

PAPAROA STREET SCHOOL

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

School Directory

Ministry Number:	3467
Principal:	Pene Abble
School Address:	120 Paparoa Street, Papanui, Christchurch
School Postal Address:	120 Paparoa Street, Papanui, Christchurch
School Phone:	(03) 352 8160
School Email:	office@paparoastreet.school.nz

Members of the Board of Trustees

Name	Position	How Position Gained
Anna Fox	Chairperson	elected
Pene Abble	Principal	ex Officio
Adela Brown	Parent Rep	elected
Shane Dixon	Parent Rep	elected
Dave Veronese	Parent Rep	elected
James Stewart	Parent Rep	elected
Jonathon Coote	Parent Rep	co-opted
Hirone Waretini	Parent Rep	co-opted
Jonny McFarlane	Parent Rep	co-opted
Barbara Ashton	Staff Rep	elected

Accountant / Service Provider:

PAPAROA STREET SCHOOL

Annual Report - For the year ended 31 December 2018

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Paparoa Street 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.

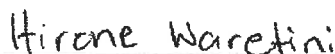
The management (including the principal and others as directed by the Board) accepts responsibility for establishing and maintaining a system of internal controls designed to provide reasonable assurance as to the integrity and reliability of the school's financial reporting.

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.



Full Name of Board Chairperson



Signature of Board Chairperson

20/5/19

Date:

Penelope Frances Abbie

Full Name of Principal



Signature of Principal

20/5/19

Date:

Paparoa Street 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	3,513,664	3,470,252	3,510,988
Locally Raised Funds	3	299,801	309,643	333,744
Interest Earned		18,275	7,000	14,141
International Students	4	90,519	52,176	48,535
		<u>3,922,259</u>	<u>3,839,071</u>	<u>3,907,408</u>
Expenses				
Locally Raised Funds	3	146,051	148,205	152,349
International Students	4	7,623	8,000	6,428
Learning Resources	5	2,548,628	2,592,314	2,510,547
Administration	6	198,743	206,986	201,943
Finance		8,401	-	5,030
Property	7	836,998	826,598	857,218
Depreciation	8	143,338	140,000	139,053
Loss on Disposal of Property, Plant and Equipment		4,291	-	700
		<u>3,895,973</u>	<u>3,922,103</u>	<u>3,873,268</u>
Net Surplus / (Deficit) for the year		26,286	(83,032)	34,138
Other Comprehensive Revenue and Expenses				
Total Comprehensive Revenue and Expense for the Year		<u>26,286</u>	<u>(83,032)</u>	<u>34,138</u>

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

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

	Actual 2018 \$	Budget (Unaudited) 2018 \$	Actual 2017 \$
Balance at 1 January	1,145,323	1,287,733	1,111,185
Total comprehensive revenue and expense for the year	26,286	(83,032)	34,138
Capital Contributions from the Ministry of Education Contribution - Furniture and Equipment Grant	16,709	-	-
Equity at 31 December	1,188,318	1,204,701	1,145,323
 Retained Earnings Reserves	 1,188,318	 1,204,701	 1,145,323
Equity at 31 December	1,188,318	1,204,701	1,145,323

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

Paparoa Street School
Statement of Financial Position
As at 31 December 2018

	Notes	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Current Assets				
Cash and Cash Equivalents	9	480,837	652,060	552,894
Accounts Receivable	10	155,273	142,500	141,502
GST Receivable		9,973	10,000	6,786
Prepayments		19,037	10,000	7,875
Inventories	11	3,807	4,000	3,634
Investments	12	233,427		
		<u>882,354</u>	<u>818,560</u>	<u>712,691</u>
Current Liabilities				
GST Payable		-	-	-
Accounts Payable	14	196,633	203,000	176,380
Revenue Received in Advance	15	39,545	50,000	29,130
Provision for Cyclical Maintenance	16	-	-	-
Finance Lease Liability - Current Portion	17	27,796	-	26,849
		<u>263,974</u>	<u>253,000</u>	<u>232,359</u>
Working Capital Surplus/(Deficit)		<u>618,380</u>	<u>565,560</u>	<u>480,332</u>
Non-current Assets				
Investments		-	-	-
Property, Plant and Equipment	13	612,747	639,141	735,596
		<u>612,747</u>	<u>639,141</u>	<u>735,596</u>
Non-current Liabilities				
Provision for Cyclical Maintenance	16	-	-	-
Finance Lease Liability	17	42,809	-	70,605
		<u>42,809</u>	<u>-</u>	<u>70,605</u>
Net Assets		<u>1,188,318</u>	<u>1,204,701</u>	<u>1,145,323</u>
Equity		<u>1,188,318</u>	<u>1,204,701</u>	<u>1,145,323</u>

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

Paparoa Street School
Statement of Cash Flows
For the year ended 31 December 2018

	Note	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Cash flows from Operating Activities				
Government Grants		758,722	841,877	784,881
Locally Raised Funds		289,821	309,643	334,347
International Students		100,934	82,178	62,665
Goods and Services Tax (net)		(3,187)	-	15,564
Payments to Employees		(423,380)	(445,851)	(430,502)
Payments to Suppliers		(565,485)	(580,752)	(552,442)
Interest Paid		(8,401)	-	(5,030)
Interest Received		17,264	7,000	14,248
Net cash from / (to) the Operating Activities		176,288	234,093	223,731
Cash flows from Investing Activities				
Proceeds from Sale of PPE (and Intangibles)		710	2,183	4,300
Purchase of PPE (and Intangibles)		(25,488)	(81,276)	(131,456)
Purchase of Investments		(233,427)	-	161,803
Proceeds from Sale of Investments		-	-	-
Net cash from / (to) the Investing Activities		(258,205)	(59,093)	34,647
Cash flows from Financing Activities				
Furniture and Equipment Grant		16,709	-	-
Finance Lease Payments		(26,849)	-	81,456
Loans Received/ Repayment of Loans		-	-	-
Net cash from Financing Activities		(10,140)	-	81,456
Net increase/(decrease) in cash and cash equivalents		(92,057)	175,000	339,834
Cash and cash equivalents at the beginning of the year	9	552,894	477,060	213,060
Cash and cash equivalents at the end of the year	9	460,837	652,060	552,894

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

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

Paparoa Street School

Notes to the Financial Statements

For the year ended 31 December 2018

1. Statement of Accounting Policies

a) Reporting Entity

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

b) Basis of Preparation

Reporting Period

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

Basis of Preparation

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

Financial Reporting Standards Applied

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

PBE Accounting Standards Reduced Disclosure Regime

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

Measurement Base

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

Presentation Currency

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

Specific Accounting Policies

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

Critical Accounting Estimates And Assumptions

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

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

Useful lives of property, plant and equipment

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

Critical Judgements in applying accounting policies

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

Classification of leases

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

Recognition of grants

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

c) Revenue Recognition

Government Grants

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

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

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

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.

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 amounts due. The amount that is uncollectable (the provision for uncollectibility) is the difference between the amount due and the present value of the amounts expected to be collected.

i) Inventories

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

j) Investments

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

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

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

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

k) Property, Plant and Equipment

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

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

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

Property, plant and equipment acquired with individual values under \$1,000 are not capitalised, they are recognised as an expense in the Statement of Comprehensive Revenue and Expense.

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

Leased Assets

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

Depreciation

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

The estimated useful lives of the assets are:

Building improvements to Crown Owned Assets	20 years
Furniture and equipment	5-10 years
Information and communication technology	5-10 years
Plant	5-10 years
Leased assets held under a Finance Lease	3 years
Library resources	12.5% Diminishing value

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, annual leave earned to but not yet taken at balance date.

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.

n) Revenue Received In Advance

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

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

o) 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).

p) Financial Assets and Liabilities

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

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

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

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 statements 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.

2. Government Grants

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Operational grants	821,647	632,772	646,467
Teachers' salaries grants	2,184,257	2,180,000	2,138,988
Use of Land and Buildings grants	589,809	590,000	600,338
Other MoE Grants	117,951	67,480	125,193
Transport grants	-	-	-
	<u>3,513,664</u>	<u>3,470,252</u>	<u>3,510,986</u>

3. Locally Raised Funds

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

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Revenue			
Donations	92,964	120,000	115,521
Activities	148,743	135,000	60,832
Trading	58,084	54,643	157,391
	<u>299,801</u>	<u>309,643</u>	<u>333,744</u>
Expenses			
Activities	132,350	135,000	138,600
Trading	13,701	13,205	13,749
	<u>146,051</u>	<u>148,205</u>	<u>152,349</u>
<i>Surplus/ (Deficit) for the year Locally raised funds</i>	<u>153,750</u>	<u>161,438</u>	<u>181,395</u>

4. International Student Revenue and Expenses

	2018 Actual Number	2018 Budget (Unaudited) Number	2017 Actual Number
International Student Roll	12	5	6
	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Revenue			
International student fees	90,519	52,176	48,535
Expenses			
Other Expenses	7,623	8,000	6,428
	<u>7,623</u>	<u>8,000</u>	<u>6,428</u>
<i>Surplus/ (Deficit) for the year International Students'</i>	<u>82,896</u>	<u>44,176</u>	<u>42,107</u>

5. Learning Resources

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Curricular	100,522	110,838	100,510
Employee benefits - salaries	2,393,996	2,433,323	2,378,947
Staff development	54,010	48,153	31,090
	<u>2,548,528</u>	<u>2,592,314</u>	<u>2,510,547</u>

6. Administration

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Audit Fee	3,731	-	3,169
Board of Trustees Fees	3,875	4,800	3,675
Board of Trustees Expenses	3,759	4,348	3,056
Communication	2,827	3,504	2,706
Consumables	7,252	24,504	19,838
Operating Lease	-	-	4,643
Staff Expenses	20,906	17,450	13,399
Other Expenses	7,792	8,404	7,057
Employee Benefits - Salaries	148,601	143,976	144,500
	<u>198,743</u>	<u>206,986</u>	<u>201,943</u>

7. Property

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Caretaking and Cleaning Consumables	9,209	9,200	9,297
Consultancy and Contract Services	56,437	57,000	56,255
Cyclical Maintenance Expense	-	-	-
Grounds	20,856	9,200	11,237
Heat, Light and Water	54,577	58,000	54,461
Rates	14,232	12,000	10,021
Repairs and Maintenance	37,514	33,646	60,211
Use of Land and Buildings	569,809	590,000	600,338
Employee Benefits - Salaries	56,364	57,552	55,408
	<u>838,998</u>	<u>828,598</u>	<u>857,218</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	27,790	28,000	27,790
Furniture and Equipment	19,082	20,000	23,700
Information and Communication Technology	64,954	61,500	55,371
Plant	28,194	27,000	28,761
Library Resources	3,318	3,500	3,431
	<u>143,338</u>	<u>140,000</u>	<u>139,053</u>

9. Cash and Cash Equivalents

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Cash on Hand	1,060	1,060	1,060
Bank Current Account	176,009	150,000	188,140
Bank Call Account	931	1,000	929
Short-term Bank Deposits	282,837	500,000	362,765
Bank Overdraft	-	-	-
Cash and cash equivalents for Cash Flow Statement	<u>460,837</u>	<u>652,060</u>	<u>552,894</u>

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

10. Accounts Receivable

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Receivables	800	-	820
Receivables from the Ministry of Education	8,948	-	28,072
Provision for Uncollectibility	-	-	-
Interest Receivable	2,007	1,600	996
Teacher Salaries Grant Receivable	143,518	141,000	111,614
	<u>155,273</u>	<u>142,500</u>	<u>141,502</u>
Receivables from Exchange Transactions	2,807	1,500	1,816
Receivables from Non-Exchange Transactions	152,466	141,000	139,686
	<u>155,273</u>	<u>142,500</u>	<u>141,502</u>

11. Inventories

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Stationery	3,807	4,000	3,634
	<u>3,807</u>	<u>4,000</u>	<u>3,634</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 with maturities greater than three months and no greater than three months	233,427	-	-

13. Property, Plant and Equipment

	Opening Balance (NBV)	Additions	Disposals	Impairment	Depreciation	Total (NBV)
	\$	\$	\$	\$	\$	\$
2018						
Buildings	220,273			-	(27,790)	192,483
Furniture and Equipment	72,457	5,782	-	-	(19,082)	59,157
Information and Communication	178,611	10,008	(4,291)	-	(64,954)	119,374
Plant	238,964	6,840	-	-	(28,194)	217,610
Library Resources	25,293	2,148	-	-	(3,318)	24,123
Balance at 31 December 2018	735,598	24,778	(4,291)	-	(143,338)	612,747

	Cost or Valuation	Accumulated Depreciation	Net Book Value
	\$	\$	\$
2018			
Buildings	662,116	(469,634)	192,482
Furniture and Equipment	501,426	(442,268)	59,158
Information and Communication	503,160	(383,784)	119,376
Plant	546,685	(329,076)	217,609
Library Resources	150,604	(126,482)	24,122
Balance at 31 December 2018	2,363,991	(1,751,244)	612,747

	Opening Balance (NBV)	Additions	Disposals	Impairment	Depreciation	Total (NBV)
	\$	\$	\$	\$	\$	\$
2017						
Buildings	248,063	-		-	(27,790)	220,273
Building Improvements	-	-	-	-	-	-
Furniture and Equipment	93,973	2,185		-	(23,700)	72,458
Information and Communication	115,762	119,762	(1,543)	-	(55,371)	178,610
Technology						
Plant	264,732	2,991	-	-	(28,781)	238,962
Library Resources	25,663	3,060		-	(3,431)	25,293
Balance at 31 December 2017	748,193	127,998	(1,543)	-	(139,053)	735,596

The net carrying value of equipment held under a finance lease is \$65,981 (2017: \$95,274)

	Cost or Valuation	Accumulated Depreciation	Net Book Value
	\$	\$	\$
2017			
Land	-	-	-
Buildings	662,116	(441,844)	220,272
Building Improvements	-	-	-
Furniture and Equipment	495,644	(423,187)	72,457
Information and Communication Technology	502,108	(323,497)	178,611
Plant	539,845	(300,881)	238,964
Library Resources	148,457	(123,165)	25,292
Balance at 31 December 2017	2,348,170	(1,612,574)	735,596

14. Accounts Payable

	2018	2018	2017
	Actual	Budget (Unaudited)	Actual
	\$	\$	\$
Operating creditors	49,312	50,000	52,289
Accruals	-	-	-
Banking staffing overuse	-	-	-
Employee Entitlements - salaries	143,518	150,000	121,042
Employee Entitlements - leave accrual	3,802	3,000	3,049
	<u>196,632</u>	<u>203,000</u>	<u>176,380</u>
Payables for Exchange Transactions	196,632	203,000	176,380
Payables for Non-exchange Transactions - Taxes Payable (PAYE and Rates)			
Payables for Non-exchange Transactions - Other			
	<u>196,632</u>	<u>203,000</u>	<u>176,380</u>

The carrying value of payables approximates their fair value.

15. Revenue Received in Advance

	2018	2018	2017
	Actual	Budget (Unaudited)	Actual
	\$	\$	\$
International Student Fees	39,545	50,000	29,130
	<u>39,545</u>	<u>50,000</u>	<u>29,130</u>

16. Contingent Liability - cyclical maintenance

The School has an obligation to the Ministry of Education to maintain in good order and repair at all times the land, buildings and other facilities on the School site. The school was part of the Christchurch Schools Rebuild Programme which resulted in the School's buildings either being recently repaired or rebuilt. At the present time, the School is working with the Ministry of Education to create a cyclical maintenance plan for future maintenance. Until such time as a plan has been developed and approved by the Ministry, the School cannot make a reliable estimate of the maintenance required on the School's buildings so no cyclical maintenance provision has been recognised, even though the school will be required to maintain any buildings that are not replaced.

17. Finance Lease Liability

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

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
No Later than One Year	27,796	-	26,849
Later than One Year and no Later than Five Years	42,809	-	70,605
Later than Five Years	-	-	-
	<u>70,605</u>	<u>-</u>	<u>97,454</u>

18. 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.

19. Remuneration

Key management personnel compensation

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

	2018 Actual \$	2017 Actual \$
Board Members		
Remuneration	3,875	3,410
Full-time equivalent members	0.14	0.19
Leadership Team		
Remuneration	337,828	331,535
Full-time equivalent members	3	3
Total key management personnel remuneration	<u>341,703</u>	<u>334,945</u>
Total full-time equivalent personnel	<u>3.14</u>	<u>3.19</u>

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

Principal

The total value of 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	140-150	130 - 140
Benefits and Other Emoluments	-	-
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
	0.00	0.00
	0.00	0.00

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

20. Compensation and Other Benefits Upon Leaving

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

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

21. Contingencies

There are no contingent liabilities (except as noted below) and no contingent assets as at 31 December 2018 (Contingent liabilities and assets at 31 December 2017: nil).

Holidays Act Compliance – schools payroll

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

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

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

22. Commitments

(a) Capital Commitments

As at 31 December 2018 the Board had no capital commitments.

(Capital commitments at 31 December 2017: nil)

(b) Operating Commitments

As at 31 December 2018 the Board had no operating leases.

23. Managing Capital

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

24. Financial Instruments

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

Loans and receivables

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Cash and Cash Equivalents	460,837	652,060	552,894
Receivables	155,273	142,500	141,502
Investments - Term Deposits	-	-	-
Total Loans and Receivables	616,110	794,560	694,396

Financial liabilities measured at amortised cost

Payables	186,632	203,000	176,380
Borrowings - Loans	-	-	-
Finance Leases	70,605	-	97,454
Total Financial Liabilities Measured at Amortised Cost	257,237	203,000	273,834

25. Events After Balance Date

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

**INDEPENDENT AUDIT REPORT TO THE READERS OF
PAPAROA STREET SCHOOL
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

The Auditor-General is the auditor of Paparoa Street School (the School). The Auditor-General has appointed me, Michael Rondel, using the staff and resources of BDO Christchurch, 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:
 - financial position as at 31 December 2018; and
 - financial performance and cash flows for the year then ended; and
- comply with generally accepted accounting practices in New Zealand and have been prepared in accordance with Public Benefit Entity Standards with disclosure concessions.

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 of Opinion

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

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

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

Responsibilities of the Board of Trustees

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

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

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

Responsibilities of the auditor for the audit of the financial statements

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

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

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

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

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

- We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control.

- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Trustees.

- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Trustees and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the School's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the School to cease to continue as a going concern.

- We evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- We assess the risk of material misstatement arising from the Novopay payroll system, which may still contain errors. As a result, we carried out procedures to minimise the risk of material errors arising from the system that, in our judgement, would likely influence readers' overall understanding of the financial statements.

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

Our responsibilities arise from the Public Audit Act 2001.

Other information

The Board of Trustees is responsible for the other information. The other information comprises the Analysis of Variance, Kiwisport notice and Board of trustees listing, 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.



Michael Rondel
BDO Christchurch

On behalf of the Auditor-General
Christchurch, New Zealand