

KAHURANGI SCHOOL

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

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KAHURANGI SCHOOL

Financial Statements - For the year ended 31 December 2016

Index

Page	Statement
1	Statement of Responsibility
2	Statement of Comprehensive Revenue and Expense
3	Statement of Changes in Net Assets/Equity
4	Statement of Financial Position
5	Statement of Cash Flows
6 - 19	Notes to the Financial Statements
6 - 11	Statement of Accounting Policies
12 - 19	Other Notes and Disclosures

Kahurangi School

Statement of Responsibility

For the year ended 31 December 2016

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 2016 fairly reflects the financial position and operations of the school.

The School's 2016 financial statements are authorised for issue by the Board.

Cathryn Curran-Tiefers
Full Name of Board Chairperson

Cathryn
Signature of Board Chairperson

30/5/2017
Date:

Kyran Smith
Full Name of Principal

[Signature]
Signature of Principal

30/5/2017
Date:

Kahurangi School
Statement of Comprehensive Revenue and Expense
For the year ended 31 December 2016

	Notes	2016 Actual \$	2016 Budget (Unaudited) \$	2015 Actual \$
Revenue				
Government Grants	2	1,661,523	1,615,897	1,483,463
Locally Raised Funds	3	46,114	17,000	55,792
Interest Earned		6,814	8,000	15,603
		<u>1,714,451</u>	<u>1,640,897</u>	<u>1,554,858</u>
Expenses				
Locally Raised Funds	3	2,248	-	10,954
Learning Resources	4	964,640	925,437	903,349
Administration	5	105,198	92,728	97,446
Finance Costs		1,640	800	990
Property	6	589,606	581,684	485,920
Depreciation	7	44,994	39,000	33,781
Loss on Disposal of Property, Plant and Equipment		2,943	-	406
		<u>1,711,269</u>	<u>1,639,649</u>	<u>1,532,846</u>
Net Surplus / (Deficit)		3,182	1,248	22,012
Other Comprehensive Revenue and Expenses		-	-	-
Total Comprehensive Revenue and Expense for the Year		<u><u>3,182</u></u>	<u><u>1,248</u></u>	<u><u>22,012</u></u>

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

Kahurangi School
Statement of Changes in Net Assets/Equity

For the year ended 31 December 2016

	Actual 2016 \$	Budget (Unaudited) 2016 \$	Actual 2015 \$
Balance at 1 January	436,508	436,508	414,496
Total comprehensive revenue and expense for the year	3,182	1,248	22,012
Capital Contributions from the Ministry of Education			
Equity at 31 December	439,690	437,756	436,508
Retained Earnings	439,690	437,756	436,508
Equity at 31 December	439,690	437,756	436,508

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

Kahurangi School
Statement of Financial Position
As at 31 December 2016

		2016	2016	2015
	Notes	Actual	Budget	Actual
		\$	(Unaudited)	\$
			\$	
Current Assets				
Cash and Cash Equivalents	8	129,352	76,606	52,085
Accounts Receivable	9	46,715	62,524	62,524
GST Receivable		13,354	-	-
Prepayments		2,655	26,479	26,479
Investments	10	125,000	297,156	297,156
Funds owed for Capital Works Projects	16	-	-	1,824
		<u>317,076</u>	<u>462,765</u>	<u>440,068</u>
Current Liabilities				
GST Payable		-	1,773	1,773
Accounts Payable	12	90,427	105,866	105,866
Revenue Received in Advance	13	-	49,508	49,508
Finance Lease Liability - Current Portion	15	5,857	2,910	2,910
Funds held for Capital Works Projects	16	1,376	-	-
		<u>97,660</u>	<u>160,057</u>	<u>160,057</u>
Working Capital Surplus/(Deficit)		219,416	302,708	280,011
Non-current Assets				
Property, Plant and Equipment	11	276,535	188,980	194,980
		<u>276,535</u>	<u>188,980</u>	<u>194,980</u>
Non-current Liabilities				
Provision for Cyclical Maintenance	14	51,000	42,163	33,632
Finance Lease Liability	15	5,261	11,769	4,851
		<u>56,261</u>	<u>53,932</u>	<u>38,483</u>
Net Assets		<u>439,690</u>	<u>437,756</u>	<u>436,508</u>
Equity		<u>439,690</u>	<u>437,756</u>	<u>436,508</u>

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

Kahurangi School
Statement of Cash Flows
For the year ended 31 December 2016

	2016	2016	2015
Note	Actual \$	Budget (Unaudited) \$	Actual \$
Cash flows from Operating Activities			
Government Grants	400,424	409,106	400,401
Locally Raised Funds	46,114	66,508	113,124
Goods and Services Tax (net)	(15,127)	-	9,877
Payments to Employees	(270,796)	(195,000)	(151,954)
Payments to Suppliers	(160,113)	(213,860)	(251,406)
Interest Paid	(1,640)	(800)	(990)
Interest Received	8,328	6,486	14,089
Net cash from / (to) the Operating Activities	7,190	72,440	133,141
Cash flows from Investing Activities			
Purchase of PPE (and Intangibles)	(100,349)	(33,000)	(53,908)
Purchase of Investments	172,156	-	(47,100)
Net cash from / (to) the Investing Activities	71,807	(33,000)	(101,008)
Cash flows from Financing Activities			
Finance Lease Payments	(4,930)	(2,910)	(2,910)
Funds Administered on Behalf of Third Parties	3,200	-	(3,240)
Net cash from Financing Activities	(1,730)	(2,910)	(6,150)
Net increase/(decrease) in cash and cash equivalents	77,267	36,530	25,983
Cash and cash equivalents at the beginning of the year	8 52,085	40,076	26,102
Cash and cash equivalents at the end of the year	8 129,352	76,606	52,085

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

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

Kahurangi School

Notes to the Financial Statements

1. Statement of Accounting Policies

For the year ended 31 December 2016

a) Reporting Entity

Kahurangi 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 2016 to 31 December 2016 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 are initially measured at the amount invested. Interest is subsequently accrued and added to the investment balance.

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 bank term deposits are measured at amortised cost using the effective interest method less impairment.

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 73 of the Education Act 1989 in relation to the acquisition of securities.

k) Property, Plant and Equipment

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

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

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

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

Equipment, Computers	5 years
Furniture, Fittings	5-10 years
Library Books	8 years

Leased assets are depreciated over the life of the lease.

l) Intangible Assets

Software costs

Computer software acquired by the School is 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. 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 participating schools within a cluster of schools. 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

	2016 Actual \$	2016 Budget (Unaudited) \$	2015 Actual \$
Operational grants	301,630	284,456	283,732
Teachers' salaries grants	722,607	722,607	704,184
Use of Land and Buildings grants	484,184	484,184	363,636
Resource teachers learning and behaviour grants	-	3,650	7,211
Other MoE Grants	124,938	121,000	124,700
Other government grants	28,164	-	-
	<u>1,661,523</u>	<u>1,615,897</u>	<u>1,483,463</u>

3. Locally Raised Funds

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

	2016 Actual \$	2016 Budget (Unaudited) \$	2015 Actual \$
Revenue			
Donations	21,913	5,000	6,736
Fundraising	17,001	12,000	47,761
Activities	7,200	-	1,295
	<u>46,114</u>	<u>17,000</u>	<u>55,792</u>
Expenses			
Activities	2,051	-	915
Fundraising (costs of raising funds)	197	-	10,039
	<u>2,248</u>	<u>-</u>	<u>10,954</u>
<i>Surplus for the year Locally raised funds</i>	<u>43,866</u>	<u>17,000</u>	<u>44,838</u>

4. Learning Resources

	2016 Actual \$	2016 Budget (Unaudited) \$	2015 Actual \$
Curricular	29,495	35,550	23,219
Extra-curricular activities	10,026	13,280	22,436
Library resources	460	500	539
Employee benefits - salaries	911,815	861,107	829,029
Staff development	12,844	15,000	28,126
	<u>964,640</u>	<u>925,437</u>	<u>903,349</u>

5. Administration

	2016 Actual \$	2016 Budget (Unaudited) \$	2015 Actual \$
Audit Fee	5,278	7,000	7,176
Board of Trustees Fees	3,775	4,000	3,315
Board of Trustees Expenses	11,179	7,250	8,100
Communication	5,680	5,000	5,032
Consumables	8,773	6,500	7,109
Operating Lease	2,859	2,000	2,352
Other	5,701	5,350	4,427
Employee Benefits - Salaries	50,782	44,500	48,822
Insurance	3,071	2,500	3,613
Service Providers, Contractors and Consultancy	8,100	8,628	7,500
	<u>105,198</u>	<u>92,728</u>	<u>97,446</u>

6. Property

	2016	2016	2015
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Caretaking and Cleaning Consumables	29,970	33,000	30,765
Cyclical Maintenance Provision	17,368	10,000	12,834
Grounds	7,886	12,500	32,664
Heat, Light and Water	16,133	16,000	13,836
Rates	2,422	2,000	1,975
Repairs and Maintenance	11,587	8,000	15,480
Use of Land and Buildings	484,184	484,184	363,636
Security	5,407	4,000	4,128
Employee Benefits - Salaries	14,649	12,000	10,602
	<u>589,606</u>	<u>581,684</u>	<u>485,920</u>

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

7. Depreciation of Property, Plant and Equipment

	2016	2016	2015
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Equipment, Computers	21,429	20,671	17,905
Furniture, Fittings	13,578	14,124	12,234
Library Books	669	845	732
Leasehold Improvements	3,497	-	-
Leased Assets	5,821	3,360	2,910
	<u>44,994</u>	<u>39,000</u>	<u>33,781</u>

8. Cash and Cash Equivalents

	2016	2016	2015
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Cash on Hand	200	-	200
ASB 039-00	6,308	76,606	51,452
ASB 039-50	1	-	433
ASB Term Deposit - 0076	70,597	-	-
Short-term Bank Deposits	52,246	-	-
Net cash and cash equivalents and bank overdraft for Cash Flow Statement	<u>129,352</u>	<u>76,606</u>	<u>52,085</u>

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

Of the \$129,352 Cash and Cash Equivalents, \$1,376 is held by the School on behalf of the Ministry of Education. These funds are required to be spent in 2017 on Crown owned school buildings under the School's Five Year Property Plan.

9. Accounts Receivable

	2016	2016	2015
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Receivables	-	83	83
Interest Receivable	-	1,514	1,514
Teacher Salaries Grant Receivable	46,715	60,927	60,927
	<u>46,715</u>	<u>62,524</u>	<u>62,524</u>
Receivables from Exchange Transactions	-	1,597	1,597
Receivables from Non-Exchange Transactions	46,715	60,927	60,927
	<u>46,715</u>	<u>62,524</u>	<u>62,524</u>

10. Investments

The School's investment activities are classified as follows:

	2016	2016	2015
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Current Asset			
Short-term Bank Deposits	125,000	297,156	297,156

The carrying value of long term deposits longer than 12 months approximates their fair value at 31 December 2016.

11. Property, Plant and Equipment

	Opening Balance (NBV)	Additions	Disposals	Impairment	Depreciation	Total (NBV)
2016	\$	\$	\$	\$	\$	\$
Equipment, Computers	55,014	37,804	(577)	-	(21,429)	70,812
Furniture, Fittings	85,534	11,287	(2,366)	-	(13,578)	80,877
Library Books	3,035	406	-	-	(669)	2,772
Leasehold Improvements	43,615	71,107	-	-	(3,497)	111,225
Leased Assets	7,782	8,888	-	-	(5,821)	10,849
Balance at 31 December 2016	194,980	129,492	(2,943)	-	(44,994)	276,535

	Cost or Valuation	Accumulated Depreciation	Net Book Value
2016	\$	\$	\$
Equipment, Computers	140,449	(69,637)	70,812
Furniture, Fittings	122,548	(41,671)	80,877
Library Books	6,287	(3,515)	2,772
Leasehold Improvements	114,722	(3,497)	111,225
Leased Assets	23,441	(12,592)	10,849
Balance at 31 December 2016	407,447	(130,912)	276,535

	Opening Balance (NBV)	Additions	Disposals	Impairment	Depreciation	Total (NBV)
2015	\$	\$	\$	\$	\$	\$
Equipment, Computers	64,212	9,112	(406)	-	(17,905)	55,013
Furniture, Fittings	81,093	16,675	-	-	(12,234)	85,534
Library Books	2,221	1,546	-	-	(732)	3,035
Leasehold Improvements	5,000	38,615	-	-	-	43,615
Leased Assets	10,693	-	-	-	(2,910)	7,783
Balance at 31 December 2015	163,219	65,948	(406)	-	(33,781)	194,980

Accumulated Depreciation

	Cost or Valuation	Accumulated Depreciation	Net Book Value
2015	\$	\$	\$
Equipment, Computers	108,076	(53,063)	55,013
Furniture, Fittings	118,236	(32,702)	85,534
Library Books	5,880	(2,845)	3,035
Leasehold Improvements	43,615	-	43,615
Leased Assets	73,553	(65,770)	7,783
Balance at 31 December 2015	349,360	(154,380)	194,980

12. Accounts Payable

	2016 Actual \$	2016 Budget (Unaudited) \$	2015 Actual \$
Operating creditors	5,175	44,939	12,433
Accruals	7,146	-	8,253
Capital accruals for PPE items	31,391	-	8,096
Banking staffing overuse	-	-	16,157
Employee Entitlements - salaries	46,715	60,927	60,927
	<u>90,427</u>	<u>105,866</u>	<u>105,866</u>
Payables for Exchange Transactions	90,427	105,866	89,709
Payables for Non-exchange Transactions - Taxes Payable (PAYE and Rates)	-	-	-
Payables for Non-exchange Transactions - Other	-	-	16,157
	<u>90,427</u>	<u>105,866</u>	<u>105,866</u>

The carrying value of payables approximates their fair value.

13. Revenue Received in Advance

	2016 Actual \$	2016 Budget (Unaudited) \$	2015 Actual \$
Income In Advance	-	49,508	49,508
	<u>-</u>	<u>49,508</u>	<u>49,508</u>

14. Provision for Cyclical Maintenance

	2016 Actual \$	2016 Budget (Unaudited) \$	2015 Actual \$
Provision at the Start of the Year	33,632	33,632	20,798
Increase to the Provision During the Year	17,368	8,531	12,834
Provision at the End of the Year	<u>51,000</u>	<u>42,163</u>	<u>33,632</u>
Cyclical Maintenance - Current	-	-	-
Cyclical Maintenance - Term	51,000	42,163	33,632
	<u>51,000</u>	<u>42,163</u>	<u>33,632</u>

15. Finance Lease Liability

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

	2016 Actual \$	2016 Budget (Unaudited) \$	2015 Actual \$
No Later than One Year	5,857	2,910	2,910
Later than One Year and no Later than Five Years	5,261	11,769	4,851
	<u>11,118</u>	<u>14,679</u>	<u>7,761</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:

	2016	Opening Balances	Receipts from MoE	Payments	BOT Contribution/ (Write-off to R&M)	Closing Balances
		\$	\$	\$		\$
Fire Damage Hall	<i>in progress</i>	426	-	-	-	426
10 Year Property Plan Preparation	<i>completed</i>	(2,250)	-	(2,250)	-	-
Stormwater Drainage Improvements	<i>in progress</i>	-	7,300	6,350	-	950
Totals		(1,824)	7,300	4,100	-	1,376

Represented by:

Funds Held on Behalf of the Ministry of Education	1,376
Funds Due from the Ministry of Education	-
Totals	1,376

	2015	Opening Balances	Receipts from MoE	Payments	BOT Contribution/ (Write-off to R&M)	Closing Balances
		\$	\$	\$		\$
Admin Block Post Replacement	<i>completed</i>	990	160	1,150	-	-
Fire Damage Hall	<i>in progress</i>	426	-	-	-	426
10 Year Property Plan Preparation	<i>completed</i>	-	-	2,250	-	(2,250)
Totals		1,416	160	3,400	-	(1,824)

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.

	2016 Actual \$	2015 Actual \$
<i>Board Members</i>		
Remuneration	3,775	3,315
Full-time equivalent members	0.04	0.10
<i>Leadership Team</i>		
Remuneration	290,153	282,877
Full-time equivalent members	3.00	2.90
Total key management personnel remuneration	293,928	286,192
Total full-time equivalent personnel	3.04	3.00

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:

	2016 Actual \$000	2015 Actual \$000
Salaries and Other Short-term Employee Benefits:		
Salary and Other Payments	120 - 130	110-120
Benefits and Other Emoluments	4 - 5	3-4
Termination Benefits	-	-

Other Employees

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

Remuneration \$000	2016 FTE Number	2015 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:

	2016 Actual	2015 Actual
Total	-	-
Number of People	-	-

20. Contingencies

There are no contingent liabilities and no contingent assets as at 31 December 2016 (Contingent liabilities and assets at 31 December 2015: nil).

21. Commitments

(a) Capital Commitments

There are no capital commitments as at 31 December 2016 (Capital commitments at 31 December 2015: nil).

(b) Operating Commitments

As at 31 December 2016 the Board has entered into the following contracts:

(a) operating lease of laptops;

	2016 Actual \$	2015 Actual \$
No later than One Year	964	964
Later than One Year and No Later than Five Years	749	1,713
Later than Five Years	-	-
	1,713	2,677

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

	2016 Actual \$	2016 Budget (Unaudited) \$	2015 Actual \$
Cash and Cash Equivalents	129,352	76,606	52,085
Receivables	46,715	62,524	62,524
Investments - Term Deposits	125,000	297,156	297,156
Total Loans and Receivables	301,067	436,286	411,765

Financial liabilities measured at amortised cost

Payables	90,427	105,866	105,866
Borrowings - Loans	-	-	-
Finance Leases	11,118	14,679	7,761
Painting Contract Liability	-	-	-
Total Financial Liabilities Measured at Amortised Cost	101,545	120,545	113,627

24. Events After Balance Date

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

INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF KAHURANGI SCHOOL'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

The Auditor-General is the auditor of Kahurangi School (the School). The Auditor-General has appointed me, Henry McClintock, using the staff and resources of BDO Wellington, 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 19, that comprise the statement of financial position as at 31 December 2016 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 2016; 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 Accounting Standards

Our audit was completed on 30 May 2017. 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 included in the Schools annual report comprises the Statement of Responsibility, Analysis of Variance, Kiwi Sport Report and the Board of Trustees Listing 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.



Henry McClintock
BDO Wellington
On behalf of the Auditor-General
Wellington, New Zealand