organisation that impairs our independence.

6. Conclusion


We remind the school to submit a single PDF file of your annual report, including audited financial statements and required signatures to the Ministry of Education via the Ministry's [School Data Portal \(external link\)](#). These audited accounts must be minuted at your next Board of Trustees meeting.

You are reminded that you now have to publish the annual report on the schools website. Please note that if the school does not have a website there is guidance from the MOE on this issue.

Please advise us in due course of the actions you propose to take in relation to the matters raised in this letter.

We wish to acknowledge the friendly assistance provided by the school staff during the audit. If there is any further information you require, please do not hesitate to contact me.

Yours faithfully
OWEN MCLEOD & CO



Richard Owen