

**Mokoia Intermediate School**

**Board of Trustees**



**2018 Annual Report  
and  
Financial Statements**

# MOKOIA INTERMEDIATE SCHOOL

## ANNUAL REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2018

#### School Directory

**Ministry Number:** 1832

**Principal:** Rawiri Wihapi

**School Address:** Brent Road, Owhata ROTORUA 3010

**School Postal Address:** P O Box 7025 TeNgae ROTORUA 3042

**School Phone:** 07 345 9071

**School Email:** [office@mokoia.school.nz](mailto:office@mokoia.school.nz)

#### Members of the Board of Trustees

<b>Name</b>	<b>Position</b>	<b>How Position Gained</b>	<b>Term Expires</b>
Julie Wenham	Chair Person	Elected	May 2019
Rawiri Wihapi	Principal	Ex-Officio	
Aubrey Rikihana	Parent Rep	Elected	May 2019
Brent Crowe	Parent Rep	Elected	May 2019
Donna Turvey	Parent Rep	Elected	May 2019
Daryl Christie	Parent Rep	Elected	May 2019
Rangipaeroa King Mosen	Parent Rep	Co-opted	Resigned August 2018
Jenni Markotsis	Staff Rep	Elected	Resigned July 2018
Glen Law	Staff Rep	Elected	May 2019

**Accountant / Service Provider:** Janet Du Fall

# MOKOIA INTERMEDIATE SCHOOL

Annual Report - For the year ended 31 December 2018

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# Mokoia 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.

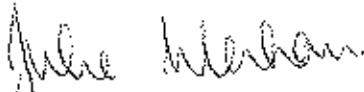
The management (including the principal and others as directed by the Board) accepts responsibility for establishing and maintaining a system of internal controls designed to provide reasonable assurance as to the integrity and reliability of the school's financial reporting.

It is the opinion of the Board and management 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.

Julie Wenham

Full Name of Board Chairperson



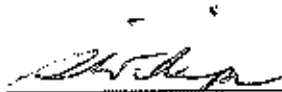
Signature of Board Chairperson

Date:

22 May 2019

Rawiri Wihapi

Full Name of Principal



Signature of Principal

Date:

22 May 2019

**Mokoia Intermediate School**  
**Statement of Comprehensive Revenue and Expense**  
For the year ended 31 December 2018

	Notes	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
<b>Revenue</b>				
Government Grants	2	2,840,430	2,660,283	2,620,085
Locally Raised Funds	3	219,227	143,032	177,558
Interest Earned		1,871	1,200	1,399
Gain on Sale of Property, Plant and Equipment		-	-	1,049
International Students	4	21,790	13,739	15,861
		<u>3,083,318</u>	<u>2,818,254</u>	<u>2,815,952</u>
<b>Expenses</b>				
Locally Raised Funds	3	104,182	46,081	74,940
International Students	4	3,393	3,246	3,621
Learning Resources	5	1,720,203	1,691,573	1,641,136
Administration	6	153,920	164,155	193,483
Finance		5,715	5,828	7,414
Property	7	825,263	829,581	843,320
Depreciation	8	87,037	83,000	95,575
Loss on Disposal of Property, Plant and Equipment		9,770	-	-
Amortisation of Intangible Assets	12	840	1,000	-
		<u>2,910,323</u>	<u>2,824,464</u>	<u>2,859,489</u>
<b>Net Surplus / (Deficit) for the year</b>		<b>172,995</b>	<b>(6,210)</b>	<b>(43,537)</b>
Other Comprehensive Revenue and Expenses		-	-	-
<b>Total Comprehensive Revenue and Expense for the Year</b>		<b><u>172,995</u></b>	<b><u>(6,210)</u></b>	<b><u>(43,537)</u></b>

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

**Mokoia Intermediate School**  
**Statement of Changes in Net Assets/Equity**  
For the year ended 31 December 2018

	Actual 2018 \$	Budget (Unaudited) 2018 \$	Actual 2017 \$
<b>Balance at 1 January</b>	<u>256,110</u>	<u>256,110</u>	<u>299,647</u>
Total comprehensive revenue and expense for the year	172,095	(8,210)	(43,537)
Capital Contributions from the Ministry of Education Contribution - Furniture and Equipment Grant And SNUP Upgrade	19,881	-	-
<b>Equity at 31 December</b>	<u>448,986</u>	<u>249,900</u>	<u>256,110</u>
Retained Earnings	448,986	249,900	256,110
Reserves	-	-	-
<b>Equity at 31 December</b>	<u>448,986</u>	<u>249,900</u>	<u>256,110</u>

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

**Mokoia Intermediate School**  
**Statement of Financial Position**  
As at 31 December 2018

	Notes	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
<b>Current Assets</b>				
Cash and Cash Equivalents	9	329,139	112,855	190,207
Accounts Receivable	10	113,491	113,491	124,293
GST Receivable		13,416	9,949	9,949
Prepayments		7,806	7,551	7,551
		<u>463,852</u>	<u>243,846</u>	<u>332,000</u>
<b>Current Liabilities</b>				
Accounts Payable	13	140,829	137,382	151,133
Revenue Received in Advance	14	3,911	17,990	17,990
Provision for Cyclical Maintenance	15	-	12,017	12,017
Finance Lease Liability - Current Portion	16	35,032	30,742	35,154
Funds held in Trust	17	-	-	10,810
Funds held for Capital Works Projects	18	17,696	-	17,850
		<u>197,468</u>	<u>198,131</u>	<u>244,954</u>
<b>Working Capital Surplus/(Deficit)</b>		<b>266,384</b>	<b>45,715</b>	<b>87,046</b>
<b>Non-current Assets</b>				
Property, Plant and Equipment	11	308,613	317,112	317,112
Intangible Assets	12	7,510	-	-
		<u>314,123</u>	<u>317,112</u>	<u>317,112</u>
<b>Non-current Liabilities</b>				
Provision for Cyclical Maintenance	15	101,700	90,577	90,577
Finance Lease Liability	16	29,821	22,350	57,471
		<u>131,521</u>	<u>112,927</u>	<u>148,048</u>
<b>Net Assets</b>		<u><u>448,986</u></u>	<u><u>249,900</u></u>	<u><u>256,110</u></u>
<b>Equity</b>		<u><u>448,986</u></u>	<u><u>249,900</u></u>	<u><u>256,110</u></u>

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

**Mokoia Intermediate School**  
**Statement of Cash Flows**  
For the year ended 31 December 2018

		2018	2018	2017
	Note	Actual	Budget	Actual
		\$	(Unaudited)	\$
		\$	\$	\$
<b>Cash flows from Operating Activities</b>				
Government Grants		642,028	598,372	530,008
Locally Raised Funds		237,472	161,022	173,308
International Students		7,329	13,739	17,296
Goods and Services Tax (net)		(3,467)		15,129
Payments to Employees		(278,361)	(317,881)	(324,708)
Payments to Suppliers		(356,422)	(456,064)	(367,351)
Cyclical Maintenance Payments in the year		(2,060)		
Interest Paid		(5,715)	(5,828)	(7,414)
Interest Received		1,871	1,200	1,399
<b>Net cash from / (to) the Operating Activities</b>		<b>242,675</b>	<b>(5,440)</b>	<b>37,667</b>
<b>Cash flows from Investing Activities</b>				
Proceeds from Sale of PPE (and Intangibles)		-	(2,500)	6,049
Purchase of PPE (and Intangibles)		(99,756)	(81,500)	(15,334)
<b>Net cash from / (to) the Investing Activities</b>		<b>(99,756)</b>	<b>(84,000)</b>	<b>(9,285)</b>
<b>Cash flows from Financing Activities</b>				
Furniture and Equipment Grant		19,881	-	
Finance Lease Payments		(12,904)	-	(25,417)
Funds Administered on Behalf of Third Parties		(10,810)	-	(230)
Funds Held for Capital Works Projects		(154)	-	(14,823)
<b>Net cash from Financing Activities</b>		<b>(3,987)</b>	<b>-</b>	<b>(40,470)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>138,932</b>	<b>(89,440)</b>	<b>(12,088)</b>
Cash and cash equivalents at the beginning of the year	9	190,207	202,295	202,295
<b>Cash and cash equivalents at the end of the year</b>	<b>9</b>	<b>329,139</b>	<b>112,855</b>	<b>190,207</b>

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

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



# **Mokoia Intermediate School**

## **Notes to the Financial Statements**

### **For the year ended 31 December 2018**

#### **1. Statement of Accounting Policies**

##### **a) Reporting Entity**

Mokoia Intermediate 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 11.

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

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

#### ***Classification of leases***

The School reviews the details of lease agreements at the end of each reporting date. The School believes the classification of each lease as either 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) 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	10-75 years
Furniture and equipment	10-15 years
Information and communication technology	4-5 years
Motor vehicles	5 years
Textbooks	3 years
Leased assets held under a Finance Lease	4 years
Library resources	12.5% Diminishing value

### **k) Intangible Assets**

#### *Software costs*

Computer software acquired by the School are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Costs associated with subsequent maintenance or licensing of software are recognised as an expense in the Statement of Comprehensive Revenue and Expense when incurred.

Computer software licences with individual values under \$1,000 are not capitalised, they are recognised as an expense in the Statement of Comprehensive Revenue and Expense when incurred.

Computer software that the school receives from the Ministry of Education is normally acquired through a non-exchange transaction and is not of a material amount. Its fair value can be assessed at time of acquisition if no other methods lead to a fair value determination. Computer software purchased directly from suppliers at market rates are considered exchange transactions and the fair value is the amount paid for the software.

The carrying value of software is amortised on a straight line basis over its useful life. The useful life of software is estimated as three years. The amortisation charge for each period and any impairment loss is recorded in the Statement of Comprehensive Revenue and Expense.

### **l) Impairment of property, plant, and equipment and intangible assets**

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

#### *Non cash generating assets*

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

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

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

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

### **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.

### **o) Revenue Received in Advance**

Revenue received in advance relates to fees received from students and 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 students, should the School be unable to provide the services to which they relate.

**p) Funds Held in Trust**

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

**q) 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).

**r) 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.

**s) 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.

**t) Budget Figures**

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

**u) 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	582,665	579,463	524,359
Teachers' salaries grants	1,531,556	1,408,652	1,408,652
Use of Land and Buildings grants	670,473	659,469	659,469
Resource teachers learning and behaviour grants	6,291	-	-
Other MoE Grants	30,601	12,699	23,621
Other government grants	18,844	-	3,984
	<u>2,840,430</u>	<u>2,660,283</u>	<u>2,620,085</u>

## 3. Locally Raised Funds

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

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
<b>Revenue</b>			
Donations	20,026	35,580	7,945
Activities	127,399	100,543	134,215
Fundraising	7,749	6,909	7,398
Trading	5,053	-	-
Grants	59,000	-	28,000
	<u>219,227</u>	<u>143,032</u>	<u>177,558</u>
<b>Expenses</b>			
Activities	91,493	46,081	74,940
Trading	12,689	-	-
	<u>104,182</u>	<u>46,081</u>	<u>74,940</u>
<i>Surplus/ (Deficit) for the year Locally raised funds</i>	<u>115,045</u>	<u>96,951</u>	<u>102,618</u>

## 4. International Student Revenue and Expenses

	2018 Actual Number	2018 Budget (Unaudited) Number	2017 Actual Number
International Student Roll	2	2	1
<b>Revenue</b>			
International student fees	21,790	13,739	15,861
<b>Expenses</b>			
Commissions	2,852	2,873	1,761
International student levy	541	373	448
Employee Benefit - Salaries	-	-	316
Other Expenses	-	-	1,096
	<u>3,393</u>	<u>3,246</u>	<u>3,621</u>
<i>Surplus/ (Deficit) for the year International Students'</i>	<u>18,397</u>	<u>10,493</u>	<u>12,240</u>

## 5. Learning Resources

	2018	2018	2017
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Curricular	33,954	53,200	34,982
Information and communication technology	22,037	25,000	23,662
Extra-curricular activities	-	3,000	838
Library resources	2,408	4,000	3,138
Employee benefits - salaries	1,649,176	1,587,948	1,571,005
Staff development	12,628	18,425	7,511
	<u>1,720,203</u>	<u>1,691,573</u>	<u>1,841,136</u>

## 6. Administration

	2018	2018	2017
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Audit Fee	5,420	5,600	5,262
Board of Trustees Fees	2,290	4,000	3,779
Board of Trustees Expenses	7,184	11,350	11,826
Communication	5,058	5,000	5,162
Consumables	2,120	5,450	4,002
Operating Lease	4,724	4,781	16,051
Other	20,056	28,186	22,043
Employee Benefits - Salaries	99,538	88,788	110,968
Insurance	5,707	6,000	5,079
Service Providers, Contractors and Consultancy	1,823	5,000	9,311
	<u>153,920</u>	<u>164,156</u>	<u>193,483</u>

## 7. Property

	2018	2018	2017
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Caretaking and Cleaning Consumables	2,936	3,500	3,778
Consultancy and Contract Services	31,796	30,912	30,837
Cyclical Maintenance Expense	1,166	12,017	11,544
Grounds	6,033	6,300	6,415
Heat, Light and Water	23,166	25,900	25,661
Rates	5,673	5,388	5,387
Repairs and Maintenance	30,572	31,000	38,911
Use of Land and Buildings	670,473	659,469	659,469
Security	5,569	5,300	4,048
Employee Benefits - Salaries	47,879	49,797	57,270
	<u>825,263</u>	<u>829,581</u>	<u>843,320</u>

"The use of land and buildings figure represents 8% of the schools 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	2018	2017
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Buildings	2,880	3,000	2,880
Furniture and Equipment	39,523	36,000	46,068
Information and Communication Technology	8,376	8,000	17,182
Motor Vehicles	2,664	2,500	-
Textbooks	1,125	1,000	1,479
Leased Assets	31,932	32,000	27,351
Library Resources	537	500	615
	<u>87,037</u>	<u>83,000</u>	<u>95,575</u>

## 9. Cash and Cash Equivalents

	2018	2018	2017
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Bank Current Account	329,139	112,855	190,207
Cash and cash equivalents for Cash Flow Statement	<u>329,139</u>	<u>112,855</u>	<u>190,207</u>

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

Of the \$329,139 Cash and Cash Equivalents, \$17,696 is held by the School on behalf of the Ministry of Education. These funds are required to be spent in 2019 on Crown owned school buildings under the School's Five Year Property Plan.

## 10. Accounts Receivable

	2018	2018	2017
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Receivables	4,323	4,323	3,342
Receivables from the Ministry of Education	17,917	-	22,471
Teacher Salaries Grant Receivable	91,251	109,168	98,480
	<u>113,491</u>	<u>113,491</u>	<u>124,293</u>
Receivables from Exchange Transactions	4,323	4,323	3,342
Receivables from Non-Exchange Transactions	109,168	109,168	120,951
	<u>113,491</u>	<u>113,491</u>	<u>124,293</u>



## 11. Property, Plant and Equipment

	Opening Balance (NBV)	Additions	Disposals	Impairment	Depreciation	Total (NBV)
2018	\$	\$	\$	\$	\$	\$
Buildings	47,850				(2,880)	44,970
Furniture and Equipment	152,517	24,986			(39,523)	137,980
Information and Communication	19,928				(8,376)	11,552
Motor Vehicles	-	47,802	-		(2,664)	45,138
Textbooks	2,426				(1,125)	1,301
Leased Assets	90,121	13,520	(9,770)		(31,932)	61,939
Library Resources	4,270				(537)	3,733
<b>Balance at 31 December 2018</b>	<b>317,112</b>	<b>86,308</b>	<b>(9,770)</b>	<b>-</b>	<b>(87,037)</b>	<b>306,613</b>

	Cost or Valuation	Accumulated Depreciation	Net Book Value
2018	\$	\$	\$
Buildings	96,031	(51,061)	44,970
Furniture and Equipment	768,554	(630,574)	137,980
Information and Communication	159,672	(148,120)	11,552
Motor Vehicles	62,456	(17,318)	45,138
Textbooks	46,744	(45,443)	1,301
Leased Assets	112,081	(50,142)	61,939
Library Resources	81,035	(77,302)	3,733
<b>Balance at 31 December 2018</b>	<b>1,326,573</b>	<b>(1,019,960)</b>	<b>306,613</b>

	Opening Balance (NBV)	Additions	Disposals	Impairment	Depreciation	Total (NBV)
2017	\$	\$	\$	\$	\$	\$
Buildings	50,730	-		-	(2,880)	47,850
Furniture and Equipment	191,611	9,030	(2,056)	-	(46,068)	152,517
Information and Communication		3,360		-	(17,182)	19,928
Technology	33,750					
Textbooks	3,905	-			(1,479)	2,426
Leased Assets	19,744	100,398	(2,670)		(27,351)	90,121
Library Resources	4,885				(615)	4,270
<b>Balance at 31 December 2017</b>	<b>304,625</b>	<b>112,788</b>	<b>(4,726)</b>	<b>-</b>	<b>(95,575)</b>	<b>317,112</b>

<b>2017</b>	<b>Cost or Valuation \$</b>	<b>Accumulated Depreciation \$</b>	<b>Net Book Value \$</b>
Land	-	-	-
Buildings	96,031	(48,181)	<b>47,850</b>
Furniture and Equipment	743,568	(591,051)	<b>152,517</b>
Information and Communication Technology	159,672	(139,744)	<b>19,928</b>
Motor Vehicles	14,654	(14,654)	-
Textbooks	46,744	(44,318)	<b>2,426</b>
Leased Assets	126,949	(36,828)	<b>90,121</b>
Library Resources	81,035	(76,765)	<b>4,270</b>
<b>Balance at 31 December 2017</b>	<u>1,268,653</u>	<u>(951,541)</u>	<u><b>317,112</b></u>

## 12. Intangible Assets

The School's Intangible Assets are made up of acquired services for cloud migration.

<b>2018</b>	<b>Opening \$</b>	<b>Additions \$</b>	<b>Disposals \$</b>	<b>Impairment \$</b>	<b>Closing \$</b>
<b>Cost</b>					
Intangible Assets (Cost)	-	8,350	-	-	<b>8,350</b>
<b>Balance at 31 December 2018</b>	<u>-</u>	<u>8,350</u>	<u>-</u>	<u>-</u>	<u><b>8,350</b></u>
<b>Accumulated Amortisation</b>					
Intangible Assets (Amortisation for the year)	-	840	-	-	<b>840</b>
<b>Balance at 31 December 2018</b>	<u>-</u>	<u>840</u>	<u>-</u>	<u>-</u>	<u><b>840</b></u>
<b>Net Book Value at 31 December 2018</b>					<u><u><b>7,510</b></u></u>

### 13. Accounts Payable

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Operating creditors	29,104	35,338	36,276
Accruals	9,681	-	10,177
Employee Entitlements - salaries	91,251	91,251	98,480
Employee Entitlements - leave accrual	10,793	10,793	6,200
	<u>140,829</u>	<u>137,382</u>	<u>151,133</u>

Payables for Exchange Transactions	140,829	137,382	151,133
	<u>140,829</u>	<u>137,382</u>	<u>151,133</u>

The carrying value of payables approximates their fair value.

### 14. Revenue Received in Advance

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
International Student Fees	-	-	14,461
Other	3,911	17,990	3,529
	<u>3,911</u>	<u>17,990</u>	<u>17,990</u>

### 15. Provision for Cyclical Maintenance

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Provision at the Start of the Year	102,594	102,594	91,050
Increase/ (decrease) to the Provision During the Year	-	-	11,544
Use of the Provision During the Year	(894)	-	-
Provision at the End of the Year	<u>101,700</u>	<u>102,594</u>	<u>102,594</u>
Cyclical Maintenance - Current	-	12,017	12,017
Cyclical Maintenance - Term	101,700	90,577	90,577
	<u>101,700</u>	<u>102,594</u>	<u>102,594</u>

## 16. 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	35,031	30,742	35,154
Later than One Year and no Later than Five Years	29,822	22,350	57,471
Later than Five Years	-	-	-
	<u>64,853</u>	<u>53,092</u>	<u>92,625</u>

## 17. Funds held in Trust

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Funds Held in Trust on Behalf of Third Parties - Current	-	-	10,810
	<u>-</u>	<u>-</u>	<u>10,810</u>

These funds relate to arrangements where the school is acting as an agent. These amounts are not revenue or expenditure of the school and therefore are not included in the Statement of Comprehensive Revenue and Expense.

## 18. Funds Held for Capital Works Projects

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

	2018	Opening Balances \$	Receipts from MoE \$	Payments \$		Closing Balances \$
I.E Tech Block	<i>completed</i>	(1,500)	63,481	61,970	-	11
Hand Dryer/Soap Upgrade	<i>completed</i>	8,420	839	9,335	-	(76)
Tree felling/Heat pumps	<i>in progress</i>	-	31,410	13,649	-	17,761
Kaituna Toilet Upgrade	<i>completed</i>	10,930	3,304	14,234	-	-
Totals		<u>17,850</u>	<u>99,034</u>	<u>99,188</u>	<u>-</u>	<u>17,696</u>

### Represented by:

Funds Held on Behalf of the Ministry of Education	17,772
Funds Due from the Ministry of Education	(76)
	<u>17,696</u>

	2017	Opening Balances \$	Receipts from MoE \$	Payments \$	BOT Contributions	Closing Balances \$
I.E Tech Block	<i>in progress</i>	-	-	1,500	-	(1,500)
Hand Dryers/Soap Upgrade	<i>in progress</i>	-	9,609	1,189	-	8,420
Kaituna Toilet Upgrade	<i>in progress</i>	-	176,111	165,181	-	10,930
Reroof half & Walkways	<i>completed</i>	32,673	8,789	41,462	-	-
Heat Pumps 2017	<i>completed</i>	-	45,290	45,290	-	-
Totals		<u>32,673</u>	<u>239,799</u>	<u>254,822</u>	<u>-</u>	<u>17,850</u>

## 19. 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.

## 20. Remuneration

### Key management personnel compensation

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

	2018 Actual \$	2017 Actual \$
<i>Board Members</i>		
Remuneration	2,290	3,780
Full-time equivalent members	0.46	0.37
<i>Leadership Team</i>		
Remuneration	324,551	339,846
Full-time equivalent members	3	3
Total key management personnel remuneration	326,841	343,726
Total full-time equivalent personnel	3.46	3.37

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

### Principal

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

	2018 Actual \$000	2017 Actual \$000
Salaries and Other Short-term Employee Benefits:		
Salary and Other Payments	130-140	130 - 140
Benefits and Other Emoluments	4-5	10-20
Termination Benefits	-	-

### Other Employees

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

Remuneration \$000	2018 FTE Number	2017 FTE Number
110-120	-	-
100-110	-	-
	0.00	0.00

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

## 21. 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	-	-

## 22. 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.

## 23. Commitments

### (a) Capital Commitments

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

(a) \$34,900 contract for Tree Felling and Heat Pumps to be completed in 2019, which will be fully funded by the Ministry of Education. \$31,410 has been received of which \$13,649 has been spent on the project to date.

As at 31 December 2017 the Board had entered into contract agreements for capital works as follows:

(a) \$195,679 contract for Kaituna Toilet Upgrade completed in 2018, which was fully funded by the Ministry of Education. \$176,111 had been received of which \$165,180 had been spent on the project to date; and

(b) \$10,676 contract to have hand dryers installed in toilet blocks. This project was fully funded by the Ministry and \$9,609 had been received of which \$1,189 had been spent on the project at balance date. This project had been approved by the Ministry; and

(c) \$45,290 contract to replace heat pumps. This project was fully funded by the Ministry and \$45,290 had been spent on the project at balance date. This project had been approved by the Ministry and was completed in 2017.

## (b) Operating Commitments

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

(a) operating lease of a EFTPOS Machine;

	2018 Actual \$	2017 Actual \$
No later than One Year	-	4,781
Later than One Year and No Later than Five Years	-	-
Later than Five Years	-	-
	<u>-</u>	<u>4,781</u>

## 24. 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.

## 25. 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	329,139	112,855	190,207
Receivables	113,491	113,491	124,293
Total Loans and Receivables	<u>442,630</u>	<u>226,346</u>	<u>314,500</u>

### Financial liabilities measured at amortised cost

Payables	140,829	137,382	161,133
Finance Leases	64,853	53,092	92,625
Total Financial Liabilities Measured at Amortised Cost	<u>205,682</u>	<u>190,474</u>	<u>243,758</u>

## 26. Events After Balance Date

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

## INDEPENDENT AUDITOR'S REPORT

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

The Auditor-General is the auditor of Mokoia Intermediate School (the School). The Auditor-General has appointed me, Stephen Graham, using the staff and resources of BDO Rotorua Limited, to carry out the audit of the financial statements of the School on his behalf.

#### Opinion

We have audited the financial statements of the School on pages 2 to 20, that comprise the statement of financial position as at 31 December 2018, the statement of comprehensive revenue and expense, statement of changes in net assets/equity and statement of cash flows for the year ended on that date, and the notes to the financial statements that include accounting policies and other explanatory information.

In our opinion the financial statements of the School:

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

Our audit was completed on 22 May 2019. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Board of Trustees and our responsibilities relating to the financial statements, we comment on other information, and we explain our independence.

#### Basis for our opinion

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

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

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

#### Responsibilities of the Board of Trustees for the financial statements

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



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

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

### **Responsibilities of the auditor for the audit of the financial statements**

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

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

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

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

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

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

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

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

Our responsibilities arise from the Public Audit Act 2001.

#### **Other information**

The Board of Trustees is responsible for the other information. The other information comprises the information included within the Analysis of Variance, the Board of Trustees Listing and the Kīwisport Report, which form part of the Annual Report, but does not include the financial statements, and our auditor's report thereon.

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

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

#### **Independence**

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

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



**Stephen Graham**  
**BDO Rotorua Limited**  
**On behalf of the Auditor-General**  
**Rotorua, New Zealand**