

Pukekohe Intermediate School

Annual Report for the year ended 31 December 2018

Ministry Number:	1452
Principal:	Gary Sweeney
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Service Provider:	Edtech Financial Services Ltd

Pukekohe Intermediate School

Members of the Board of Trustees

For the year ended 31 December 2018

Name	Position	How position on Board gained	Occupation	Term expired/expires
Raewyn Austin	Staff Rep	Elected	Teacher	06/19
Stacey Davis	Parent Rep	Elected		06/19
Rob Davis	Parent Rep	Elected		06/19
Cath Cato	Parent Rep	Elected		06/19
Lisa Mous	Parent Rep	Elected		06/19
Gary Sweeney	Principal			

Pukekohe Intermediate School

Annual Report

For the year ended 31 December 2018

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Pukekohe 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.

2021 Chairperson
Stacey Davis /pp
2018 Chairperson
Lisa Mous

Full Name of Board Chairperson


Signature of Board Chairperson

24/12/21
Date:

Gary Sweeney
Full Name of Principal


Signature of Principal

24.12.21
Date:

Pukekohe Intermediate School
Statement of Comprehensive Revenue and Expense

For the year ended 31 December 2018

	Notes	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Revenue				
Government Grants	2	5,292,562	6,837,943	5,503,436
Locally Raised Funds	3	538,616	148,500	413,484
Interest Earned		11,273	7,500	11,657
International Students	4	118,823	70,000	123,201
		<u>5,961,274</u>	<u>7,063,943</u>	<u>6,051,778</u>
Expenses				
Locally Raised Funds	3	395,802	-	323,526
International Students	4	107,039	-	89,779
Learning Resources	5	3,423,182	5,395,100	3,559,583
Administration	6	265,639	300,450	298,122
Finance Costs		8,577	12,500	12,769
Property	7	1,527,063	1,255,700	1,479,796
Depreciation	8	155,372	100,305	116,054
Loss on Disposal of Property, Plant and Equipment		12,456	10,000	13,221
		<u>5,895,130</u>	<u>7,074,055</u>	<u>5,892,850</u>
Net Surplus / (Deficit) for the year		66,144	(10,112)	158,928
Other Comprehensive Revenue and Expenses		-	-	-
Total Comprehensive Revenue and Expense for the Year		<u><u>66,144</u></u>	<u><u>(10,112)</u></u>	<u><u>158,928</u></u>

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

Pukekohe Intermediate School
Statement of Changes in Net Assets/Equity

For the year ended 31 December 2018

	2018	2018	2017
	Actual	Budget	Actual
	\$	(Unaudited)	\$
		\$	
Balance at 1 January	<u>696,105</u>	<u>696,105</u>	<u>537,177</u>
Total comprehensive revenue and expense for the year	66,144	(10,112)	158,928
Capital Contributions from the Ministry of Education			
Contribution - Furniture and Equipment Grant	16,449	-	-
Equity at 31 December	<u>778,698</u>	<u>685,993</u>	<u>696,105</u>
Retained Earnings	778,698	685,993	696,105
Equity at 31 December	<u>778,698</u>	<u>685,993</u>	<u>696,105</u>

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

Pukekohe 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	9	476,399	568,953	595,202
Accounts Receivable	10	492,008	363,300	442,648
GST Receivable		41,854	50,000	64,423
Prepayments		54,700	15,000	15,512
Funds due for capital works projects	17	2,930	-	-
		<u>1,067,891</u>	<u>997,253</u>	<u>1,117,785</u>
Current Liabilities				
Accounts Payable	12	478,631	469,500	497,816
Revenue Received in Advance	13	84,318	81,000	83,516
Painting Contract Liability - Current Portion	15	21,752	-	40,241
Finance Lease Liability - Current Portion	16	55,129	49,369	48,306
Funds Held for Capital Works Projects	17	-	-	63,678
Funds for RTLB Services	18	64,330	45,000	45,867
		<u>704,160</u>	<u>644,869</u>	<u>779,424</u>
Working Capital Surplus/(Deficit)		363,731	352,384	338,361
Non-current Assets				
Property, Plant and Equipment	11	515,219	432,798	449,603
		<u>515,219</u>	<u>432,798</u>	<u>449,603</u>
Non-current Liabilities				
Provision for Cyclical Maintenance	14	57,701	62,847	47,135
Painting Contract Liability	15	-	-	7,180
Finance Lease Liability	16	42,551	36,342	37,544
		<u>100,252</u>	<u>99,189</u>	<u>91,859</u>
Net Assets		<u>778,698</u>	<u>685,993</u>	<u>696,105</u>
Equity		<u>778,698</u>	<u>685,993</u>	<u>696,105</u>

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

Pukekohe Intermediate School

Statement of Cash Flows

For the year ended 31 December 2018

	Note	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Cash flows from Operating Activities				
Government Grants		1,249,017	1,078,743	1,286,456
Locally Raised Funds		509,630	215,500	428,759
International Students		128,913	71,000	124,611
Goods and Services Tax (net)		22,569	(17,400)	(31,837)
Payments to Employees		(607,057)	(610,600)	(571,400)
Payments to Suppliers		(1,148,744)	(444,903)	(886,899)
Interest Paid		(8,577)	(12,500)	(12,769)
Interest Received		11,495	7,650	11,884
Net cash from / (to) the Operating Activities		157,246	287,490	348,805
Cash flows from Investing Activities				
Purchase of PPE (and Intangibles)		(155,907)	(34,837)	(89,094)
Net cash from / (to) the Investing Activities		(155,907)	(34,837)	(89,094)
Cash flows from Financing Activities				
Furniture and Equipment Grant		16,449	-	-
Finance Lease Payments		(65,707)	1,561	(40,147)
Painting Contract Payments		(25,669)	(75,700)	(14,627)
Funds Administered on Behalf of Third Parties		18,463	50,001	(4,688)
Funds Held for Capital Works Projects		(63,678)	-	12,252
Net cash from / (to) Financing Activities		(120,142)	(24,138)	(47,210)
Net increase/(decrease) in cash and cash equivalents		(118,803)	228,515	212,501
Cash and cash equivalents at the beginning of the year	9	595,202	340,438	382,701
Cash and cash equivalents at the end of the year	9	476,399	568,953	595,202

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

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

Pukekohe Intermediate School

Notes to the Financial Statements

For the year ended 31 December 2018

1. Statement of Accounting Policies

Reporting Entity

Pukekohe 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.

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.

Pukekohe Intermediate School

Notes to the Financial Statements (cont.)

For the year ended 31 December 2018

Critical Judgements in applying accounting policies

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

Classification of leases

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

Revenue Recognition

Government Grants

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

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

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

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

Other Grants

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

Donations, Gifts and Bequests

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

Interest Revenue

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

Use of Land and Buildings Expense

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

Operating Lease Payments

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

Finance Lease Payments

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

Pukekohe Intermediate School

Notes to the Financial Statements (cont.)

For the year ended 31 December 2018

Cash and Cash Equivalents

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

Accounts Receivable

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

Inventories

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

Investments

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

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

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

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

Property, Plant and Equipment

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

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

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

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

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

Pukekohe Intermediate School

Notes to the Financial Statements (cont.)

For the year ended 31 December 2018

Leased Assets

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

Depreciation

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

The estimated useful lives of the assets are:

Buildings Improvement to Crown Owned Assets	40 years
Furniture and equipment	3–15 years
Information and communication technology	3–5 years
Leased assets held under a Finance Lease	3-5 years
Library resources	12.5% Diminishing value

Impairment of property, plant, and equipment

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

Non cash generating assets

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

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

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

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

Accounts Payable

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

Employee Entitlements

Short-term employee entitlements

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

Pukekohe Intermediate School

Notes to the Financial Statements (cont.)

For the year ended 31 December 2018

Long-term employee entitlements

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

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

Revenue Received in Advance

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

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

Shared Funds

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

Provision for Cyclical Maintenance

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

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

Financial Assets and Liabilities

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

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

The School's financial liabilities comprise accounts payable, 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.

Goods and Services Tax (GST)

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

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

Commitments and contingencies are disclosed exclusive of GST.

Budget Figures

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

Services received in-kind

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

Pukekohe Intermediate School

Notes to the Financial Statements (cont.)

For the year ended 31 December 2018

2 Government Grants

	2018	2018	2017
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Operational grants	995,001	971,743	1,275,829
Teachers' salaries grants	2,822,360	4,800,000	2,996,735
Use of Land and Buildings grants	1,218,301	959,200	1,156,442
Other MoE Grants	200,977	107,000	16,820
Other government grants	55,923	-	57,610
	5,292,562	6,837,943	5,503,436

3 Locally Raised Funds

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

	2018	2018	2017
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Revenue			
Donations	77,737	77,500	59,292
Other Revenue	73,144	20,000	54,954
Trading	37,281	1,000	44,847
Activities	211,910	50,000	254,391
Overseas Travel	138,544	-	-
	538,616	148,500	413,484
Expenses			
Activities	206,247	-	272,865
Trading	32,831	-	50,661
Overseas Travel	156,724	-	-
	395,802	-	323,526
	142,814	148,500	89,958

Surplus/ (Deficit) for the year Locally Raised Funds

Nineteen students and 4 staff - R Austin, K Woolliams, M Morris and K Woods - travelled to Hara-mura, Japan for a Sister School Exchange in September/October 2018. The purpose of the trip was to strengthen ties between the schools. The trip was funded by a combination of fundraising and school funds, using international funds and the operating grant. The net cost of this trip was \$18,180.

4 International Student Revenue and Expenses

	2018	2018	2017
	Actual	Budget	Actual
	Number	(Unaudited)	Number
International Student Roll	11	0	13
	2018	2018	2017
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Revenue			
International student fees	118,823	70,000	123,201
Expenses			
Recruitment	25,832	-	32,437
International student levy	970	-	1,260
Overseas Travel	21,750	-	-
Other Expenses	58,487	-	56,082
	107,039	-	89,779
	11,784	70,000	33,422

Surplus/ (Deficit) for the year International Students

The principal, Gary Sweeney, travelled to Japan in September/October, China and Thailand in March/April and October/November for the purpose of marketing the school to international students. These trips were funded by the school.

J Dong-Bhana travelled to China in July 2018 for the purpose of marketing the school to international students. This trip was funded by the school.

Pam Wright and Lynda Sharp travelled to Tahiti in October/November 2018 for the purpose of marketing the school to international students. This trip was funded by the school.

The total cost of these trips was \$21,750.

Pukekohe Intermediate School

Notes to the Financial Statements (cont.)

For the year ended 31 December 2018

5 Learning Resources

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Curricular	119,622	86,100	100,463
Equipment repairs	481	2,000	1,664
Information and communication technology	44,179	108,500	101,787
Employee benefits - salaries	3,176,037	5,125,000	3,285,381
Staff development	53,436	73,500	70,288
Overseas Travel	29,427	-	-
	<u>3,423,182</u>	<u>5,395,100</u>	<u>3,559,583</u>

The principal, Gary Sweeney, and the COL leader for Mathematics, Nicola Gibson, travelled to Sydney in August 2018 for the Research Conference 2018. The trip was funded by the school's PLD and COL budgets.

Rebekah Pearson and Mallory Morris, lead teachers for eLearning and the digital curriculum, travelled to California in April 2018 for the Apple Schools Tour, for the purpose of increasing their knowledge in these areas, to be shared within the school. The trip was funded by the school.

Dom Hancock, Rachael Murray and Jerilynne Dong-Bhana travelled to Melbourne in October 2018 for the Research Conference 2018, for the purpose of increase staff knowledge and professional growth in Literacy and Mathematics. This trip was funded by the school.

The total cost of these trips was \$29,427.

6 Administration

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Audit Fee	6,975	6,750	6,514
Board of Trustees Fees	1,408	2,500	2,232
Board of Trustees Expenses	12,470	1,000	14,795
Communication	8,285	10,000	12,400
Consumables	12,821	20,000	22,530
Other	34,767	40,200	20,350
Employee Benefits - Salaries	168,745	192,000	197,202
Insurance	8,206	15,000	9,225
Service Providers, Contractors and Consultancy	11,962	13,000	12,874
	<u>265,639</u>	<u>300,450</u>	<u>298,122</u>

7 Property

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Caretaking and Cleaning Consumables	8,232	10,150	13,145
Consultancy and Contract Services	62,173	70,000	67,720
Cyclical Maintenance Expense	10,566	24,000	17,830
Grounds	28,060	11,000	16,721
Heat, Light and Water	63,733	51,850	52,025
Repairs and Maintenance	36,947	27,000	60,123
Use of Land and Buildings	1,218,301	959,200	1,156,442
Security	11,745	8,500	8,146
Employee Benefits - Salaries	87,306	94,000	87,644
	<u>1,527,063</u>	<u>1,255,700</u>	<u>1,479,796</u>

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

Pukekohe Intermediate School

Notes to the Financial Statements (cont.)

For the year ended 31 December 2018

8 Depreciation

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Building Improvements	755	810	1,038
Furniture and Equipment	51,922	46,600	51,860
Information and Communication Technology	38,028	11,315	25,550
Motor Vehicles	814	-	-
Leased Assets	61,870	33,910	35,339
Library Resources	1,983	7,670	2,267
	<u>155,372</u>	<u>100,305</u>	<u>116,054</u>

9 Cash and Cash Equivalents

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Cash on Hand	400	400	400
Bank Current Account	475,999	568,553	166,294
Bank Call Account	-	-	428,508
Cash and cash equivalents for Cash Flow Statement	<u>476,399</u>	<u>568,953</u>	<u>595,202</u>

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

Of the \$476,399 Cash and Cash Equivalents, \$64,330 is held by the School on behalf of the RTLB cluster. See note 25 for details of how the funding received for the cluster has been spent in the year.

10 Accounts Receivable

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Receivables	32,125	13,000	12,427
Interest Receivable	-	300	222
Bank Staffing Underuse	87,217	-	87,263
Teacher Salaries Grant Receivable	372,666	350,000	342,736
	<u>492,008</u>	<u>363,300</u>	<u>442,648</u>
Receivables from Exchange Transactions	32,125	13,300	12,649
Receivables from Non-Exchange Transactions	459,883	350,000	429,999
	<u>492,008</u>	<u>363,300</u>	<u>442,648</u>

Notes to the Financial Statements (cont.)

For the year ended 31 December 2018

11 Property, Plant and Equipment

	Opening Balance (NBV)	Additions	Disposals	Impairment	Depreciation	Total (NBV)
	\$	\$	\$	\$	\$	\$
2018						
Building improvements	26,692	-	(1,821)	-	(755)	24,116
Furniture and equipment	250,851	59,125	(1,119)	-	(51,922)	256,935
Information and communication technology	53,485	47,952	(9,516)	-	(38,028)	53,893
Motor vehicles	-	48,830	-	-	(814)	48,016
Leased assets	102,707	77,537	-	-	(61,870)	118,374
Library resources	15,868	-	-	-	(1,983)	13,885
Balance at 31 December 2018	449,603	233,444	(12,456)	-	(155,372)	515,219

	Cost or Valuation	Accumulated Depreciation	Net Book Value
	\$	\$	\$
2018			
Building improvements	30,192	(6,076)	24,116
Furniture and equipment	722,046	(465,111)	256,935
Information and communication technology	241,719	(187,826)	53,893
Motor vehicles	48,830	(814)	48,016
Leased assets	228,712	(110,338)	118,374
Library resources	83,721	(69,836)	13,885
Balance at 31 December 2018	1,355,220	(840,001)	515,219

The Board considers that no assets have suffered an impairment during the year.

The net carrying value of equipment held under a finance lease is \$118,374 (2017: \$102,707).

	Opening Balance (NBV)	Additions	Disposals	Impairment	Depreciation	Total (NBV)
	\$	\$	\$	\$	\$	\$
2017						
Building improvements	27,743	-	(239)	-	(812)	26,692
Furniture and equipment	253,284	49,983	(330)	-	(52,086)	250,851
Information and communication technology	52,576	39,110	(12,651)	-	(25,550)	53,485
Leased assets	119,528	18,518	-	-	(35,339)	102,707
Library resources	18,135	-	-	-	(2,267)	15,868
Balance at 31 December 2017	471,266	107,611	(13,220)	-	(116,054)	449,603

	Cost or Valuation	Accumulated Depreciation	Net Book Value
	\$	\$	\$
2017			
Building improvements	32,462	(5,770)	26,692
Furniture and equipment	690,573	(439,722)	250,851
Information and communication technology	283,742	(230,257)	53,485
Leased assets	151,175	(48,468)	102,707
Library resources	83,721	(67,853)	15,868
Balance at 31 December 2017	1,241,673	(792,070)	449,603

Notes to the Financial Statements (cont.)

For the year ended 31 December 2018

12 Accounts Payable

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Operating creditors	81,432	100,000	134,173
Accruals	6,750	6,000	5,795
Employee Entitlements - salaries	374,996	350,000	344,633
Employee Entitlements - leave accrual	15,453	13,500	13,215
	<u>478,631</u>	<u>469,500</u>	<u>497,816</u>
Payables for Exchange Transactions	478,631	469,500	497,816
	<u>478,631</u>	<u>469,500</u>	<u>497,816</u>

The carrying value of payables approximates their fair value.

13 Revenue Received in Advance

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
International Student Fees	11,500	1,000	1,410
Other	72,818	80,000	82,106
	<u>84,318</u>	<u>81,000</u>	<u>83,516</u>

14 Provision for Cyclical Maintenance

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Provision at the Start of the Year	47,135	47,135	29,305
Increase to the Provision During the Year	10,566	24,000	17,830
Use of the Provision During the Year	-	(8,288)	-
Provision at the End of the Year	<u>57,701</u>	<u>62,847</u>	<u>47,135</u>
Cyclical Maintenance - Term	57,701	62,847	47,135
	<u>57,701</u>	<u>62,847</u>	<u>47,135</u>

15 Painting Contract Liability

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Current Liability	21,752	-	40,241
Non Current Liability	-	-	7,180
	<u>21,752</u>	<u>-</u>	<u>47,421</u>

In 2007 the Board signed an agreement with Programme Maintenance Services Ltd (the contractor) for an agreed programme of work covering an twelve year period. The programme provides for an exterior repaint of the Ministry owned buildings in 2008 and 2014, with regular maintenance in subsequent years. The agreement has an annual commitment of \$21,752. The liability is the best estimate of the actual amount of work performed by the contractor for which the contractor has not been paid at balance sheet date. The liability has not been adjusted for inflation and the effect of the time value of money.

Pukekohe Intermediate School

Notes to the Financial Statements (cont.)

For the year ended 31 December 2018

16 Finance Lease Liability

The school has entered into a number of finance lease agreements for computer and office equipment.

Minimum lease payments payable (includes interest portion):

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
No Later than One Year	82,213	49,369	79,197
Later than One Year and no Later than Five Years	64,411	36,342	67,332
	<u>146,624</u>	<u>85,711</u>	<u>146,529</u>

17 Funds Held for Capital Works Projects

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

		BOT Contribution/ (Write-off to R&M)				
	2018	Opening Balances \$	Receipts from MoE \$	Payments \$		Closing Balances \$
Combined 5YA Project	<i>Completed</i>	63,678	28,474	94,740	(2,588)	-
5YP Modernisation	<i>in progress</i>	-	-	2,930	-	(2,930)
Totals		<u>63,678</u>	<u>28,474</u>	<u>97,670</u>	<u>(2,588)</u>	<u>(2,930)</u>

Represented by:

Funds Due from the Ministry of Education

(2,930)

(2,930)

		BOT Contribution/ (Write-off to R&M)				
	2017	Opening Balances \$	Receipts from MoE \$	Payments \$		Closing Balances \$
Sewerage Drain Upgrade	<i>completed</i>	(4,743)	-	-	4,743	-
Combined 5YA Project	<i>in progress</i>	56,169	405,644	398,135	-	63,678
Totals		<u>51,426</u>	<u>405,644</u>	<u>398,135</u>	<u>4,743</u>	<u>63,678</u>

Pukekohe Intermediate School
Notes to the Financial Statements (cont.)

For the year ended 31 December 2018

18 Funds for RTLB Services

Pukekohe Intermediate is the lead school funded by the Ministry of Education to provide the services of Resource Teachers of Learning and Behaviour to its cluster of schools.

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Funds held at beginning of the year	45,867	-	50,555
<i>Revenue</i>			
Teachers' Salary Grant	2,386,868	-	2,066,806
Administration Grant	95,673	45,000	95,673
Learning Support Funding	168,153	-	168,153
Year 11-13 Funding	-	-	86,086
Travel Grant	155,581	-	155,581
Other Revenue	19,460	-	24,702
	<u>2,825,735</u>	<u>45,000</u>	<u>2,597,001</u>
Total funds available	<u>2,871,602</u>	<u>45,000</u>	<u>2,647,556</u>
<i>Expenses</i>			
Employee Benefit - Salaries	2,386,868	-	2,066,806
Administration	107,470	-	138,111
Learning Support	151,171	-	139,769
Year 11-13	-	-	74,955
Travel	137,029	-	117,434
Other Expenses	(1,298)	-	-
	<u>2,781,240</u>	<u>-</u>	<u>2,537,075</u>
Purchase of Assets	26,032	-	64,614
Funds Held at Year End	<u>64,330</u>	<u>45,000</u>	<u>45,867</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.

Notes to the Financial Statements (cont.)

For the year ended 31 December 2018

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 \$
Board Members		
Remuneration	1,408	2,232
Full-time equivalent members	0.05	0.05
Leadership Team		
Remuneration	377,378	383,609
Full-time equivalent members	3.00	3.00
Total key management personnel remuneration	<u>378,786</u>	<u>385,841</u>
Total full-time equivalent personnel	<u>3.05</u>	<u>3.05</u>

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

Principal

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

	2018 Actual \$000	2017 Actual \$000
Salaries and Other Short-term Employee Benefits:		
Salary and Other Payments	160-170	160-170
Benefits and Other Emoluments	10-20	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
100-110	1	2
	<u>1</u>	<u>2</u>

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

21 Compensation and Other Benefits Upon Leaving

There were no compensation or other benefits paid or payable to persons upon leaving.

Notes to the Financial Statements (cont.)

For the year ended 31 December 2018

22 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)

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

The Board considers there to be no contractual commitments at the above date other than those disclosed in the preceding financial statements and detailed below.

(Capital commitments as at 31 December 2017:

(a) \$682,735 contract to have the building upgrades work completed as agent for the Ministry of Education. This project is fully funded by the Ministry and \$405,644 has been received of which \$398,135 has been spent on the project to balance date. This project has been approved by the Ministry.)

(b) Operating Commitments

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

- operating lease of a laptops (tela)
- operating lease for ICT equipment

No later than One Year

2018 Actual \$	2017 Actual \$
-	7,122
-	7,122

Pukekohe Intermediate School

Notes to the Financial Statements (cont.)

For the year ended 31 December 2018

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:

	2018	2018	2017
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Loans and Receivables			
Cash and Cash Equivalents	476,399	568,953	595,202
Receivables	492,008	363,300	442,648
Total Loans and Receivables	968,407	932,253	1,037,850
Financial liabilities measured at amortised cost			
Payables	478,631	469,500	497,816
Finance Leases	97,680	85,711	85,850
Painting Contract Liability	21,752	-	47,421
Total Financial Liabilities Measured at Amortised Cost	598,063	555,211	631,087

26 Events After Balance Date

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

27 Comparatives

There have been a number of prior period comparatives which have been reclassified to make disclosure consistent with the current year.

28 Breach of Law - Failure to comply with Section 87 of the Education Act 1989

The Board of Trustees did not comply with Section 87C(1) of the Education Act 1989 in that the Board of Trustees did not report by the 31 May 2019, the date fixed by the Ministry of Education, by which schools were required to have sent their annual report to the Ministry of Education.



INDEPENDENT AUDITOR'S REPORT

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

The Auditor-General is the auditor of Pukekohe Intermediate School (the School). The Auditor-General has appointed me, Jane Rogers, using the staff and resources of The Office of the Auditor-General, to carry out the audit of the financial statements of the School on his behalf.

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.

Qualified opinion

In our opinion, except for the matter described in the *Basis for our qualified opinion* section of our report, 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 Standards, Reduced Disclosure Regime.

Our audit was completed on 24 December 2021. This is the date at which our qualified opinion is expressed.

The basis for our qualified 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 qualified opinion

Prior to being recorded, control over the receipt of revenue from international students is limited. Revenue from international students is disclosed in note 4 of the financial statements on page 11 as \$118,823. There are no satisfactory audit procedures that we could adopt to confirm independently that the revenue from international students had been properly recorded.

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 qualified 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 and Training Act 2020.

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 arises from the Public Audit Act 2001.

Other information

The Board of Trustees is responsible for the other information. The other information comprises the Analysis of Variance, Members of the Board of Trustees listing, and the statement of Kiwisport funding, 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.



Jane Rogers
Office of the Auditor-General
On behalf of the Auditor-General
Wellington, New Zealand

