

NAENAE INTERMEDIATE SCHOOL

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

School Directory

Ministry Number: **02921**

Principal: **Mrs Ariana Tyson**

School address: **Walters Street
Naenae
Lower Hutt**

School Postal Address: **Walters Street
Naenae
Lower Hutt**

School Phone: **04 9398216**

School Email **staff@naenaeint.school.nz**

Members of the Board of Trustees

Name	Position	How Position Gained	Term Expires
Polly Scott	Chairperson	Elected	May 2019
Ariana Tyson	Principal	ex Officio	
Shirelle Moeau	Parent Rep	Elected	May 2019
Clara Tuifao	Parent Rep	Elected	May 2019
Peter Walker	Parent Rep	Elected	May 2019
Damian Carder	Parent Rep	Elected	May 2019
Marcia Waikato	Staff Rep	Elected	May 2019

Accountant/Service Provider: **Ian Clark**

Naenae Intermediate School

Annual Report – For the year ended 31 December 2018

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Financial Statement

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NAENAE INTERMEDIATE SCHOOL

Statement of Responsibility

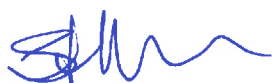
For the Year Ended 31 December 2018

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, the annual financial statements for the financial year ended 31 December 2018 fairly reflects the financial position and operations of the school.

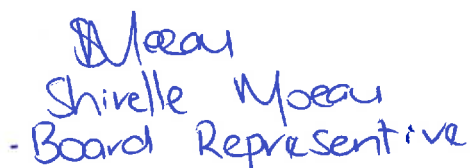
The school's 2018 financial statements are authorised for issue by the Board .



Sarah Pavihi
- Acting principal

31/5/19

Date:



Shirelle Moera
- Board Representative

Date: 31.5.2019

NAENAE INTERMEDIATE SCHOOL

Statement of Comprehensive Revenue and Expense For the Year Ended 31 December 2018

	Notes	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Income				
Government Grants	2	3,116,035	2,792,191	2,786,970
Locally Raised Funds	3	128,602	112,800	93,559
Interest Earned		16,214	16,000	16,109
		<u>3,260,851</u>	<u>2,920,991</u>	<u>2,896,638</u>
Expenditure				
Locally Raised Funds	3	83,331	85,000	88,371
Learning Resources	4	1,798,194	1,611,799	1,651,124
Administration	5	208,436	214,600	191,020
Finance		848	0	782
Property	6	1,005,239	964,449	990,923
Depreciation	7	48,081	45,000	50,738
Loss on Disposal of Property, Plant, and Equipment	12	12,353	0	0
		<u>3,156,482</u>	<u>2,920,848</u>	<u>2,972,958</u>
Net Surplus/(Deficit) for the year		<u>104,369</u>	<u>143</u>	<u>(76,320)</u>
Other Comprehensive Revenue and Expenses		0	0	0
Total Comprehensive Revenue and Expense for the Year		<u>104,369</u>	<u>143</u>	<u>(76,320)</u>
Attributable to:				
Board of the School		104,369	143	(76,320)
		<u>104,369</u>	<u>143</u>	<u>(76,320)</u>

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

NAENAE INTERMEDIATE 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	567,873	567,873	634,755
Total comprehensive revenue and expense for the year	104,369	143	(76,320)
Capital Contribution from the Ministry of Education			
Contribution - Furniture and Equipment Grant	15,900	0	9,438
Equity at 31 December	688,142	568,016	567,873
Retained Earnings	688,142	568,016	567,873
Reserves	0	0	0
Equity at 31 December	688,142	568,016	567,873

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

NAENAE INTERMEDIATE SCHOOL

Statement of Financial Position As At 31 December 2018

	Notes	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Current Assets				
Cash and Cash Equivalents	8	215,917	91,925	46,782
Accounts Receivable	9	124,932	93,312	93,312
GST Receivable		445	7,578	7,578
Prepayments		6,214	5,729	5,729
Inventories	10	0	1,345	1,345
Investments	11	405,602	391,905	391,905
		<u>753,110</u>	<u>591,794</u>	<u>546,651</u>
Current Liabilities				
Accounts Payable	13	155,576	134,546	134,546
Funds Held for Capital Works Projects	16	47,032	3,557	3,557
Provision for Cyclical Maintenance	14	107,188	0	0
Finance Lease Liability - Current Portion	15	5,321	4,767	4,767
		<u>315,117</u>	<u>142,870</u>	<u>142,870</u>
Working Capital Surplus		437,993	448,924	403,781
Non-current Assets				
Property, Plant and Equipment	12	266,695	228,618	273,618
		<u>266,695</u>	<u>228,618</u>	<u>273,618</u>
Non-current Liabilities				
Provision for Cyclical Maintenance	14	16,000	105,208	105,208
Finance Lease Liability	15	546	4,318	4,318
		<u>16,546</u>	<u>109,526</u>	<u>109,526</u>
Net Assets		<u>688,142</u>	<u>568,016</u>	<u>567,873</u>
Attributable to:				
Board of the School		688,142	568,016	567,873
Total Equity		<u>688,142</u>	<u>568,016</u>	<u>567,873</u>

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

NAENAE INTERMEDIATE SCHOOL

Cash Flow Statement For the Year to 31 December 2018

	Note	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Cash flows from Operating Activities				
Government Grants		841,710	692,191	716,991
Locally Raised Funds		114,827	112,800	110,549
Goods and Services Tax (net)		7,133	0	(27,782)
Payments to Employees		(408,738)	(357,434)	(447,626)
Payments to Suppliers		(390,229)	(418,414)	(349,907)
Interest Received		16,332	16,000	17,095
Interest Paid		(848)	0	0
Net cash from the Operating Activities		180,187	45,143	19,320
Cash flows from Investing Activities				
Purchase of Property, Plant and Equipment		(53,512)	0	(47,304)
Purchase of Investments		(94,805)	0	0
Proceeds from Sale of Investments		81,108	0	166,740
Net cash from/(to) the Investing Activities		(67,209)	0	119,436
Cash flows from Financing Activities				
Furniture and Equipment Grant		15,900	0	9,438
Finance Lease Payments		(3,218)	0	2,986
Funds held for Capital Works Projects		43,475	0	(236,965)
Net cash from/(to) the Financing Activities		56,157	0	(224,541)
Net increase/ (decrease) in cash and cash equivalents		169,135	45,143	(85,785)
Cash and cash equivalents at the beginning of year	8	46,782	46,782	132,567
Cash and cash equivalents at the end of year	8	<u>215,917</u> =====	<u>91,925</u> =====	<u>46,782</u> =====

The statement of cash flows records only those cash flows directly within 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.

Naenae Intermediate School

Notes to the Financial Statements

1. Statement of Accounting Policies

For the year ended 31 December 2018

a) Reporting Entity

Naenae Intermediate School (the School) is a Crown entity as specified in the Crown Entities Act 2004 and a school as described by 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

The 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 15.

Recognition of grants

The School reviews the grants 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 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. 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 under Schedule 6 para 28 of the Education Act 1989 in relation to the acquisition of 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 \$1,000.00 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 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	50 years
Furniture and fittings	10 years
Information and communication technology	5 years
Other equipment	3 – 20 years
Leased assets held under a Finance Lease	3 years
Library resources	12.5% Diminishing value

l) 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.

m) 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.

n) 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 cash flows.

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 the day-to-day maintenance. The provision for cyclical maintenance represents the obligations 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 those 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, finance lease liability, funds held on behalf of the Ministry of Education, and the provision for cyclical maintenance. 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.

s) Budget Figures

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

t) 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	617,224	571,791	576,180
Teachers' salaries grant	1,481,311	1,350,000	1,310,257
Use of Land and Buildings grants	793,014	750,000	755,558
Other MOE grants	224,486	120,400	144,975
	<u>3,116,035</u>	<u>2,792,191</u>	<u>2,786,970</u>

3 Locally Raised Funds

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

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
<i>Revenue</i>			
Donations	46,215	24,000	22,944
Activities	65,585	41,100	55,196
Trading	16,802	47,500	15,453
Other revenue	0	200	(34)
	<u>128,602</u>	<u>112,800</u>	<u>93,559</u>
<i>Expenses</i>			
Activities	74,559	40,500	52,883
Trading	8,772	44,500	35,488
	<u>83,331</u>	<u>85,000</u>	<u>88,371</u>
<i>Surplus for the year Locally raised funds</i>	<u>45,271</u>	<u>27,800</u>	<u>5,188</u>

4 Learning Resources

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Curricular	46,607	53,100	40,952
Information and communication technology	13,775	5,000	6,416
Library resources	835	8,900	1,866
Employee benefits - salaries	1,726,229	1,530,999	1,591,846
Staff development	10,748	13,800	10,044
	<u>1,798,194</u>	<u>1,611,799</u>	<u>1,651,124</u>

5 Administration

	2018	2018	2017
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Audit Fee	7,498	7,390	7,190
Board of Trustees Fees	4,785	5,500	3,735
Board of Trustees Expenses	6,538	4,700	2,990
Communication	7,220	6,500	7,327
Consumables	22,164	17,900	20,252
Operating Lease	12,006	12,400	11,879
Postage	2,215	300	265
Other	20,915	22,300	23,173
Employee Benefits - Salaries	118,014	130,211	107,250
Insurance	7,081	7,399	6,959
	<u>208,436</u>	<u>214,600</u>	<u>191,020</u>

6 Property

	2018	2018	2017
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Caretaking and Cleaning Consumables	21,865	20,700	24,719
Consultancy and Contract Services	66,431	65,000	48,335
Cyclical Maintenance Provision	17,980	20,000	27,958
Grounds	3,752	3,500	3,437
Heat, Light and Water	27,950	28,700	35,724
Rates	3,347	1,300	1,367
Repairs and Maintenance	25,094	26,675	31,511
Use of Land and Buildings	793,014	750,000	755,558
Employee Benefits - Salaries	45,806	48,574	62,314
	<u>1,005,239</u>	<u>964,449</u>	<u>990,923</u>

The use of land and buildings figure represents 8% of the school's total property value. This is used as a "proxy" for the market rental of the property. Property values are established as part of a nation-wide revaluation exercise that is conducted every 30 June for the Ministry of Education's year-end reporting purposes.

7 Depreciation

	2018	2018	2017
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Building improvements - Crown only	5,853	45,000	6,295
Furniture and fittings	9,068	0	11,202
Information and communication technology	5,054	0	7,734
Library resources	3,213	0	3,018
Other equipment	18,229	0	17,517
Leased assets	6,664	0	4,972
	<u>48,081</u>	<u>45,000</u>	<u>50,738</u>

8 Cash and Cash Equivalents

	2018	2018	2017
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Bank Current account	195,395	71,925	26,274
Bank Call accounts	20,522	20,000	20,508
Net cash and cash equivalents for Cash Flow Statement	215,917	91,925	46,782

9 Accounts Receivable

	2018	2018	2017
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Debtors	1,832	1,812	0
Interest Accrued	1,487	1,500	1,605
Teacher Salaries Grant Receivable	105,507	90,000	87,544
Banking staffing underuse	16,106	0	4,163
	124,932	93,312	93,312
Receivables from Exchange Transactions	19,425	3,312	5,768
Receivables from Non-Exchange Transactions	105,507	90,000	87,544
	124,932	93,312	93,312

10 Inventories

	2018	2018	2017
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Stationery	0	1,345	1,345

11 Investments

The School's investment activities are classified as follows:

	2018	2018	2017
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Current Asset			
Short- term Bank Deposits	405,602	391,905	391,905

12 Property, Plant and Equipment

	Cost \$	Accumulated Depreciation \$	Net Book Value \$
2018			
Building improvements - Board funded	173,980	(97,529)	76,451
Furniture and fittings	98,876	(54,279)	44,597
Information and communication technology	25,492	(18,269)	7,223
Library resources	65,506	(43,010)	22,496
Other equipment	170,485	(62,485)	107,999
Leased assets	43,655	(35,726)	7,929
	<u>577,994</u>	<u>(311,298)</u>	<u>266,695</u>
2017			
Building improvements - Board funded	182,496	(100,192)	82,304
Furniture and fittings	433,912	(379,074)	54,838
Information and communication technology	449,979	(437,702)	12,277
Textbooks	26,654	(26,654)	0
Library resources	62,600	(41,472)	21,128
Other equipment	457,944	(367,803)	90,141
Leased assets	73,116	(60,186)	12,930
	<u>1,686,701</u>	<u>(1,413,083)</u>	<u>273,618</u>
Net book value reconciliation		2018	2017
		\$	\$
Net book value at start of the year		273,618	277,052
Less: Disposals at book value		12,353	781
Less: Depreciation charge for the year		48,081	50,738
Add: Asset acquisition at cost		53,511	48,085
Net book value at year end		<u>266,695</u>	<u>273,618</u>

12. Property, Plant and Equipment

	Opening Balance (NBV) \$	Additions \$	Disposals \$	Impairment \$	Depreciation \$	Total (NBV) \$
2018						
Buildings	82,304	0	0	0	-5,853	76,451
Furniture and Fittings	54,838	3,889	-5,061	0	-9,068	44,597
Information and Communication	12,277	0	0	0	-5,054	7,223
Library Resources	21,128	5,433	-852	0	-3,213	22,496
Other Equipment	90,141	42,526	-6,440	0	-18,229	107,999
Leased Assets	12,930	1,663	0	0	-6,664	7,929
Balance at 31 December 2018	273,618	53,511	-12,353	0	-48,081	266,695

	Opening Balance (NBV) \$	Additions \$	Disposals \$	Impairment \$	Depreciation \$	Total(NBV) \$
2017						
Buildings	88,600	0	0	0	-6,295	82,304
Furniture and Fittings	60,646	5,394	0	0	-11,202	54,838
Information and Communication	17,382	2,629	0	0	-7,734	12,277
Library Resources	22,549	2,378	-781	0	-3,018	21,128
Other Equipment	76,089	31,568	0	0	-17,517	90,141
Leased Assets	11,786	6,116	0	0	-4,972	12,930
Balance as at 31 December 2017	277,052	48,085	-781	0	-50,738	273,618

13 Accounts Payable

	2018	2018	2017
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Operating Creditors	25,841	30,546	19,246
Employee Benefits Payable - Salaries	105,507	100,000	87,544
Employee Benefits Payable - Bulk Grant Salaries Accrual	0	0	3,528
Employee Benefits Payable - Leave Accrual	24,228	4,000	24,228
	<u>155,576</u>	<u>134,546</u>	<u>134,546</u>
Payables for Exchange Transactions	25,841	30,546	19,246
Payable for Non-Exchange Transactions - Other	129,735	104,000	115,300
	<u>155,576</u>	<u>134,546</u>	<u>134,546</u>

The carrying value of payables approximates their fair value.

14 Provision For Cyclical Maintenance

	2018	2018	2017
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Provision at the Start of the Year	105,208	105,208	77,250
Increase to the Provision During the Year	17,980	0	27,958
Provision at the End of the Year	<u>123,188</u>	<u>105,208</u>	<u>105,208</u>
Cyclical Maintenance - Current	107,188	0	0
Cyclical Maintenance - Term	16,000	105,208	105,208
	<u>123,188</u>	<u>105,208</u>	<u>105,208</u>

15 Finance Lease Liability

The School has entered in to a number of finance lease agreements for computers. The minimum lease payments payable:

	2018	2018	2017
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Current Liability	5,321	4,767	4,767
Non-Current Liability	546	4,318	4,318
	<u>5,867</u>	<u>9,085</u>	<u>9,085</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
		\$	\$	\$	\$
Classrooms Upgrade	- in progress	0	75,584	15,050	60,534
Admin Block Upgrade	- in progress	0	0	17,059	(17,059)
D Block Upgrade	- completed	3,557	0	0	3,557
		<u>3,557</u>	<u>75,584</u>	<u>32,109</u>	<u>47,032</u>

Represented by:

Funds held on behalf of the Ministry of Education

47,032

	2017	Opening Balances	Receipts from MOE	Payments	Closing Balances
		\$	\$	\$	\$
D Block Upgrade	- in progress	240,522	83,937	320,902	3,557
		<u>240,522</u>	<u>83,937</u>	<u>320,902</u>	<u>3,557</u>

17 Remuneration

Key management personnel compensation

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

	2018 Actual \$	2017 Actual \$
<i>Board Members</i>		
Remuneration	4,785	3,735
Full-time equivalent members	0.18	.20
<i>Leadership Team</i>		
Remuneration	242,596	248,026
Full-time equivalent members	2	2
Total key management personnel remuneration	<u>247,381</u>	<u>251,761</u>
Total full-time equivalent personnel	<u>2.18</u>	<u>2.20</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 benefits:		
Salary and other payments	130-140	150-160
Benefits and other emoluments	3-4	3-4
Termination benefits	0	0

Other Employees

No other employee received total remuneration over \$100,000. (2017: nil)

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

MOORE
STEPHENS

18 Contingencies

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

19 Commitments

(a) Capital Commitments

As at 31 December 2018 the Board had entered into no contract agreements for capital works. (Contract agreements for capital works as at 31 December 2017: nil)

(b) Operating Commitments

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

- a) operating lease of laptop computers
- b) operating lease of a photocopier

	2018 Actual \$	2017 Actual \$
No later than One Year	6,660	6,660
Later than One Year and No Later than Five Years	1,073	9,563
	7,733	16,223

20 Related Party Transactions

The school is an entity controlled by 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 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.

There were no related parties transactions between Board of Trustees members and the school during 2018. (2017: \$nil)

21 Managing Capital

The School's capital is it's 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.

22 Financial Instruments

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

Cash and receivables

	2018 Actual S	2018 Budget (Unaudited) \$	2017 Actual \$
Cash and Cash Equivalents	215,917	91,925	46,782
Receivables	124,932	93,312	93,312
Investments - Term Deposits	405,602	391,905	391,905
Total Cash and Receivables	746,451	577,142	531,999

Financial liabilities measured at amortised cost

Payables	155,576	134,546	134,546
Total Financial Liabilities Measured at Amortised Cost	155,576	134,546	134,546

23 Events After Balance Date

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

Naenae Intermediate Analysis of Variance 2018

STRATEGIC GOAL:

To empower our learners with the knowledge, skills and beliefs needed to be successful through learning opportunities provided to them through NIS learning curriculum

RATIONALE:

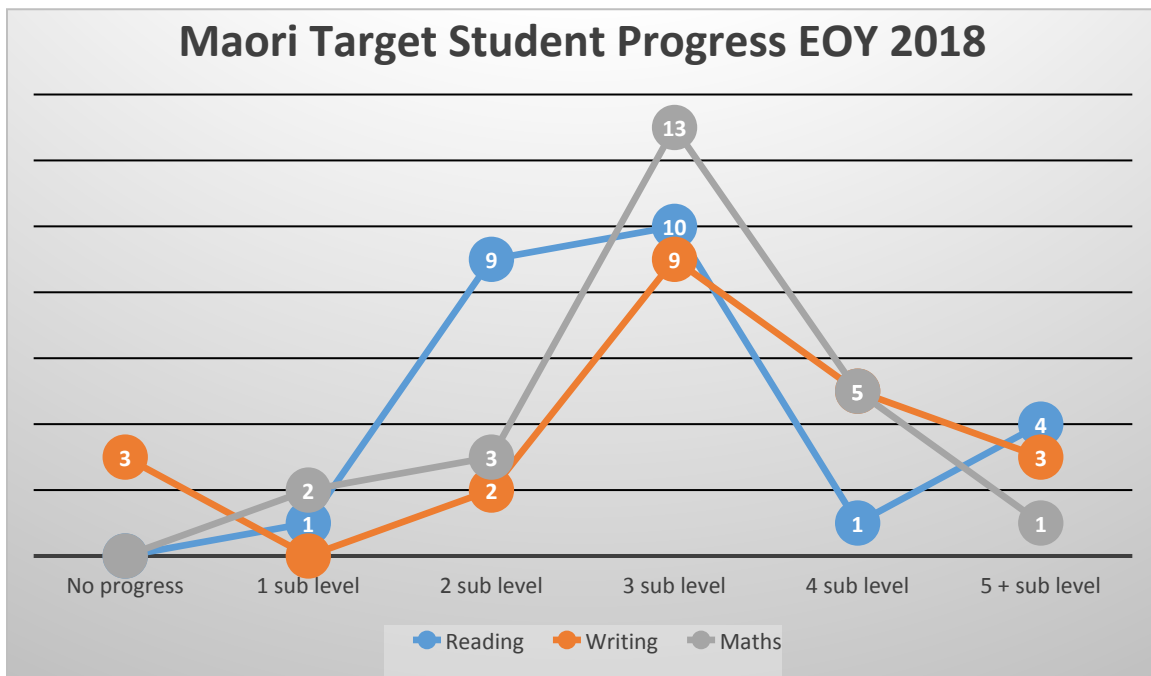
We want to ensure students, during their 2 years at Intermediate, are able to show progress with their learning no matter what their levels of learning are when they enter into our school.

TARGET:

- To monitor the progress of 25 identified Māori students who were achieving at mid-level 3 Mid 2017 to have them achieving mid-level 4 by the end of the year
- To monitor the progress of 21 identified Pasifika students who were achieving at mid-level 3 Mid 2017 to have them achieving mid-level 4 by the end of the year

Māori Students Reading, Writing, Math's

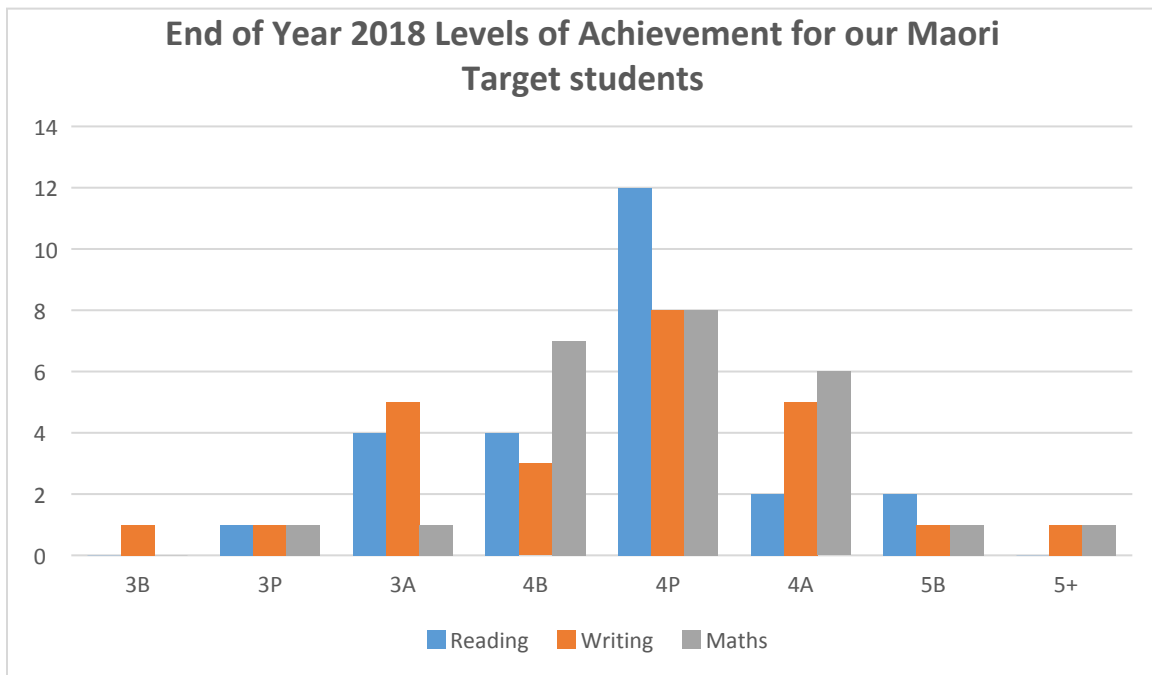
The following graph shows the levels of progress for Maori target students over the 2 years at Intermediate



To understand the rate of progress for these selected students their 2018 End of Year data was compared with their Mid-Term 2017 data. Sub levels are:

3B	3P	3A	4B	4P	4A	5B	5+
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2018 End of Year OTJ's for Maori Target Students show:



Using the New Zealand Curriculum Levels we expect our Year 8 students at the end of the year to be achieving within Mid-Level 4 (4P onwards). Of the 25 students for:

Reading

- 64% achieved at expected level and higher
- 16% achieved just below expected level (at beginning of Level 4)
- 20% did not achieve at expected level

Writing

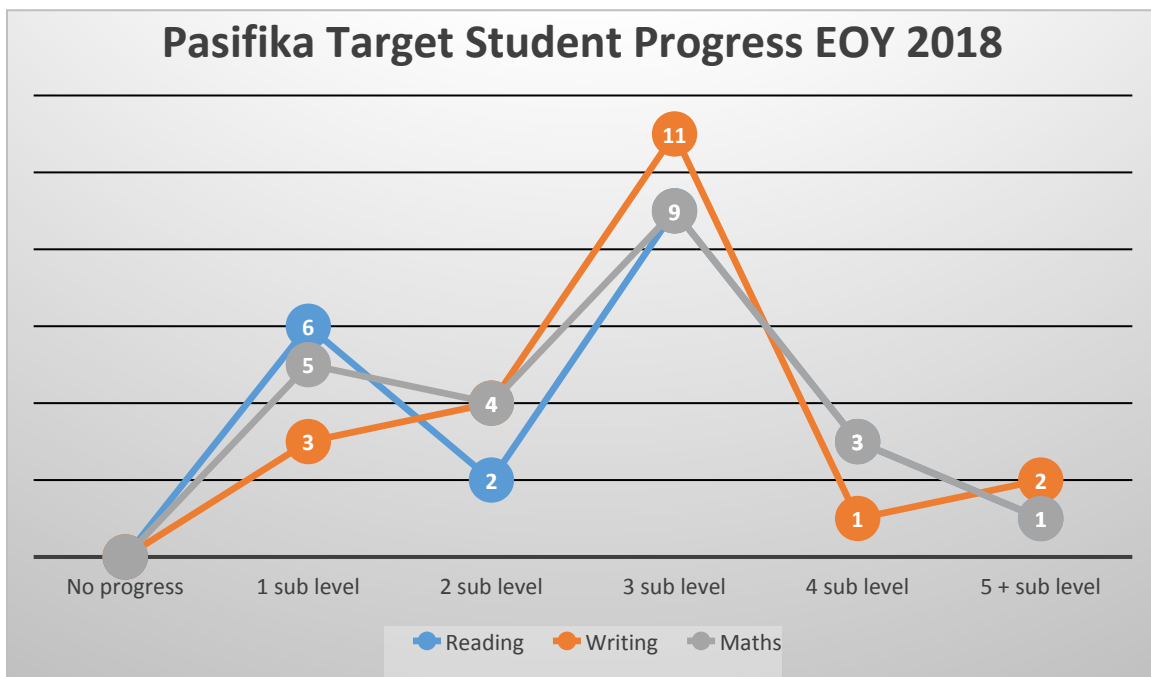
- 60 % achieved at expected level and higher
- 12% achieved just below expected level (at the beginning of Level 4)
- 28% did not achieve at expected level

Math's

- 64% achieved at expected level and higher
- 12% achieved just below expected level (at the beginning of Level 4)
- 8% did not achieve at expected level

Pasifika Students Reading, Writing, Math's

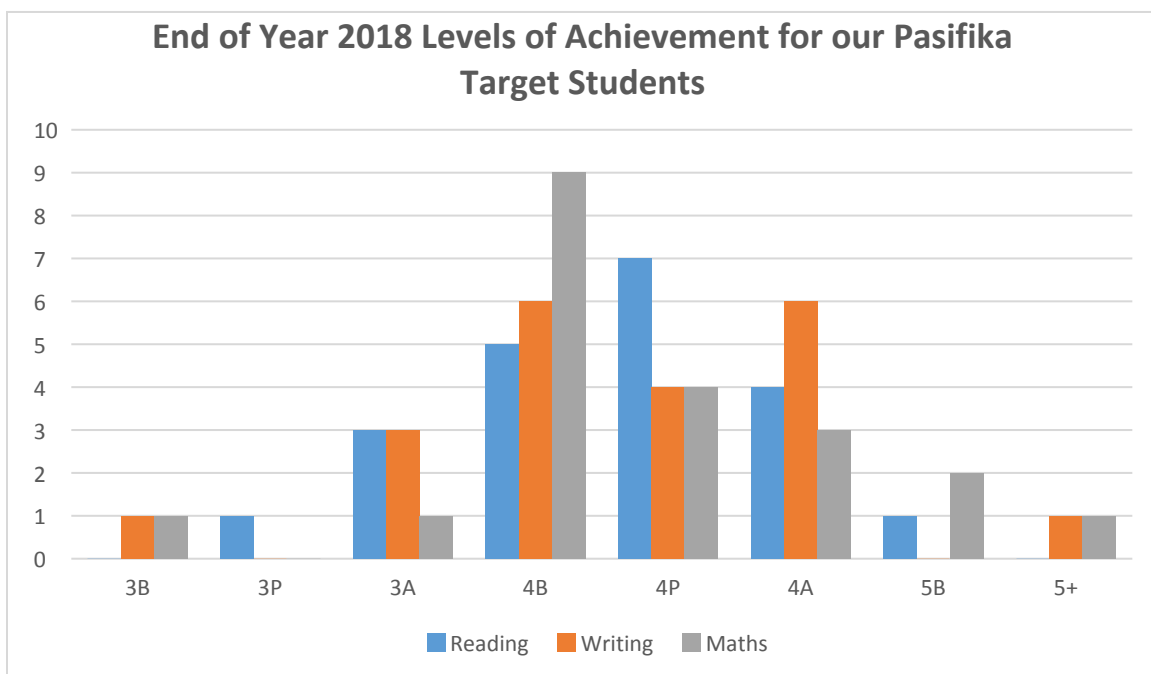
The following graph shows the levels of progress for Maori target students over the 2 years at Intermediate.



To understand the rate of progress for these selected students their 2018 End of Year data was compared with their Mid-Term 2017 data. Sub levels are:

3B	3P	3A	4B	4P	4A	5B	5+
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2018 End of Year OTJ's for Pasifika Target Students show:



Using the New Zealand Curriculum Levels we expect our Year 8 students at the end of the year to be achieving within Mid-Level 4 (4P onwards). Of the 21 students for:

Reading

- 57% achieved at expected level and higher
- 24% achieved just below expected level (at beginning of Level 4)
- 19% did not achieve at expected level

Writing

- 52% achieved at expected level and higher
- 29% achieved just below expected level (at the beginning of Level 4)
- 19% did not achieve at expected level

Math's

- 48% achieved at expected level and higher
- 43% achieved just below expected level (at the beginning of Level 4)
- 9% did not achieve at expected level

IN SUMMARY

Below shows the average rate of progress over the 80 weeks of schooling for Reading, Writing and Math's for our Māori and Pasifika target students comparing this to the rate of progress for our European students.

Māori

- In Reading the average rate of progress over the 80 week period was **2.8** sub levels
- In Writing the average rate of progress over the 80 week period was **2.96** sub levels
- In Math's the average rate of progress over the 80 week period was **2.88** sub levels

Pasifika

- In Reading the average rate of progress over the 80 week period was **2.6** sub levels
- In Writing the average rate of progress over the 80 week period was **2.76** sub levels
- In Math's the average rate of progress over the 80 week period was **2.4** sub levels

European

- In Reading the average rate of progress over the 80 week period was **2.76** sub levels
- In Writing the average rate of progress over the 80 week period was **2.76** sub levels
- In Math's the average rate of progress over the 80 week period was **2.56** sub levels

For our Pasifika students, who were in the 'did not achieve at expected level, so students who were achieving at >3A at the EOY 2018 for Reading, Writing Math's are the same students for each subject. Of these 4 students 3 have English as their 2nd language, however they do not qualify for any funding. During terms 2 and 3 they have been working in a small group with a teacher aide 4 times per week.

For the Māori students, who were in the 'did not achieve at expected level, so students who were achieving at >3A at the EOY 2018 for Reading, Writing Math's are the same students for each subject. Of this group 4 are boys who have issues that have hindered them to achieve to their best ability. Issues include drugs, anger, truancy and genuine disregard for learning. In saying this, despite their EOY levels of achievement being low 3 boys have made significant progress during their 2 years with us, particularly with their Reading.

Our Māori and Pasifika students were able to achieve at similar rates of progress as our European students. This would suggest that the targeted teaching and the various strategies used by classroom teachers to address learning outcomes for our priority learners has been successful.

Actions	Outcomes	Evaluation
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<p>Target students identified from the 2017 EOY data and from this</p> <ul style="list-style-type: none"> • 29 Maori students were identified • 21 Pasifika students were identified <p>All students were achieving at Mid level 3 at the EOY 2017</p> <p>Teacher reflection on classroom practice was completed 2 times per term</p> <p>Data conversations were had with the Principal around learning and plans for each of the identified target students in their classes</p> <p>Data analysis by classroom teachers with a specific focus on target students was completed by classroom teachers in July – which included learning steps for the following 6 months, this was then reviewed in December by classroom teachers</p> <p>For students to continue their learning with the same teacher for their 2 years at Intermediate</p>	<p>By EOY 2018 for Reading we had</p> <ul style="list-style-type: none"> • 80% of our Maori target group achieving at level 4 and higher in • 81% of our Pasifika target group achieving at level 4 and higher <p>By EOY 2018 for Writing we had</p> <ul style="list-style-type: none"> • 72% of our Māori Target group achieving at level 4 or higher • 81% of our Pasifika target group achieving at level 4 or higher <p>By EOY 2018 for Math's we had</p> <ul style="list-style-type: none"> • 76% of our Māori target group achieving at level 4 or higher • 91% of our Pasifika target group achieving at level 4 or higher 	<p>Boy's achievement in Writing across the school continues to be an area of low performance.</p> <p>Common feedback from our boys suggests</p> <ul style="list-style-type: none"> • Writing is boring • Writing takes too long • I don't like writing • I don't enjoy writing • I'd like to write more about things I want to write about • We need more time to write <p>In 2019 onwards we will need to connect better with our boys to ensure we provide opportunities for rich learning experiences in authentic contexts for them to develop student agency and be able to direct and lead their own learning, depending on their interests</p> <p>The teacher data analysis is very useful and our next step will be to share the class analysis across Kete and look for trends, strengths and weaknesses</p>
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Naenae Intermediate School

Statement on Kiwisport Funding 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 \$3,835 (excluding GST). The funding was spent on extra sports equipment to support classroom and school-wide physical education programmes. It also contributed towards participation in school-wide swimming lessons and swimming days.

The number of students participating in organised sport remained at 100% of the school roll.

Independent auditor's report

To the readers of the financial statements of Naenae Intermediate School for the year ended 31 December 2018

The Auditor-General is the auditor of Naenae Intermediate School (the School). The Auditor-General has appointed me, Michael Rania, using the staff and resources of Moore Stephens Wellington Audit, 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 21, which comprise the statement of financial position as at 31 December 2018, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, 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 its 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 (Public Sector PBE Standards RDR)

Our audit was completed on 31 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 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 included on pages 22 to 26 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 Rania | **Moore Stephens Wellington Audit**
On behalf of the Auditor-General | Wellington, New Zealand