

NORMANBY SCHOOL

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

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NORMANBY SCHOOL

Financial Statements - For the year ended 31 December 2017

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Normanby 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.

Marion Prince

Full Name of Board Chairperson

M.P.

Signature of Board Chairperson

23 May 2018

Date:

Janelle Jones

Full Name of Principal

[Signature]

Signature of Principal

23 May 2018

Date:

Normanby School
Statement of Comprehensive Revenue and Expense
For the year ended 31 December 2017

	Notes	2017 Actual \$	2017 Budget (Unaudited) \$	2016 Actual \$
Revenue				
Government Grants	2	1,036,710	1,140,592	1,161,306
Locally Raised Funds	3	68,783	26,640	63,405
Interest Earned		9,952	4,000	11,188
		<u>1,115,445</u>	<u>1,171,232</u>	<u>1,235,899</u>
Expenses				
Locally Raised Funds	3	50,096	16,000	57,636
Learning Resources	4	806,112	914,638	922,132
Administration	5	81,253	73,165	68,285
Finance Costs		512	-	484
Property	6	159,931	150,300	197,713
Depreciation	7	52,329	57,054	59,505
Loss on Disposal of Property, Plant and Equipment		-	-	119
		<u>1,150,233</u>	<u>1,211,157</u>	<u>1,305,874</u>
Net Surplus / (Deficit)		(34,788)	(39,925)	(69,975)
Other Comprehensive Revenue and Expenses		-	-	-
Total Comprehensive Revenue and Expense for the Year		<u>(34,788)</u>	<u>(39,925)</u>	<u>(69,975)</u>

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

Normanby School
Statement of Changes in Net Assets/Equity

For the year ended 31 December 2017

	Actual 2017 \$	Budget (Unaudited) 2017 \$	Actual 2016 \$
Balance at 1 January	<u>563,948</u>	<u>563,948</u>	<u>629,648</u>
Total comprehensive revenue and expense for the year	(34,788)	(39,925)	(69,975)
Capital Contributions from the Ministry of Education Contribution - Furniture and Equipment Grant	-	-	4,275
Equity at 31 December	<u>529,160</u>	<u>524,023</u>	<u>563,948</u>
Retained Earnings	529,160	524,023	563,948
Equity at 31 December	<u>529,160</u>	<u>524,023</u>	<u>563,948</u>

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

Normanby School Statement of Financial Position

As at 31 December 2017

	Notes	2017 Actual \$	2017 Budget (Unaudited) \$	2016 Actual \$
Current Assets				
Cash and Cash Equivalents	8	260,414	244,333	249,408
Accounts Receivable	9	41,084	72,136	53,219
GST Receivable		4,834	14,613	7,782
Prepayments		4,717	6,536	5,491
Inventories	10	1,217	1,475	2,126
Investments	11	86,000	86,000	86,000
		<u>398,266</u>	<u>425,093</u>	<u>404,026</u>
Current Liabilities				
Accounts Payable	13	49,544	81,671	68,165
Revenue Received in Advance	14	685	446	814
Provision for Cyclical Maintenance		-	-	-
Finance Lease Liability - Current Portion	16	4,650	1,112	6,575
		<u>54,879</u>	<u>83,229</u>	<u>75,554</u>
Working Capital Surplus/(Deficit)		343,387	341,864	328,472
Non-current Assets				
Property, Plant and Equipment	12	260,693	255,576	303,072
		<u>260,693</u>	<u>255,576</u>	<u>303,072</u>
Non-current Liabilities				
Provision for Cyclical Maintenance	15	73,416	73,417	62,625
Finance Lease Liability	16	1,504	-	4,971
		<u>74,920</u>	<u>73,417</u>	<u>67,596</u>
Net Assets		<u><u>529,160</u></u>	<u><u>524,023</u></u>	<u><u>563,948</u></u>
Equity		<u><u>529,160</u></u>	<u><u>524,023</u></u>	<u><u>563,948</u></u>

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

Normanby School
Statement of Cash Flows
For the year ended 31 December 2017

		2017	2017	2016
	Note	Actual	Budget	Actual
		\$	(Unaudited)	\$
			\$	
Cash flows from Operating Activities				
Government Grants		286,052	253,690	280,551
Locally Raised Funds		68,654	25,886	64,241
Goods and Services Tax (net)		2,948	-	6,831
Payments to Employees		(170,833)	(134,510)	(174,262)
Payments to Suppliers		(172,594)	(131,899)	(174,730)
Interest Paid		(512)	-	(484)
Interest Received		10,334	(5,542)	14,739
Net cash from / (to) the Operating Activities		24,049	7,625	16,886
Cash flows from Investing Activities				
Proceeds from Sale of PPE (and Intangibles)		-	-	403
Purchase of PPE (and Intangibles)		(7,933)	(14,000)	(23,219)
Net cash from / (to) the Investing Activities		(7,933)	(14,000)	(22,816)
Cash flows from Financing Activities				
Furniture and Equipment Grant		-	-	4,275
Finance Lease Payments		(5,110)	(4,000)	(5,281)
Funds Administered on Behalf of Third Parties		-	-	(3,200)
Funds Held for Capital Works Projects		-	-	3,200
Net cash from Financing Activities		(5,110)	(4,000)	(1,006)
Net increase/(decrease) in cash and cash equivalents		11,006	(10,375)	(6,936)
Cash and cash equivalents at the beginning of the year	8	249,408	254,708	256,344
Cash and cash equivalents at the end of the year	8	260,414	244,333	249,408

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.

Normanby School

Notes to the Financial Statements

1. Statement of Accounting Policies

For the year ended 31 December 2017

a) Reporting Entity

Normanby 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 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 \$500 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 are depreciated over their estimated useful lives on a straight line basis. Depreciation of all assets is reported in the Statement of Comprehensive Revenue and Expense.

The estimated useful lives of the assets are:

Buildings	50 years
Building Improvements	20 years
Furniture and Equipment	5-10 years
Motor Vehicles	5 years
Library Resources	8 years

Leased assets are depreciated over the life of the lease.

l) Intangible Assets

Software costs

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

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

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

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

m) 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.

n) 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.

o) 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

p) Revenue Received in Advance

Revenue received in advance relates to fees received from students and grants received 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.

q) Funds Held in Trust

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

r) 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.

s) 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).

t) 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.

u) Borrowings

Borrowings are recognised at the amount borrowed. Borrowings are classified as current liabilities unless the School has an unconditional right to defer settlement of the liability for at least 12 months after the balance date.

v) 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.

w) Budget Figures

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

x) Services received in-kind

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

2. Government Grants

	2017 Actual \$	2017 Budget (Unaudited) \$	2016 Actual \$
Operational grants	271,057	252,690	261,123
Teachers' salaries grants	666,453	805,538	774,419
Use of Land and Buildings grants	79,248	81,364	102,801
Other MoE Grants	19,952	1,000	22,963
	<u>1,036,710</u>	<u>1,140,592</u>	<u>1,161,306</u>

3. Locally Raised Funds

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

	2017 Actual \$	2017 Budget (Unaudited) \$	2016 Actual \$
Revenue			
Donations	21,329	11,380	17,301
Fundraising	-	-	280
Other revenue	265	-	-
Trading	2,397	-	2,844
Activities	31,662	500	23,041
School House	6,770	6,760	11,939
Mini Van	6,360	8,000	8,000
	<u>68,783</u>	<u>26,640</u>	<u>63,405</u>
Expenses			
Activities	30,659	1,200	22,859
Trading	2,157	-	1,863
School House	5,884	4,800	21,742
Mini Van	11,396	10,000	11,172
	<u>50,096</u>	<u>16,000</u>	<u>57,636</u>
<i>Surplus for the year Locally raised funds</i>	<u>18,687</u>	<u>10,640</u>	<u>5,769</u>

4. Learning Resources

	2017 Actual \$	2017 Budget (Unaudited) \$	2016 Actual \$
Curricular	13,302	18,800	17,843
Extra-curricular activities	2,309	2,200	2,191
Library resources	1,289	500	80
Employee benefits - salaries	779,477	882,538	892,062
Staff development	9,735	10,600	9,956
	<u>806,112</u>	<u>914,638</u>	<u>922,132</u>

5. Administration

	2017 Actual \$	2017 Budget (Unaudited) \$	2016 Actual \$
Audit Fee	3,696	3,500	3,642
Board of Trustees Fees	5,050	4,455	3,770
Board of Trustees Expenses	7,919	3,900	2,101
Communication	2,413	2,200	2,195
Consumables	6,288	5,200	5,683
Operating Lease	1,213	1,800	2,233
Other	7,609	5,500	5,599
Employee Benefits - Salaries	32,817	31,710	30,073
Insurance	5,413	5,500	5,369
Service Providers, Contractors and Consultancy	8,835	9,400	7,620
	<u>81,253</u>	<u>73,165</u>	<u>68,285</u>

6. Property

	2017 Actual \$	2017 Budget (Unaudited) \$	2016 Actual \$
Caretaking and Cleaning Consumables	10,885	8,000	10,818
Cyclical Maintenance Expense	10,791	10,036	11,518
Grounds	4,798	4,500	4,634
Heat, Light and Water	14,704	8,000	15,440
Rates	528	500	508
Repairs and Maintenance	10,245	10,300	24,188
Use of Land and Buildings	79,248	81,364	102,801
Security	2,889	1,800	2,965
Employee Benefits - Salaries	25,843	25,800	24,841
	<u>159,931</u>	<u>150,300</u>	<u>197,713</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.

7. Depreciation of Property, Plant and Equipment

	2017 Actual \$	2017 Budget (Unaudited) \$	2016 Actual \$
Buildings	2,040	1,955	2,039
Building Improvements	11,709	10,919	11,388
Furniture and Equipment	29,692	32,664	34,068
Information and Communication Technology	10	-	-
Motor Vehicles	952	3,919	4,087
Leased Assets	6,805	6,106	6,368
Library Resources	1,121	1,491	1,555
	<u>52,329</u>	<u>57,054</u>	<u>59,505</u>

8. Cash and Cash Equivalents

	2017 Actual \$	2017 Budget (Unaudited) \$	2016 Actual \$
Cash on Hand	85	-	4
TSB Cheque	260,329	244,333	249,404
Cash equivalents and bank overdraft for Cash Flow Statement	<u>260,414</u>	<u>244,333</u>	<u>249,408</u>

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

9. Accounts Receivable

	2017 Actual \$	2017 Budget (Unaudited) \$	2016 Actual \$
Receivables	487	25	895
Receivables from the Ministry of Education	2,540	-	-
Interest Receivable	5,609	9,542	5,991
Teacher Salaries Grant Receivable	32,448	62,569	46,333
	<u>41,084</u>	<u>72,136</u>	<u>53,219</u>
Receivables from Exchange Transactions	6,096	9,567	6,886
Receivables from Non-Exchange Transactions	34,988	62,569	46,333
	<u>41,084</u>	<u>72,136</u>	<u>53,219</u>

10. Inventories

	2017 Actual \$	2017 Budget (Unaudited) \$	2016 Actual \$
Stationery	1,217	1,475	2,126
	<u>1,217</u>	<u>1,475</u>	<u>2,126</u>

11. Investments

The School's investment activities are classified as follows:

	2017 Actual \$	2017 Budget (Unaudited) \$	2016 Actual \$
Current Asset			
Short-term Bank Deposits	86,000	86,000	86,000

12. Property, Plant and Equipment

	Opening Balance (NBV)	Additions	Disposals	Impairment	Depreciation	Total (NBV)
	\$	\$	\$	\$	\$	\$
2017						
Land	13,750	-	-	-	-	13,750
Buildings	81,475	-	-	-	(2,040)	79,435
Building Improvements	121,004	-	-	-	(11,709)	109,295
Furniture and Equipment	71,635	7,462	-	-	(29,692)	49,405
Information and Communication Tech	-	626	-	-	(10)	616
Motor Vehicles	952	-	-	-	(952)	-
Leased Assets	10,850	1,391	-	-	(6,805)	5,436
Library Resources	3,406	471	-	-	(1,121)	2,756
Balance at 31 December 2017	303,072	9,950	-	-	(52,329)	260,693

	Cost or Valuation	Accumulated Depreciation	Net Book Value
	\$	\$	\$
2017			
Land	13,750	-	13,750
Buildings	101,989	(22,554)	79,435
Building Improvements	283,749	(174,454)	109,295
Furniture and Equipment	374,668	(325,263)	49,405
Information and Communication	626	(10)	616
Motor Vehicles	39,981	(39,981)	-
Leased Assets	29,116	(23,680)	5,436
Library Resources	27,639	(24,883)	2,756
Balance at 31 December 2017	871,518	(610,825)	260,693

	Opening Balance (NBV)	Additions	Disposals	Impairment	Depreciation	Total (NBV)
	\$	\$	\$	\$	\$	\$
2016						
Land	13,750	-	-	-	-	13,750
Buildings	82,825	689	-	-	(2,039)	81,475
Building Improvements	117,149	15,243	-	-	(11,388)	121,004
Furniture and Equipment	99,316	6,909	(522)	-	(34,068)	71,635
Motor Vehicles	5,039	-	-	-	(4,087)	952
Leased Assets	9,019	8,199	-	-	(6,368)	10,850
Library Resources	4,582	379	-	-	(1,555)	3,406
Balance at 31 December 2016	331,680	31,419	(522)	-	(59,505)	303,072

	Cost or Valuation \$	Accumulated Depreciation \$	Net Book Value \$
2016			
Land	13,750	-	13,750
Buildings	101,989	(20,514)	81,475
Building Improvements	283,749	(162,745)	121,004
Furniture and Equipment	367,206	(295,571)	71,635
Motor Vehicles	39,981	(39,029)	952
Leased Assets	27,725	(16,875)	10,850
Library Resources	27,169	(23,763)	3,406
Balance at 31 December 2016	861,569	(558,497)	303,072

13. Accounts Payable

	2017 Actual \$	2017 Budget (Unaudited) \$	2016 Actual \$
Operating creditors	5,608	10,622	11,499
Accruals	3,142	-	3,560
Capital accruals for PPE items	720	-	-
Employee Entitlements - salaries	32,448	62,569	46,333
Employee Entitlements - leave accrual	7,626	8,480	6,773
	49,544	81,671	68,165
Payables for Exchange Transactions	49,544	81,671	68,165
Payables for Non-exchange Transactions - Taxes Payable (PAYE and Rates)	-	-	-
Payables for Non-exchange Transactions - Other	-	-	-
	49,544	81,671	68,165

The carrying value of payables approximates their fair value.

14. Revenue Received in Advance

	2017 Actual \$	2017 Budget (Unaudited) \$	2016 Actual \$
Family A/cs in Credit	685	446	814
	685	446	814

15. Provision for Cyclical Maintenance

	2017 Actual \$	2017 Budget (Unaudited) \$	2016 Actual \$
Provision at the Start of the Year	62,625	63,381	51,107
Increase to the Provision During the Year	10,791	10,036	11,518
Provision at the End of the Year	73,416	73,417	62,625
Cyclical Maintenance - Current	-	-	-
Cyclical Maintenance - Term	73,416	73,417	62,625
	73,416	73,417	62,625

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	4,650	1,112	6,575
Later than One Year and no Later than Five Years	1,504	-	4,971
	<u>6,154</u>	<u>1,112</u>	<u>11,546</u>

17. Funds Held (Owed) 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 \$
Totals		-	-	-	-	-

Represented by:

Funds Held on Behalf of the Ministry of Education
Funds Due from the Ministry of Education

	2016	Opening Balances \$	Receipts from MoE \$	Payments \$	BOT Contribution/ (Write-off to R&M)	Closing Balances \$
Library Upgrade	<i>completed</i>	(3,200)	-	(3,200)	-	-
Totals		<u>(3,200)</u>	-	<u>(3,200)</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	5,050	3,770
Full-time equivalent members	0.21	0.14
<i>Leadership Team</i>		
Remuneration	316,253	289,804
Full-time equivalent members	3.59	3.00
Total key management personnel remuneration	321,303	293,574
Total full-time equivalent personnel	3.80	3.14

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:		
Principal A		
Salary and Other Payments	50 - 60	120 - 130
Benefits and Other Emoluments	1 - 2	3 - 4
Termination Benefits	-	-
Principal B		
Salary and Other Payments	50 - 60	-
Benefits and Other Emoluments	1 - 2	-
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	-	-
	0.00	0.00

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

20. Compensation and Other Benefits Upon Leaving

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

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

21. Contingencies

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

There are no capital commitments as at 31 December 2017 (Capital commitments at 31 December 2016: nil).

(b) Operating Commitments

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

(a) operating lease of laptops;

	2017 Actual \$	2016 Actual \$
No later than One Year	-	573
Later than One Year and No Later than Five Years	-	-
Later than Five Years	-	-
	<u>-</u>	<u>573</u>

23. Managing Capital

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

24. Financial Instruments

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

Loans and receivables

	2017 Actual \$	2017 Budget (Unaudited) \$	2016 Actual \$
Cash and Cash Equivalents	260,414	244,333	249,408
Receivables	41,084	72,136	53,219
Investments - Term Deposits	86,000	86,000	86,000
Total Loans and Receivables	<u>387,498</u>	<u>402,469</u>	<u>388,627</u>

Financial liabilities measured at amortised cost

Payables	49,544	81,671	68,165
Borrowings - Loans	-	-	-
Finance Leases	6,154	1,112	11,546
Painting Contract Liability	-	-	-
Total Financial Liabilities Measured at Amortised Cost	<u>55,698</u>	<u>82,783</u>	<u>79,711</u>

25. School Pool Repair

As at 31 December 2017 the school pool is not operational due to the concrete base leaking. The Board has approved payment for initial stage 1 inspection of \$3,580. The Board has also approved a contribution of \$40,000 from the fixed term account for pool repairs. The Board has estimated further repair costs of up to \$220,000. The PTA have also agreed to contribute \$5,000.

26. Events After Balance Date

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



INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF NORMANBY SCHOOL'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

The Auditor-General is the auditor of Normanby School's (the School). The Auditor-General has appointed me, David Fraser, using the staff and resources of Silks Audit Chartered Accountants Ltd, to carry out the audit of the financial statements of the School on his behalf.

Opinion

We have audited the financial statements of the School on pages 2 to 20 that comprise the statement of financial position as at 31 December 2017, the statement of comprehensive revenue and expenses, statement of changes in net assets/equity and statement of cash flows for the year ended on that date, and the notes to the financial statements that include accounting policies and other explanatory information.

In our opinion the financial statements of the School:

- present fairly, in all material respects:
 - its financial position as at 31 December 2017; 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 Tier 2 PBE Accounting Standards (PBE IPSAS) Reduced Disclosure Regime

Our audit was completed on 23 May 2018. This is the date at which our opinion is expressed.

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

Basis for our opinion

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

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

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

Responsibilities of the Board of Trustees for the financial statements

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

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

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

Responsibilities of the auditor for the audit of the financial statements

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

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

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

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

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

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

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

Our responsibilities arises from the Public Audit Act 2001.

Other information

The Board of Trustees is responsible for the other information. The other information comprises the Board of Trustee schedule, Analysis of Variance and Kiwisport statement, included as an appendices, 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.



David Fraser
Silks Audit Chartered Accountants Ltd
On behalf of the Auditor-General
Whanganui, New Zealand



Normanby School

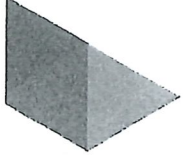
3 Hunter Street
Normanby
Taranaki 4614
Phone/Fax (06) 272 8023
Hawera

Members of the Board of Trustees

For the year ended 31 December 2017

Name	Position	How Position on Board Gained	Occupation	Term Expires
Mrs Linda Jefferies	Principal	Appointed 25 January 2010	Principal	Resigned 30/06/17
Mr Richard Baylis	Acting Principal	Appointed 01/07/17	Acting Principal	27 January 2018
Mrs Clarissa Dravitzki	Staff Rep.	Selected 10 June 2016	Teacher	May 2019
Mr Leroy Nelley	Parent Rep	Selected 10 June 2016	Farmer	Resigned 2/11/17
Mrs Marion Prince	Parent Rep	Elected 17 November 2017	Administrator	November 2020
Mrs Mesina Fabish	Parent Rep	Elected 17 November 2017	Home Executive	November 2020
Ms Sheree Ogle	Parent Rep	Selected 10 June 2016	Portfolio Analyst	May 2019
Mrs Rachel Augustine	Parent Rep	Selected 18 August 2016	Early Childhood Educator	May 2019

Analysis of Variance Reporting



School Name:	Normanby	School Number: 2207
Strategic Aim:	All of our students to be able to experience success, with our priority learners being identified and specific support programmes implemented to support their progress in reaching the appropriate national standard.	
Annual Aim:	For our priority learners to receive specific teaching in a group environment so that they are able to reach the national standard. To employ learning assistants to support each class to reach our strategic and annual aim.	
Target:	<p>Reading: 12 children identified in Year 2 of which 4 are Maori. Three to reach Level 15 and nine to reach Level 17.</p> <p>Numeracy: 37 children identified as below expectation. and need to be at standard by the end of the year.</p> <p>Writing: 35 boys identified as being below expectation and this group to be reduced by 70%</p>	
Baseline Data:	<p>Reading: Year 2- 9 girls and 3 boys. Current levels 7 – 11</p> <p>Numeracy: 37 children identified of which 22 are Maori. . 20 girls and 17 boys, 20 children currently at Stage 3 & 4 need to be at Stage 5. 17 children currently at Stage 5 and need to be at Stage 6.</p> <p>Writing: 35 boys of which 19 are Maori. Yr 2 - 8 currently 1B; Yr 3 – 3 currently at 1B- 1A; Yr 4 – 12; currently at 1B – 2B; Yr 5 – 6 currently at 1A – 2P and Yr 6 – 6 currently at 1P – 2P.</p>	

Actions <i>What did we do?</i>	Outcomes <i>What happened?</i>	Reasons for the variance <i>Why did it happen?</i>	Evaluation <i>Where to next?</i>
<p>Reading: Small group instruction and target tracking and reporting every term. Teacher reflections about the pedagogical approaches used to affect progress shared every term and support offered by other teachers. Target tracking reports presented to the Board mid year. LA's in each room that gives the teacher uninterrupted teaching time.</p> <p>Writing: As with reading not only was their focussed teaching happening with the support of an LA, , workshops were offered in the Year 4 – 6 area of the school on an invitational and expected basis. In the Year 2 /3 area a boys club / girls club was established and specific boy / girls friendly topics were planned and written about. For example the boys headed off to the pig farm while the girls went to look at horses / ponies. While this maybe considered to be gender stereo typing the boys motivation to write improved.</p> <p>Numeracy: This area had less success than the others noted above.</p>	<p>Reading: 100% success. All 12 children reached their expected standard.</p> <p>Writing: 29 / 34 children reached their target which means that we have reduced this group by 85% Of the 5 children that did not reach their target there were 2xYr 2 and 1 each from Yr 4 – 6.</p> <p>Numeracy: Of the 37 children identified 26 / 37 reached their target (70%)</p>	<p>There is no variance</p> <p>Writing: 1 child left from the original 35.</p> <p>The positive variance indicates that the strategies applied to the systems and processes within our writing hour have been successful.</p> <p>Numeracy: Teacher knowledge was a key factor in one of the year levels and their ability to teach</p>	<p>Given the focus on specific teaching and strategies implemented to motivate and focus learners these approaches need to be continued into 2017. As there have been budget constraints access to a learning assistant will be limited in 2017 and decisions will need to be made as to the most effective way to allocate learning assistant hours based on learner need. While we will continue to focus on the three core areas of NS in 2017 we plan to review our approaches and identify those that are culturally responsive –being of benefit to both ethnic groups we have here. Pedagogical approaches are noted on the term tracking sheet and the main emphasis will be on CRP. These term reflections are about what the teacher does to affect learning more than what the learner does. This focus links into our participation in our local COL. Digital fluency across these areas will also be included in the approaches used.</p>

Yr 3 – 5/7; Yr 4 - 11/14; Yr 5 – 5/10; Yr 6 – 5/6

maths. Support had been provided within the team environment and while there were a number of behavioural issues these did not seem to have as much impact on the other core areas as it did in maths.

Planning for next year:

As a group we will be participating in a COL with the focus being on Culturally Responsive Practice and Digital Fluency. To this end we will be focussing on all of our Maori students with teachers tracking progress in the three core areas for all of their Maori students. Teaching as Inquiry will be aligned to these focus areas and teachers will be identifying the CRP they use and the impact they are having on student achievement. Digital Fluency will be a subset and the intention of the COL is to align CRP and Digital Fluency.

Kiwi Sport Statement: Our students benefited from the Kiwi Sport funding through participation in external competitions such as pool entry fees for Spragg Banner (swimming); PE equipment, Rugby equipment, Bus transport to sports events, Miniball (hireage of Hub for Top School practices) and Cross Country.