

# Mairangi Bay School

## Annual Report for the year ended 31 December 2018

<b>Ministry Number:</b>	1343
<b>Principal:</b>	Bruce Warren
<b>School Address:</b>	13 Agathis Avenue, Auckland
<b>School Postal Address:</b>	13 Agathis Avenue, Auckland 0630
<b>School Phone:</b>	09 478 8424
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<b>Service Provider:</b>	Edtech Financial Services Ltd

# Mairangi Bay School

## Annual Report

For the year ended 31 December 2018

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**Mairangi Bay 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.

Scott Walker

Full Name of Board Chairperson

Signature of Board Chairperson

Date:

21/5/2019

Bruce Warren

Full Name of Principal

Signature of Principal

Date:

21.05.2019

## Mairangi Bay School

# Statement of Comprehensive Revenue and Expense

For the year ended 31 December 2018

		2018	2018	2017
	Notes	Actual	Budget	Actual
		\$	(Unaudited)	\$
			\$	
<b>Revenue</b>				
Government Grants	2	3,246,016	3,032,475	3,249,569
Locally Raised Funds	3	466,811	389,414	434,567
Interest Earned		30,554	21,000	24,790
International Students	4	329,942	268,500	333,403
		<hr/>	<hr/>	<hr/>
		4,073,323	3,711,389	4,042,329
<b>Expenses</b>				
Locally Raised Funds	3	249,705	241,320	242,649
International Students	4	101,094	108,600	115,617
Learning Resources	5	2,077,986	1,977,181	2,026,418
Administration	6	293,033	275,485	288,489
Finance Costs		2,783	-	3,580
Property	7	1,169,901	1,003,690	1,117,772
Depreciation	8	107,165	108,240	97,509
Loss on Disposal of Property, Plant and Equipment		2,831	-	2,562
		<hr/>	<hr/>	<hr/>
		4,004,498	3,714,516	3,894,596
<b>Net Surplus / (Deficit) for the year</b>		68,825	(3,127)	147,733
Other Comprehensive Revenue and Expenses		-	-	-
<b>Total Comprehensive Revenue and Expense for the Year</b>		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
		68,825	(3,127)	147,733

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

**Mairangi Bay School**  
**Statement of Changes in Net Assets/Equity**

For the year ended 31 December 2018

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
<b>Balance at 1 January</b>	1,317,281	1,317,281	1,159,825
Total comprehensive revenue and expense for the year	68,825	(3,127)	147,733
Capital Contributions from the Ministry of Education Contribution - Furniture and Equipment Grant	-	-	9,723
<b>Equity at 31 December</b>	1,386,106	1,314,154	1,317,281
Retained Earnings	1,386,106	1,314,154	1,317,281
<b>Equity at 31 December</b>	1,386,106	1,314,154	1,317,281

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

# Mairangi Bay School

## Statement of Financial Position

As at 31 December 2018

	Notes	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
<b>Current Assets</b>				
Cash and Cash Equivalents	9	777,233	730,531	1,034,535
Accounts Receivable	10	195,299	148,750	149,216
Prepayments		7,838	7,100	6,130
Inventories	11	26,694	30,500	30,589
Investments	12	200,000	40,000	37,782
		<u>1,207,064</u>	<u>956,881</u>	<u>1,258,252</u>
<b>Current Liabilities</b>				
GST Payable		16,429	25,000	28,100
Accounts Payable	14	165,489	181,150	219,111
Revenue Received in Advance	15	294,472	135,000	259,388
Provision for Cyclical Maintenance	16	30,273	20,194	28,809
Finance Lease Liability - Current Portion	17	16,734	16,377	17,402
Funds Held for Capital Works Projects	18	51,379	-	107,140
Funds Held on Behalf of APPA Mid Bays Cluster	19	2,242	2,000	1,908
		<u>577,018</u>	<u>379,721</u>	<u>661,858</u>
<b>Working Capital Surplus/(Deficit)</b>		630,046	577,160	596,394
<b>Non-current Assets</b>				
Property, Plant and Equipment	13	836,805	707,217	757,774
Capital Works in Progress		2,705	113,872	47,950
		<u>839,510</u>	<u>821,089</u>	<u>805,724</u>
<b>Non-current Liabilities</b>				
Provision for Cyclical Maintenance	16	80,136	81,376	65,741
Finance Lease Liability	17	3,314	2,719	19,096
		<u>83,450</u>	<u>84,095</u>	<u>84,837</u>
<b>Net Assets</b>		<u>1,386,106</u>	<u>1,314,154</u>	<u>1,317,281</u>
<b>Equity</b>		<u>1,386,106</u>	<u>1,314,154</u>	<u>1,317,281</u>

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

# Mairangi Bay School

## Statement of Cash Flows

For the year ended 31 December 2018

		2018	2018	2017
	Note	Actual	Budget	Actual
		\$	(Unaudited)	\$
		\$	\$	\$
<b>Cash flows from Operating Activities</b>				
Government Grants		575,282	556,475	606,470
Locally Raised Funds		440,297	386,414	422,966
International Students		339,148	238,500	435,459
Goods and Services Tax (net)		(11,671)	7,000	7,707
Payments to Employees		(548,337)	(452,172)	(420,159)
Payments to Suppliers		(690,112)	(632,717)	(624,533)
Cyclical Maintenance Payments in the year		(13,626)	-	(19,548)
Interest Paid		(2,783)	-	(3,580)
Interest Received		32,378	20,250	24,554
Net cash from / (to) the Operating Activities		120,576	123,750	429,336
<b>Cash flows from Investing Activities</b>				
Purchase of PPE (and Intangibles)		(142,663)	(68,965)	(64,079)
Purchase of Investments		(162,218)	(40,000)	-
Proceeds from Sale of Investments		-	-	456,696
Net cash from / (to) the Investing Activities		(304,881)	(108,965)	392,617
<b>Cash flows from Financing Activities</b>				
Furniture and Equipment Grant		-	-	9,723
Finance Lease Payments		(17,570)	2,149	(13,720)
Funds Administered on Behalf of Third Parties		334	(600)	(713)
Funds Held for Capital Works Projects		(55,761)	-	97,527
Net cash from / (to) Financing Activities		(72,997)	1,549	92,817
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(257,302)</b>	<b>16,334</b>	<b>914,770</b>
Cash and cash equivalents at the beginning of the year	9	1,034,535	714,197	119,765
<b>Cash and cash equivalents at the end of the year</b>	9	<b>777,233</b>	<b>730,531</b>	<b>1,034,535</b>

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

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

## Mairangi Bay School

# Notes to the Financial Statements

For the year ended 31 December 2018

## 1. Statement of Accounting Policies

### Reporting Entity

Mairangi Bay School (the School) is a Crown entity as specified in the Crown Entities Act 2004 and a school as described in the Education Act 1989. The Board of Trustees (the Board) is of the view that the School is a public benefit entity for financial reporting purposes.

### Basis of Preparation

#### Reporting Period

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

#### Basis of Preparation

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

#### Financial Reporting Standards Applied

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

The School has early adopted PBE IFRS 9 Financial Instruments from the year ended 31 December 2018 (although not mandatory until periods beginning on or after 1 January 2022). This accounting standard introduces new requirements for the classification and measurement of financial assets and financial liabilities, impairment of assets, and rules for hedge accounting. The Board of Trustees is of the view that there is no material impact to the recognition or measurement of financial instruments and disclosure of the school's financial assets and liabilities for the current period and each prior period presented.

#### PBE Accounting Standards Reduced Disclosure Regime

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

#### Measurement Base

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

#### Presentation Currency

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

#### Specific Accounting Policies

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

#### Critical Accounting Estimates And Assumptions

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

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

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

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



## Mairangi Bay School

# Notes to the Financial Statements (cont.)

For the year ended 31 December 2018

### ***Critical Judgements in applying accounting policies***

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

#### *Classification of leases*

The School reviews the details of lease agreements at the end of each reporting date. The School believes the classification of each lease as either operation or finance is appropriate and reflects the nature of the agreement in place. Finance leases are disclosed at note 17.

#### *Recognition of grants*

The School reviews the grants monies received at the end of each reporting period and whether any require a provision to carryforward amounts unspent. The School believes all grants received have been appropriately recognised as a liability if required. Government grants are disclosed at note 2.

### **Revenue Recognition**

#### ***Government Grants***

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

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

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

Use of land and buildings grants are recorded as revenue in the period the School uses the land and buildings. These are not received in cash by the School as they equate to the deemed expense for using the land and buildings which are owned by the Crown.

#### ***Other Grants***

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

#### ***Donations, Gifts and Bequests***

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

#### ***Interest Revenue***

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

#### ***Use of Land and Buildings Expense***

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

#### ***Operating Lease Payments***

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

#### ***Finance Lease Payments***

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

## **Notes to the Financial Statements (cont.)**

For the year ended 31 December 2018

### **Cash and Cash Equivalents**

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

### **Accounts Receivable**

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

### **Inventories**

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

### **Investments**

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

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

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

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

### **Property, Plant and Equipment**

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

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

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

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

## Mairangi Bay School

# Notes to the Financial Statements (cont.)

For the year ended 31 December 2018

### **Leased Assets**

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

### **Depreciation**

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

The estimated useful lives of the assets are:

Buildings - School	40 years
Furniture and equipment	10 years
Information and communication technology	5 years
Leased assets held under a Finance Lease	3 years
Library resources	12.5% Diminishing value

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

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

#### *Non cash generating assets*

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

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

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

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

### **Accounts Payable**

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

### **Employee Entitlements**

#### *Short-term employee entitlements*

Employee benefits that are due to be settled within 12 months after the end of the period in which the employee renders the related service are measured based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date, annual leave earned to but not yet taken at balance date.

## Mairangi Bay School

# Notes to the Financial Statements (cont.)

For the year ended 31 December 2018

### *Long-term employee entitlements*

Employee benefits that are due to be settled beyond 12 months after the end of the period in which the employee renders the related service, such as long service leave and retirement gratuities, have been calculated on an actuarial basis. The calculations are based on:

- likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement, and contractual entitlement information; and
- the present value of the estimated future cash flows.

### **Revenue Received in Advance**

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

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

### **Shared Funds**

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

### **Provision for Cyclical Maintenance**

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

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

### **Financial Assets and Liabilities**

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

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

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

### **Goods and Services Tax (GST)**

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

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

Commitments and contingencies are disclosed exclusive of GST.

### **Budget Figures**

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

### **Services received in-kind**

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

## Notes to the Financial Statements (cont.)

For the year ended 31 December 2018

### 2 Government Grants

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Operational grants	512,689	502,000	503,825
Teachers' salaries grants	1,689,485	1,635,000	1,714,848
Use of Land and Buildings grants	981,178	841,000	935,401
Resource teachers learning and behaviour grants	4,403	2,500	2,973
Other MoE Grants	57,302	51,975	75,483
Other government grants	959	-	17,039
	<u>3,246,016</u>	<u>3,032,475</u>	<u>3,249,569</u>

### 3 Locally Raised Funds

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

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
<b>Revenue</b>			
Donations	130,932	107,150	122,696
Fundraising	3,302	2,000	3,752
Trading	45,728	50,200	52,366
Activities	286,849	230,064	255,753
	<u>466,811</u>	<u>389,414</u>	<u>434,567</u>
<b>Expenses</b>			
Activities	208,835	208,220	208,972
Trading	38,788	31,100	31,277
Fundraising costs	2,082	2,000	2,400
	<u>249,705</u>	<u>241,320</u>	<u>242,649</u>
	<u>217,106</u>	<u>148,094</u>	<u>191,918</u>

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

### 4 International Student Revenue and Expenses

	2018 Actual Number	2018 Budget (Unaudited) Number	2017 Actual Number
International Student Roll	28	28	27
	<u>2018 Actual \$</u>	<u>2018 Budget (Unaudited) \$</u>	<u>2017 Actual \$</u>
<b>Revenue</b>			
International student fees	329,942	268,500	333,403
<b>Expenses</b>			
Commissions	37,602	32,100	41,840
International student levy	5,169	6,500	13,372
Other Expenses	58,323	70,000	60,405
	<u>101,094</u>	<u>108,600</u>	<u>115,617</u>
	<u>228,848</u>	<u>159,900</u>	<u>217,786</u>

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

## Mairangi Bay School

# Notes to the Financial Statements (cont.)

For the year ended 31 December 2018

### 5 Learning Resources

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Curricular	47,273	43,481	31,761
Information and communication technology	960	15,000	7,142
Employee benefits - salaries	1,990,830	1,883,700	1,956,128
Staff development	38,923	35,000	31,387
	<u>2,077,986</u>	<u>1,977,181</u>	<u>2,026,418</u>

### 6 Administration

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Audit Fee	5,526	5,208	5,365
Board of Trustees Fees	4,649	5,024	4,874
Board of Trustees Expenses	11,632	8,600	18,499
Communication	7,071	5,720	7,253
Consumables	23,927	21,500	24,762
Other	62,834	50,508	47,316
Employee Benefits - Salaries	164,229	163,300	163,112
Insurance	3,063	5,539	7,408
Service Providers, Contractors and Consultancy	10,102	10,086	9,900
	<u>293,033</u>	<u>275,485</u>	<u>288,489</u>

### 7 Property

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Caretaking and Cleaning Consumables	12,945	7,400	8,273
Consultancy and Contract Services	49,916	48,000	49,318
Cyclical Maintenance Expense	29,485	19,828	18,752
Grounds	2,541	1,220	2,535
Heat, Light and Water	19,308	18,600	18,423
Rates	88	70	84
Repairs and Maintenance	20,139	18,400	28,227
Use of Land and Buildings	981,178	841,000	935,401
Security	5,598	4,000	3,721
Employee Benefits - Salaries	48,703	45,172	53,038
	<u>1,169,901</u>	<u>1,003,690</u>	<u>1,117,772</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.

### 8 Depreciation

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Buildings	16,167	15,385	13,683
Furniture and Equipment	47,306	48,095	45,594
Information and Communication Technology	20,997	20,075	21,341
Leased Assets	17,619	9,225	11,542
Library Resources	5,076	15,460	5,349
	<u>107,165</u>	<u>108,240</u>	<u>97,509</u>



## Notes to the Financial Statements (cont.)

For the year ended 31 December 2018

### 9 Cash and Cash Equivalents

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Cash on Hand	821	400	400
Bank Current Account	60,190	130,131	377,693
Bank Call Account	13,627	100,000	102,838
Short-term Bank Deposits	702,595	500,000	553,604
Cash and cash equivalents for Cash Flow Statement	<u>777,233</u>	<u>730,531</u>	<u>1,034,535</u>

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

Of the \$777,233 Cash and Cash Equivalents, \$51,379 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.

Of the \$777,233 Cash and Cash Equivalents, \$2,242 is held by the School on behalf of the APPA Mid Bays cluster. See note 19 for details of how the funding received for the cluster has been spent in the year.

### 10 Accounts Receivable

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Receivables	78,564	23,000	26,172
Interest Receivable	3,982	5,750	5,806
Teacher Salaries Grant Receivable	112,753	120,000	117,238
	<u>195,299</u>	<u>148,750</u>	<u>149,216</u>
Receivables from Exchange Transactions	82,546	28,750	31,978
Receivables from Non-Exchange Transactions	112,753	120,000	117,238
	<u>195,299</u>	<u>148,750</u>	<u>149,216</u>

### 11 Inventories

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Stationery	4,410	600	637
School Uniforms	22,284	29,900	29,952
	<u>26,694</u>	<u>30,500</u>	<u>30,589</u>

### 12 Investments

The School's investment activities are classified as follows:

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Current Asset			
Short-term Bank Deposits	200,000	40,000	37,782
	<u>200,000</u>	<u>40,000</u>	<u>37,782</u>

## Notes to the Financial Statements (cont.)

For the year ended 31 December 2018

## 13 Property, Plant and Equipment

	Opening Balance (NBV)	Additions	Disposals	Impairment	Depreciation	Total (NBV)
2018	\$	\$	\$	\$	\$	\$
Buildings	467,210	108,391	-	-	(16,167)	559,434
Furniture and equipment	175,188	65,276	-	-	(47,306)	193,158
Information and communication technology	37,937	8,244	-	-	(20,997)	25,184
Leased assets	39,993	1,120	-	-	(17,619)	23,494
Library resources	37,446	5,996	(2,831)	-	(5,076)	35,535
<b>Balance at 31 December 2018</b>	<b>757,774</b>	<b>189,027</b>	<b>(2,831)</b>	<b>-</b>	<b>(107,165)</b>	<b>836,805</b>

	Cost or Valuation	Accumulated Depreciation	Net Book Value
2018	\$	\$	\$
Buildings	655,702	(96,268)	559,434
Furniture and equipment	788,220	(595,062)	193,158
Information and communication technology	250,105	(224,921)	25,184
Leased assets	53,424	(29,930)	23,494
Library resources	117,427	(81,892)	35,535
<b>Balance at 31 December 2018</b>	<b>1,864,878</b>	<b>(1,028,073)</b>	<b>836,805</b>

The net carrying value of equipment held under a finance lease is \$23,494 (2017: \$39,993).

	Opening Balance (NBV)	Additions	Disposals	Impairment	Depreciation	Total (NBV)
2017	\$	\$	\$	\$	\$	\$
Buildings	480,893	-	-	-	(13,683)	467,210
Furniture and equipment	211,410	9,372	-	-	(45,594)	175,188
Information and communication technology	52,288	6,990	-	-	(21,341)	37,937
Leased assets	26,905	24,630	-	-	(11,542)	39,993
Library resources	40,698	4,659	(2,562)	-	(5,349)	37,446
<b>Balance at 31 December 2017</b>	<b>812,194</b>	<b>45,651</b>	<b>(2,562)</b>	<b>-</b>	<b>(97,509)</b>	<b>757,774</b>

	Cost or Valuation	Accumulated Depreciation	Net Book Value
2017	\$	\$	\$
Buildings	547,311	(80,101)	467,210
Furniture and equipment	722,943	(547,755)	175,188
Information and communication technology	241,860	(203,923)	37,937
Leased assets	52,304	(12,311)	39,993
Library resources	120,544	(83,098)	37,446
<b>Balance at 31 December 2017</b>	<b>1,684,962</b>	<b>(927,188)</b>	<b>757,774</b>



Mairangi Bay School

Notes to the Financial Statements (cont.)

For the year ended 31 December 2018

14 Accounts Payable

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Operating creditors	21,576	37,750	47,048
Accruals	5,526	3,400	3,365
Banking staffing overuse	577	-	27,292
Employee Entitlements - salaries	114,160	120,000	122,346
Employee Entitlements - leave accrual	23,650	20,000	19,060
	<u>165,489</u>	<u>181,150</u>	<u>219,111</u>
Payables for Exchange Transactions	165,489	181,150	219,111
	<u>165,489</u>	<u>181,150</u>	<u>219,111</u>

The carrying value of payables approximates their fair value.

15 Revenue Received in Advance

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
International Student Fees	251,665	120,000	242,459
Other	42,807	15,000	16,929
	<u>294,472</u>	<u>135,000</u>	<u>259,388</u>

16 Provision for Cyclical Maintenance

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Provision at the Start of the Year	94,550	94,550	95,346
Increase to the Provision During the Year	29,485	19,828	18,752
Use of the Provision During the Year	(13,626)	(12,808)	(19,548)
Provision at the End of the Year	<u>110,409</u>	<u>101,570</u>	<u>94,550</u>
Cyclical Maintenance - Current	30,273	20,194	28,809
Cyclical Maintenance - Term	80,136	81,376	65,741
	<u>110,409</u>	<u>101,570</u>	<u>94,550</u>

17 Finance Lease Liability

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

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
No Later than One Year	17,915	16,377	20,139
Later than One Year and no Later than Five Years	3,476	2,719	20,324
	<u>21,391</u>	<u>19,096</u>	<u>40,463</u>

## Mairangi Bay School

# Notes to the Financial Statements (cont.)

For the year ended 31 December 2018

### 18 Funds Held for Capital Works Projects

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

		BOT Contribution/ (Write-off to R&M)				Closing Balances
2018		Opening Balances \$	Receipts from MoE \$	Payments \$		\$
Roll Growth Stage 1	<i>In progress</i>	8,284	-	24,452	-	(16,168)
MOE Building & Roof Works Project	<i>In progress</i>	122,811	-	11,660	-	111,151
Classroom Project	<i>In progress</i>	(17,656)	-	-	-	(17,656)
Power Upgrade	<i>In progress</i>	(6,299)	-	-	-	(6,299)
Heat Pumps	<i>In progress</i>	-	-	18,261	-	(18,261)
Block 5 Upgrade	<i>In progress</i>	-	-	1,289	-	(1,289)
MOE Block 3 & 8 Flooring	<i>In progress</i>	-	25,150	25,249	-	(99)
<b>Totals</b>		<b>107,140</b>	<b>25,150</b>	<b>80,911</b>	<b>-</b>	<b>51,379</b>

#### Represented by:

Funds Held on Behalf of the Ministry of Education

51,379

51,379

		BOT Contribution/ (Write-off to R&M)				Closing Balances
2017		Opening Balances \$	Receipts from MoE \$	Payments \$	R&M) \$	\$
Roll Growth Stage 1	<i>in progress</i>	9,613	-	1,329	-	8,284
MOE Building & Roof Works	<i>in progress</i>	-	125,700	2,889	-	122,811
Classroom Project	<i>in progress</i>	-	-	17,656	-	(17,656)
Power Upgrade	<i>in progress</i>	-	-	6,299	-	(6,299)
Heat Pumps	<i>completed</i>	-	57,030	57,211	181	-
Drainage	<i>completed</i>	-	10,000	8,476	(1,524)	-
<b>Totals</b>		<b>9,613</b>	<b>192,730</b>	<b>93,860</b>	<b>(1,343)</b>	<b>107,140</b>

### 19 Funds Held on Behalf of APPA Mid Bays Cluster

Mairangi Bay School holds the funds on behalf of the APPA Mid Bays cluster.

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Funds Held at Beginning of the Year	1,908	1,908	2,621
Funds Received from Cluster Members	2,702	2,702	2,702
Funds Received from MoE	-	-	-
Funds Spent on Behalf of the Cluster	2,368	2,610	(3,415)
<b>Funds Held at Year End</b>	<b>2,242</b>	<b>2,000</b>	<b>1,908</b>

These assets and liabilities form part of the school's assets and liabilities and are presented on the school's statement of financial position.

#### Current Assets

Cash at bank	2,242	2,000	1,908
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#### Equity

	2,242	2,000	1,908
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## Notes to the Financial Statements (cont.)

For the year ended 31 December 2018

### 20 Related Party Transactions

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

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

### 21 Remuneration

#### Key management personnel compensation

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

	2018 Actual \$	2017 Actual \$
<i>Board Members</i>		
Remuneration	4,649	4,874
Full-time equivalent members	0.16	0.14
<i>Leadership Team</i>		
Remuneration	334,663	348,282
Full-time equivalent members	3.00	3.00
Total key management personnel remuneration	339,312	353,156
Total full-time equivalent personnel	3.16	3.14

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

#### Principal

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

	2018 Actual \$000	2017 Actual \$000
Salaries and Other Short-term Employee Benefits:		
Salary and Other Payments	130-140	150-160
Benefits and Other Emoluments	0-10	0-10
Termination Benefits	-	-

#### Other Employees

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

Remuneration \$000	2018 FTE Number	2017 FTE Number
110-120	-	1
	-	1

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

### 22 Compensation and Other Benefits Upon Leaving

There were no compensation or other benefits paid or payable to persons upon leaving. (2017: Nil)

## Notes to the Financial Statements (cont.)

For the year ended 31 December 2018

### 23 Contingencies

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

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

#### Holidays Act Compliance – schools payroll

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

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

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

### 24 Commitments

#### (a) Capital Commitments

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

(a) A contract for heatpumps to be completed in 2019 which will be fully funded by the Ministry of Education. Nil funds have been received to date and \$18,261 has been spent on the project to date.

(b) A contract for an upgrade to Block 5 to be completed in 2019 which will be fully funded by the Ministry of Education. Nil funds have been received to date and \$1,289 has been spent on the project to date.

(c) A contract for building and roof work, to be completed in 2019 which will be fully funded by the Ministry of Education. \$122,811 has been received and \$11,660 has been spent on the project to date.

(d) A contract for a power upgrade to be completed in 2019 which will be fully funded by the Ministry of Education. Nil has been received to date and \$6,299 has been spent on the project to date.

(e) A contract for an upgrade to Block 3 & 8 to be completed in 2019 which will be fully funded by the Ministry of Education. \$25,150 has been received to date and \$25,249 has been spent on the project to date.

(f) A contract for a classroom project to be completed in 2019 which will be fully funded by the Ministry of Education. Nil has been received to date and \$17,656 has been spent on the project to date.

(g) A contract for roll growth to be completed in 2019 which will be fully funded by the Ministry of Education. \$9,613 has been received to date and \$25,781 has been spent on the project to date.

(Capital commitments as at 31 December 2017: 5YA Projects received \$125,700 of which \$2,889 has been spent, Classroom and Power Projects \$23,955)

#### (b) Operating Commitments

No later than One Year

2018 Actual \$	2017 Actual \$
-	2,020
-	2,020

## Notes to the Financial Statements (cont.)

For the year ended 31 December 2018

### 25 Managing Capital

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

### 26 Financial Instruments

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

	<b>2018</b>	<b>2018</b>	<b>2017</b>
	<b>Actual</b>	<b>Budget</b>	<b>Actual</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Loans and Receivables</b>			
Cash and Cash Equivalents	777,233	730,531	1,034,535
Receivables	195,299	148,750	149,216
Investments - Term Deposits	200,000	40,000	37,782
Total Loans and Receivables	<u>1,172,532</u>	<u>919,281</u>	<u>1,221,533</u>
Payables	165,489	181,150	219,111
Finance Leases	20,048	19,096	36,498
Total Financial Liabilities Measured at Amortised Cost	<u>185,537</u>	<u>200,246</u>	<u>255,609</u>

### 27 Events After Balance Date

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



## INDEPENDENT AUDITOR'S REPORT

### TO THE READERS OF MAIRANGI BAY SCHOOL'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

The Auditor-General is the auditor of Mairangi Bay School (the School). The Auditor-General has appointed me, Melissa Youngson, using the staff and resources of Deloitte 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 and expense, statement of changes in net assets/equity and statement of cash flows for the year ended on that date, and the notes to the financial statements that include accounting policies and other explanatory information

In our opinion the financial statements of the School:

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

Our audit was completed on 21 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 information including Statement of Responsibility, Board of Trustees, Analysis of Variance and Kiwisport Report, but does not include the financial statements, and our auditor's report thereon.

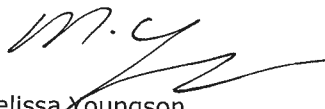
Our opinion on the financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Independence

We are independent of the School in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1 (Revised): *Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board.

Other than the audit, we have no relationship with or interests in the School.



Melissa Youngson  
for Deloitte Limited  
On behalf of the Auditor-General  
Hamilton, New Zealand