

**KORAKONUI SCHOOL**

**2017 Annual Report**

**and**

**Financial Statements**

**For the Year Ended 31 December 2017**

**School Number 1783**

**FINANCIAL STATEMENTS AND ANNUAL REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2017**

<b>Contents</b>	<b>Page</b>
Statement of Responsibility	3
Statement of Comprehensive Revenue and Expense	4
Statement of Changes in Net Assets/Equity	5
Statement of Financial Position	6
Cash Flow Statement	7
Notes to Financial Statements	8
Audit Report	27
Members of the Board of Trustees	29
Analysis of Variance	Appendix

## KORAKONUI 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.

Anna Maria Gallien

Full Name of Board Chairperson

Rochelle Joy Inwood

Full Name of Principal

[Signature]

Signature of Board Chairperson

[Signature]

Signature of Principal

30.5.18

Date

30/5/18

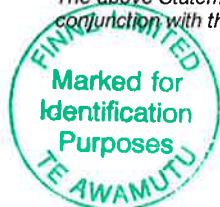
Date

**KORAKONUI SCHOOL****STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE  
FOR THE YEAR ENDED 31 DECEMBER 2017**

		<b>2017</b> <b>Actual</b>	<b>2017</b> <b>Budget</b> <b>(Unaudited)</b>	<b>2016</b> <b>Actual</b>
		\$	\$	\$
<b>REVENUE</b>				
Government Grants	2	1,221,454	1,193,640	1,227,777
Locally Raised Funds	3	151,062	69,622	152,911
Interest Earned		5,693	4,000	4,611
		<u>1,378,208</u>	<u>1,267,262</u>	<u>1,385,299</u>
<b>EXPENSES</b>				
Locally Raised Funds	3	90,304	41,770	102,575
Learning Resources	4	867,269	860,755	877,218
Administration	5	123,329	122,540	114,527
Finance Costs	6	1,399	-	245
Property	7	252,443	238,577	260,937
Depreciation	8	37,016	-	38,936
		<u>1,371,759</u>	<u>1,263,642</u>	<u>1,394,438</u>
<b>NET SURPLUS (DEFICIT)</b>		<b>6,449</b>	<b>3,620</b>	<b>(9,139)</b>
Other Comprehensive Revenue and Expenses		-	-	-
<b>TOTAL COMPREHENSIVE REVENUE AND EXPENSE FOR THE YEAR</b>		<b>\$6,449</b>	<b>\$3,620</b>	<b>\$(9,139)</b>

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

**Bailey Ingham Limited**  
Chartered Accountants



**STATEMENT OF MOVEMENTS IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2017**

	<b>2017 Actual</b>	<b>2017 Budget (Unaudited)</b>	<b>2016 Actual</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>BALANCE AT 1 JANUARY</b>	277,672	277,672	284,291
Total Comprehensive Revenue & Expenses for the year	6,449	3,620	(9,139)
Contribution - Furniture & Equipment Grant	7,413	-	2,520
<b>EQUITY AT 31 DECEMBER</b>	<b>\$291,534</b>	<b>\$281,292</b>	<b>\$277,672</b>
Retained Earnings	291,534	281,292	277,672
Reserves	-	-	-
<b>EQUITY AT 31 DECEMBER</b>	<b>\$291,534</b>	<b>\$281,292</b>	<b>\$277,672</b>

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

**Bailey Ingham Limited**  
Chartered Accountants



# KORAKONUI SCHOOL

## STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

		2017 Actual	2017 Budget (Unaudited)	2016 Actual
		\$	\$	\$
<b>CURRENT ASSETS</b>				
Cash and Cash Equivalents	9	118,705	91,269	87,649
Accounts Receivable	10	65,316	64,100	39,478
GST Receivable		12,393	12,000	9,813
Inventories	11	4,512	4,500	300
Prepayments		30,632	30,000	-
Transport Cluster (Note 27)		19,980	19,900	19,901
		251,538	221,769	157,140
<b>CURRENT LIABILITIES</b>				
Accounts Payable	13	68,822	62,500	49,477
Revenue Received in Advance	14	45	-	-
Provision for Cyclical Maintenance	15	26,100	25,000	4,125
Painting Contract Liability - Current Portion	16	10,900	10,000	10,900
Finance Lease Liability - Current Liability	17	7,407	7,000	966
Funds Held for Capital Work Projects	18	40,362	22,977	-
		153,636	127,477	65,468
<b>WORKING CAPITAL SURPLUS OR (DEFICIT)</b>		97,902	94,292	91,672
<b>NON CURRENT ASSETS</b>				
Property, Plant and Equipment	12	235,886	229,000	246,390
		235,886	229,000	246,390
<b>NON CURRENT LIABILITIES</b>				
Provision for Cyclical Maintenance	15	20,000	20,000	33,400
Painting Contract Liability	16	18,562	18,500	25,929
Finance Lease Liability	17	3,693	3,500	1,061
		42,255	42,000	60,390
<b>NET ASSETS</b>		<b>\$291,534</b>	<b>\$281,292</b>	<b>\$277,672</b>
<b>EQUITY</b>		<b>\$291,534</b>	<b>\$281,292</b>	<b>\$277,672</b>

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

**Bailey Ingham Limited**  
Chartered Accountants



# KORAKONUI SCHOOL

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2017

	2017 Actual	2017 Budget (Unaudited)	2016 Actual
	\$	\$	\$
<b>OPERATING ACTIVITIES</b>			
<b>Cash was provided from:</b>			
Government Grants	270,679	261,100	295,039
Locally Raised Funds	153,960	69,622	157,830
Goods and Services Tax (net)	(2,580)	-	1,914
Interest Received	3,356	4,000	4,527
Payments to Employees	(102,024)	(94,640)	(129,217)
Payments to Suppliers	(321,431)	(236,462)	(331,352)
<b>Net Cash Inflow (Outflow) from Operating Activities</b>	1,960	3,620	(1,259)
<b>INVESTING ACTIVITIES</b>			
<b>Cash was provided from:</b>			
Proceeds from Sale of PPE (and Intangibles)	-	-	(10,512)
Purchase of PPE (and Intangibles)	(13,712)	-	-
<b>Net Cash Inflow (Outflow) from Investing Activities</b>	(13,712)	-	(10,512)
<b>FINANCING ACTIVITIES</b>			
<b>Cash was provided from:</b>			
Furniture and Equipment Grant	7,413	-	(485)
Finance Lease Payments	(4,967)	-	-
Funds Administered on Behalf of Third Parties	40,362	-	-
<b>Net Cash Inflow (Outflow) from Financing Activities</b>	42,808	-	(485)
<b>Net Increase (Decrease) in Cash Held</b>	31,056	3,620	(12,256)
Add Opening Cash brought forward	87,649	87,649	99,905
<b>Ending Cash Carried Forward</b>	\$118,705	\$91,269	\$87,649
<b>Cash Balances in Balance Sheet</b>			
ASB - Cheque 00a/c	25,482	5,000	7,346
ASB Business Saver Account	38	-	36
ASB Omni Account	3,162	3,000	3,522
ASB Term Investment #81	63,161	60,000	61,614
ASB Term Investment #83	-	-	15,131
ASB Term Investment #84	26,861	23,269	-
<b>Ending Cash Carried Forward</b>	\$118,705	\$91,269	\$87,649

The Cash Flow Statement 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.

**Bailey Ingham Limited**  
Chartered Accountants



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**1 STATEMENT OF ACCOUNTING POLICIES**

**A) REPORTING ENTITY**

KORAKONUI 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 PBE Accounting Standards (PBE IPSAS) 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.





**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

***CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS***

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

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

*Useful Lives of property, plant and equipment*

The School reviews the estimated useful lives of property, plant and equipment at the end of each reporting date. The School believes that the estimated useful lives of the property, plant and equipment as disclosed in the Significant Accounting Policies are appropriate to the nature of the property, plant and equipment at reporting date. Property, plant and equipment is disclosed at Note 12.

***CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES***

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

*Classification of Leases*

The School reviews the details of lease agreements at the end of each reporting date. The School believes the classification of each lease as either operation or finance is appropriate and reflects the nature of the agreement in place. Finance leases are disclosed at Note 16.

*Recognition of Grants*

The School review 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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

***C) REVENUE RECOGNITION***

***GOVERNMENT GRANTS SCHOOLS***

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.

***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***

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.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**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.

**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 three months 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 the cost and net realisable value. Cost is determined on a first in, first out basis. Net realisable value is 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.

**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 \$1,000 are not capitalised, they are recognised as an expense in the Statement of Comprehensive Income.

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 Income.



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.

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 Income.

Building improvements - Crown 20-50 years

Furniture and equipment – 5-20 years

Information and communication technology - 5 years

Library resources - 10-20 years

Leased Assets held under a Finance Lease - 3 years

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

Property, Plant, 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.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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.

**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, 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.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

***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

***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.



## KORAKONUI 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	254,861	255,900	256,277
	Teachers Salaries Grants	761,058	758,555	749,857
	Use of Land & Buildings Grant	173,985	173,985	182,749
	Other MoE Grants	31,550	5,200	38,894
		<u>\$1,221,454</u>	<u>\$1,193,640</u>	<u>\$1,227,777</u>
3	LOCALLY RAISED FUNDS	2017 Actual	2017 Budget (Unaudited)	2016 Actual
		\$	\$	\$
	Local funds raised within the School's community are made up of:			
	<b>Revenue</b>			
	Donations	8,473	8,500	7,893
	Fundraising	85,429	15,000	65,031
	Activities	37,801	37,000	57,589
	Other Revenue	8,840	8,772	7,175
	Trading	10,519	350	15,224
		<u>151,062</u>	<u>69,622</u>	<u>152,911</u>
	<b>Expenditure</b>			
	Activities	44,471	40,270	58,240
	Trading	10,763	-	18,445
	Fundraising (Cost of Raising Funds)	28,818	-	22,965
	Other Locally Raised Funds Expenditure	6,251	1,500	2,925
		<u>90,304</u>	<u>41,770</u>	<u>102,575</u>
	<b>Surplus for the year Locally Raised Funds</b>	<u>\$60,758</u>	<u>\$27,852</u>	<u>\$50,336</u>





## KORAKONUI SCHOOL

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

<b>4</b>	<b>LEARNING RESOURCES</b>	<b>2017 Actual</b>	<b>2017 Budget (Unaudited)</b>	<b>2016 Actual</b>
		\$	\$	\$
	Curricular	36,286	41,100	29,315
	Employee Benefits - Salaries	807,012	795,195	824,176
	Extra-Curricular Activities	4,519	4,000	2,919
	Library Resources	534	460	505
	Staff Development	18,918	20,000	20,303
		<b>\$867,269</b>	<b>\$860,755</b>	<b>\$877,218</b>
<b>5</b>	<b>ADMINISTRATION</b>	<b>2017 Actual</b>	<b>2017 Budget (Unaudited)</b>	<b>2016 Actual</b>
		\$	\$	\$
	Audit Fees	3,527	3,500	3,936
	Board of Trustees Fees	3,185	-	-
	Board of Trustees Expenses	8,895	12,790	4,234
	Communication	3,425	5,600	4,592
	Consumables	25,821	28,772	23,538
	Employee Benefits - Salaries	59,422	48,500	55,081
	Insurance	3,001	4,000	3,118
	Operating Leases	8,295	10,128	11,201
	Other	5,808	7,250	6,876
	Service Providers, Contractors and Consultancy	1,950	2,000	1,950
		<b>\$123,329</b>	<b>\$122,540</b>	<b>\$114,527</b>
<b>6</b>	<b>FINANCE</b>	<b>2017 Actual</b>	<b>2017 Budget (Unaudited)</b>	<b>2016 Actual</b>
	Finance Costs	1,399	-	245





# KORAKONUI SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

<b>7</b>	<b>PROPERTY</b>	<b>2017</b> <b>Actual</b>	<b>2017</b> <b>Budget</b> <b>(Unaudited)</b>	<b>2016</b> <b>Actual</b>
		\$	\$	\$
	Caretaking and Cleaning Consumables	6,724	8,392	7,375
	Consultancy and Contract Services	13,512	14,000	12,720
	Cyclical Maintenance Provision	14,367	500	17,652
	Employee Benefits - Salaries	4,818	9,500	3,941
	Grounds	12,006	10,100	11,661
	Heat, Light and Water	13,375	14,000	13,440
	Repairs and Maintenance	13,657	8,100	11,397
	Use of Land and Buildings	173,985	173,985	182,749
		<b>\$252,443</b>	<b>\$238,577</b>	<b>\$260,937</b>

The use of Land & 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.

<b>8</b>	<b>DEPRECIATION OF PROPERTY, PLANT &amp; EQUIPMENT</b>	<b>2017</b> <b>Actual</b>	<b>2017</b> <b>Budget</b> <b>(Unaudited)</b>	<b>2016</b> <b>Actual</b>
		\$	\$	\$
	ICT Equipment	8,195	-	9,358
	Land & Buildings	6,361	-	6,500
	Library Resources	1,283	-	1,411
	Furniture & Equipment	17,542	-	20,699
	Leased Assets	3,635	-	968
		<b>\$37,016</b>	<b>-</b>	<b>\$38,936</b>



# KORAKONUI SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

<b>9 CASH AND CASH EQUIVALENTS</b>	<b>2017 Actual</b>	<b>2017 Budget (Unaudited)</b>	<b>2016 Actual</b>
	\$	\$	\$
ASB - Cheque 00a/c	25,482	5,000	7,346
ASB Business Saver Account	38	-	36
ASB Omni Account	3,162	3,000	3,522
ASB Term Investment #81	63,161	60,000	61,614
ASB Term Investment #83	-	-	15,131
ASB Term Investment #84	26,861	23,269	-
<b>Net Cash &amp; Cash Equivalents and Bank Overdraft for Cash Flow Statement</b>	<b>\$118,705</b>	<b>\$91,269</b>	<b>\$87,649</b>

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

Of the \$118,705 Cash and Cash Equivalents, \$40,362 is held on behalf of the Ministry of Education. These funds are required to be spent in 2018 on Crown owned buildings under the School's Five Year Property Plan.

<b>10 ACCOUNTS RECEIVABLE</b>	<b>2017 Actual</b>	<b>2017 Budget (Unaudited)</b>	<b>2016 Actual</b>
	\$	\$	\$
Receivables	130	100	2,983
Receivables from the Ministry of Education	15,732	15,000	-
Interest Receivable	985	1,000	355
Teacher Salaries Grant Receivable	48,468	48,000	36,139
	<b>\$65,316</b>	<b>\$64,100</b>	<b>\$39,478</b>
Receivables from Exchange Transactions	16,848	16,100	3,338
Receivables from Non-Exchange Transactions	48,468	48,000	36,139
	<b>\$65,316</b>	<b>\$64,100</b>	<b>\$39,478</b>

<b>11 INVENTORIES</b>	<b>2017 Actual</b>	<b>2017 Budget (Unaudited)</b>	<b>2016 Actual</b>
	\$	\$	\$
School Uniforms	3,643	3,600	-
Stationery	869	900	300
	<b>\$4,512</b>	<b>\$4,500</b>	<b>\$300</b>

**Bailey Ingham Limited**  
Chartered Accountants



# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

## 12 PROPERTY, PLANT & EQUIPMENT

<b>2017</b>	<b>Opening Balance (NBV)</b>	<b>Additions</b>	<b>Disposals</b>	<b>Impairment</b>	<b>Depreciation</b>	<b>Total (NBV)</b>
Buildings	114,793	13,478	-	-	(6,361)	121,910
Leased Assets	1,938	12,800	-	-	(3,635)	11,103
Furniture & Equipment	102,727	-	-	-	(17,542)	85,185
Information and Communication	16,882	-	-	-	(8,195)	8,687
Library Resources	10,050	234	-	-	(1,283)	9,001
<b>Balance at 31 December 2017</b>	<b>\$246,390</b>	<b>\$26,513</b>	<b>-</b>	<b>-</b>	<b>\$(37,016)</b>	<b>\$235,886</b>

<b>2017</b>	<b>Cost or Valuation</b>	<b>Accumulated Depreciation</b>	<b>Net Book Value</b>
Furniture & Equipment	302,949	217,764	85,185
Buildings	181,876	59,966	121,910
Library Resources	58,675	49,674	9,001
ICT Equipment	55,695	47,008	8,687
Leased Assets	15,706	4,603	11,103
<b>Balance at 31 December 2017</b>	<b>\$614,901</b>	<b>\$379,015</b>	<b>\$235,886</b>

<b>2016</b>	<b>Opening Balance (NBV)</b>	<b>Additions</b>	<b>Disposals</b>	<b>Impairment</b>	<b>Depreciation</b>	<b>Total (NBV)</b>
Buildings	65,604	55,689	-	-	(6,500)	114,793
Leased Assets	-	2,906	-	-	(968)	1,938
Furniture & Equipment	113,218	10,207	-	-	(20,699)	102,727
Information and Communication	26,240	-	-	-	(9,358)	16,882
Library Resources	11,157	304	-	-	(1,411)	10,050
<b>Balance at 31 December 2016</b>	<b>\$216,219</b>	<b>\$69,106</b>	<b>-</b>	<b>-</b>	<b>\$(38,936)</b>	<b>\$246,390</b>



## KORAKONUI SCHOOL

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

<b>2016</b>	<b>Cost or Valuation</b>	<b>Accumulated Depreciation</b>	<b>Net Book Value</b>
Furniture & Equipment	302,949	200,222	102,727
Buildings	168,398	53,605	114,793
Library Resources	58,441	48,391	10,050
ICT Equipment	55,695	38,813	16,882
Leased Assets	2,906	968	1,938
<b>Balance at 31 December 2016</b>	<b>\$588,389</b>	<b>\$341,999</b>	<b>\$246,390</b>

<b>13 ACCOUNTS PAYABLE</b>	<b>2017 Actual</b>	<b>2017 Budget (Unaudited)</b>	<b>2016 Actual</b>
	\$	\$	\$
Operating creditors	8,655	8,500	7,392
Accruals	3,527	3,500	5,946
Employee Entitlements - salaries	53,951	48,000	36,139
Employee Entitlements - leave accrual	2,689	2,500	-
	<b>\$68,822</b>	<b>\$62,500</b>	<b>\$49,477</b>
Payables for Exchange Transactions	65,295	59,000	43,531
	<b>\$65,295</b>	<b>\$59,000</b>	<b>\$43,531</b>

The carrying value of payables approximates their fair value.

<b>14 REVENUE RECEIVED IN ADVANCE</b>	<b>2017 Actual</b>	<b>2017 Budget (Unaudited)</b>	<b>2016 Actual</b>
	\$	\$	\$
Income Received in Advance	45	-	-



# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

15	<b>PROVISION FOR CYCLICAL MAINTENANCE</b>	<b>2017</b>	<b>2017</b>	<b>2016</b>
		<b>Actual</b>	<b>Budget (Unaudited)</b>	<b>Actual</b>
		<b>\$</b>	<b>\$</b>	<b>\$</b>
	Provision at Start of the Year	37,525	45,000	37,525
	Adjustment to Provision	8,575	-	-
	Provision at the end of the Year	<b>46,100</b>	<b>45,000</b>	<b>37,525</b>
	Cyclical Maintenance - Current	26,100	25,000	4,125
	Cyclical Maintenance - Term	20,000	20,000	33,400
		<b>\$46,100</b>	<b>\$45,000</b>	<b>\$37,525</b>

The Board has a cash management plan to ensure that sufficient cash is available to meet all maintenance obligations as they fall due over the next 10 years. The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligations at 31 December 2015. Present obligations are identified in the school's current 10-year property plan approved by the Ministry of Education. The provision has not been adjusted for inflation and the effect of the time value of money.

16	<b>PAINTING CONTRACT LIABILITY</b>	<b>2017</b>	<b>2017</b>	<b>2016</b>
		<b>Actual</b>	<b>Budget (Unaudited)</b>	<b>Actual</b>
	Current Liability	10,900	10,000	10,900
	Non Current Liability	18,562	18,500	25,929
		<b>\$29,462</b>	<b>\$28,500</b>	<b>\$36,829</b>

The Board signed an agreement with Programmed Maintenance Services (NZ) Limited in October 2014 for an agreed programme of work covering a 7 year period. The programme provides for an exterior repaint of the Ministry owned buildings in 2015, with regular maintenance in subsequent years. The agreement has an annual commitment of \$10,900. The liability is the best estimate of actual amount of work performed by the contractor for which the contractor has not been paid at balance sheet date. The liability has not been adjusted for inflation and the effect of the time value of money.



# KORAKONUI SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

17	<b>FINANCE LEASE LIABILITY</b>	<b>2017 Actual</b>	<b>2017 Budget (Unaudited)</b>	<b>2016 Actual</b>
	The school has entered into finance lease agreements as follows:			
	Not later than one year	7,407	7,000	966
	Later than one year and not later than five years	3,693	3,500	1,061
		<u>11,100</u>	<u>10,500</u>	<u>2,027</u>
	Current Liability	7,407	7,000	966
	Non Current Liability	3,693	3,500	1,061
		<u>\$11,100</u>	<u>\$10,500</u>	<u>\$2,027</u>

### 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:

	<b>2017</b>	<b>Opening</b>	<b>Receipts from MOE</b>	<b>Payments</b>	<b>Closing Balance</b>
Special Needs Fencing	In Progress	-	42,725	2,364	40,362
		-	\$42,725	\$2,364	\$40,362

#### **Represented by:**

Funds Held on Behalf of the Ministry of Education	40,362
Funds Due from the Ministry of Education	-
	<u>\$40,362</u>

	<b>2016</b>	<b>Opening</b>	<b>Receipts from MOE</b>	<b>Payments</b>	<b>Closing Balance</b>
Senior Block Refurbishment	Completed	(55,689)	55,689	-	-
		<u>\$(55,689)</u>	<u>\$55,689</u>	<u>-</u>	<u>-</u>



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**19 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.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017****20 REMUNERATION*****Key Management Personnel Compensation***

Key Management Personnel of the School include all Trustees of the Board, Principal, Deputy Principal and Heads of Departments.

	<b>2017</b>	<b>2016</b>
<b><i>Board of Trustee and Committee Members</i></b>		
Remuneration	3,185	-
Full-time equivalent members	0.24	0.4
<b><i>Leadership Team</i></b>		
Remuneration	202,866	191,618
Full-time equivalent members	2.00	2.00
Total key management personnel remuneration	<u>\$206,051</u>	<u>\$191,618</u>
Total full-time equivalent personnel	<u>2.24</u>	<u>2.4</u>

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 the remuneration paid or payable to the Principal is in the following bands:

	<b>2017 Actual \$000</b>	<b>2016 Actual \$000</b>
Salary & Payments	110 - 120	110 - 120
Benefits and other emoluments	3 - 4	3 - 4
Termination Benefits		





**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

***Other Employees***

No other Employee received total remuneration over \$100,000 (2016: Nil)

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

**21 COMPENSATION AND OTHER BENEFITS UPON LEAVING** **2017** **2016**

The total value of compensation or other benefits paid or payable to persons who ceased to be trustees, committee members, or employees during the financial year in relation to that cessation and number of persons to whom all or part of that total was as follows:

\$Nil \$Nil

**22 CONTINGENCIES**

There are no Contingent Liabilities(except as noted below) and no Contingent Assets as at 31 December 2017 (Contingent Liabilities and Assets at 31 December 2016:Nil)

**23 COMMITMENTS** **2017** **2016**

***Operating Lease Commitments***

No later than One Year

10,166 11,622

Later than One Year and No Later than Five Years

4,479 1,208

\$14,645 \$12,830

***Capital Commitments***

Korakonui School has contracts for the following commitments to be completed in the first quarter of 2018:

- 1) Murray Charteris Flooring \$10,350
- 2) Pumpn Ltd \$3,552

**24 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.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**25 FINANCIAL INSTRUMENTS**

The carrying amount of Financial Assets & Liabilities in each on the Financial Instrument are as follows:

**Cash & Receivables**

	<b>2017 Actual</b>	<b>2017 Budget (Unaudited)</b>	<b>2016 Actual</b>
	\$	\$	\$
Cash and Cash Equivalents	118,705	91,269	87,649
Receivables	65,316	64,100	39,478
Transport Cluster	50,612	49,900	19,901
Investments - Term Deposits	-	-	-
<b>Total Cash and Receivables</b>	<b>\$234,633</b>	<b>\$205,269</b>	<b>\$147,028</b>

**Financial Liabilities measured at amortised cost**

Payables	65,295	59,000	43,531
Borrowings - Loans	-	-	-
Finance Leases	11,100	10,500	2,027
Painting Contract Liability	29,462	28,500	36,829
<b>Total Financial Liabilities Measured at Amortised Cost</b>	<b>\$105,857</b>	<b>\$98,000</b>	<b>\$82,387</b>

**26 EVENTS AFTER BALANCE DATE**

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

**27 TE AWAMUTU COLLEGE BUS NETWORK**

Korakonui School is a member of the Te Awamutu College Bus Network along with a number of other schools. The school has a 7.7% share in the activity of the Bus Network.

Funds held in the Bus Network are as follows:

Opening funds held in Bus Network	19,901	20,179
Share of net Income(Loss) from Bus Network	79	(278)
	<b>\$19,980</b>	<b>\$19,901</b>



## **INDEPENDENT AUDITOR'S REPORT**

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

The Auditor-General is the auditor of Korakonui School (the School). The Auditor-General has appointed me, Jonathan Hurst, using the staff and resources of Finnz Limited, to carry out the audit of the financial statements of the School on his behalf.

We have audited the financial statements of the School on pages 4 to 26 that comprise the statement of financial position as at 31 December 2017, the statement of comprehensive revenue & expense, statement of changes in net assets/equity, and statement of cashflows for the year ended on that date, and the notes to the financial statements that include accounting policies and other explanatory information.

#### **Opinion**

In our opinion the financial statements of the School:

- present fairly, in all material respects:
  - its financial position as at 31 December 2017; and
  - financial performance and cashflows 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 31<sup>st</sup> 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 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 comprises the Analysis of Variance Report, Kiwisport Note, and Trustee list, 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.



Jonathan Hurst  
Finnz Limited  
On behalf of the Auditor-General  
Te Awamutu, New Zealand

## KORAKONUI SCHOOL

---

### Members of the Board of Trustees

Name	Position	How position on Board gained	Term expires / expired
Mark Swney	Trustee	Elected Nov 2011	Nov 2017
Rochelle Inwood	Principal	Ex-Officio	Dec 2017
Angela FitzGerald	Trustee	Elected Sept 2015	Nov 2020
Anna Gallien	Chairperson	Elected Sept 2015	May 2019
Lance Gower	Trustee	Elected May 2016	May 2019
Glenn Morris	Trustee	Elected May 2016	May 2019
Felicity Kay	Staff Rep	Elected May 2016	Nov 2017
Kristel Smith	Whanau Rep	Elected Nov 2016	
Natalie Dodd	Staff Rep	Elected Nov 2017	May 2019
Richard Stapel	Trustee	Elected Nov 2017	Nov 2020