

# **Alfriston School**

## **Annual Report for the year ended 31 December 2018**

<b>Ministry Number:</b>	1203
<b>Principal:</b>	Michelle McCarty
<b>School Address:</b>	1373 Alfriston Road, RD1 Manurewa 2576
<b>School Postal Address:</b>	1373 Alfriston Road, RD1 Manurewa 2576
<b>School Phone:</b>	09 266 7845
<b>School Email:</b>	principal@alfriston.school.nz
<b>Service Provider:</b>	Edtech Financial Services Ltd

# Alfriston School

## Board of Trustee Members 2018

<b>Name</b>	<b>Position</b>	<b>How gained position</b>	<b>Occupation</b>	<b>Term expires/expired</b>
<b>Michelle McCarty</b>	<b>Principal</b>	<b>Appointed Jan 2011</b>	<b>Principal</b>	<b>When resigns</b>
<b>John Montgomerie</b>	<b>Chairperson-Parent Rep</b>	<b>Re-elected June 2016</b>	<b>Project Delivery Manager</b>	<b>June 2019</b>
<b>Tim O'Halloran</b>	<b>Parent Rep</b>	<b>Re-elected June 2016</b>	<b>Business Transformation Manager</b>	<b>June 2019</b>
<b>Scott Montgomerie</b>	<b>Parent Rep</b>	<b>Elected June 2016</b>	<b>Farmer</b>	<b>June 2019</b>
<b>Paul van Cingel</b>	<b>Parent Rep</b>	<b>Elected June 2016</b>	<b>Implementation Consultant</b>	<b>June 2019</b>
<b>Karalee Squire</b>	<b>Co-opted</b>	<b>Co-opted Sept 2016</b>	<b>Fixed Assets Accountant</b>	<b>June 2019</b>
<b>Margo Glenn-Campbell</b>	<b>Co-opted Parent</b>	<b>Co-opted Sept 2016</b>	<b>Project Manager</b>	<b>June 2019</b>
<b>Andre van Schalkwyk</b>	<b>Staff representative</b>	<b>Elected April 2017</b>	<b>Teacher</b>	<b>June 2019</b>
<b>Nicky Douglas</b>	<b>Co-opted Parent</b>	<b>Co-opted Dec 2018</b>	<b>Organisational development contractor</b>	<b>June 2019</b>

# **Alfriston School**

## **Annual Report**

For the year ended 31 December 2018

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**Alfriston School**  
**Statement of Responsibility**  
For the year ended 31 December 2018

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

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

It is the opinion of the Board and management that the annual financial statements for the financial year ended 31 December 2018 fairly reflects the financial position and operations of the school.

The School's 2018 financial statements are authorised for issue by the Board.

JOHN ROBERT MONTGOMERIE

Full Name of Board Chairperson

Michelle McCarty

Full Name of Principal

[Signature]

Signature of Board Chairperson

[Signature]

Signature of Principal

Date:

20 May 2019

Date:

20.05.2019

# Statement of Comprehensive Revenue and Expense

For the year ended 31 December 2018

	Notes	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
<b>Revenue</b>				
Government Grants	2	2,590,948	2,208,409	2,519,581
Locally Raised Funds	3	339,349	194,300	253,615
Interest Earned		13,601	11,000	12,320
International Students	4	11,304	13,000	22,609
		<hr/> 2,955,202	<hr/> 2,426,709	<hr/> 2,808,125
<b>Expenses</b>				
Locally Raised Funds	3	172,676	124,800	159,275
International Students	4	1,798	2,000	1,966
Learning Resources	5	1,646,362	1,490,925	1,615,485
Administration	6	178,147	178,050	173,988
Finance Costs		3,790	2,000	4,335
Property	7	758,889	508,450	738,034
Depreciation	8	123,773	120,000	120,518
Loss on Disposal of Property, Plant and Equipment		10,309	-	607
		<hr/> 2,895,744	<hr/> 2,426,225	<hr/> 2,814,208
<b>Net Surplus / (Deficit) for the year</b>		59,458	484	(6,083)
Other Comprehensive Revenue and Expenses		-	-	-
<b>Total Comprehensive Revenue and Expense for the Year</b>		<hr/> 59,458	<hr/> 484	<hr/> (6,083)

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

# Alfriston School

## Statement of Changes in Net Assets/Equity

For the year ended 31 December 2018

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
<b>Balance at 1 January</b>	<b>1,128,530</b>	<b>1,128,530</b>	<b>1,134,613</b>
Total comprehensive revenue and expense for the year	59,458	484	(6,083)
Capital Contributions from the Ministry of Education			
Contribution - Furniture and Equipment Grant	5,015	-	-
<b>Equity at 31 December</b>	<b>1,193,003</b>	<b>1,129,014</b>	<b>1,128,530</b>
 Retained Earnings	 1,193,003	 1,129,014	 1,128,530
<b>Equity at 31 December</b>	<b>1,193,003</b>	<b>1,129,014</b>	<b>1,128,530</b>

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

# Alfriston School

## Statement of Financial Position

As at 31 December 2018

	Notes	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
<b>Current Assets</b>				
Cash and Cash Equivalents	9	84,835	7,281	78,317
Accounts Receivable	10	115,320	83,000	82,552
GST Receivable		15,438	5,000	8,809
Prepayments		7,185	7,000	9,787
Inventories	11	30,299	29,000	29,551
Investments	12	348,525	280,000	280,000
		<u>601,602</u>	<u>411,281</u>	<u>489,016</u>
<b>Current Liabilities</b>				
Accounts Payable	14	207,467	135,000	153,635
Revenue Received in Advance	15	13,069	-	12,791
Provision for Cyclical Maintenance	16	37,480	37,480	26,500
Finance Lease Liability - Current Portion	17	20,874	15,895	16,800
Funds Held for Capital Works Projects	18	1,297	-	7,650
Funds Held on Behalf of Mutukaroa Cluster	19	5,723	-	5,723
		<u>285,910</u>	<u>188,375</u>	<u>223,099</u>
<b>Working Capital Surplus/(Deficit)</b>		<b>315,692</b>	<b>222,906</b>	<b>265,917</b>
<b>Non-current Assets</b>				
Property, Plant and Equipment	13	931,370	956,003	930,003
		<u>931,370</u>	<u>956,003</u>	<u>930,003</u>
<b>Non-current Liabilities</b>				
Provision for Cyclical Maintenance	16	40,606	40,606	42,206
Finance Lease Liability	17	13,453	9,289	25,184
		<u>54,059</u>	<u>49,895</u>	<u>67,390</u>
<b>Net Assets</b>		<u><b>1,193,003</b></u>	<u><b>1,129,014</b></u>	<u><b>1,128,530</b></u>
<b>Equity</b>				
		<u><b>1,193,003</b></u>	<u><b>1,129,014</b></u>	<u><b>1,128,530</b></u>

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

# Statement of Cash Flows

For the year ended 31 December 2018

		2018	2018	2017
	Note	Actual \$	Budget (Unaudited) \$	Actual \$
<b>Cash flows from Operating Activities</b>				
Government Grants		575,556	533,976	560,493
Locally Raised Funds		338,496	192,800	253,015
International Students		11,304	13,000	22,609
Goods and Services Tax (net)		(6,629)	-	(18,340)
Payments to Employees		(302,823)	(269,997)	(306,724)
Payments to Suppliers		(411,260)	(277,064)	(363,981)
Interest Paid		(3,790)	(2,000)	(4,335)
Interest Received		13,415	11,500	13,676
Net cash from / (to) the Operating Activities		214,269	202,215	156,413
<b>Cash flows from Investing Activities</b>				
Proceeds from Sale of PPE (and Intangibles)		-	-	1
Purchase of PPE (and Intangibles)		(123,621)	(267,089)	(200,525)
Purchase of Investments		(68,525)	(20,000)	-
Proceeds from Sale of Investments		-	-	140,000
Net cash from / (to) the Investing Activities		(192,146)	(287,089)	(60,524)
<b>Cash flows from Financing Activities</b>				
Furniture and Equipment Grant		5,015	-	-
Finance Lease Payments		(14,267)	(15,105)	(11,690)
Funds Held for Capital Works Projects		(6,353)	-	(104,295)
Net cash from / (to) Financing Activities		(15,605)	(15,105)	(115,985)
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>6,518</b>	<b>(99,979)</b>	<b>(20,096)</b>
Cash and cash equivalents at the beginning of the year	9	78,317	107,260	98,413
<b>Cash and cash equivalents at the end of the year</b>	<b>9</b>	<b>84,835</b>	<b>7,281</b>	<b>78,317</b>

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

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

# Notes to the Financial Statements

For the year ended 31 December 2018

## 1. Statement of Accounting Policies

### Reporting Entity

Alfriston 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.

### Basis of Preparation

#### Reporting Period

The financial reports have been prepared for the period 1 January 2018 to 31 December 2018 and in accordance with the requirements of the Public Finance Act 1989.

#### Basis of Preparation

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

#### Financial Reporting Standards Applied

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

#### PBE Accounting Standards Reduced Disclosure Regime

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

#### Measurement Base

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

#### Presentation Currency

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

#### Specific Accounting Policies

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

#### Critical Accounting Estimates And Assumptions

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

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

#### Useful lives of property, plant and equipment

The School reviews the estimated useful lives of property, plant and equipment at the end of each reporting date. The School believes that the estimated useful lives of the property, plant and equipment as disclosed in the Significant Accounting Policies are appropriate to the nature of the property, plant and equipment at reporting date. Property, plant and equipment is disclosed at note 13.

## Notes to the Financial Statements (cont.)

For the year ended 31 December 2018

### *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 17

#### *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.

### **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.

#### **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.

#### **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.

#### **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.

## Notes to the Financial Statements (cont.)

For the year ended 31 December 2018

### 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.

### 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.

### 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.

### Investments

Bank term deposits for periods exceeding 90 days are classified as investments and are initially measured at the amount invested. Interest is subsequently accrued and added to the investment balance. After initial recognition bank term deposits are measured at amortised cost using the effective interest method less impairment.

Investments that are shares are categorised as “available for sale” for accounting purposes in accordance with financial reporting standards. Share investments are recognised initially by the School at fair value plus transaction costs. At balance date the School has assessed whether there is any evidence that an investment is impaired. Any impairment, gains or losses are recognised in the Statement of Comprehensive Revenue and Expense.

After initial recognition any investments categorised as available for sale are measured at their fair value without any deduction for transaction costs the School may incur on sale or other disposal.

The School has met the requirements under Schedule 6 Section 28 of the Education Act 1989 in relation to the acquisition of investment securities.

### 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.

## Notes to the Financial Statements (cont.)

For the year ended 31 December 2018

### *Leased Assets*

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

### *Depreciation*

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

The estimated useful lives of the assets are:

Building improvements to Crown owned assets	20 years
Furniture and equipment	3-20 years
Information and communication technology	3-10 years
Leased assets held under a Finance Lease	3 years
Library resources	12.5% Diminishing value

### **Impairment of property, plant, and equipment**

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 are 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.

### **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.

### **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.

## Notes to the Financial Statements (cont.)

For the year ended 31 December 2018

### *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.

### **Revenue Received in Advance**

Revenue received in advance relates to fees received from Centinal donation 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 this revenue received in advance, should the School be unable to provide the services to which they relate.

### **Shared Funds**

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

### **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).

### **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 and finance lease liability. All of these financial liabilities are categorised as "financial liabilities measured at amortised cost" for accounting purposes in accordance with financial reporting standards.

### **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 Statement of Cash Flows.

Commitments and contingencies are disclosed exclusive of GST.

### **Budget Figures**

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

### **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.

# Notes to the Financial Statements (cont.)

For the year ended 31 December 2018

## 2 Government Grants

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Operational grants	489,263	472,976	465,822
Teachers' salaries grants	1,423,317	1,307,033	1,382,566
Use of Land and Buildings grants	578,145	367,400	570,583
Other MoE Grants	100,223	59,000	78,155
Other government grants	-	2,000	22,455
	<u>2,590,948</u>	<u>2,208,409</u>	<u>2,519,581</u>

## 3 Locally Raised Funds

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

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
<b>Revenue</b>			
Donations	141,164	66,000	66,434
Fundraising	17,165	1,300	23,076
Trading	52,665	7,000	53,437
Activities	<u>128,355</u>	<u>120,000</u>	<u>110,668</u>
	339,349	194,300	253,615
<b>Expenses</b>			
Activities	127,615	124,500	107,714
Trading	45,015	-	44,359
Fundraising costs	<u>46</u>	<u>300</u>	<u>7,202</u>
	172,676	124,800	159,275
	<u>166,673</u>	<u>69,500</u>	<u>94,340</u>

*Surplus/ (Deficit) for the year Locally Raised Funds*

## 4 International Student Revenue and Expenses

	2018 Actual Number	2018 Budget (Unaudited) Number	2017 Actual Number
International Student Roll	0	0	0
	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
<b>Revenue</b>			
International student fees	11,304	13,000	22,609
<b>Expenses</b>			
International student levy	1,798	2,000	1,966
	<u>1,798</u>	<u>2,000</u>	<u>1,966</u>
	9,506	11,000	20,643

*Surplus/ (Deficit) for the year International Students*

# Notes to the Financial Statements (cont.)

For the year ended 31 December 2018

## 5 Learning Resources

	2018	2018	2017
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Curricular	34,858	22,645	18,939
Equipment repairs	-	200	152
Information and communication technology	22,667	26,200	27,623
Library resources	2,345	1,650	734
Employee benefits - salaries	1,560,460	1,417,030	1,540,143
Staff development	26,032	23,200	27,894
	<u>1,646,362</u>	<u>1,490,925</u>	<u>1,615,485</u>

## 6 Administration

	2018	2018	2017
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Audit Fee	5,950	7,500	7,200
Board of Trustees Fees	370	1,700	-
Board of Trustees Expenses	5,134	5,100	8,648
Communication	4,738	3,600	4,178
Consumables	17,548	19,500	20,883
Operating Lease	901	500	1,633
Other	6,821	5,750	5,555
Employee Benefits - Salaries	119,725	117,700	110,802
Insurance	9,534	8,700	7,805
Service Providers, Contractors and Consultancy	7,426	8,000	7,284
	<u>178,147</u>	<u>178,050</u>	<u>173,988</u>

## 7 Property

	2018	2018	2017
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Caretaking and Cleaning Consumables	14,219	18,100	19,216
Consultancy and Contract Services	30,355	29,000	27,390
Cyclical Maintenance Expense	9,380	12,000	9,380
Grounds	19,243	5,100	13,012
Heat, Light and Water	19,580	19,000	17,841
Repairs and Maintenance	40,037	14,200	40,117
Use of Land and Buildings	578,145	367,400	570,583
Security	1,948	1,000	1,138
Employee Benefits - Salaries	45,982	42,650	39,357
	<u>758,889</u>	<u>508,450</u>	<u>738,034</u>

The use of land and buildings figure represents 8% of the school's total property value. 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.

## Notes to the Financial Statements (cont.)

For the year ended 31 December 2018

## 8 Depreciation

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Buildings	37,393	38,000	37,393
Furniture and Equipment	58,478	50,000	53,975
Information and Communication Technology	19,542	22,000	22,202
Leased Assets	8,360	8,000	5,175
Library Resources	-	2,000	1,773
	<u>123,773</u>	<u>120,000</u>	<u>120,518</u>

## 9 Cash and Cash Equivalents

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Cash on Hand	300	300	300
Bank Current Account	84,535	6,981	78,013
Bank Call Account	-	-	4
Cash and cash equivalents for Cash Flow Statement	<u>84,835</u>	<u>7,281</u>	<u>78,317</u>

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

Of the \$84,402 Cash and Cash Equivalents, \$1,297 is held by the School on behalf of the Ministry of Education. These funds are required to be spent in 2019 on Crown owned school buildings under the School's Five Year Property Plan.

## 10 Accounts Receivable

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Receivables	12,010	3,000	2,967
Interest Receivable	4,067	2,000	3,881
Teacher Salaries Grant Receivable	99,243	78,000	75,704
	<u>115,320</u>	<u>83,000</u>	<u>82,552</u>
Receivables from Exchange Transactions	8,165	5,000	6,848
Receivables from Non-Exchange Transactions	107,155	78,000	75,704
	<u>115,320</u>	<u>83,000</u>	<u>82,552</u>

## 11 Inventories

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Stationery	30,299	29,000	29,551
	<u>30,299</u>	<u>29,000</u>	<u>29,551</u>

## 12 Investments

The School's investment activities are classified as follows:

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Current Asset	348,525	280,000	280,000
Short-term Bank Deposits	<u>348,525</u>	<u>280,000</u>	<u>280,000</u>

## Notes to the Financial Statements (cont.)

For the year ended 31 December 2018

## 13 Property, Plant and Equipment

	Opening Balance (NBV)	Additions	Disposals	Impairment	Depreciation	Total (NBV)
2018	\$	\$	\$	\$	\$	\$
Buildings	435,718	-	-	-	(37,393)	398,325
Furniture and equipment	375,670	93,225	(4,485)	-	(58,478)	405,932
Information and communication technology	94,919	29,021	(5,824)	-	(19,542)	98,574
Leased assets	11,285	11,827	-	-	(8,360)	14,752
Library resources	12,411	1,376	-	-	-	13,787
<b>Balance at 31 December 2018</b>	<b>930,003</b>	<b>135,449</b>	<b>(10,309)</b>	<b>-</b>	<b>(123,773)</b>	<b>931,370</b>

	Cost or Valuation	Accumulated Depreciation	Net Book Value
2018	\$	\$	\$
Buildings	777,099	(378,774)	398,325
Furniture and equipment	819,834	(413,902)	405,932
Information and communication technology	183,173	(84,599)	98,574
Leased assets	29,043	(14,291)	14,752
Library resources	69,354	(55,567)	13,787
<b>Balance at 31 December 2018</b>	<b>1,878,503</b>	<b>(947,133)</b>	<b>931,370</b>

The Board considers that no assets have suffered an impairment during the year.

The net carrying value of equipment held under a finance lease is \$14,752 (2017: \$11,285).

	Opening Balance (NBV)	Additions	Disposals	Impairment	Depreciation	Total (NBV)
2017	\$	\$	\$	\$	\$	\$
Buildings	473,111	-	-	-	(37,393)	435,718
Furniture and equipment	256,509	173,136	-	-	(53,975)	375,670
Information and communication technology	90,764	26,357	-	-	(22,202)	94,919
Leased assets	14,770	1,690	-	-	(5,175)	11,285
Library resources	13,760	1,032	(608)	-	(1,773)	12,411
<b>Balance at 31 December 2017</b>	<b>848,914</b>	<b>202,215</b>	<b>(608)</b>	<b>-</b>	<b>(120,518)</b>	<b>930,003</b>

	Cost or Valuation	Accumulated Depreciation	Net Book Value
2017	\$	\$	\$
Buildings	777,099	(341,381)	435,718
Furniture and equipment	979,267	(603,597)	375,670
Information and communication technology	248,652	(153,733)	94,919
Leased assets	17,215	(5,930)	11,285
Library resources	67,978	(55,567)	12,411
<b>Balance at 31 December 2017</b>	<b>2,090,211</b>	<b>(1,160,208)</b>	<b>930,003</b>

# Notes to the Financial Statements (cont.)

For the year ended 31 December 2018

## 14 Accounts Payable

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Operating creditors	84,490	40,000	55,708
Accruals	19,043	13,000	17,559
Employee Entitlements - salaries	100,282	78,000	76,716
Employee Entitlements - leave accrual	3,652	4,000	3,652
	<u>207,467</u>	<u>135,000</u>	<u>153,635</u>
Payables for Exchange Transactions	207,467	135,000	153,635
	<u>207,467</u>	<u>135,000</u>	<u>153,635</u>

The carrying value of payables approximates their fair value.

## 15 Revenue Received in Advance

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
International Student Fees	11,304	-	11,304
Other	1,765	-	1,487
	<u>13,069</u>	<u>-</u>	<u>12,791</u>

## 16 Provision for Cyclical Maintenance

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Provision at the Start of the Year	68,706	68,706	59,326
Increase to the Provision During the Year	9,380	12,000	9,380
Use of the Provision During the Year	-	(2,620)	-
Provision at the End of the Year	<u>78,086</u>	<u>78,086</u>	<u>68,706</u>
Cyclical Maintenance - Current	37,480	37,480	26,500
Cyclical Maintenance - Term	40,606	40,606	42,206
	<u>78,086</u>	<u>78,086</u>	<u>68,706</u>

## 17 Finance Lease Liability

The school has entered into a number of finance lease agreements for Tela laptops  
Minimum lease payments payable (includes interest portion):

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
No Later than One Year	23,083	15,895	19,893
Later than One Year and no Later than Five Years	14,057	9,289	26,997
	<u>37,140</u>	<u>25,184</u>	<u>46,890</u>

# Notes to the Financial Statements (cont.)

For the year ended 31 December 2018

## 18 Funds Held for Capital Works Projects

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

		Opening Balances	Receipts from MoE	Payments	BOT Contribution/ (Write-off to R&M)	Closing Balances
	2018	\$	\$	\$		\$
Electrical	<i>Completed</i>	6,636	-	6,636	-	-
Block 5	<i>Completed</i>	(4,613)	4,613	-	-	-
Joinery	<i>Completed</i>	(2,023)	2,023	-	-	-
Drinking fountain	<i>Completed</i>	7,650	-	6,353	-	1,297
Totals		<u>7,650</u>	<u>6,636</u>	<u>12,989</u>	<u>-</u>	<u>1,297</u>

Represented by:

Funds Held on Behalf of the Ministry of Education

1,297  
1,297

		Opening Balances	Receipts from MoE	Payments	BOT Contribution/ (Write-off to R&M)	Closing Balances
	2017	\$	\$	\$	\$	\$
Concrete/Shade	<i>completed</i>	(114)	-	-	114	-
Alarm	<i>completed</i>	(717)	-	-	717	-
Electrical Siteworks	<i>completed</i>	14,514	-	-	(7,878)	6,636
Heatpump	<i>completed</i>	(3,883)	-	-	3,883	-
Refurbishment	<i>completed</i>	2,818	-	-	(2,818)	-
Fence/Hot water	<i>completed</i>	806	-	-	(806)	-
Septic	<i>in progress</i>	(3,331)	-	-	3,331	-
Block 5	<i>in progress</i>	101,852	11,940	118,405	-	(4,613)
Joinery	<i>in progress</i>	-	27,784	29,807	-	(2,023)
Drinking fountain	<i>in progress</i>	-	8,256	606	-	7,650
Totals		<u>111,945</u>	<u>47,980</u>	<u>148,818</u>	<u>(3,457)</u>	<u>7,650</u>

## 19 Funds Held on Behalf of Mutukaroa Cluster

Alfriston School is the lead school and holds the funds on behalf of the Mutukaroa cluster, a group of schools funded by the Ministry.

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Funds Held at Beginning of the Year	5,723	-	5,723
Funds Received from Cluster Members	-	-	-
Funds Received from MoE	-	-	-
Funds Spent on Behalf of the Cluster	-	-	-
Funds Held at Year End	<u>5,723</u>	<u>-</u>	<u>5,723</u>

# Notes to the Financial Statements (cont.)

For the year ended 31 December 2018

## 20 Related Party Transactions

The School is a controlled entity of the Crown, and the Crown provides the major source of revenue to the school. The school enters into transactions with other entities also controlled by the Crown, such as government departments, state-owned enterprises and other Crown entities. Transactions with these entities are not disclosed as they occur on terms and conditions no more or less favourable than those that it is reasonable to expect the school would have adopted if dealing with that entity at arm's length.

Related party disclosures have not been made for transactions with related parties that are within a normal supplier or client/recipient relationship on terms and condition no more or less favourable than those that it is reasonable to expect the school would have adopted in dealing with the party at arm's length in the same circumstances. Further, transactions with other government agencies (for example, Government departments and Crown entities) are not disclosed as related party transactions when they are consistent with the normal operating arrangements between government agencies and undertaken on the normal terms and conditions for such transactions.

## 21 Remuneration

### Key management personnel compensation

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

	2018 Actual \$	2017 Actual \$
<i>Board Members</i>		
Remuneration	370	-
Full-time equivalent members	0.12	0.14
<i>Leadership Team</i>		
Remuneration	331,977	337,249
Full-time equivalent members	3.00	3.00
Total key management personnel remuneration	332,347	337,249
Total full-time equivalent personnel	3.12	3.14

The full time equivalent for Board members has been determined based on attendance at Board meetings, Committee meetings and for other obligations of the Board, such as stand downs and suspensions, plus the estimated time for Board members to prepare for meetings.

### Principal

The total value of remuneration paid or payable to the Principal was in the following bands:

	2018 Actual \$000	2017 Actual \$000
Salaries and Other Short-term Employee Benefits:		
Salary and Other Payments	130-140	130-140
Benefits and Other Emoluments	-	-
Termination Benefits	-	-

### Other Employees

No other employee received total remuneration over \$100,000 (2017: Nil).

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

## 22 Compensation and Other Benefits Upon Leaving

There were no compensation or other benefits paid or payable to persons upon leaving.

# Notes to the Financial Statements (cont.)

For the year ended 31 December 2018

## 23 Contingencies

There are no contingent liabilities and no contingent assets as at 31 December 2018.

(Contingent liabilities and assets as at 31 December 2017: nil)

### Holidays Act Compliance – schools payroll

The Ministry of Education performs payroll processing and payments on behalf of school boards of trustees, through payroll service provider Education Payroll Limited.

The Ministry has commenced a review of the schools sector payroll to ensure compliance with the Holidays Act 2003. The initial phase of this review has identified areas of non-compliance, however the potential impact on any specific school or individual and any associated historical liability will not be known until further detailed analysis has been completed.

To the extent that any obligation cannot reasonably be quantified at 31 December 2018, a contingent liability for the school may exist.

## 24 Commitments

### (a) Capital Commitments

The Board considers there to be no contractual commitments at the above date other than those disclosed in the preceding financial statements and detailed below.

(Capital commitments as at 31 December 2017: nil)

### (b) Operating Commitments

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

- operating lease of a photocopier

No later than One Year

2018 Actual \$	2017 Actual \$
-	1,452
-	1,452

## 25 Managing Capital

The School's capital is its equity and comprises capital contributions from the Ministry of Education for property, plant and equipment and accumulated surpluses and deficits. The School does not actively manage capital but "attempts" to ensure that income exceeds spending in most years. Although deficits can arise as planned in particular years, they are offset by planned surpluses in previous years or ensuing years.

## 26 Financial Instruments

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

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
<b>Loans and Receivables</b>			
Cash and Cash Equivalents	84,835	7,281	78,317
Receivables	115,320	83,000	82,552
Investments - Term Deposits	348,525	280,000	280,000
<b>Total Loans and Receivables</b>	<b>548,680</b>	<b>370,281</b>	<b>440,869</b>
<b>Financial liabilities measured at amortised cost</b>			
Payables	207,467	135,000	153,635
Finance Leases	34,327	25,184	41,984
<b>Total Financial Liabilities Measured at Amortised Cost</b>	<b>241,794</b>	<b>160,184</b>	<b>195,619</b>

## 27 Events After Balance Date

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

## **Kiwi Sport Funding 2018**

The following report outlines how Ministry of Education allocated Kiwisport funding was used at Alfriston School. It will detail how the money impacted on student engagement and achievement and how Alfriston School identified areas to spend Kiwisport funding.

Kiwisport funding is integral in allowing Alfriston School to offer cost effective and beneficial learning experiences to all our students including Maori and Pasifika, students with special needs, English second language speakers and those from disadvantaged backgrounds.

Decisions on how Kiwisport funding is spent are made collectively. The teacher in charge of Physical Education discusses possibilities for spending money with the principal and team leaders. The main guideline for deciding how Kiwisport monies should be spent is that it should benefit an entire syndicate or all Alfriston School Students.

In 2018 Kiwisport funding was used to pay for buses transporting students to a Year 5 to 8 Interschool Soccer Fun Day, Gymnastics at Bruce Pulman Park, and the purchasing of Athletics and Sports equipment to update old gear.

### **Soccer Fun Day**

Using Kiwisport funding to pay for buses for the Year 5 to 8 soccer fun day meant that we were able to take a group of over 60 students to the soccer fun day, essentially the cost was halved and allowed some parents and caregivers to send their students who would not normally have.

### **Gymnastics**

Gymnastics lessons at Bruce Pulman Park are something that teachers, parents and students all agree is of great value. All students, including Maori and Pasifika and students with special needs, are catered for at gymnastics lessons by gymnastics coaches. To minimise the costs to parents Kiwisport funding was to pay for the bus transport to and from Bruce Pulman Park. Due to Murphy's busses merging with Auckland Transport, we have seen a big increase in bus transport costs.

### **Athletics and Sporting Equipment**

Kiwisport funding was used to update our sports equipment which the whole school benefits from. We hosted our annual Athletics Day at Alfriston School with parents loving the idea. We have continued to upgrade some of the athletics equipment to ensure we give students the best experience possible.

## Independent Auditor's Report

### To the readers of Alfriston School's Financial statements For the year ended 31 December 2018

The Auditor-General is the auditor of Alfriston School (the School). The Auditor-General has appointed me, Don Aue using the staff and resources of RSM Hayes Audit, 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 18, that comprise the statement of financial position as at 31 December 2018, the statement of comprehensive revenue and expense, statement of changes in net assets/equity and statement of cash flows for the year ended on that date, and the notes to the financial statements that include accounting policies and other explanatory information.

In our opinion the financial statements of the School:

- present fairly, in all material respects:
  - its financial position as at 31 December 2018; and
  - its financial performance and cash flows for the year then ended; and
- comply with generally accepted accounting practice in New Zealand in accordance with Public Sector Public Benefit Entity (PBE) Standards Reduced Disclosure Regime.

Our audit was completed on 24 May 2019. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Board of Trustees and our responsibilities relating to the financial statements, we comment on other information, and we explain our independence.

#### Basis of opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## **Responsibilities of the Board of Trustees 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 includes the statement of responsibility, board member list, analysis of variance and kiwisport 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 Alfriston School.

A handwritten signature in blue ink, appearing to read 'Don Aue'.

**Don Aue**  
RSM Hayes Audit  
On behalf of the Auditor-General  
Auckland, New Zealand