

KORAKONUI SCHOOL

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018



School Address: 734 Wharepuhunga Rd, Waikeria 3873

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Ministry Number: 1783

Accountant / Service Provider: Accounting For Schools Ltd

KORAKONUI SCHOOL

Annual Report - For the year ended 31 December 2018

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KORAKONUI 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.

Anna Gallien

Full Name of Board Chairperson



Signature of Board Chairperson

31 May 2019

Date:

Rochelle Joy Inwood

Full Name of Principal



Signature of Principal

31/5/19

Date:

KORAKONUI SCHOOL

Statement of Comprehensive Revenue and Expense For the year ended 31 December 2018

	Notes	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Revenue				
Government Grants	2	1,213,320	1,171,691	1,221,454
Locally Raised Funds	3	145,241	28,250	151,062
Interest Earned		3,580	3,480	5,693
		<u>1,362,141</u>	<u>1,203,421</u>	<u>1,378,208</u>
Expenses				
Locally Raised Funds	3	95,336	2,000	90,304
Learning Resources	4	903,282	890,764	867,269
Administration	5	97,204	107,910	123,328
Finance		2,214	-	1,399
Property	6	255,996	245,094	252,443
Depreciation	7	44,029	-	37,016
		<u>1,398,061</u>	<u>1,245,768</u>	<u>1,371,759</u>
Net Surplus / (Deficit) for the year		(35,920)	(42,347)	6,449
Other Comprehensive Revenue and Expenses		-	-	-
Total Comprehensive Revenue and Expense for the Year		(35,920)	(42,347)	6,449

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



KORAKONUI SCHOOL

Statement of Changes in Net Assets/Equity For the year ended 31 December 2018

	Actual 2018 \$	Budget (Unaudited) 2018 \$	Actual 2017 \$
Balance at 1 January	291,534	291,534	277,672
Total comprehensive revenue and expense for the year	(35,920)	(42,347)	6,449
Capital Contributions from the Ministry of Education			
Contribution - Furniture and Equipment Grant	-	-	7,413
Equity at 31 December	255,614	249,187	291,534
Retained Earnings	255,614	249,187	291,534
Equity at 31 December	255,614	249,187	291,534

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



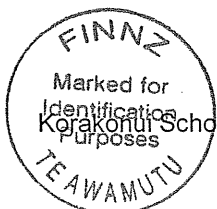
KORAKONUI SCHOOL

Statement of Financial Position

As at 31 December 2018

	Notes	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Current Assets				
Cash and Cash Equivalents	8	49,555	65,274	118,705
Accounts Receivable	9	62,311	46,800	65,316
GST Receivable		-	2,000	12,394
Inventories	10	5,202	5,200	4,512
Investments	11	50,000	50,000	-
Transport Cluster	26	19,359	20,000	19,980
Prepayments		5,254	-	30,632
		191,681	189,274	251,539
Current Liabilities				
GST Payable		1,000	-	-
Accounts Payable	13	62,287	67,800	68,822
Revenue Received in Advance	14	-	-	45
Provision for Cyclical Maintenance	15	12,728	12,700	26,100
Painting Contract Liability - Current Portion	16	7,367	11,000	10,900
Finance Lease Liability - Current Portion	17	8,331	12,000	7,407
Funds held for Capital Works Projects	18	16,283	(650)	40,362
		107,996	102,850	153,636
Working Capital Surplus/(Deficit)		83,685	86,424	97,903
Non-current Assets				
Property, Plant and Equipment	12	225,626	225,700	235,886
		225,626	225,700	235,886
Non-current Liabilities				
Provision for Cyclical Maintenance	15	31,666	33,400	20,000
Painting Contract Liability	16	14,727	18,562	18,562
Finance Lease Liability	17	7,304	10,975	3,693
		53,697	62,937	42,255
Net Assets		255,614	249,187	291,534
Equity		255,614	249,187	291,534

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



KORAKONUI SCHOOL

Statement of Cash Flows

For the year ended 31 December 2018

		2018	2018	2017
	Note	Actual	Budget (Unaudited)	Actual
		\$	\$	\$
Cash flows from Operating Activities				
Government Grants		286,940	277,423	270,679
Locally Raised Funds		144,672	27,685	153,960
Goods and Services Tax (net)		13,391	10,393	(2,579)
Payments to Employees		(132,771)	(124,788)	(102,024)
Payments to Suppliers		(268,186)	(163,220)	(321,431)
Cyclical Maintenance Payments in the year		(4,971)	(16,000)	-
Interest Paid		(2,214)	-	-
Interest Received		4,045	3,945	3,356
Net cash from / (to) the Operating Activities		40,908	15,439	1,961
Cash flows from Investing Activities				
Purchase of PPE (and Intangibles)		(19,166)	24,480	(13,712)
Purchase of Investments		(50,000)	(50,000)	-
Net cash from / (to) the Investing Activities		(69,165)	(25,520)	(13,712)
Cash flows from Financing Activities				
Furniture and Equipment Grant		-	-	7,413
Finance Lease Payments		(10,068)	(2,419)	(4,967)
Painting contract payments		(7,368)	100	-
Funds Held for Capital Works Projects		(24,079)	(41,012)	40,362
Net cash from Financing Activities		(40,893)	(43,350)	42,808
Net increase/(decrease) in cash and cash equivalents		(69,150)	(53,431)	31,057
Cash and cash equivalents at the beginning of the year	8	118,705	118,705	87,648
Cash and cash equivalents at the end of the year	8	49,555	65,274	118,705

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

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



KORAKONUI SCHOOL

Notes to the Financial Statements

For the year ended 31 December 2018

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 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 12.

Critical Judgements in applying accounting policies

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

Korakonui School Annual Report and Financial Statements

KORAKONUI SCHOOL

Notes to the Financial Statements

For the year ended 31 December 2018

1. Statement of 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.

c) Revenue Recognition

Government Grants

The school receives funding from the Ministry of Education. The following are the main types of funding that the School receives;

Operational grants are recorded as revenue when the School has the rights to the funding, which is in the year that the funding is received.

Teachers salaries grants are recorded as revenue when the School has the rights to the funding in the salary period they relate to. The grants are not received in cash by the School and are paid directly to teachers by the Ministry of Education.

For Non-integrated schools only:

Other Grants

Other grants are recorded as revenue when the School has the rights to the funding, unless there are unfulfilled conditions attached to the grant, in which case the amount relating to the unfulfilled conditions is recognised as a liability and released to revenue as the conditions are fulfilled.

Donations, Gifts and Bequests

Donations, gifts and bequests are recorded as revenue when their receipt is formally acknowledged by the School.

Interest Revenue

Interest Revenue earned on cash and cash equivalents and investments is recorded as revenue in the period it is earned.

d) Use of Land and Buildings Expense

The property from which the School operates is owned by the Crown and managed by the Ministry of Education on behalf of the Crown. The School's use of the land and buildings as occupant is based on a property occupancy document as gazetted by the Ministry. The expense is based on an assumed market rental yield on the value of land and buildings as used for rating purposes. This is a non-cash expense that is offset by a non-cash grant from the Ministry.

e) Operating Lease Payments

Payments made under operating leases are recognised in the Statement of Comprehensive Revenue and Expense on a straight line basis over the term of the lease.

f) Finance Lease Payments

Finance lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term on an effective interest basis.

g) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, bank balances, deposits held at call with banks, and other short term highly liquid investments with original maturities of 90 days or less, and bank overdrafts. The carrying amount of cash and cash equivalents represent fair value.

KORAKONUI SCHOOL

Notes to the Financial Statements

For the year ended 31 December 2018

1. Statement of Accounting Policies

h) Accounts Receivable

Accounts Receivable represents items that the School has issued invoices for or accrued for, but has not received payment for at year end. Receivables are initially recorded at fair value and subsequently recorded at the amount the School realistically expects to receive. A receivable is considered uncollectable where there is objective evidence the School will not be able to collect all amounts due. The amount that is uncollectable (the provision for uncollectibility) is the difference between the amount due and the present value of the amounts expected to be collected.

i) Inventories

Inventories are consumable items held for sale and comprise of stationery and school uniforms. They are stated at the lower of cost and net realisable value. Cost is determined on a first in, first out basis. Net realisable value is the estimated selling price in the ordinary course of activities less the estimated costs necessary to make the sale. Any write down from cost to net realisable value is recorded as an expense in the Statement of Comprehensive Revenue and Expense in the period of the write down.

j) Investments

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

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

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

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

k) Property, Plant and Equipment

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

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

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

Property, plant and equipment acquired with individual values under \$1,000 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.



KORAKONUI SCHOOL

Notes to the Financial Statements

For the year ended 31 December 2018

1. Statement of Accounting Policies

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	20-50 years
Furniture and equipment	5-20 years
Information and communication technology	5 years
Leased assets held under a Finance Lease	3 years
Library resources	10-20 years

m) Impairment of property, plant, and equipment and intangible assets

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

Non cash generating assets

Property, plant, and equipment and intangible assets held at cost that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable service amount. The recoverable service amount is the higher of an asset's fair value less costs to sell and value in use.

Value in use is determined using an approach based on either a depreciated replacement cost approach, restoration cost approach, or a service units approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and availability of information.

If an asset's carrying amount exceeds its recoverable service amount, the asset is regarded as impaired and the carrying amount is written down to the recoverable amount. The total impairment loss is recognised in the surplus or deficit.

The reversal of an impairment loss is recognised in the surplus or deficit.

n) Accounts Payable

Accounts Payable represents liabilities for goods and services provided to the School prior to the end of the financial year which are unpaid. Accounts Payable are recorded at the amount of cash required to settle those liabilities. The amounts are unsecured and are usually paid within 30 days of recognition.

o) Employee Entitlements

Short-term employee entitlements

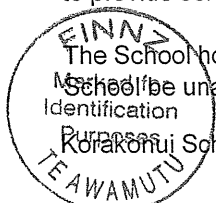
Employee benefits that are due to be settled within 12 months after the end of the period in which the employee renders the related service are measured based on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to balance date, annual leave earned to but not yet taken at balance date.

p) Revenue Received in Advance

Revenue received in advance relates to fees received from students where there are unfulfilled obligations for the School to provide services in the future. The fees are recorded as revenue as the obligations are fulfilled and the fees earned.

The School holds sufficient funds to enable the refund of unearned fees in relation to international students, should the School be unable to provide the services to which they relate.



KORAKONUI SCHOOL

Notes to the Financial Statements

For the year ended 31 December 2018

1. Statement of Accounting Policies

q) Funds Held in Trust

Funds are held in trust where they have been received by the School for a specified purpose, or are being held on behalf of a third party and these transactions are not recorded in the Statement of Revenue and Expense. The School holds sufficient funds to enable the funds to be used for their intended purpose at any time.

r) Shared Funds

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

s) Provision for Cyclical Maintenance

The property from which the School operates is owned by the Crown, and is vested in the Ministry. The Ministry has gazetted a property occupancy document that sets out the Board's property maintenance responsibilities. The Board is responsible for maintaining the land, buildings and other facilities on the School site in a state of good order and repair.

Cyclical maintenance, which involves painting the interior and exterior of the School, makes up the most significant part of the Board's responsibilities outside day-to-day maintenance. The provision for cyclical maintenance represents the obligation the Board has to the Ministry and is based on the Board's ten year property plan (10YPP).

t) Financial Assets and Liabilities

The School's financial assets comprise cash and cash equivalents, accounts receivable, and investments. All of these financial assets, except for investments that are shares, are categorised as "loans and receivables" for accounting purposes in accordance with financial reporting standards.

Investments that are shares are categorised as "available for sale" for accounting purposes in accordance with financial reporting standards.

The School's financial liabilities comprise accounts payable, borrowings, finance lease liability, and painting contract liability. All of these financial liabilities are categorised as "financial liabilities measured at amortised cost" for accounting purposes in accordance with financial reporting standards.

u) Borrowings

Borrowings are recognised at the amount borrowed. Borrowings are classified as current liabilities unless the School has an unconditional right to defer settlement of the liability for at least 12 months after the balance date.

v) Goods and Services Tax (GST)

The financial statements have been prepared on a GST exclusive basis, with the exception of accounts receivable and accounts payable which are stated as GST inclusive.

The net amount of GST paid to, or received from, the IRD, including the GST relating to investing and financing activities, is classified as a net operating cash flow in the statements of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

w) Budget Figures

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

x) Services received in-kind

From time to time the School receives services in-kind, including the time of volunteers. The School has elected not to recognise services received in kind in the Statement of Comprehensive Revenue and Expense.

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Identification
Purposes

KORAKONUI SCHOOL

Notes to the Financial Statements

For the year ended 31 December 2018

2. Government Grants

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Operational Grants	248,483	251,515	254,861
Other MoE Grants	36,927	10,176	31,550
Teachers' Salaries Grants	755,651	740,000	761,058
Use of Land and Buildings Grants	170,955	170,000	173,985
Resource Teachers Learning and Behaviour Grants	1,304	-	-
	1,213,320	1,171,691	1,221,454

3. Locally Raised Funds

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

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Revenue			
Activities	68,202	-	37,801
Donations	5,715	8,000	8,473
Fundraising	55,256	20,000	85,429
Other Revenue	3,827	250	8,840
Trading	12,241	-	10,519
	145,241	28,250	151,062
Expenses			
Activities	53,528	2,000	44,471
Fundraising costs	15,443	-	28,818
Other Expenses	11,162	-	6,251
Trading	15,203	-	10,763
	95,336	2,000	90,304
	49,905	26,250	60,758

Surplus/ (Deficit) for the year Locally raised funds

4. Learning Resources

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Curricular	26,702	41,970	40,805
Employee Benefits - Salaries	822,347	799,994	807,012
Information and Communication Technology	4,849	12,300	-
Library Resources	424	500	534
Staff Development	48,960	36,000	18,918
	903,282	890,764	867,269



KORAKONUI SCHOOL

Notes to the Financial Statements For the year ended 31 December 2018

5. Administration

	2018	2018	2017
	Actual	Budget (Unaudited)	Actual
	\$	\$	\$
Audit Fee	3,710	3,500	3,527
Board of Trustees Fees	3,586	6,980	3,185
Board of Trustees Expenses	2,544	3,200	8,895
Communication	6,534	11,930	3,425
Consumables	4,161	5,800	25,821
Employee Benefits - Salaries	50,059	54,500	59,422
Insurance	2,882	3,000	3,001
Operating Lease	6,635	6,208	8,295
Other	14,693	10,792	5,808
Service Providers, Contractors and Consultancy	2,400	2,000	1,950
	<u>97,204</u>	<u>107,910</u>	<u>123,328</u>

6. Property

	2018	2018	2017
	Actual	Budget (Unaudited)	Actual
	\$	\$	\$
Caretaking and Cleaning Consumables	8,456	8,080	6,724
Consultancy and Contract Services	17,259	13,992	13,512
Cyclical Maintenance Expense	3,265	16,000	14,367
Employee Benefits - Salaries	9,782	9,492	4,818
Grounds	967	1,080	12,006
Heat, Light and Water	16,651	14,100	13,375
Repairs and Maintenance	28,661	12,350	13,657
Use of Land and Buildings	170,955	170,000	173,985
	<u>255,996</u>	<u>245,094</u>	<u>252,443</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.

7. Depreciation

	2018	2018	2017
	Actual	Budget (Unaudited)	Actual
	\$	\$	\$
Building Improvements	7,174	-	6,361
Furniture and Equipment	17,569	-	17,542
Information and Communication Technology	7,465	-	8,195
Leased Assets	10,696	-	3,635
Library Resources	1,125	-	1,283
	<u>44,029</u>	<u>-</u>	<u>37,016</u>



KORAKONUI SCHOOL

Notes to the Financial Statements

For the year ended 31 December 2018

8. Cash and Cash Equivalents

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
ASB Cheque 00a/c	12,917	28,534	25,482
ASB Business Saver Account	38	40	38
ASB Omni Account	669	700	3,162
Short-term Bank Deposits	35,931	36,000	90,023
Cash and cash equivalents for Cash Flow Statement	49,555	65,274	118,705

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

Of the \$49,555 Cash and Cash Equivalents, \$16,283 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.

9. Accounts Receivable

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Receivables	654	650	130
Receivables from the Ministry of Education	15,506	-	15,732
Interest Receivable	520	520	985
Teacher Salaries Grant Receivable	45,631	45,630	48,468
	62,311	46,800	65,316
Receivables from Exchange Transactions	1,174	1,170	1,116
Receivables from Non-Exchange Transactions	61,137	45,630	64,200
	62,311	46,800	65,316

10. Inventories

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
School Uniforms	4,516	5,200	3,643
Stationery	686	-	869
	5,202	5,200	4,512

11. Investments

The School's investment activities are classified as follows:

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Current Asset Short-term Bank Deposits	50,000	50,000	-

Current Asset
Short-term Bank Deposits

Marked for
Identification
Purposes

Korakonui School Annual Report and Financial Statements

KORAKONUI SCHOOL

Notes to the Financial Statements

For the year ended 31 December 2018

12. Property, Plant and Equipment

	Opening Balance (NBV)	Additions	Disposals	Impairment	Depreciation	Total (NBV)
	\$	\$	\$	\$	\$	\$
2018						
Building Improvements	121,910	-	-	-	(7,174)	114,736
Furniture and Equipment	85,185	10,987	-	-	(17,569)	78,603
Information Technology	8,687	8,179	-	-	(7,465)	9,401
Leased Assets	11,103	14,603	-	-	(10,696)	15,010
Library Resources	9,001	-	-	-	(1,125)	7,876
Balance at 31 December 2018	235,886	33,769	-	-	(44,029)	225,626

	Cost or Valuation	Accumulated Depreciation	Net Book Value
	\$	\$	\$
2018			
Building Improvements	181,876	(67,140)	114,736
Furniture and Equipment	313,936	(235,333)	78,603
Information Technology	63,874	(54,473)	9,401
Leased Assets	30,309	(15,299)	15,010
Library Resources	58,675	(50,799)	7,876
Balance at 31 December 2018	648,670	(423,044)	225,626

	Opening Balance (NBV)	Additions	Disposals	Impairment	Depreciation	Total (NBV)
	\$	\$	\$	\$	\$	\$
2017						
Building Improvements	114,793	13,478	-	-	(6,361)	121,910
Furniture and Equipment	102,727	-	-	-	(17,542)	85,185
Information Technology	16,882	-	-	-	(8,195)	8,687
Leased Assets	1,938	12,800	-	-	(3,635)	11,103
Library Resources	10,050	234	-	-	(1,283)	9,001
Balance at 31 December 2017	246,390	26,512	-	-	(37,016)	235,886

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



KORAKONUI SCHOOL

Notes to the Financial Statements For the year ended 31 December 2018

13. Accounts Payable

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Operating Creditors	11,008	11,100	8,655
Accruals	3,710	3,700	3,527
Employee Entitlements - Salaries	45,631	51,000	53,951
Employee Entitlements - Leave Accrual	1,938	2,000	2,689
	<u>62,287</u>	<u>67,800</u>	<u>68,822</u>
Payables for Exchange Transactions	62,287	67,800	68,822
	<u>62,287</u>	<u>67,800</u>	<u>68,822</u>

The carrying value of payables approximates their fair value.

14. Revenue Received in Advance

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Other	-	-	45

15. Provision for Cyclical Maintenance

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Provision at the Start of the Year	46,100	46,100	37,525
Increase/ (decrease) to the Provision During the Year	(1,706)	16,000	8,575
Use of the Provision During the Year	-	(16,000)	-
Provision at the End of the Year	<u>44,394</u>	<u>46,100</u>	<u>46,100</u>
Cyclical Maintenance - Current	12,728	12,700	26,100
Cyclical Maintenance - Term	31,666	33,400	20,000
	<u>44,394</u>	<u>46,100</u>	<u>46,100</u>



KORAKONUI SCHOOL

Notes to the Financial Statements For the year ended 31 December 2018

16. Painting Contract Liability

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Current Liability	7,367	11,000	10,900
Non Current Liability	14,727	18,562	18,562
	<u>22,094</u>	<u>29,562</u>	<u>29,462</u>

In October 2014 the Board signed an agreement with Programmed Maintenance Services Ltd (the contractor) for an agreed programme of work covering a seven year period. The programme provides for an interior and 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 the actual amount of work performed by the contractor for which the contractor has not been paid at balance sheet date. The liability has not been adjusted for inflation and the effect of the time value of money.

17. Finance Lease Liability

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

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
No Later than One Year	8,331	12,000	7,407
Later than One Year and no Later than Five Years	7,304	10,975	3,693
Later than Five Years	-	-	-
	<u>15,635</u>	<u>22,975</u>	<u>11,100</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:

2018		Opening Balances \$	Receipts from MoE \$	Payments \$	BOT Contribution \$	Closing Balances \$
Car Park & Frontage	<i>In progress</i>	-	78,075	(61,792)	-	16,283
Spec Need Fencing	<i>Completed</i>	40,362	-	(40,362)	-	-
Totals		<u>40,362</u>	<u>78,075</u>	<u>(102,154)</u>	<u>-</u>	<u>16,283</u>

Represented by:

Funds Held on Behalf of the Ministry of Education

16,283

Funds Due from the Ministry of Education

-

16,283



KORAKONUI SCHOOL

Notes to the Financial Statements

For the year ended 31 December 2018

18. Funds Held for Capital Works Projects (Continued)

		Opening Balances	Receipts from MoE	Payments	BOT Contribution	Closing Balances
		\$	\$	\$	\$	\$
2017						
Special Needs Fencing	<i>In progress</i>	-	42,725	(2,364)	-	40,362
Totals		-	42,725	(2,364)	-	40,362

19. 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	3,586	3,185
Full-time equivalent members	0.26	0.24
<i>Leadership Team</i>		
Remuneration	287,981	202,866
Full-time equivalent members	3.00	2.00
Total key management personnel remuneration	291,567	206,051
Total full-time equivalent personnel	3.26	2.24

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	2017 Actual
	\$000	\$000
Salaries and Other Short-term Employee Benefits:		
Salary and Other Payments	110 - 120	110 - 120
Benefits and Other Emoluments	3 - 4	3 - 4

Other Employees

There were no other employees with remuneration greater than \$100,000 during the year (2017: \$Nil).

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

20. Compensation and Other Benefits Upon Leaving

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

	2018 Actual	2017 Actual
Total	-	-
Number of People	-	-

Marked for
Identification
Purposes

KORAKONUI SCHOOL

Notes to the Financial Statements

For the year ended 31 December 2018

21. Contingencies

There are no contingent liabilities (except as noted below) and no contingent assets as at 31 December 2018 (Contingent liabilities and assets 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.

22. Commitments

(a) Capital Commitments

As at 31 December 2018 the Board has entered into contract agreements for capital works as follows:

(i) to upgrade the frontage and parking amounting to \$78,075, of which \$61,792 has been spent at balance date.

(Capital commitments at 31 December 2017: nil)

(b) Operating Commitments

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

(a) operating lease of a EFTPOS Machine;

No later than One Year
Later than One Year and No Later than Five Years
Later than Five Years

	2018 Actual \$	2017 Actual \$
No later than One Year	8,701	10,166
Later than One Year and No Later than Five Years	7,561	4,479
Later than Five Years	-	-
	<u>16,262</u>	<u>14,645</u>

23. 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.



KORAKONUI SCHOOL

Notes to the Financial Statements

For the year ended 31 December 2018

24. Financial Instruments

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

	2018	2018	2017
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Loans and receivables			
Cash and Cash Equivalents	49,555	65,274	118,705
Receivables	62,311	46,800	65,316
Transport Cluster	19,359	50,000	19,980
Total Loans and Receivables	131,225	162,074	204,001
Financial liabilities measured at amortised cost			
Payables	62,287	67,800	68,822
Finance Leases	15,635	22,975	11,100
Painting Contract Liability	22,094	29,562	29,462
Total Financial Liabilities Measured at Amortised Cost	100,016	120,337	109,384

25. Events After Balance Date

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

26. Te Awamutu College Bus Network

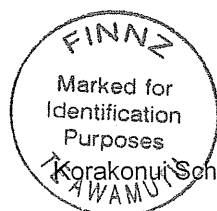
Korakonui School is a member of the Te Awamutu College Bus Network along with a number of other schools. The School has a 7.7% share in the activities of the Bus Network.

Funds held in the Bus Network are as follows:

Opening Funds held in Bus Network	19,980	-	19,901
Share of net income/(loss) from Bus Network	(621)	12,000	79
	19,359	12,000	19,980

27. Comparatives

There have been a number of prior period comparatives which have been reclassified to make disclosure consistent with the current year.



KORAKONUI SCHOOL

Members of the Board of Trustees

For the year ended 31 December 2018

Name	Position	How position on Board gained	Occupation	Term expired / expires
Anna Gallien	Chairperson, Parent Trustee	Elected Aug 2015		May 2019
Rochelle Inwood	Principal	Appointed	Principal	
Angela Fitzgerald	Parent Trustee	Elected Aug 2015		Nov 2020
Lance Gower	Parent Trustee	Elected 2016		May 2019
Kristel Smith	Parent Trustee	Co-opted Nov 2016		May 2019
Glenn Morris	Parent Trustee			Resigned Nov 2018
Richard Stapel	Parent Trustee	Elected Nov 2017		Nov 2020
Natalie Dodd	Parent Trustee	Staff Rep - Jan 2018		May 2019

KORAKONUI SCHOOL

Kiwisport Funding

For the year ended 31 December 2018

Kiwisport is a Government funding initiative to support student participation in organised sport.

In 2018, the school received total Kiwisport funding of \$2,339 excluding GST (2017: \$2,493).

The funding was spent on activities that will develop students' skill in a range of sporting codes.

INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF KORAKONUI SCHOOL'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

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.

Opinion

We have audited the financial statements of the School on pages 2 to 19 that comprise the statement of financial position as at 31 December 2018, 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.

In our opinion the financial statements of the School:

- present fairly, in all material respects:
 - its financial position as at 31 December 2018; 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 31st 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 for our opinion

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

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

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

Responsibilities of the Board of Trustees for the financial statements

The Board of Trustees is responsible on behalf of the School for preparing financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand. The Board of Trustees is responsible for such internal control as it determines is necessary to enable it to prepare financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Trustees is responsible on behalf of the School for assessing the School's ability to continue as a going concern. The Board of Trustees is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to close or merge the School, or there is no realistic alternative but to do so.

The Board of Trustees' responsibilities arise from the Education Act 1989.

Responsibilities of the auditor for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of these financial statements.

For the budget information reported in the financial statements, our procedures were limited to checking that the information agreed to the School's approved budget.

We did not evaluate the security and controls over the electronic publication of the financial statements.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Trustees.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Trustees and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the School's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the School to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We assess the risk of material misstatement arising from the Novopay payroll system, which may still contain errors. As a result, we carried out procedures to minimise the risk of material errors arising from the system that, in our judgement, would likely influence readers' overall understanding of the financial statements.

We communicate with the Board of Trustees regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

Other information

The Board of Trustees is responsible for the other information. The other information comprises the Analysis of Variance Report, Kiwisport Note, and Trustee list, but does not include the financial statements, and our auditor's report thereon.

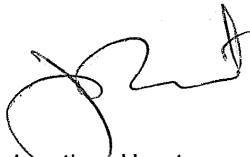
Our opinion on the financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

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