

# TANGOWAHINE SCHOOL

## ANNUAL REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2018

#### School Directory

**Ministry Number:** 1105

**Principal:** Wayne Steele

**School Address:** 36 Tangowahine Valley Road

**School Postal Address:** RD 2, DARGAVILLE, 0372

**School Phone:** 09 439 7032

**School Email:** office@tws.school.nz

#### Members of the Board of Trustees

Name	Position	How Position Gained	Term Expires/ Expired
Juanita Long	Chair Person	Elected	May 2019
Wayne Steele	Principal	ex Officio	
Richard Amoroa	Parent Rep	Co-opted	May 2019
Rosemary Kiihfuss	Parent Rep	Co-opted	May 2019
Amanda Ball	Staff Rep	Appointed	May 2019

**Accountant / Service Provider:** Education Services Ltd

# TANGOWAHINE SCHOOL

Annual Report - For the year ended 31 December 2018

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# Tangowahine School



HE WHAKATUPU TE TOITOI MANAWA - INSPIRING GROWTH  
36 Tangowahine Valley Road, R D 2, Dargaville 0372  
Phone: 09 4397032 Email: office@tw.s.school.nz

## Tangowahine School

### Statement of Responsibility

For the year ended 31 December 2018

The Board of Trustees accepts responsibility for the preparation of the annual financial statements and the judgements used in these financial statements.

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

It is the opinion of the Board and management that the annual financial statements for the financial year ended 31 December 2018 fairly reflects the financial position and operations of the school.

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

Juanita Long  
Full Name of Board Chairperson

Wayne Steele  
Full Name of Principal

[Signature]  
Signature of Board Chairperson

[Signature]  
Signature of Principal

24/4/2019  
Date:

23/4/2019  
Date:

**Tangowahine School**

**Statement of Comprehensive Revenue and Expense**

For the year ended 31 December 2018

		2018	2018	2017
	Notes	Actual	Budget	Actual
		\$	(Unaudited)	\$
			\$	
<b>Revenue</b>				
Government Grants	2	403,724	357,447	401,950
Locally Raised Funds	3	30,506	22,500	22,750
Interest Earned		2,664	3,000	2,617
		<u>436,894</u>	<u>382,947</u>	<u>427,317</u>
<b>Expenses</b>				
Locally Raised Funds	3	9,831	10,100	12,977
Learning Resources	4	249,493	225,807	259,676
Administration	5	32,877	37,140	33,144
Finance Costs		337	400	235
Property	6	119,910	108,039	115,154
Depreciation	7	18,555	15,210	15,713
Loss on Disposal of Property, Plant and Equipment		29	-	-
		<u>431,032</u>	<u>396,696</u>	<u>436,899</u>
<b>Net Surplus / (Deficit)</b>		5,862	(13,749)	(9,582)
Other Comprehensive Revenue and Expenses		-	-	-
<b>Total Comprehensive Revenue and Expense for the Year</b>		<u>5,862</u>	<u>(13,749)</u>	<u>(9,582)</u>

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



**Tangowahine School****Statement of Changes in Net Assets/Equity**

For the year ended 31 December 2018

	Actual 2018 \$	Budget (Unaudited) 2018 \$	Actual 2017 \$
<b>Balance at 1 January</b>	<b>243,697</b>	<b>239,316</b>	<b>253,279</b>
Total comprehensive revenue and expense for the year	5,862	(13,749)	(9,582)
Capital Contributions from the Ministry of Education Contribution - Furniture and Equipment Grant	645	-	-
<b>Equity at 31 December</b>	<b>250,204</b>	<b>225,567</b>	<b>243,697</b>
 Retained Earnings	 250,204	 225,567	 243,697
<b>Equity at 31 December</b>	<b>250,204</b>	<b>225,567</b>	<b>243,697</b>

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



**Tangowahine School**  
**Statement of Financial Position**  
As at 31 December 2018

	Notes	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
<b>Current Assets</b>				
Cash and Cash Equivalents	8	77,412	67,290	21,184
Accounts Receivable	9	15,205	11,668	16,269
Prepayments		1,170	1,463	704
Inventories	10	3,248	1,260	2,942
Investments	11	20,000	60,000	70,000
		<u>117,035</u>	<u>141,681</u>	<u>111,099</u>
<b>Current Liabilities</b>				
GST Payable		3,762	2,093	5,457
Accounts Payable	13	22,296	38,121	19,942
Provision for Cyclical Maintenance	14	1,846	1,818	1,833
Finance Lease Liability - Current Portion	15	1,671	1,308	1,542
		<u>29,575</u>	<u>43,340</u>	<u>28,774</u>
<b>Working Capital Surplus/(Deficit)</b>		87,460	98,341	82,325
<b>Non-current Assets</b>				
Property, Plant and Equipment	12	184,155	141,942	174,100
		<u>184,155</u>	<u>141,942</u>	<u>174,100</u>
<b>Non-current Liabilities</b>				
Provision for Cyclical Maintenance	14	16,333	14,716	12,728
Finance Lease Liability	15	5,078	-	-
		<u>21,411</u>	<u>14,716</u>	<u>12,728</u>
<b>Net Assets</b>		<u>250,204</u>	<u>225,567</u>	<u>243,697</u>
<b>Equity</b>		<u>250,204</u>	<u>225,567</u>	<u>243,697</u>

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



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

		2018	2018	2017
	Note	Actual	Budget (Unaudited)	Actual
		\$	\$	\$
<b>Cash flows from Operating Activities</b>				
Government Grants		104,648	88,489	101,976
Locally Raised Funds		30,461	22,500	23,910
Goods and Services Tax (net)		(1,695)	-	3,364
Payments to Employees		(48,723)	(46,500)	(50,888)
Payments to Suppliers		(58,998)	(60,544)	(73,988)
Interest Paid		(337)	(400)	(235)
Interest Received		3,350	3,000	2,668
Net cash from / (to) the Operating Activities		28,706	6,545	6,807
<b>Cash flows from Investing Activities</b>				
Purchase of PPE (and Intangibles)		(21,281)	-	(16,479)
Purchase of Investments		(20,000)	-	(40,000)
Proceeds from Sale of Investments		70,000	-	30,000
Net cash from / (to) the Investing Activities		28,719	-	(26,479)
<b>Cash flows from Financing Activities</b>				
Furniture and Equipment Grant		645	-	-
Finance Lease Payments		(1,842)	-	(2,386)
Funds Held for Capital Works Projects		-	-	(17,503)
Net cash from Financing Activities		(1,197)	-	(19,889)
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>56,228</b>	<b>6,545</b>	<b>(39,561)</b>
Cash and cash equivalents at the beginning of the year	8	21,184	60,745	60,745
<b>Cash and cash equivalents at the end of the year</b>	<b>8</b>	<b>77,412</b>	<b>67,290</b>	<b>21,184</b>

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

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



# Tangowahine School

## Notes to the Financial Statements

### 1. Statement of Accounting Policies

For the year ended 31 December 2018

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

Tangowahine School (the School) is a Crown entity as specified in the Crown Entities Act 2004 and a school as described in the Education Act 1989. The Board of Trustees (the Board) is of the view that the School is a public benefit entity for financial reporting purposes.

#### **b) Basis of Preparation**

##### **Reporting Period**

The financial reports have been prepared for the period 1 January 2018 to 31 December 2018 and in accordance with the requirements of the Public Finance Act 1989.

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

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

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

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

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

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

##### **Measurement Base**

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

##### **Presentation Currency**

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

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

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

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

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

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





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

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

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

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

#### *Classification of leases*

The School reviews the details of lease agreements at the end of each reporting date. The School believes the classification of each lease as either operation or finance is appropriate and reflects the nature of the agreement in place. Finance leases are disclosed at note 15.

#### *Recognition of grants*

The School reviews the grants monies received at the end of each reporting period and whether any require a provision to 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 of Schedule 6 para 28 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 \$1000 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:

Buildings	40 years
Furniture and Equipment	5-18 years
Information and Communication	4 years
Leased Assets	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

	2018	2018	2017
	Actual	Budget (Unaudited)	Actual
	\$	\$	\$
Operational grants	82,830	87,289	83,954
Teachers' salaries grants	207,763	185,407	211,313
Use of Land and Buildings grants	89,957	83,551	86,696
Resource teachers learning and behaviour grants	7,051	-	1,912
Other MoE Grants	16,063	1,000	17,775
Other government grants	60	200	300
	<u>403,724</u>	<u>357,447</u>	<u>401,950</u>

## 3. Locally Raised Funds

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

	2018	2018	2017
	Actual	Budget (Unaudited)	Actual
	\$	\$	\$
<b>Revenue</b>			
Donations	1,109	1,000	(300)
Bequests & Grants	4,650	-	-
Activities	5,153	3,500	4,030
Trading	1,539	1,000	2,336
Fundraising	3,495	6,000	4,084
Other Revenue	14,560	11,000	12,600
	<u>30,506</u>	<u>22,500</u>	<u>22,750</u>
<b>Expenses</b>			
Activities	2,650	4,500	2,961
Trading	1,626	1,000	1,452
Fundraising costs	856	1,000	1,553
Other Expenses	4,699	3,600	7,011
	<u>9,831</u>	<u>10,100</u>	<u>12,977</u>
<i>Surplus for the year Locally raised funds</i>	<u>20,675</u>	<u>12,400</u>	<u>9,773</u>

## 4. Learning Resources

	2018	2018	2017
	Actual	Budget (Unaudited)	Actual
	\$	\$	\$
Curricular	7,584	9,800	9,860
Library resources	277	350	279
Employee benefits - salaries	236,756	208,407	244,312
Staff development	1,914	4,250	2,951
R&M & Purchases <\$1,000	2,962	3,000	2,274
	<u>249,493</u>	<u>225,807</u>	<u>259,676</u>



## 5. Administration

	2018	2018	2017
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Audit Fee	3,600	3,420	3,420
Board of Trustees Fees	2,435	3,000	2,010
Board of Trustees Expenses	392	600	529
Communication	1,240	1,400	1,202
Consumables	3,081	3,000	2,773
Operating Lease	736	-	562
Other	3,051	4,890	2,870
Employee Benefits - Salaries	13,147	15,000	14,686
Insurance	311	280	292
Service Providers, Contractors and Consultancy	4,884	5,300	4,800
Interventions	-	250	-
	<u>32,877</u>	<u>37,140</u>	<u>33,144</u>

## 6. Property

	2018	2018	2017
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Caretaking and Cleaning Consumables	1,395	1,500	1,303
Cyclical Maintenance Expense	3,618	3,788	3,621
Grounds	9,414	4,800	14,057
Heat, Light and Water	3,902	3,700	3,719
Repairs and Maintenance	4,140	2,200	1,431
Use of Land and Buildings	89,957	83,551	86,696
Employee Benefits - Salaries	7,484	8,500	4,327
	<u>119,910</u>	<u>108,039</u>	<u>115,154</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

	2018	2018	2017
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Buildings	3,251	3,125	3,228
Building Improvements	870	842	870
Furniture and Equipment	9,516	9,071	9,372
Information and Communication Technology	2,378	376	388
Leased Assets	2,343	1,541	1,592
Library Resources	197	255	263
	<u>18,555</u>	<u>15,210</u>	<u>15,713</u>



## 8. Cash and Cash Equivalents

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
ASB Main Bank Account	62,563	23,489	12,879
ASB 50 Account	998	-	3,993
ASB 02 Rent Account	13,851	11,963	4,312
ASB Investment 80	-	31,838	-
Cash equivalents and bank overdraft for Cash Flow Statement	<u>77,412</u>	<u>67,290</u>	<u>21,184</u>

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

## 9. Accounts Receivable

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Receivables	127	1,428	82
Receivables from the Ministry of Education	-	-	427
Interest Receivable	159	896	845
Teacher Salaries Grant Receivable	14,919	9,344	14,915
	<u>15,205</u>	<u>11,668</u>	<u>16,269</u>
Receivables from Exchange Transactions	286	2,324	1,354
Receivables from Non-Exchange Transactions	14,919	9,344	14,915
	<u>15,205</u>	<u>11,668</u>	<u>16,269</u>

## 10. Inventories

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Stationery	683	1,110	715
Uniforms	2,565	150	2,227
	<u>3,248</u>	<u>1,260</u>	<u>2,942</u>

## 11. Investments

The School's investment activities are classified as follows:

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Current Asset			
Short-term Bank Deposits	20,000	60,000	70,000





## 12. Property, Plant and Equipment

	Opening Balance (NBV)	Additions	Disposals	Impairment	Depreciation	Total (NBV)
	\$	\$	\$	\$	\$	\$
<b>2018</b>						
Land	8,000	-	-	-	-	8,000
Buildings	72,223	-	-	-	(3,251)	68,971
Building Improvements	30,696	-	-	-	(870)	29,826
Furniture and Equipment	56,595	11,313	(29)	-	(9,516)	58,363
Information and Communication Tech	3,698	9,843	-	-	(2,378)	11,163
Leased Assets	2,669	7,359	-	-	(2,343)	7,685
Library Resources	219	125	-	-	(197)	147
<b>Balance at 31 December 2018</b>	<b>174,100</b>	<b>28,640</b>	<b>(29)</b>	<b>-</b>	<b>(18,555)</b>	<b>184,155</b>

	Cost or Valuation	Accumulated Depreciation	Net Book Value
	\$	\$	\$
<b>2018</b>			
Land	8,000	-	8,000
Buildings	109,133	(40,162)	68,971
Building Improvements	34,820	(4,994)	29,826
Furniture and Equipment	150,921	(92,558)	58,363
Information and Communication	67,174	(56,011)	11,163
Leased Assets	15,317	(7,632)	7,685
Library Resources	18,409	(18,262)	147
<b>Balance at 31 December 2018</b>	<b>403,774</b>	<b>(219,619)</b>	<b>184,155</b>

	Opening Balance (NBV)	Additions	Disposals	Impairment	Depreciation	Total (NBV)
	\$	\$	\$	\$	\$	\$
<b>2017</b>						
Land	8,000	-	-	-	-	8,000
Buildings	74,193	1,258	-	-	(3,228)	72,223
Building Improvements	31,568	-	-	-	(870)	30,698
Furniture and Equipment	54,742	11,226	-	-	(9,372)	56,595
Information and Communication Technology	90	3,995	-	-	(388)	3,697
Leased Assets	4,260	-	-	-	(1,592)	2,668
Library Resources	482	-	-	-	(263)	219
<b>Balance at 31 December 2017</b>	<b>173,335</b>	<b>16,479</b>	<b>-</b>	<b>-</b>	<b>(15,713)</b>	<b>174,100</b>

	Cost or Valuation	Accumulated Depreciation	Net Book Value
	\$	\$	\$
<b>2017</b>			
Land	8,000	-	8,000
Buildings	109,133	(36,910)	72,223
Building Improvements	34,820	(4,122)	30,698
Furniture and Equipment	141,468	(84,873)	56,595
Information and Communication	58,509	(54,812)	3,697
Leased Assets	7,958	(5,290)	2,668
Library Resources	18,285	(18,066)	219
<b>Balance at 31 December 2017</b>	<b>378,173</b>	<b>(204,073)</b>	<b>174,100</b>



### 13. Accounts Payable

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Operating creditors	3,374	24,901	1,222
Accruals	3,600	3,876	3,420
Employee Entitlements - salaries	14,919	9,344	14,915
Employee Entitlements - leave accrual	403	-	385
	<u>22,296</u>	<u>38,121</u>	<u>19,942</u>
Payables for Exchange Transactions	22,296	38,121	19,942
Payables for Non-exchange Transactions - Taxes Payable (PAYE and Rates)	-	-	-
Payables for Non-exchange Transactions - Other	-	-	-
	<u>22,296</u>	<u>38,121</u>	<u>19,942</u>

The carrying value of payables approximates their fair value.

### 14. Provision for Cyclical Maintenance

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Provision at the Start of the Year	14,561	12,746	10,940
Increase to the Provision During the Year	3,618	3,788	3,621
Provision at the End of the Year	<u>18,179</u>	<u>16,534</u>	<u>14,561</u>
Cyclical Maintenance - Current	1,846	1,818	1,833
Cyclical Maintenance - Term	16,333	14,716	12,728
	<u>18,179</u>	<u>16,534</u>	<u>14,561</u>

### 15. Finance Lease Liability

The School has entered into a number of finance lease agreements for computers and other ICT equipment. Minimum lease payments payable:

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
No Later than One Year	2,370	1,308	1,591
Later than One Year and no Later than Five Years	5,905	-	-
	<u>8,275</u>	<u>1,308</u>	<u>1,591</u>



## 16. 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:

	2018	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

	2017	Opening Balances \$	Receipts from MoE \$	Payments \$	BOT Contribution/ (Write-off to R&M)	Closing Balances \$
Junior Toilet Block	<i>completed</i>	-	5,860	6,205	345	-
Totals		-	5,860	6,205	345	-

## 17. 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.



## 18. Remuneration

### Key management personnel compensation

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

	2018 Actual \$	2017 Actual \$
<i>Board Members</i>		
Remuneration	2,435	2,010
Full-time equivalent members	0.04	0.03
<i>Leadership Team</i>		
Remuneration	96,149	97,028
Full-time equivalent members	1.00	1.00
Total key management personnel remuneration	98,584	99,038
Total full-time equivalent personnel	1.04	1.03

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

### Principal

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

	2018 Actual \$000	2017 Actual \$000
Salaries and Other Short-term Employee Benefits:		
Salary and Other Payments	90 - 100	90 - 100
Benefits and Other Emoluments	2 - 3	2 - 3
Termination Benefits	-	-

### Other Employees

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

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

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

## 19. Compensation and Other Benefits Upon Leaving

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

	2018 Actual	2017 Actual
Total	-	-
Number of People	-	-

## 20. Contingencies

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

There is a contingent asset relating to a possible cash re-imbursement from the Ministry of Education for under spending the school's banking staffing entitlement during 2018. The Ministry of Education has yet to determine whether an amount is to be paid to the school. Any such reimbursement cannot be reliably measured at the date of signing these financial statements, but is unlikely to be the full value of the \$4,738, which was the banking staffing underspent at 31 March 2018. If any amount is received, it will be recorded as income in the 2019 financial year. (2017 \$0)



### Holidays Act Compliance – schools payroll

The Ministry of Education performs payroll processing and payments on behalf of school boards of trustees, through payroll service provider Education Payroll Limited.

The Ministry has commenced a review of the schools sector payroll to ensure compliance with the Holidays Act 2003. The initial phase of this review has identified areas of non-compliance, however the potential impact on any specific school or individual and any associated historical liability will not be known until further detailed analysis has been completed.

To the extent that any obligation cannot reasonably be quantified at 31 December 2018, a contingent liability for the school may exist.

## 21. Commitments

### (a) Capital Commitments

There are no capital commitments as at 31 December 2018 (Capital commitments at 31 December 2017: nil).

### (b) Operating Commitments

There are no operating commitments as at 31 December 2018 (Operating commitments at 31 December 2017: nil).

## 22. 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.

## 23. Financial Instruments

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

### Loans and receivables

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Cash and Cash Equivalents	77,412	67,290	21,184
Receivables	15,205	11,668	16,269
Investments - Term Deposits	20,000	60,000	70,000
Total Loans and Receivables	112,617	138,958	107,453

### Financial liabilities measured at amortised cost

Payables	22,296	38,121	19,942
Borrowings - Loans	-	-	-
Finance Leases	6,749	1,308	1,542
Painting Contract Liability	-	-	-
Total Financial Liabilities Measured at Amortised Cost	29,045	39,429	21,484

## 24. Events After Balance Date

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

## 25. Comparatives

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



## Kiwi Sport Funding Report for 2018

Tangowahine School received \$454.42 from the MOE as Kiwi Sport funding. Over 2018 the school engaged in various activities to promote physical activity and involvement in sport.

Term 1	Term 2	Term 3	Term 4
Swimsafe – Have a go day		Cross-Country	Athletics

Tangowahine School spent \$450 on sports and activities that included transport to venues, pool entry and sports equipment.

<b>School name: Tangowahine School</b>	<b>School number: 1105</b>
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<b>Focus:</b> Give priority to student achievement in literacy and numeracy				
<b>Strategic Aim: Priority 1</b>				
<b>Annual Aim:</b> Improve achievement in reading, writing and numeracy with a focus on achievement relative to the National Standards				
<b>Target:</b> To accelerate students in years 3-8 so that 100% are progressing at least one year level within the New Zealand Mathematics Curriculum.				
<b>Baseline data: All Mathematics Data</b>				
Progress	Well Below (No Own Stage Progress)	Below (1-2 Own Stage Progress)	At (3-4 Own Stage Progress)	Above (> 4 Own Stage Progress)
Year 3-8	8 (44%)	10 (56%)		

<b>Actions (what did we do?)</b>	<b>Outcomes (what happened?)</b>	<b>Reasons for the variance (why did it happen?)</b>	<b>Evaluation (where to next?)</b>
Trialled Online basic fact options.  Continued to target specific groups of special needs.  Introduced algorithms at an early level.	No students have progressed at expectation.  56% of students progressed 1-2 stages.  44% of students showed little or no progress.	Not 100% sure why there was not expected progress.  The programmes that were being run seem to motivate students and students were engaged.	Something needs to be changed to become more successful.  Investigate programmes to support and boost student achievement.
<b>Planning for next year:</b> <ul style="list-style-type: none"> <li>Continue with PR1ME in the junior class.</li> <li>Senior class to have 15-20 minute of Word Problem solving and Algorithm practice every day.</li> <li>Investigate assessment practices – need one more summative assessment.</li> <li>Have target groups with specific learning intentions.</li> </ul>			

**INDEPENDENT AUDITOR'S REPORT  
TO THE READERS OF  
TANGOWAHINE SCHOOL'S  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

57 Clyde Street  
PO Box 627  
WHANGAREI 0140  
Phone: (09) 438 2312  
Fax: (09) 438 2912  
info@bennettca.co.nz  
www.bennettca.co.nz

The Auditor-General is the auditor of Tangowahine School (the School). The Auditor-General has appointed me, Steve Bennett, using the staff and resources of Bennett & Associates, 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 19, that comprise the statement of financial position as at 31 December 2018, the statement of comprehensive revenue and expense, statement of changes in net assets/equity and statement of cash flows for the year ended on that date, and the notes to the financial statements that include accounting policies and other explanatory information.

In our opinion the financial statements of the School:

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

Our audit was completed on 1 May 2019. This is the date at which our opinion is expressed.

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

**Basis for our opinion**

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

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

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

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

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

In preparing the financial statements, the Board of Trustees is responsible on behalf of the School for assessing the School's ability to continue as a going concern. The Board of Trustees is also responsible for disclosing, as applicable, matters related to going concern and





using the going concern basis of accounting, unless there is an intention to close or merge the School, or there is no realistic alternative but to do so.

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

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

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

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

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

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

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

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



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

Our responsibilities arise from the Public Audit Act 2001.

### **Other information**

The Board of Trustees is responsible for the other information. The other information comprises the Analysis of Variance, the Kiwi Sport Statement, the List of Trustees and Statement of Responsibility which form part of the Annual Report, but does not include the financial statements, and our auditor's report thereon.

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

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

### **Independence**

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

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



**Steve Bennett**  
**BENNETT & ASSOCIATES**  
On behalf of the Auditor-General  
Whangarei, New Zealand

