

# **WESTERN HEIGHTS SCHOOL**

## **FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2017**

<b>School Address:</b>	Sturges Road, Henderson, Auckland
<b>School Postal Address:</b>	Sturges Road, Henderson, Auckland
<b>School Phone:</b>	09 836 1213
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<b>Ministry Number:</b>	1567

# WESTERN HEIGHTS SCHOOL

Financial Statements - For the year ended 31 December 2017

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# Western Heights School

## Statement of Responsibility

For the year ended 31 December 2017

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 2017 fairly reflects the financial position and operations of the school.

The School's 2017 financial statements are authorised for issue by the Board.



MARK SULLIVAN

Full Name of Board Chairperson

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Signature of Board Chairperson

8 May 2018

Date:

Ash Bruce Maindonald

Full Name of Principal

[Handwritten Signature]

Signature of Principal

8 May 2018

Date:

# Western Heights School

## Members of the Board of Trustees

<b>Name</b>	<b>Position</b>	<b>How position on Board gained</b>	<b>Occupation</b>	<b>Term Expires</b>
Sarah Layton	Parent Rep	Elected	Homemaker	Jun-19
Ash MacDonald	Principal	Appointed	Principal	Current
Aaron McGreal	Staff Rep	Elected	Teacher	Jun-19
Mal Purdon	Parent Rep	Elected	Business Owner	Jun-19
Ray Renner	Treasurer	Elected	Finance	Jun-19
Mark Sullivan	Chairperson	Elected	Company Director	Jun-19
Nicola Yelash	Parent Rep	Elected	Teacher Aide	Jun-19

**Western Heights School**  
**Statement of Comprehensive Revenue and Expense**  
For the year ended 31 December 2017

	Notes	2017 Actual \$	2017 Budget (Unaudited) \$	2016 Actual \$
<b>Revenue</b>				
Government Grants	2	4,670,005	3,915,459	4,310,437
Locally Raised Funds	3	196,742	129,000	162,068
Interest Earned		12,542	11,500	11,758
International Students	4	23,285	18,000	16,554
		<u>4,902,573</u>	<u>4,073,959</u>	<u>4,500,817</u>
<b>Expenses</b>				
Locally Raised Funds	3	116,500	78,300	75,884
International Students	4	643	1,000	774
Learning Resources	5	2,721,631	2,601,452	2,706,236
Administration	6	293,945	316,847	310,869
Finance		12,156	1,603	14,701
Property	7	1,584,844	1,016,377	1,330,003
Depreciation	8	124,982	70,000	152,389
Loss on Disposal of Property, Plant and Equipment		11,638	-	1,016
		<u>4,866,339</u>	<u>4,085,579</u>	<u>4,591,872</u>
<b>Net Surplus / (Deficit) for the year</b>		<b>36,234</b>	<b>(11,620)</b>	<b>(91,055)</b>
Other Comprehensive Revenue and Expenses		-	-	-
<b>Total Comprehensive Revenue and Expense for the Year</b>		<u><b>36,234</b></u>	<u><b>(11,620)</b></u>	<u><b>(91,055)</b></u>

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

**Western Heights School**  
**Statement of Changes in Net Assets/Equity**  
For the year ended 31 December 2017

	Actual 2017 \$	Budget (Unaudited) 2017 \$	Actual 2016 \$
<b>Balance at 1 January</b>	1,425,165	1,425,164	1,486,718
Total comprehensive revenue and expense for the year	36,234	(11,620)	(91,055)
Capital Contributions from the Ministry of Education Contribution - Furniture and Equipment Grant	29,656	-	29,502
<b>Equity at 31 December</b>	<b>1,491,054</b>	<b>1,413,544</b>	<b>1,425,165</b>
Retained Earnings	1,491,054	1,413,544	1,425,165
Reserves	-	-	-
<b>Equity at 31 December</b>	<b>1,491,054</b>	<b>1,413,544</b>	<b>1,425,165</b>

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

**Western Heights School**  
**Statement of Financial Position**  
As at 31 December 2017

		2017	2017	2016
	Notes	Actual	Budget	Actual
		\$	(Unaudited)	\$
			\$	
<b>Current Assets</b>				
Cash and Cash Equivalents	9	311,389	439,187	404,743
Accounts Receivable	10	220,155	150,842	150,842
GST Receivable		17,558	4,771	4,771
Prepayments		5,803	5,051	5,051
Investments	11	152,158	-	-
		<u>707,064</u>	<u>599,851</u>	<u>565,407</u>
<b>Current Liabilities</b>				
Accounts Payable	13	210,281	241,820	241,818
Revenue Received in Advance	14	61	6,522	6,522
Provision for Cyclical Maintenance	15	53,928	10,127	10,127
Finance Lease Liability - Current Portion	16	42,000	41,395	25,652
Funds held for Capital Works Projects	17	1,247	8,101	8,101
		<u>307,517</u>	<u>307,965</u>	<u>292,220</u>
<b>Working Capital Surplus/(Deficit)</b>		<b>399,547</b>	<b>291,886</b>	<b>273,187</b>
<b>Non-current Assets</b>				
Property, Plant and Equipment	12	1,215,258	1,227,628	1,251,628
Work in Progress		71,160	50,187	50,186
		<u>1,286,418</u>	<u>1,277,815</u>	<u>1,301,814</u>
<b>Non-current Liabilities</b>				
Provision for Cyclical Maintenance	15	105,061	67,681	67,681
Finance Lease Liability	16	89,850	88,476	82,155
		<u>194,911</u>	<u>156,157</u>	<u>149,836</u>
<b>Net Assets</b>		<u>1,491,054</u>	<u>1,413,544</u>	<u>1,425,165</u>
<b>Equity</b>		<u>1,491,054</u>	<u>1,413,544</u>	<u>1,425,165</u>

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

**Western Heights School**  
**Statement of Cash Flows**  
For the year ended 31 December 2017

		2017	2017	2016
	Note	Actual	Budget	Actual
		\$	(Unaudited)	\$
		\$	\$	\$
<b>Cash flows from Operating Activities</b>				
Government Grants		857,649	855,717	880,317
Locally Raised Funds		203,244	129,000	169,594
International Students		16,763	18,000	8,554
Goods and Services Tax (net)		(12,787)	-	6,614
Payments to Employees		(409,516)	(469,836)	(446,434)
Payments to Suppliers		(523,657)	(263,821)	(481,456)
Cyclical Maintenance Payments in the year		-	(4,429)	-
Interest Paid		(12,156)	(1,603)	(14,701)
Interest Received		13,640	11,500	11,071
Net cash from / (to) the Operating Activities		133,179	274,528	133,559
<b>Cash flows from Investing Activities</b>				
Proceeds from Sale of PPE (and Intangibles)		-	-	20,575
Purchase of PPE (and Intangibles)		(57,525)	(8,678)	(86,553)
Purchase of Investments		(152,158)	-	-
Net cash from / (to) the Investing Activities		(209,683)	(8,678)	(65,978)
<b>Cash flows from Financing Activities</b>				
Furniture and Equipment Grant		29,656	-	29,501
Finance Lease Payments		(39,653)	(129,871)	(95,316)
Funds Held for Capital Works Projects		(6,855)	8,101	-
Net cash from Financing Activities		(16,852)	(121,770)	(57,714)
Net increase/(decrease) in cash and cash equivalents		(93,354)	144,080	9,867
Cash and cash equivalents at the beginning of the year	9	404,743	295,107	394,876
Cash and cash equivalents at the end of the year	9	311,389	439,187	404,743

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.



# Western Heights School

## Notes to the Financial Statements

### 1. Statement of Accounting Policies

For the year ended 31 December 2017

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

Western Heights 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 2017 to 31 December 2017 and in accordance with the requirements of the Public Finance Act 1989.

##### ***Basis of Preparation***

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

##### ***Financial Reporting Standards Applied***

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

##### ***PBE Accounting Standards Reduced Disclosure Regime***

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

##### ***Measurement Base***

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

##### ***Presentation Currency***

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

##### ***Specific Accounting Policies***

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

##### ***Critical Accounting Estimates And Assumptions***

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

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

#### *Useful lives of property, plant and equipment*

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

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

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

##### *Classification of leases*

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

##### *Recognition of grants*

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

#### **c) Revenue Recognition**

##### ***Government Grants***

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

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

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

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

##### ***Other Grants***

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

##### ***Donations, Gifts and Bequests***

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

##### ***Interest Revenue***

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

#### **d) Use of Land and Buildings Expense**

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

#### **e) Operating Lease Payments**

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

**f) Finance Lease Payments**

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

**g) Cash and Cash Equivalents**

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

**h) Accounts Receivable**

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

**i) Inventories**

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

**j) Investments**

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

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

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

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

**k) Property, Plant and Equipment**

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

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

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

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

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

### **Leased Assets**

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

### **Depreciation**

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

The estimated useful lives of the assets are:

Building improvements to Crown Owned Assets	33 - 40 years
Furniture and equipment	10 years
Information and communication technology	4 years
Leased assets held under a Finance Lease	3 years
Library resources	12.5% Diminishing value

### **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.

##### *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.

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

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

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

#### **p) 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).

#### **q) 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.

#### **r) Goods and Services Tax (GST)**

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

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

Commitments and contingencies are disclosed exclusive of GST.

#### **s) Budget Figures**

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

**t) Services received in-kind**

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

	2017	2017	2016
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Operational grants	819,199	779,097	786,647
Teachers' salaries grants	2,485,639	2,321,485	2,390,824
Use of Land and Buildings grants	1,207,918	749,877	1,039,296
Resource teachers learning and behaviour grants	32,452	-	-
Other MoE Grants	124,736	65,000	93,670
Other government grants	61	-	-
	<b>4,670,005</b>	<b>3,915,459</b>	<b>4,310,437</b>

### 3. Locally Raised Funds

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

	2017	2017	2016
	Actual	Budget	Actual
	\$	(Unaudited)	\$
<b>Revenue</b>			
Donations	50,642	30,500	44,606
Fundraising	37,754	30,000	53,344
Trading	10,063	7,000	8,793
Activities	98,284	61,500	55,325
	<b>196,742</b>	<b>129,000</b>	<b>162,068</b>
<b>Expenses</b>			
Activities	102,373	63,800	56,234
Trading	-	-	3,842
Fundraising (costs of raising funds)	14,127	14,500	15,808
	<b>116,500</b>	<b>78,300</b>	<b>75,884</b>
<b>Surplus for the year Locally raised funds</b>	<b>80,241</b>	<b>50,700</b>	<b>86,184</b>

### International Student Revenue and Expenses

	2017	2017	2016
	Actual	Budget	Actual
	Number	(Unaudited)	Number
International Student Roll	3	2	2
	2017	2017	2016
	Actual	Budget	Actual
	\$	(Unaudited)	\$
<b>Revenue</b>			
International student fees	23,285	18,000	16,554
<b>Expenses</b>			
International student levy	643	1,000	774
	<b>643</b>	<b>1,000</b>	<b>774</b>
<b>Surplus for the year International Students'</b>	<b>22,642</b>	<b>17,000</b>	<b>15,780</b>

**6. Learning Resources**

	2017	2017	2016
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Curricular	72,985	83,231	107,669
Equipment repairs	26,910	-	-
Library resources	1,085	1,500	876
Employee benefits - salaries	2,582,173	2,484,221	2,580,022
Staff development	38,478	32,500	17,669
	<u>2,721,631</u>	<u>2,601,452</u>	<u>2,706,236</u>

**7. ADMINISTRATION**

	2017	2017	2016
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Audit Fee	6,640	6,500	7,140
Board of Trustees Fees	4,119	3,900	4,119
Board of Trustees Expenses	1,080	2,200	6,298
Communication	9,875	13,000	12,684
Consumables	39,403	48,700	52,077
Operating Lease	3,154	21,000	1,899
Other	31,488	33,750	34,160
Employee Benefits - Salaries	177,596	167,100	172,443
Insurance	5,716	6,197	5,789
Service Providers, Contractors and Consultancy	14,874	14,500	14,260
	<u>293,945</u>	<u>316,847</u>	<u>310,869</u>

**8. Property**

	2017	2017	2016
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Caretaking and Cleaning Consumables	25,173	27,000	23,549
Cyclical Maintenance Expense	81,181	5,000	571
Grounds	30,440	16,000	23,490
Heat, Light and Water	42,119	38,800	40,978
Repairs and Maintenance	47,999	31,700	53,526
Use of Land and Buildings	1,207,918	749,877	1,039,296
Security	12,448	8,000	8,806
Employee Benefits - Salaries	137,566	140,000	139,787
	<u>1,584,844</u>	<u>1,016,377</u>	<u>1,330,003</u>

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



	2017	2017	2016
	Actual	Budget (Unaudited)	Actual
	\$	\$	\$
Building Improvements	31,079	17,407	31,696
Furniture and Equipment	32,479	18,191	41,627
Information and Communication Technology	15,729	8,809	42,495
Leased Assets	41,624	23,313	31,750
Library Resources	4,071	2,280	4,821
	<u>124,982</u>	<u>70,000</u>	<u>152,389</u>

	2017	2017	2016
	Actual	Budget (Unaudited)	Actual
	\$	\$	\$
Cash on Hand	300	300	300
Bank Current Account	273,023	108,084	73,640
Bank Call Account	38,066	17,749	17,749
Short-term Bank Deposits	-	313,054	313,054
Cash equivalents and bank overdraft for Cash Flow Statement	<u>311,389</u>	<u>439,187</u>	<u>404,743</u>

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

Of the \$311,389 Cash and Cash Equivalents, \$1,247 is held by the School on behalf of the Ministry of Education. These funds are required to be spent in 2018 on Crown owned school buildings under the School's Five Year Property Plan.

	2017	2017	2016
	Actual	Budget (Unaudited)	Actual
	\$	\$	\$
Receivables	-	6,441	6,441
Receivables from the Ministry of Education	61,563	-	-
Interest Receivable	626	1,724	1,724
Teacher Salaries Grant Receivable	157,966	142,677	142,677
	<u>220,155</u>	<u>150,842</u>	<u>150,842</u>
Receivables from Exchange Transactions	626	8,165	1,724
Receivables from Non-Exchange Transactions	219,529	142,677	149,118
	<u>220,155</u>	<u>150,842</u>	<u>150,842</u>

#### Investment Activities

The School's investment activities are classified as follows:

	2017	2017	2016
	Actual	Budget (Unaudited)	Actual
	\$	\$	\$
Current Asset			
Short-term Bank Deposits	152,158	-	-
Non-current Asset			
Long-term Bank Deposits	-	-	-

## 12. Property, Plant and Equipment

	Opening Balance (NBV)	Additions	Disposals	Impairment	Depreciation	Total (NBV)
2017	\$	\$	\$	\$	\$	\$
Building Improvements	925,499	-	(442)	-	(31,079)	893,978
Furniture and Equipment	164,847	16,838	(120)	-	(32,479)	149,086
Information and Communication Technology	22,463	9,655	-	-	(15,729)	16,389
Leased Assets	105,230	63,696	-	-	(41,624)	127,304
Library Resources	33,589	10,059	(11,076)	-	(4,071)	28,501
<b>Balance at 31 December 2017</b>	<b>1,251,628</b>	<b>100,248</b>	<b>(11,638)</b>	<b>-</b>	<b>(124,982)</b>	<b>1,215,258</b>

	Cost or Valuation	Accumulated Depreciation	Net Book Value
2017	\$	\$	\$
Building Improvements	1,242,638	(348,660)	893,978
Furniture and Equipment	672,324	(523,238)	149,086
Information and Communication Technology	436,265	(419,876)	16,389
Leased Assets	173,650	(46,346)	127,304
Library Resources	60,103	(31,602)	28,501
<b>Balance at 31 December 2017</b>	<b>2,584,980</b>	<b>(1,369,722)</b>	<b>1,215,258</b>

	Opening Balance (NBV)	Additions	Disposals	Impairment	Depreciation	Total (NBV)
2016	\$	\$	\$	\$	\$	\$
Building Improvements	957,195	-	-	-	(31,696)	925,499
Furniture and Equipment	186,878	20,016	(220)	-	(41,627)	164,847
Information and Communication Technology	58,011	6,948	-	-	(42,495)	22,463
Leased Assets	29,790	136,980	(29,790)	-	(31,750)	105,230
Library Resources	28,633	9,778	-	-	(4,821)	33,589
<b>Balance at 31 December 2016</b>	<b>1,260,307</b>	<b>173,722</b>	<b>(30,010)</b>	<b>-</b>	<b>(152,389)</b>	<b>1,251,628</b>

	Cost or Valuation	Accumulated Depreciation	Net Book Value
2016	\$	\$	\$
Building Improvements	1,243,155	(317,656)	925,499
Furniture and Equipment	659,090	(494,243)	164,847
Information and Communication Technology	427,720	(405,257)	22,463
Leased Assets	136,980	(31,750)	105,230
Library Resources	74,665	(41,076)	33,589
<b>Balance at 31 December 2016</b>	<b>2,541,610</b>	<b>(1,289,982)</b>	<b>1,251,628</b>

	2017	2017	2016
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Operating creditors	23,196	14,917	14,915
Accruals	6,640	6,690	6,690
Banking staffing overuse	-	57,236	57,236
Employee Entitlements - salaries	157,966	142,677	142,677
Employee Entitlements - leave accrual	22,480	20,300	20,300
	<u>210,281</u>	<u>241,820</u>	<u>241,818</u>
Payables for Exchange Transactions	210,281	241,820	241,818
Payables for Non-exchange Transactions - Taxes Payable (PAYE and Rates)	-	-	-
Payables for Non-exchange Transactions - Other	-	-	-
	<u>210,281</u>	<u>241,820</u>	<u>241,818</u>

The carrying value of payables approximates their fair value.

	2017	2017	2016
	Actual	Budget	Actual
	\$	(Unaudited)	\$
International Student Fees	-	6,522	6,522
Other	61	-	-
	<u>61</u>	<u>6,522</u>	<u>6,522</u>

	2017	2017	2016
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Provision at the Start of the Year	77,808	77,808	77,237
Increase to the Provision During the Year	81,181	5,000	571
Adjustment to the Provision	-	-	-
Use of the Provision During the Year	-	(5,000)	-
Provision at the End of the Year	<u>158,989</u>	<u>77,808</u>	<u>77,808</u>
Cyclical Maintenance - Current	53,928	10,127	10,127
Cyclical Maintenance - Term	105,061	67,681	67,681
	<u>158,989</u>	<u>77,808</u>	<u>77,808</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:

	2017 Actual \$	2017 Budget (Unaudited) \$	2016 Actual \$
No Later than One Year	42,000	41,395	25,652
Later than One Year and no Later than Five Years	89,850	88,476	82,155
Later than Five Years	-	-	-
	<u>131,850</u>	<u>129,871</u>	<u>107,807</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:

	2017	Opening Balances \$	Receipts from MoE \$	Payments \$	BOT Contribution/ (Write-off to R&M)	Closing Balances \$
Re-Roof Block 1 & 2 Toilets	<i>completed</i>	5,412	-	5,412	-	-
Storm Damage	<i>in progress</i>	2,689	-	1,443	-	1,247
Totals		<u>8,101</u>	<u>-</u>	<u>6,854</u>	<u>-</u>	<u>1,247</u>

### Represented by:

Funds Held on Behalf of the Ministry of Education

1,247

Funds Due from the Ministry of Education

-

1,247

	2016	Opening Balances \$	Receipts from MoE \$	Payments \$	BOT Contribution/ (Write-off to R&M)	Closing Balances \$
Outdoor Stage	<i>completed</i>	-	50,187	50,187	-	-
Re-Roof Block 1 & 2 Toilets	<i>in progress</i>	-	25,625	20,214	-	5,412
Storm Damage	<i>in progress</i>	-	4,714	2,025	-	2,689
Totals		<u>-</u>	<u>80,526</u>	<u>72,426</u>	<u>-</u>	<u>8,101</u>

## 18. Related Party Transactions

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

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

## 19. Remuneration

### Key management personnel compensation

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

	2017 Actual \$	2016 Actual \$
<i>Board Members</i>		
Remuneration	4,119	4,119
Full-time equivalent members	0.17	0.14
<i>Leadership Team</i>		
Remuneration	356,321	495,086
Full-time equivalent members	4	5
Total key management personnel remuneration	360,440	499,205
Total full-time equivalent personnel	4.17	5.14

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:

	2017 Actual \$000	2016 Actual \$000
Salaries and Other Short-term Employee Benefits:		
Salary and Other Payments	140 - 150	140 - 150
Benefits and Other Emoluments	4 - 5	4 - 5
Termination Benefits	-	-

### Other Employees

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

Remuneration \$000	2017 FTE Number	2016 FTE Number
100 - 110	-	1.00
	0.00	1.00

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

## 20. Compensation and Other Benefits Upon Leaving

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

	2017 Actual	2016 Actual
Total	-	-
Number of People	-	-

## 21. Contingent Liabilities

There are no contingent liabilities and no contingent assets as at 31 December 2017 (Contingent liabilities and assets at 31 December 2016: nil).

## 22. Commitments

### (a) Capital Commitments

As at 31 December 2017 the Board has entered into no contract agreements for capital works.

(Capital commitments at 31 December 2016: nil)

### (b) Operating Commitments

As at 31 December 2017 the Board has entered into the following contracts:

	2017 Actual \$	2016 Actual \$
No later than One Year	-	-
Later than One Year and No Later than Five Years	-	-
Later than Five Years	-	-
	-	-

## 23. Managing Capital

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

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

**Loans and receivables**

	2017 Actual \$	2017 Budget (Unaudited) \$	2016 Actual \$
Cash and Cash Equivalents	311,389	439,187	404,743
Receivables	220,155	150,842	150,842
Investments - Term Deposits	152,158	-	-
<b>Total Loans and Receivables</b>	<b>683,702</b>	<b>590,029</b>	<b>555,585</b>

**Financial liabilities measured at amortised cost**

Payables	210,281	241,820	241,818
Finance Leases	131,850	129,871	107,807
<b>Total Financial Liabilities Measured at Amortised Cost</b>	<b>342,131</b>	<b>371,691</b>	<b>349,625</b>

**25. Events After Balance Date**

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

# Western Heights School

## KiwiSport Note

Kiwisport is a Government funding initiative to support students' participation in organised sport. In 2017, the school received total Kiwisport funding of \$8231 (excluding GST). The funding was spent on krypton factor resources, rugby team uniforms, netball team uniforms, athletics gear, cricket gear and soccer balls and transport costs for teams to attend sports events at venues outside our immediate area.

We were able to roster teachers onto every lunch time to run organised games and activities in addition to our normal duty teachers.

We had a high number of children involved in, and successful at, organised sport this year.

This is a selection of our successful results with coached teams this year.

Rippa Rugby (22 children) Came 2nd in interschool competition

Interschool Rugby (31 children) 2nd in under 40kg and 2nd in Open

Touch (31 children) Boys A and Girls A team came 1st, Boys B team came 3rd

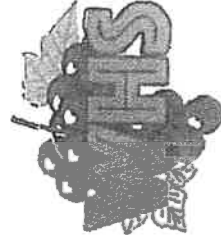
Jump Jam (10 children) came 4th in Nationals.

Netball (50 kids) playing regularly in school teams on weekends and after school.

Cross Country (36 children) came 2nd in interschool.



# Analysis of Variance Report - 2017 - School-Wide Targets



## Writing

### Year 1 - 6 Writing - By the end of the year

- To have 82% of students achieving at or above the National Standard in writing.
- To move 10% of students from Below Standard to At Standard
- 10% Maori to move from Below to At Standard
- 10% Pasifika to move from Below to At Standard
- 10% Boys to move from Below to At Standard
- 10% ALL to move from Below to At Standard

### All Students: Target Met:

We have 88% of students AT and ABOVE the standard.

### Movement - Below to At

Maori	20%
Pasifika	10%
Boys	50%
Year 1	*
Asian	10%
NZE	10%
All	11%

## Reading

### Year 1 to 3 Reading - By the end of the year

- To have 82% of all students in years 2 to 6 students reading at or above the appropriate National Standard.
- To move 10% of students from Below Standard to At Standard
- 10% Maori to move from Below to At Standard
- 10% Pasifika to move from Below to At Standard
- 10% Boys to move from Below to At Standard
- 10% ALL to move from Below to At Standard

**All Students: Target Met:**

We have 89% of students AT and ABOVE the standard.

**Movement - Below to At**

Maori	24%
Pasifika	11%
Boys	50%
Year 1	*
Asian	14%
NZE	13%
All	16%

**Numeracy**

**Year 1 to 6 Mathematics - By the end of the year**

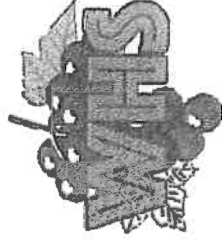
- To have 82% of children achieving at or above the National Standard for mathematics
- To move 10% of students from Below Standard to At Standard
- 10% Maori to move from Below to At Standard
- 10% Pasifika to move from Below to At Standard
- 10% Boys to move from Below to At Standard
- 10% ALL to move from Below to At Standard

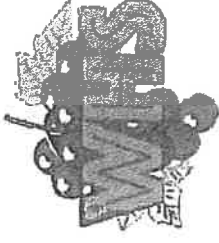
**All Students: Target Met:**

We have 92% of students AT and ABOVE the standard.

**Movement - Below to At**

Maori	22%
Pasifika	11%
Boys	11%
Year 1	*
Asian	13%
NZE	19%
All	11%





## **2017 Achievement Data**

### **Analysis of Achievement Data - 2017**

#### **READING**

##### **All Students:**

- We have **89%** of students **AT** and **ABOVE** the standard.
- We have **28%** of students achieving **ABOVE** the National Standard.

##### **Maori Students READING:**

- **76%** of Maori students are **AT** and **ABOVE** the standard.

##### **Pasifika Students READING:**

- **87%** of Pasifika students are **AT** and **ABOVE** the standard.

#### **WRITING**

##### **All Students:**

- We have **88%** of students **AT** and **ABOVE** the standard.
- We have **27%** of students achieving **ABOVE** the National Standard.

##### **Maori Students WRITING:**

- **74%** of Maori students are **AT** and **ABOVE** the standard.

##### **Pasifika Students WRITING:**

- **88%** of Pasifika students are **AT** and **ABOVE** the standard.

#### **MATHS**

##### **All Students:**

- We have **92%** of students **AT** and **ABOVE** the standard.
- We have **26%** of students achieving **ABOVE** the National Standard.

##### **Maori Students MATHS:**

- **88%** of Maori students are **AT** and **ABOVE** the standard.

##### **Pasifika Students MATHS:**

- **90%** of Pasifika students are **AT** and **ABOVE** the standard.





8 May 2018

The Chairperson  
Western Heights School  
Board of Trustees  
126 Sturges Road  
Henderson  
Auckland

RSM Hayes Audit

PO Box 9588  
Newmarket, Auckland 1149  
Level 1.1 Broadway  
Newmarket, Auckland 1023

T +64 (9) 367 1656  
www.rsmnz.co.nz

Dear Mr Sullivan

## Audit of your Financial Statements For the year ended 31 December 2017

We have substantially completed the audit of your financial statements for the year ended 31 December 2017.

Upon completion of your audit we will enclose a complete set of your school's financial statements together with our formal audit report issued on behalf of the Controller and Auditor-General, as required by legislation.

Please note that a PDF copy of the audit report and signed financial statements is required to be uploaded to the MOE's schools data portal 31 May 2018. We also bring to your attention that due to an amendment to the Education Act 1989, all schools are now required to publish their Annual Reports on their website. This requirement commences with your 2017 Annual Report which contains your audited annual financial statements including our audit opinion.

This letter and accompanying report of Audit Findings includes observations on the school's accounting procedures. As the trustees are responsible for the financial operations of the school we suggest this letter be considered at the next finance committee meeting and tabled at the next full board meeting.

### Scope of the Audit

Our audit is designed to provide an independent opinion on the board's financial statements which are a public document. As a secondary output of this work we also report on matters relevant to your financial and management systems that have come to our attention and are significant.

We have performed procedures to audit the information presented in your annual financial statements. We have also relied on representations made by your school's management team, including your accounting service provider. We assess the results of procedures and representations made when forming our audit opinion.

To ensure your school receives the maximum benefit from our audit we have turned our focus to the future and set out in the attached report some matters for the attention of your board. Our motive is to offer objective and constructive advice so that the accounting function and related issues can be improved in the future. Please note that this letter is sent only to you, with a copy to the Office of the Controller & Auditor-General. We do not send a copy of this letter to the Ministry of Education or any other party.

### The Audit Doesn't End With Our Audit Report

If you wish, we would be pleased to discuss with you our recommendations in this letter or any other aspect of the school's audit. If it is of value to your board, one of our audit directors or managers would be happy to attend a board meeting to discuss any finance related issues you have.

In recognition of the value we place on our association with your school, we think it is appropriate to waive our normal fee for attending a meeting. Please contact our office if you wish to take up this offer.

## Our Sincere Thanks

We would like to take this opportunity to thank your principal, Ash Maindonald and executive officer, Joy Waddell for their assistance and co-operation during our audit. The assistance from the school team greatly influences the efficiency of the whole audit process.

We would also like to thank the trustees for selecting RSM Hayes Audit as your auditors. We appreciate our relationship with your school and look forward to continuing to provide a valuable service to you.

Yours sincerely



**Kumar Aravinda**  
Audit Partner





## Western Heights School

### Audit Findings

#### For the year ended 31 December 2017

1. Introduction
2. Expected Content Of Our Formal Audit Report
3. Governance
4. The Financial Statements
5. The Day To Day Accounting System

## 1. Introduction

We set out below our findings from the audit work we have performed during the audit of your financial statements for the 2017 financial year. Matters raised in this report have been discussed with your management team during the audit fieldwork.

Our work focussed on the systems and controls set by your board and implemented by your management team, to the extent necessary in forming an audit opinion. Any matters arising from the audit are detailed in this letter.

## 2. Expected content of our formal audit report

Subject to receipt of signed financial statements, letter of representation and final update of events subsequent to balance date, we expect to issue an unmodified audit report in our standard wording.

## 3. Governance

### Areas of Significant Audit Focus

We believe it is best practice to communicate with you as the governing body regarding matters which form an important part of our audit process.

An independent audit of your financial statements is a key part of ensuring that your organisation has appropriate controls in place regarding financial management and financial reporting. However, ultimately it is you, the governing body that remains responsible for your financial systems, internal controls including the detection and prevention of fraud, and financial statements.

While our audit necessarily involves evaluating your overall system of financial controls and reporting, the following are areas and issues we assessed as potentially significant risk areas in relation to your school during our audit. Accordingly we believe that they are important issues that should be of interest to you in your governance capacity. In the case of your organisation in the current year these assessed areas of significant focus were as follows:

- Payroll controls in place at your school and accurate recording of payroll accruals
- Recognition and recording of locally raised funds income and expenditure
- Risk from limited segregation of duties
- Revenue recognition and treatment of income in advance
- Expenditure being valid and appropriate for your school's purposes (probity of expenditure)
- Cyclical maintenance expense and provisioning being appropriate

In addition, we sought to ensure that your financial statements were in compliance with generally accepted accounting practice in New Zealand as appropriate to public benefit entities that qualify for Tier 2 reporting. That is that Public Benefit Entity Standards - Reduced Disclosure Regime (PBE Standards RDR) have been appropriately adopted and that the mandatory Kiwi Park model has been followed.

We are pleased to advise that our testing of these assessed risks did not identify any significant issues or concerns. Any observations and recommendations related to these topics are detailed below.

### Required Communications

We are required by auditing standards to report specific matters to you as follows:

- We have had no disagreements with management during our audit nor any serious difficulties in dealing with management
- We have not identified any breaches of legislation during our audit
- We have not identified any instances of fraud involving management, or any other frauds that caused a material misstatement of the financial statements



- We have not noted any significant risks or exposures that are required to be separately disclosed in the financial statements.

#### **Audit Independence**

We reaffirm we are independent of your school, and that we have no relationship with your school that could impair our independence.

#### **Maintenance of an interest register**

We noted that the school doesn't currently maintain an interest register to keep track of the related party entities, and transactions with such entities. To ensure the School has a robust system or process for capturing and reporting on any future related party transactions, and to ensure that the appropriate approval processes are in place where these are contemplated, an interest register is recommended. Such a register can be updated if required at board meetings and should ensure the identity of related parties is clearly identified.

### **4. The Financial Statements**

#### **Unadjusted differences**

There were no errors noted in the financial statements that remained uncorrected.

#### **Adjustments made**

Appendix A identifies all journal adjustments posted at our request in the final financial statements.

#### **Budgeted Cash Flow Statement**

Schools are required by S87(3)(i) of the Education Act 1989 to report budgeted figures for the cash flow statement that is now mandatory in your financial statements. Further, we consider that it is important to monitor the cash position of your school to ensure that funds are always available to meet day to day financial obligations.

We note that while your school has presented a cash flow statement budget in your year-end financial statements, this has been generated from your income statement and balance sheet budgets as part of the financial statements preparation process.

In future, we recommend that the preparation of a cash flow budget be integrated into your annual budgeting cycle so that this is available to your board and management for monitoring purposes at the commencement of the year, as well as to enable this to easily be included in the annual financial statements.

### **5. The Day to Day Accounting System**

It is important that we report any observations and areas for improvement in respect of the financial control environment at your school. As part of the RSM audit approach we review the accounting systems established by the board to the extent that they could have a significant impact on the annual financial statements. The following observation is brought to your attention.

#### **Supporting Documents for Credit Card Transactions**

From our sample of the Principal's credit card statements tested, invoices and supporting documents were not always attached to the credit card statements as evidence to support the transactions. We found nothing in our examination to bring into question the integrity of any individuals or the expenditure made.

Credit cards can be reasonably easily subject to error and fraud. Adequate supporting documentation of credit card purchases is important as it provides evidence of the expenditure and its validity. It also provides appropriate support to the person who is authorising the expenditure

All relevant supporting documents should be attached to credit card statements. This will ensure all documentation relevant to the credit card payment is kept together, presented to the authoriser, and appropriately retained. In addition, this will ensure an appropriate audit trail should this expenditure ever need to be revisited in the future.

## Appendix A

### Journal adjustments made in the final financial statements at our request

Name	Account No	Income Statement		Balance Sheet	
		DR	(CR)	DR	(CR)
Tchr Salaries - BOT	65086		(61,563)		
Accounts Receivable - Salary Accruals	91025			61,563	
To recognise banking staffing underuse for the year.					
Cyclical Maintenance-Increase Provision	71415	49,078			
Provision For Cyclical Maintenance	93057				(49,078)
To include exterior painting carried out in 2018 in the provision.					