

Matangi School

Annual Report

for the year ended 31 December 2018

School Directory:

Ministry Number: 1814
Principal: Sharyn Douglas
School Address: 599 Matangi Road, Matangi, Hamilton
School Postal Address: P O Box 11, Matangi, Hamilton 3284
School Phone: 07 829 5735
School Email: office@matangi.school.nz

Members of the Board of Trustees:

Name	Position	How Position Gained
James Allen	Parent Rep Chairperson	Re-elected May 2016
Sharyn Douglas	Principal	ex Officio
Chris Ballantyne	Parent Rep	Elected May 2016
Jo Lane	Parent Rep	Elected May 2016
Simon Diplock	Parent Rep	Elected May 2016
Kate Wooller	Parent Rep	Elected May 2016
Cherie Clarke	Staff Rep	Re-elected May 2016

Accountant / Service Provider: Russell Wilkinson

Matangi School

Annual Report

for the year ended 31 December 2018

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Matangi 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.

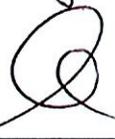
The School's 2018 financial statements are authorised for issue by the Board.

Chris Ballantyne
Full Name of Board Chairperson


Signature of Board Chairperson

11/11/19
Date

Shayn Douglas
Full Name of Principal


Signature of Principal

11/11/19
Date

Matangi 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	1,345,886	1,229,364	1,220,676
Locally raised funds	3	194,500	162,223	210,493
Interest earned		3,057	2,000	2,503
		<u>1,543,443</u>	<u>1,393,587</u>	<u>1,433,672</u>
Expenses				
Locally raised funds	3	140,152	114,895	137,167
Learning resources	4	951,418	898,970	884,445
Administration	5	114,618	103,738	93,966
Finance costs		718	496	872
Property	6	261,090	248,047	224,290
Depreciation	7	38,832	34,000	33,555
		<u>1,506,828</u>	<u>1,400,146</u>	<u>1,374,295</u>
Net Surplus / (Deficit) for the year		<u>36,615</u>	<u>(6,559)</u>	<u>59,377</u>
Other comprehensive revenue and expenses		-	-	-
Total comprehensive revenue and expense for the year		<u><u>36,615</u></u>	<u><u>(6,559)</u></u>	<u><u>59,377</u></u>

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



Matangi School

Statement of Changes in Net Assets / Equity

for the year ended 31 December 2018

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Balance at 1 January	<u>228,838</u>	<u>228,838</u>	<u>158,493</u>
Total comprehensive revenue and expense for the year	36,615	(6,559)	59,377
Capital contributions from the Ministry of Education: Contribution - furniture and equipment grant	26,912	-	10,968
Equity at 31 December	<u><u>292,365</u></u>	<u><u>222,279</u></u>	<u><u>228,838</u></u>
Retained Earnings	292,365	222,279	228,838
Equity at 31 December	<u><u>292,365</u></u>	<u><u>222,279</u></u>	<u><u>228,838</u></u>

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

Matangi School

Statement of Financial Position

as at 31 December 2018

		2018	2018	2017
	Notes	Actual	Budget	Actual
		\$	(Unaudited)	\$
			\$	
Current Assets				
Cash and cash equivalents	8	223,579	208,956	251,806
Accounts receivable	9	48,403	34,572	34,572
Prepayments		4,798	3,325	3,325
Inventories	10	8,308	8,538	8,538
Funds due from the Ministry of Education	16	4,310	-	-
		<u>289,398</u>	<u>255,391</u>	<u>298,241</u>
Current Liabilities				
Accounts payable	12	109,023	59,871	59,871
GST payable		16,149	23,415	23,415
Revenue received in advance	13	5,554	-	5,840
Provision for cyclical maintenance	14	53,086	-	-
Finance lease liability - current portion	15	7,580	6,922	8,632
Funds held for capital works projects	16	-	-	38,738
Funds held in trust		1,444	1,444	1,444
		<u>192,836</u>	<u>91,652</u>	<u>137,940</u>
Working Capital Surplus		96,562	163,739	160,301
Non Current Assets				
Property, plant and equipment	11	196,618	194,631	194,938
Work in progress		10,062	-	-
		<u>206,680</u>	<u>194,631</u>	<u>194,938</u>
Non Current Liabilities				
Provision for cyclical maintenance	14	-	125,175	109,118
Finance lease liability	15	10,877	10,916	17,283
		<u>10,877</u>	<u>136,091</u>	<u>126,401</u>
Net Assets		<u>292,365</u>	<u>222,279</u>	<u>228,838</u>
Equity		<u>292,365</u>	<u>222,279</u>	<u>228,838</u>

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

Matangi School

Statement of Cash Flows

for the year ended 31 December 2018

		2018	2018	2017
	Note	Actual	Budget	Actual
		\$	(Unaudited)	\$
			\$	
Cash flows from Operating Activities				
Government grants		277,464	294,786	296,672
Locally raised funds		194,214	156,383	210,493
Goods and Services Tax (net)		(7,266)	-	7,035
Payments to employees		(203,807)	(93,300)	(188,176)
Payments to suppliers		(217,003)	(324,293)	(215,385)
Interest paid		(718)	-	(872)
Interest received		3,057	2,000	2,569
Net cash from / (to) the operating activities		<u>45,941</u>	<u>35,576</u>	<u>112,336</u>
Cash flows from Investing Activities				
Purchase of PPE (and Intangibles)		(48,885)	(33,693)	(25,626)
Net cash from (to) the investing activities		<u>(48,885)</u>	<u>(33,693)</u>	<u>(25,626)</u>
Cash flows from Financing Activities				
Furniture and equipment grant		26,912	-	10,968
Finance lease payments		(9,147)	(5,995)	(7,515)
Funds held for capital works projects		(43,048)	(38,738)	35,038
Net cash used in Financing Activities		<u>(25,283)</u>	<u>(44,733)</u>	<u>38,491</u>
Net increase/(decrease) in cash and cash equivalents		<u>(28,227)</u>	<u>(42,850)</u>	<u>125,201</u>
Cash and cash equivalents at the beginning of the year	8	251,806	251,806	126,605
Cash and cash equivalents at the end of the year	8	<u>223,579</u>	<u>208,956</u>	<u>251,806</u>

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

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

Matangi School

Notes to the Financial Statements

for the year ended 31 December 2018

1. Statement of Accounting Policies

a) Reporting entity

Matangi 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 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.

Matangi School
Notes to the Financial Statements (cont'd)
for the year ended 31 December 2018

Critical Accounting Estimates and assumptions (cont'd)

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 lives of property, plant and equipment at the end of each reporting date. The School believes that the estimated useful lives of 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 11.

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 operating or finance is appropriate and reflects the nature of the agreement in place. Finance leases are disclosed at note 15.

Recognition of grants

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

c) Revenue Recognition

Government grants

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

Operational grants are recorded as revenue when the School has 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 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.

Matangi School
Notes to the Financial Statements (cont'd)
for the year ended 31 December 2018

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.

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 the 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 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.

Matangi School
Notes to the Financial Statements (cont'd)
for the year ended 31 December 2018

j) Property, Plant, and Equipment

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

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

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

Property, plant and equipment acquired with individual values under \$500 are not capitalised. They are recognised as an expense in the Statement of Comprehensive Revenue and Expense.

Gains and losses on disposals (i.e. sold or given away) are determined by comparing the proceeds received with the carrying amounts (i.e. the book value). The gain or loss arising from the disposal of an item of property, plant and equipment is recognised in the Statement of Comprehensive Revenue and Expense.

Leased Assets

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

Depreciation

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

The estimated useful lives of the assets are:

Building improvements - Crown	40 years
Furniture and equipment	10-15 years
Information and communication technology	5 years
Other equipment	10 years
Leased assets held under a finance lease	5 years
Library resources	12.5% diminishing value

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

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

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

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

l) Accounts Payable

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

m) Employee Entitlements

Short-term employee entitlements

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

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

n) Provision for Cyclical Maintenance

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

Cyclical maintenance, which involves painting the interior and exterior of the School, makes up the most significant part of the Board's responsibilities outside the 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 10-year property plan (10YPP).

Matangi School
Notes to the Financial Statements (cont'd)
for the year ended 31 December 2018

o) Revenue Received in Advance

Revenue received in advance relates to revenue received from Ministry of Social Development grants where there are unfulfilled obligations for the School to provide services in the future. The grants are recorded as revenue as the obligations are fulfilled and the grants earned.

p) Financial Assets and Liabilities

The School's financial assets comprise cash and cash equivalents, accounts receivable and investments. All of these financial assets are categorised as "loans and receivables" 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.

q) 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.

r) Budget Figures

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

s) 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.

Matangi School
Notes to the Financial Statements (cont'd)
for the year ended 31 December 2018

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
2. Government grants			
Operational grants	248,642	257,849	235,847
Teachers' salaries grants	780,139	766,000	766,347
Use of land and buildings grants	246,825	166,000	165,718
Other MOE grants	70,280	39,515	52,764
	<u>1,345,886</u>	<u>1,229,364</u>	<u>1,220,676</u>
3. Locally raised funds			
Local funds raised within the School's community are made up of:			
Revenue			
Donations	19,687	17,000	17,200
Fundraising	24,609	17,927	34,243
Other revenue	8,342	8,029	15,327
Activities	35,417	15,267	36,011
Trading	19,269	23,000	19,632
After school care	87,176	81,000	88,080
	<u>194,500</u>	<u>162,223</u>	<u>210,493</u>
Expenses			
Fundraising (costs of raising funds)	14,719	5,983	18,720
Activities	39,089	18,812	36,681
Trading	16,153	21,800	19,585
After school care	70,191	68,300	62,181
	<u>140,152</u>	<u>114,895</u>	<u>137,167</u>
	<u>54,348</u>	<u>47,328</u>	<u>73,326</u>
Surplus (deficit) for the year locally raised funds			
After School Care Revenue			
Parent fees	73,242	70,000	73,480
OSCAR funding	13,934	11,000	14,600
	<u>87,176</u>	<u>81,000</u>	<u>88,080</u>
After School Care Expenses			
Afternoon tea	3,693	4,000	3,215
Art and craft	1,706	2,000	1,528
Administration	2,655	2,300	814
Wages	62,137	60,000	56,624
	<u>70,191</u>	<u>68,300</u>	<u>62,181</u>
	<u>16,985</u>	<u>12,700</u>	<u>25,899</u>
After School Care surplus (deficit)			
4. Learning resources			
Curricular	36,225	31,020	22,016
Equipment repairs	-	1,000	60
Information and communication technology	7,862	7,650	5,127
Library resources	421	500	102
Employee benefits - salaries	879,740	831,300	845,978
Staff development	27,170	27,500	11,162
	<u>951,418</u>	<u>898,970</u>	<u>884,445</u>

Matangi School
Notes to the Financial Statements (cont'd)
for the year ended 31 December 2018

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
5. Administration			
Audit fees	4,130	3,500	3,396
Board of Trustees fees	3,055	4,500	4,015
Board of Trustees expenses	514	1,550	1,929
Communication	3,378	3,000	2,285
Consumables	6,100	9,000	8,274
Operating lease	847	848	1,077
Other	21,493	17,140	17,623
Employee benefits - salaries	69,194	60,000	49,697
Insurance	1,707	-	1,570
Service providers, contractors, consultancy	4,200	4,200	4,100
	114,618	103,738	93,966

6. Property

Caretaking and cleaning consumables	3,279	2,290	2,498
Consultancy and contract services	18,152	16,800	14,460
Cyclical maintenance expense	(56,032)	16,057	-
Grounds	12,592	15,000	9,894
Heat, light, and water	8,274	9,200	9,155
Rates	1,527	2,200	2,164
Repairs and maintenance	17,850	12,500	12,938
Use of land and buildings	246,825	166,000	165,718
Employee benefits - salaries	8,623	8,000	7,463
	261,090	248,047	224,290

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

Building improvements - Crown	1,872	2,000	1,872
Furniture & equipment	6,312	5,000	5,322
Information and communication technology	12,475	10,000	10,442
Leased equipment	9,089	8,000	7,753
Library resources	541	1,000	618
Other fixed assets	8,543	8,000	7,548
	38,832	34,000	33,555

Matangi School
Notes to the Financial Statements (cont'd)
for the year ended 31 December 2018

	2018	2018	2017
	Actual	Budget	Actual
	\$	(Unaudited)	\$
		\$	
8. Cash and Cash Equivalents			
ASB Current account	131,625	141,274	184,124
ASB After School account	949	1,413	1,413
ASB Fundraising account	25,421	18,182	18,182
ASB Omni account	326	610	610
ASB Business Saver account	10,601	10,415	10,415
ASB Property Maintenance account	50,683	32,955	32,955
ASB Sponsorship account	3,974	3,974	3,974
Westpac Swimming Pool account	-	133	133
Cash and cash equivalents for Statement of Cash Flows	<u>223,579</u>	<u>208,956</u>	<u>251,806</u>

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

9. Accounts Receivable

Receivables	1,208	-	-
Interest receivable	3	3	3
Teacher salaries grant receivable	47,192	34,569	34,569
	<u>48,403</u>	<u>34,572</u>	<u>34,572</u>
Receivables from exchange transactions	1,211	3	3
Receivables from non-exchange transactions	47,192	34,569	34,569
	<u>48,403</u>	<u>34,572</u>	<u>34,572</u>

10. Inventories

Stationery	350	543	543
Uniforms	7,958	7,995	7,995
	<u>8,308</u>	<u>8,538</u>	<u>8,538</u>

11. Property, Plant and Equipment

	Opening Balance					Total (NBV)
	NBV	Additions	Disposals	Impairment	Depreciation	
	\$	\$	\$	\$	\$	\$
2018						
Building improvements	38,014	-	-	-	(1,872)	36,142
Furniture & equipment	39,194	10,498	-	-	(6,312)	43,380
Information & communication	34,400	11,155	-	-	(12,475)	33,080
Leased assets	25,507	1,689	-	-	(9,089)	18,107
Library resources	4,329	-	-	-	(541)	3,788
Other fixed assets	53,494	17,170	-	-	(8,543)	62,121
Balance at 31 December 2018	<u>194,938</u>	<u>40,512</u>	<u>-</u>	<u>-</u>	<u>(38,832)</u>	<u>196,618</u>

Matangi School
Notes to the Financial Statements (cont'd)
for the year ended 31 December 2018

11. Property, Plant and Equipment (cont'd)

	Cost or Valuation	Accumulated Depreciation	Net Book Value
2018			
Building improvements	74,877	38,735	36,142
Furniture & equipment	115,137	71,757	43,380
Information & communication	85,553	52,473	33,080
Leased assets	34,612	16,505	18,107
Library resources	47,997	44,209	3,788
Other fixed assets	128,054	65,933	62,121
Balance at 31 December 2018	<u>486,230</u>	<u>289,612</u>	<u>196,618</u>

	Opening Balance NBV	Additions	Disposals	Impairment	Depreciation	Total (NBV)
	\$	\$	\$	\$	\$	\$
2017						
Building improvements	39,886	-	-	-	(1,872)	38,014
Furniture & equipment	34,243	10,273	-	-	(5,322)	39,194
Information & communication	31,486	13,356	-	-	(10,442)	34,400
Leased assets	18,394	21,766	(6,900)	-	(7,753)	25,507
Library resources	4,540	407	-	-	(618)	4,329
Other fixed assets	59,452	1,590	-	-	(7,548)	53,494
Balance at 31 December 2017	<u>188,001</u>	<u>47,392</u>	<u>(6,900)</u>	<u>-</u>	<u>(33,555)</u>	<u>194,938</u>

	Cost or Valuation	Accumulated Depreciation	Net Book Value
2017			
Building improvements	74,877	36,863	38,014
Furniture & equipment	104,639	65,445	39,194
Information & communication	74,398	39,998	34,400
Leased assets	32,923	7,416	25,507
Library resources	47,998	43,669	4,329
Other fixed assets	110,884	57,390	53,494
Balance at 31 December 2017	<u>445,719</u>	<u>250,781</u>	<u>194,938</u>

	2018 Actual	2018 Budget (Unaudited)	2017 Actual
	\$	\$	\$

12. Accounts Payable

Operating Creditors	29,096	18,844	18,844
Pool keys	5,330	4,551	4,551
Employee entitlements - salaries	72,959	34,569	34,569
Employee entitlements - leave accrual	1,638	1,907	1,907
	<u>109,023</u>	<u>59,871</u>	<u>59,871</u>
Payables for exchange transactions	109,023	59,871	59,871
Payables for non-exchange transactions - taxes payable (PAYE and rates)	-	-	-
Payables for non-exchange transactions - other	-	-	-
	<u>109,023</u>	<u>59,871</u>	<u>59,871</u>

The carrying value of payables approximates their fair value

Matangi School
Notes to the Financial Statements (cont'd)
for the year ended 31 December 2018

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
13. Revenue received in Advance			
MSD Oscar grant	5,554	-	5,840

14. Provision for Cyclical Maintenance

Provision at the start of the year	109,118	109,118	109,118
Increase to the provision during the year	-	16,057	-
Adjustment to the provision during the year	(56,032)	-	-
Provision at the end of the year	<u>53,086</u>	<u>125,175</u>	<u>109,118</u>
Cyclical maintenance - current	53,086	-	-
Cyclical maintenance - term	-	125,175	109,118
	<u>53,086</u>	<u>125,175</u>	<u>109,118</u>

15. Finance Lease Liability

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

No later than one year	7,580	6,922	8,632
Later than one year and no later than five years	10,877	10,916	17,283
	<u>18,457</u>	<u>17,838</u>	<u>25,915</u>

16. 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 \$	Closing Balances \$
Development Plan (in progress)	(950)			(950)
Special Needs Fencing (in progress)	39,688	-	34,648	5,040
Concreting (completed)	-	-	8,400	(8,400)
	<u>38,738</u>	<u>-</u>	<u>43,048</u>	<u>(4,310)</u>

Represented by:

Funds held on behalf of the Ministry of Education	-
Funds due from the Ministry of Education	4,310
	<u>4,310</u>

Matangi School
Notes to the Financial Statements (cont'd)
for the year ended 31 December 2018

16. Funds Held for Capital Works Projects (cont'd)

2017	Opening Balances \$	Receipts from MOE \$	Payments \$	Closing Balances \$
Re-roof (completed)	7,224	-	7,224	-
Breakout Space (completed)	(2,574)	4,431	1,857	-
Playground (completed)	-	50,770	50,770	-
Development Plan (in progress)	(950)	-	-	(950)
Special Needs Fencing (in progress)	-	41,756	2,068	39,688
	<u>3,700</u>	<u>96,957</u>	<u>61,919</u>	<u>38,738</u>

17. Related Party Transactions

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

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

18. Remuneration

Key management personnel compensation

Key management personnel of the School includes all Trustees of the Board, Principal, Deputy Principals and Heads of Department.

	2018 Actual \$	2017 Actual \$
Board Members		
Remuneration	3,055	4,015
Full time equivalent members	0.11	0.11
Leadership Team		
Remuneration	181,821	198,459
Full time equivalent members	1.75	2.00
Total key management personnel remuneration	<u>184,876</u>	<u>202,474</u>
Total full time equivalent personnel	<u>1.86</u>	<u>2.11</u>

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

Matangi School
Notes to the Financial Statements (cont'd)
for the year ended 31 December 2018

18. Remuneration (cont'd)

Principal

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

	2018	2017
	Actual	Actual
	\$000	\$000
Salaries and other short term employee benefits:		
Salary and other payments	110 - 120	110 - 120
Benefits and other emoluments	0 - 5	0 - 5
Termination benefits	Nil	Nil

Other Employees

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

Remuneration	2018	2017
\$000	FTE	FTE
100 - 110	Nil	Nil

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

19. 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 members, or employees during the financial year in relation to that cessation and number of persons to whom all or part of that total was payable was as follows:

	2018	2017
	Actual	Actual
Total value	Nil	Nil
Number of people	Nil	Nil

20. Contingencies

There are no contingent liabilities (except as listed 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 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.

Matangi School
Notes to the Financial Statements (cont'd)
for the year ended 31 December 2018

21. Commitments

(a) Capital Commitments

As at 31 December 2018 the Board has not entered into any contract agreements for capital works.

(Capital commitments at 31 December 2017 - nil).

(b) Operating Commitments

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

Operating leases for laptops

	2018	2017
	Actual	Actual
	\$	\$
No later than one year	-	188
Later than one year and no later than five years	-	-
Later than five years	-	-
	<u>-</u>	<u>188</u>

22. 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 revenue 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.

23. 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)	\$
	\$	\$	\$
<i>Cash and receivables</i>			
Cash and cash equivalents	223,579	208,956	251,806
Receivables	48,403	34,572	34,572
Total cash and receivables	<u>271,982</u>	<u>243,528</u>	<u>286,378</u>
<i>Financial liabilities measured at amortised cost</i>			
Payables	109,023	59,871	59,871
Finance leases	18,457	17,838	25,915
Total financial liabilities measured at amortised cost	<u>127,480</u>	<u>77,709</u>	<u>85,786</u>

24. Events After Balance Date

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

INDEPENDENT AUDITOR'S REPORT
TO THE READERS OF MATANGI SCHOOL'S
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

The Auditor-General is the auditor of Matangi School (the School). The Auditor-General has appointed me, Kurt Sherlock, using the staff and resources of Crowe Horwath New Zealand Audit Partnership, 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 13 November 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 obtained at the date of our report includes the Kiwisport Note, School Charter, Analysis of Variance and Strategic Plan Overview, 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.



Kurt Sherlock
Crowe Horwath New Zealand Audit Partnership
On behalf of the Auditor-General
Hamilton, New Zealand

Matangi School

Kiwisport Note

for the year ended 31 December 2018

Kiwisport is a government funding initiative to support students' participation in organised sport. In 2018 the school received total Kiwisport funding of \$2,499 excluding GST (2017 - \$2,269). The funding was put towards purchasing sports equipment for sports teams, and new cricket, hockey, netball and rugby equipment for Matangi School.

The funding also helped subsidise sports fees for families that couldn't pay which enabled these children to play in local sports teams every Saturday morning.