

Elsthorpe School

Board of Trustees 2017 Annual Report & Financial Statements

**For The Year Ended
31st December 2017**

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Elsthorpe

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Financial Statements prepared for the Board by



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Elsthorpe School

Financial Statements - For the year ended 31 December 2017

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Analysis of Variance 2017

Strategic Target 1: To provide all children quality, engaging and unique learning experiences tailored to their individual needs and abilities.		
Historical: Analysis of end of 2016 assessment data and OTJ's, and beginning of 2017 assessment results, has helped to identify this group of students who need to develop their depth of comprehension to raise their achievement in Reading.		
Baseline Data against the National Standards Nov 2016.	Reading – 6 students Below 83% (5 Students) Well Below 17% (1 Student)	Cohort for 2017 Target group – Six students - Four girls and two boys - Five from senior room and one from middle room.
Target 1: All students in this group will have made accelerated progress against the National Standards in Reading by the end of 2017, as measured by a range of assessment tools and OTJ's.		
Base Line Data November 2017	Analysis	Outcome
Reading At 83% (5 students) Below 17 % (1 student)	Out of the target students 5 students have moved from Below to At the National Standard and 1 student has moved from Well Below to Below the National Standard. Using the PACT tool has help to ensure moderation of reading is more concise and as a staff we moderated together to give a clear picture of the students reading. The use of the STAR test was helpful in identifying the gaps in vocabulary and comprehension. We also took part in the Reading Together Programme, this show it had a positive impact on student success in the classroom and parents felt confident reading to and with their children at home.	To continue using PACT as a moderation tool and STAR to monitor vocabulary and comprehension. To run the Reading Together Programme again in 2018.

Analysis of Variance 2017

Strategic Target 1: To provide all children quality, engaging and unique learning experiences tailored to their individual needs and abilities.		
Analysis of end of 2016 assessment data and OTJ's, and beginning of 2017 assessment results, has helped to identify this group of male students whose writing could be greatly improved through careful independent proof-reading and re-working, to add relevant and specific detail.		
Baseline Data against the National Standards Nov 2016.	Writing – 5 students Below 100% (5 students) Well Below 0	Cohort for 2017 Target Group – Five students -All boys. -Three from middle room and two from senior room.
Target 1: All students in this group will be at the National Standard for Writing by the end of 2017.		
Base Line Data November 2017	Analysis	Outcome
Writing At 100% (5 students) Below	All 5 target students have moved from below the National Standard to At the National Standard. Using AsTTle writing tool help to ensure moderation of reading is more concise and as a staff we moderated together to give a clear picture of the students writing. We did moderation of a sample of writing each term.	In 2018 we will continue to use AsTTle as our moderation tool and move to PACT in 2019. Vocabulary, how to plan a story and re-crafting will be a focus area for 2018.

Analysis of Variance 2017

Strategic Target 1: To provide all children quality, engaging and unique learning experiences tailored to their individual needs and abilities.		
Historical: Analysis of end of 2016 assessment data and OTJ's, and beginning of 2017 assessment results, has helped to identify this group of students whose basic facts recall needs further development, as a foundation for higher achievement in Mathematics.		
Baseline Data against the National Standards Nov 2016.	Mathematics – 5 students Below 50% (3 students) Well Below 50% (3 students)	Cohort for 2017 Target Group – Six students - Three girls and three boys - All from senior room
Target 1: All students in this group will be at the National Standard for Basic Facts by the end of 2017		
Base Line Data November 2017	Analysis	Outcome
Mathematics At 50% (3 students) Below 33% (2 students) Well Below 17% (1 Student)	Out of the target students 2 have moved from Well Below to Below and 3 have moved from below to At the National Standard. 1 Student has made some small amounts of progress but still remains Well Below the standard. Using the students work books, NUMPA and number knowledge we form a picture of the student's overall ability in Maths.	Next year we are looking at developing the maths curriculum to ensure a balance of math subject areas are being taught and to have a plan that work across the school ensuring progress and development of learning. We will invest in more math equipment and start using the PACT tool as our moderation tool.



Elsthorpe School

Growing the Future

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Principal: Sarah Laugesen

Kiwi Sport is a Government funded initiative to support student's participation in organised sport. In 2017 the School received Kiwi Sport funding of \$672.76. The funding was spent on the organisational running of the annual CHB Ripa Rugby, 5 Aside Tournament and Cross Country Tournament.

Sarah Laugesen
Acting Principal

Date

Elsthorpe 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.

Struan Bell
Full Name of Board Chairperson


Signature of Board Chairperson

31 May 2018
Date:

Sarah Laugesen
Principal


Signature of Principal

31 May 2018
Date:

Elsthorpe 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	480,699	476,032	456,415
Locally Raised Funds	3	96,007	88,730	97,870
Interest Earned		678	-	1,706
		<hr/>	<hr/>	<hr/>
		577,384	564,762	555,991
Expenses				
Locally Raised Funds	3	35,368	35,900	31,928
Learning Resources	4	353,663	332,531	339,180
Administration	5	45,150	36,980	41,223
Finance		755	-	920
Property	6	100,649	122,093	107,470
Depreciation	7	15,190	12,000	13,558
Loss on Disposal of Property, Plant and Equipment		720	-	309
		<hr/>	<hr/>	<hr/>
		551,495	539,504	534,588
Net Surplus / (Deficit) for the year		25,889	25,258	21,403
Other Comprehensive Revenue and Expenses		-	-	-
Total Comprehensive Revenue and Expense for the Year		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
		25,889	25,258	21,403

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

Elsthorpe 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	<u>449,342</u>	<u>449,342</u>	<u>427,939</u>
Total Comprehensive Revenue and Expense for the Year	25,889	25,258	21,403
Equity at 31 December	<u>475,231</u>	<u>474,600</u>	<u>449,342</u>
Retained Earnings	475,231	474,600	449,342
Reserves	-	-	-
Equity at 31 December	<u>475,231</u>	<u>474,600</u>	<u>449,342</u>

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

Elsthorpe 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	225,690	223,633	212,044
Accounts Receivable	9	18,921	25,382	25,382
GST Receivable		-	2,854	2,854
Prepayments		298	1,784	1,784
Inventories	10	71,515	64,910	64,910
		<u>316,424</u>	<u>318,563</u>	<u>306,974</u>
Current Liabilities				
GST Payable		1,235	-	-
Accounts Payable	12	28,030	38,839	38,839
Provision for Cyclical Maintenance	13	-	(13,001)	6,999
Finance Lease Liability - Current Portion	14	3,799	518	3,237
Funds Held for Capital Works Projects	15	-	-	1,250
		<u>33,064</u>	<u>26,356</u>	<u>50,325</u>
Working Capital Surplus/(Deficit)		283,360	292,207	256,649
Non-current Assets				
Property, Plant and Equipment	11	212,898	208,165	213,465
		<u>212,898</u>	<u>208,165</u>	<u>213,465</u>
Non-current Liabilities				
Provision for Cyclical Maintenance	13	19,017	21,783	16,783
Finance Lease Liability	14	2,010	3,989	3,989
		<u>21,027</u>	<u>25,772</u>	<u>20,772</u>
Net Assets		<u><u>475,231</u></u>	<u><u>474,600</u></u>	<u><u>449,342</u></u>
Equity		<u><u>475,231</u></u>	<u><u>474,600</u></u>	<u><u>449,342</u></u>

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

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

	2017	2017	2016
Note	Actual \$	Budget (Unaudited) \$	Actual \$
Cash flows from Operating Activities			
Government Grants	134,667	130,000	107,206
Locally Raised Funds	96,007	88,730	104,438
Goods and Services Tax (net)	4,088	-	(8,528)
Payments to Employees	(74,235)	(43,200)	(59,560)
Payments to Suppliers	(128,795)	(133,272)	(119,215)
Cyclical Maintenance Payments in the year	-	(20,000)	
Interest Paid	(755)	-	(920)
Interest Received	678	-	1,706
	<u>31,655</u>	<u>22,258</u>	<u>25,127</u>
Cash flows from Investing Activities			
Proceeds from Sale of PPE (and Intangibles)	-	-	4
Purchase of PPE (and Intangibles)	(13,951)	(6,700)	(23,121)
	<u>(13,951)</u>	<u>(6,700)</u>	<u>(23,117)</u>
Cash flows from Financing Activities			
Finance Lease Payments	(2,808)	(2,719)	(2,056)
Funds Administered on Behalf of Third Parties	-	-	(24,942)
Funds Held for Capital Works Projects	15 (1,250)	(1,250)	-
	<u>(4,058)</u>	<u>(3,969)</u>	<u>(26,998)</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	<u>13,646</u>	<u>11,589</u>	<u>(24,988)</u>
Cash and Cash Equivalents at the beginning of the year	8 212,044	212,044	237,032
Cash and Cash Equivalents at the end of the year	8 <u>225,690</u>	<u>223,633</u>	<u>212,044</u>

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

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

Elsthorpe School

Notes to the Financial Statements

For the year ended 31 December 2017

1. Statement of Accounting Policies

a) Reporting Entity

Elsthorpe 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 are disclosed in note 11.

Elsthorpe School

Notes to the Financial Statements

For the year ended 31 December 2017

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 14.

Recognition of grants

The School reviews the grants monies received at the end of each reporting period and whether any require a provision to carry forward 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 the 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 on 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.

Elsthorpe School

Notes to the Financial Statements

For the year ended 31 December 2017

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 uniforms, stationery and livestock. All stock, excluding livestock are stated at the lower of cost and net realisable value. Livestock are stated at market 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. Thus the fair value of the inventory is determined based on the cost at time of purchase. The 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) 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:

Furniture and Equipment	3-10 years
Other Equipment	5-20 years
Information and Communication Technology	3-5 years
Building Improvements - Crown	50 years
Library Resources	12.5% Diminishing value
Textbooks	3 years
Leased Assets held under a Finance Lease	3-5 years

Elsthorpe School

Notes to the Financial Statements

For the year ended 31 December 2017

k) 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.

l) 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.

m) 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.

n) 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).

o) 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.

Elsthorpe School

Notes to the Financial Statements

For the year ended 31 December 2017

p) 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.

q) Budget Figures

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

r) 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.

s) Comparatives

Some comparatives have been restated in order to conform with current year presentation, however the Total Comprehensive Revenue and Expense for 2016 remains unchanged.

Elsthorpe School

Notes to the Financial Statements

For the year ended 31 December 2017

2. Government Grants

	2017 Actual \$	2017 Budget (Unaudited) \$	2016 Actual \$
Operational Grants	127,809	130,000	123,045
Teachers' Salaries Grants	271,889	271,889	262,139
Use of Land and Buildings Grants	74,143	74,143	66,635
Other MOE Grants	6,858	-	4,596
	480,699	476,032	456,415

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	16,190	5,000	17,493
Fundraising	2,161	-	4,307
House Rentals	18,010	15,000	17,502
Transport Revenue	6,107	8,000	8,385
Trading	50,991	52,500	44,766
Activities	2,548	8,230	5,417
	96,007	88,730	97,870
Expenses			
Trading	25,974	35,900	28,237
Fundraising (costs of raising funds)	-	-	75
Transport (local)	3,319	-	-
House Expenses	6,075	-	3,616
	35,368	35,900	31,928
<i>Surplus for the year Locally raised funds</i>	60,639	52,830	65,942

4. Learning Resources

	2017 Actual \$	2017 Budget (Unaudited) \$	2016 Actual \$
Curricular	19,518	19,700	19,934
Equipment Repairs	265	1,000	843
Information and Communication Technology	4,916	2,712	3,760
Extra-Curricular Activities	11,304	17,730	19,371
Library Resources	173	50	122
Employee Benefits - Salaries	313,249	286,089	289,701
Staff Development	4,238	5,250	5,449
	353,663	332,531	339,180

Elsthorpe School
Notes to the Financial Statements
For the year ended 31 December 2017

5. Administration

	2017 Actual \$	2017 Budget (Unaudited) \$	2016 Actual \$
Audit Fee	3,760	3,000	3,700
Board of Trustees Fees	4,360	4,000	5,335
Board of Trustees Expenses	3,890	1,400	1,265
Communication	1,764	1,800	1,960
Consumables	2,582	2,350	3,380
Other	3,426	2,930	2,709
Employee Benefits - Salaries	17,367	16,000	17,271
Insurance	2,901	1,000	503
Service Providers, Contractors and Consultancy	5,100	4,500	5,100
	<u>45,150</u>	<u>36,980</u>	<u>41,223</u>

6. Property

	2017 Actual \$	2017 Budget (Unaudited) \$	2016 Actual \$
Caretaking and Cleaning Consumables	2,095	2,650	2,431
Cyclical Maintenance Expense	(4,765)	5,000	4,864
Grounds	5,072	5,500	11,181
Heat, Light and Water	7,711	6,100	6,831
Repairs and Maintenance	584	15,700	8
Use of Land and Buildings	74,143	74,143	66,635
Employee Benefits - Salaries	15,809	13,000	15,520
	<u>100,649</u>	<u>122,093</u>	<u>107,470</u>

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

7. Depreciation of Property, Plant and Equipment

	2017 Actual \$	2017 Budget (Unaudited) \$	2016 Actual \$
Furniture and Equipment	536	1,000	1,254
Other Equipment	3,716	3,250	3,592
Information and Communication Technology	2,387	1,250	1,612
Buildings Improvements - Crown	4,083	3,400	3,785
Library Resources	2,131	1,450	1,591
Leased Assets	2,337	1,650	1,724
	<u>15,190</u>	<u>12,000</u>	<u>13,558</u>

Elsthorpe School
Notes to the Financial Statements
For the year ended 31 December 2017

8. Cash and Cash Equivalents

	2017 Actual \$	2017 Budget (Unaudited) \$	2016 Actual \$
Bank Current Account	59,313	74,134	62,545
Bank Call Account	166,377	149,499	149,499
Cash equivalents and bank overdraft for Cash Flow Statement	<u>225,690</u>	<u>223,633</u>	<u>212,044</u>

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

Of the above Cash and Cash Equivalents, \$1,250 is held by the School on behalf of the Ministry. 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

	2017 Actual \$	2017 Budget (Unaudited) \$	2016 Actual \$
Teacher Salaries Grant Receivable	18,921	25,382	25,382
Receivables from Exchange Transactions	-	-	-
Receivables from Non-Exchange Transactions	18,921	25,382	25,382
	<u>18,921</u>	<u>25,382</u>	<u>25,382</u>

10. Inventories

	2017 Actual \$	2017 Budget (Unaudited) \$	2016 Actual \$
Stationery	1,638	1,789	1,789
School Uniforms	3,637	1,921	1,921
Livestock	66,240	61,200	61,200
	<u>71,515</u>	<u>64,910</u>	<u>64,910</u>

Elsthorpe School
Notes to the Financial Statements
For the year ended 31 December 2017

11. Property, Plant and Equipment

	Opening Balance (NBV)	Additions	Disposals	Impairment	Depreciation	Total (NBV)
2017	\$	\$	\$	\$	\$	\$
Furniture and Equipment	1,651	6,338	-	-	(536)	7,453
Other Equipment	12,912	1,872	-	-	(3,716)	11,068
Information and Communication Technology	2,344	3,697	-	-	(2,387)	3,655
Buildings Improvements - Crown	174,378	-	-	-	(4,083)	170,295
Textbooks	73	-	-	-	-	73
Leased Assets	6,378	1,391	-	-	(2,337)	5,432
Library Resources	15,729	2,044	(720)	-	(2,131)	14,922
Balance at 31 December 2017	213,465	15,342	(720)	-	(15,190)	212,898

	Cost or Valuation	Accumulated Depreciation	Net Book Value
2017	\$	\$	\$
Furniture and Equipment	67,638	(60,185)	7,453
Other Equipment	92,661	(81,593)	11,068
Information and Communication Technology	37,317	(33,662)	3,655
Buildings Improvements - Crown	218,225	(47,930)	170,295
Textbooks	73	-	73
Leased Assets	10,242	(4,810)	5,432
Library Resources	38,233	(23,311)	14,922
Balance at 31 December 2017	464,389	(251,491)	212,898

	Opening Balance (NBV)	Additions	Disposals	Impairment	Depreciation	Total (NBV)
2016	\$	\$	\$	\$	\$	\$
Furniture and Equipment	2,905	-	-	-	(1,254)	1,651
Other Equipment	16,505	-	(1)	-	(3,592)	12,912
Information and Communication Technology	2,584	1,372	-	-	(1,612)	2,344
Buildings Improvements - Crown	161,902	16,261	-	-	(3,785)	174,378
Textbooks	-	73	-	-	-	73
Leased Assets	6,743	1,359	-	-	(1,724)	6,378
Library Resources	12,217	5,413	(310)	-	(1,591)	15,729
Balance at 31 December 2016	202,856	24,478	(311)	-	(13,558)	213,465

Elsthorpe School
Notes to the Financial Statements
For the year ended 31 December 2017

11. Property, Plant and Equipment Continued

	Cost or Valuation \$	Accumulated Depreciation \$	Net Book Value \$
2016			
Furniture and Equipment	61,300	(59,649)	1,651
Other Equipment	90,789	(77,877)	12,912
Information and Communication Technology	33,620	(31,276)	2,344
Buildings Improvements - Crown	218,225	(43,847)	174,378
Textbooks	73	-	73
Leased Assets	8,851	(2,473)	6,378
Library Resources	37,925	(22,196)	15,729
Balance at 31 December 2016	450,783	(237,318)	213,465

12. Accounts Payable

	2017 Actual \$	2017 Budget (Unaudited) \$	2016 Actual \$
Operating Creditors	4,144	8,853	8,853
Accruals	3,760	3,700	3,700
Employee Entitlements - Salaries	19,370	26,286	26,286
Employee Entitlements - Leave Accrual	756	-	-
	28,030	38,839	38,839
Payables for Exchange Transactions	28,030	38,839	38,839
Payables for Non-exchange Transactions - Taxes Payable (PAYE and Rates)	-	-	-
Payables for Non-exchange Transactions - Other	-	-	-
	28,030	38,839	38,839

The carrying value of payables approximates their fair value.

13. Provision for Cyclical Maintenance

	2017 Actual \$	2017 Budget (Unaudited) \$	2016 Actual \$
Provision at the Start of the Year	23,782	23,782	18,918
Increase to the Provision During the Year	(4,765)	5,000	4,864
Use of the Provision During the Year	-	(20,000)	-
Provision at the End of the Year	19,017	8,782	23,782
Cyclical Maintenance - Current	-	(13,001)	6,999
Cyclical Maintenance - Term	19,017	21,783	16,783
	19,017	8,782	23,782

Elsthorpe School
Notes to the Financial Statements
For the year ended 31 December 2017

14. Finance Lease Liability

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

	2017 Actual \$	2017 Budget (Unaudited) \$	2016 Actual \$
No Later than One Year	3,799	518	3,237
Later than One Year and no Later than Five Years	2,547	3,989	5,081
	6,346	4,507	8,318

15. Funds Held for Capital Works Projects

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

	2017	Opening Balances \$	Receipts from MOE \$	Payments \$	BOT Contribution/ (Write-off to R&M)	Closing Balances \$
Heating - Health & Safety	<i>complete</i>	1,250	5,474	6,724	-	-
Totals		1,250	5,474	6,724	-	-

Represented by:

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

-
-
-

	2016	Opening Balances \$	Receipts from MOE \$	Payments \$	BOT Contribution/ (Write-off to R&M)	Closing Balances \$
Block G Toilet Upgrade	<i>complete</i>	26,192	9,545	35,737	-	-
Library Heating	<i>complete</i>	-	7,498	7,498	-	-
Tech Block Kitchen	<i>complete</i>	-	19,028	19,028	-	-
Classroom Flooring	<i>complete</i>	-	7,000	7,000	-	-
Sewer Upgrade	<i>complete</i>	-	5,686	5,686	-	-
Heating - Health & Safety	<i>in progress</i>	-	1,250	-	-	1,250
Totals		26,192	50,007	74,949	-	1,250

Elsthorpe School

Notes to the Financial Statements

For the year ended 31 December 2017

16. 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 conditions 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.

17. Remuneration

Key management personnel compensation

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

	2017 Actual \$	2016 Actual \$
<i>Board Members</i>		
Remuneration	4,360	5,335
Full-time equivalent members	0.08	0.08
<i>Leadership Team</i>		
Remuneration	107,569	98,478
Full-time equivalent members	1	1
Total key management personnel remuneration	111,929	103,813
Total full-time equivalent personnel	1.08	1.08

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 - Principal 1	20 - 30	90 - 100
Salary and Other Payments - Principal 2	70 - 80	0 - 0
Benefits and Other Emoluments	0 - 0	0 - 0
Termination Benefits	0 - 0	0 - 0

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
110 - 120	-	-
100 - 110	-	-
	0.00	0.00

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

Elsthorpe School

Notes to the Financial Statements

For the year ended 31 December 2017

18. 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	\$0	\$0
Number of People	0	0

19. Contingencies

There are no contingent liabilities and no contingent assets as at 31 December 2017 .

(Contingent liabilities and assets at 31 December 2016: nil)

20. Commitments

(a) Capital Commitments

As at 31 December 2017 the Board has entered into no contract agreements for capital works.

(Capital commitments at 31 December 2016: \$6,724)

(b) Operating Commitments

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

(a) operating leases for computer equipment;

	2017 Actual	2016 Actual
No later than One Year	\$ 5,202	\$ 2,711
Later than One Year and No Later than Five Years	4,331	3,324
	<u>9,533</u>	<u>6,035</u>

21. 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.

Elsthorpe School

Notes to the Financial Statements

For the year ended 31 December 2017

22. 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	225,690	223,633	212,044
Receivables	18,921	25,382	25,382
Total Loans and Receivables	244,611	249,015	237,426

Financial liabilities measured at amortised cost

Payables	28,030	38,839	38,839
Finance Leases	5,809	4,507	7,226
Total Financial Liabilities Measured at Amortised Cost	33,839	43,346	46,065

23. Events After Balance Date

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

Elsthorpe School

Members of the Board of Trustees

For the year ended 31 December 2017

<u>Name</u>	<u>Position</u>	<u>How Appointed</u>	<u>Term Expire/Expires</u>
Struan Bell	Chairperson	Elected	May 2019
Sarah Laugesen	Principal	Appointed	N/A
Greg Hart	Parent Rep	Elected	May 2019
Harry Baragwanath	Parent Rep	Elected	November 2017
Jamie Lambert	Parent Rep	Elected	May 2019
Evan Potter	Chairperson	Elected	November 2017
Rebecca Gray	Parent Rep	Elected	May 2019
Horiana Goldsmith	Staff Rep	Elected	May 2019
Deb Renton-Green	Secretary	Appointed	May 2019
John Fisher	Acting Principal	Appointed	April 2017



INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF ELSTHORPE SCHOOL'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

The Auditor-General is the auditor of Elsthorpe School (the School). The Auditor-General has appointed me, Victoria Jane Lawson, using the staff and resources of PricewaterhouseCoopers, 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 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 Benefit Entity Standards Reduced Disclosure Regime issued in New Zealand (PBE Standards RDR).

Our audit was completed on 31 May 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 arise 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 within the Analysis of Variance, the Kiwisport Statement, and the Board of Trustees List 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.

A handwritten signature in blue ink, appearing to read 'V. Lawson', is written over a large, stylized blue loop.

Victoria Jane Lawson
PricewaterhouseCoopers
On behalf of the Auditor-General
Napier, New Zealand