

OKAIHAU COLLEGE

Annual Report

and

Financial Statements

For The Year Ended 31 December 2017

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Okaihau College Annual Report and Financial Statements

OKAIHAU COLLEGE

Annual Report and Financial Statements – For the year ending 31 December 2017

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Okaihau College Annual Plan 2017

No.	AREA FOR IMPROVEMENT	TARGET	MEASURE	RESULT/COMMENT
1	Student Achievement	Continue to refine reports for Years 7 and 8 for clarity for parents /caregivers.	Parent/caregiver reaction as gauged at Report Evenings.	Anecdotal including favorable comparison with previous school's reports.
		70% of Year 8 students attain at or above the National Standards for reading Writing: aim for 60% Numeracy: aim for 50%.	Standardized tests Term 4 plus OTJs. Standardized tests during the year including Term 4. Measure value added in both 7 and 8.	55% 47% 34% (18% in 2016)
		Collect data on number of students achieving certificate endorsements and subject endorsements. 90% percent of Level 1 students to achieve Literacy. 85%of Level 1 students to achieve Numeracy.	Compare with 2016 Achieved (over achieved) in 2016 for both.	Achieved Achieved
2	Outcomes for Maori	Maintain attendance rate for Maori students at minimum of 85%.	Statistics term by term.	83%

3	Special Needs	Develop assessment techniques that are a reflection of authentic activities.	Continue Learning Wall and portfolios in Rangimarie.	Ongoing
		Develop Modern Learning Environments inside and outside for students with Special Needs.	Refine Sensory Garden environment. Continue 'sensory path' to Gym.	Ongoing Completed
4	Careers and Guidance	Provide timely intervention with student decision making for careers.	Every Year 10-13 is familiar with the opportunities available. Trades Academies.	Business as usual including Careers Roadshow.
5	Curriculum	Revisit New Curriculum values again on a school wide basis.	Through department and individual planning. Evidence needed in department schemes and classrooms.	A work in progress.
		Ensure NCEA curricula adapted to meet the needs of all students.	Evidence that both ends of the 'learning landscape' are being catered for.	A work in progress as we gradually offer fewer credits to all students.
6	Professional Development	Focus on learnhttps://tinyurl.com/ Introduce PB4L. Review and revise appraisal system as per Educanz guidelines.	Google capability. Continue Thursday PD. Training for a team then whole school.	Ongoing assistance as needed. PB4L 'lessons' every 2 nd Tuesday period 2.

7	Boys' Education	Better cater for variety of abilities in 'core' subjects.	Boys' literacy and numeracy results at Level 1 NCEA kept at current high levels.	Achieved.
8	Community Engagement	Continue to provide informal opportunities (lunches/breakfasts) as well as formal report evenings for whanau.	Monitor numbers attending powhiri, etc.	Continued with further opportunities to be explored.
9	Identify Pasifika as a group.	Monitor Pasifika student numbers.	Identification through KAMAR enrolment.	Still a very small group, but well represented in student leadership.

Reporting commentary on students in years 1 to 8 that use *The New Zealand Curriculum*.

Date: 3/2017	
School name: Okaihau College	School number: 007
NAG2A (b)(i) Areas of strength	
National Standard subjects: Reading	
Discussion: General weakness throughout the Year 7 cohort. However, growth has been recorded since initial testing at the start of the year. Majority of cohort below the standard. Over two years, 2015 to 2016, cohort growth shows programmes working and majority of students at or above standard (89%).	
NAG2A (b)(i) Areas for improvement	
National Standard subjects: Reading	
Discussion: Reading data shows improvement between start and end of the year. A programme targeting the reading requirements of boys showed some initial increases. Focus to be maintained for 2017.	
NAG2A (b)(ii) Basis for identifying areas for improvement	
Discussion: Reading data shows improvement between start and end of the year. A programme targeting the reading requirements of boys showed some initial increases. Focus to be maintained for 2017.	
NAG2A (b)(iii) Planned actions for lifting achievement	
Discussion: Targeted classroom teaching on specific skills. E-AsTTle used as a basis for collecting next step data for classroom teachers for Year 7s. End of year data for Year7s 2015 used for Year 8 goal setting in 2016. Targeted interventions via literacy programme, whanau involvement through reporting, and interventions such as boys' literacy programme	
NAG2A (b) (iv) Progress Statement	
Discussion: Overall, across the two years of the Year 8 cohort 2015, there has been a significant improvement in reading, with only 11% below the standard. This is significantly higher than goals set in the annual plan. Continued targeted focus on at-risk students will continue.	

Reporting commentary on students in years 1 to 8 that use *The New Zealand Curriculum*.

Date: March 2017	
School name: Okaihau College	School number:007
NAG2A (b)(i) Areas of strength	
National Standard subjects: Writing	
Discussion: General weakness throughout the Year 7 (2015) cohort. However, growth has been recorded since initial testing at the start of the year. Majority of Year 7 (2015) cohort below the standard. Over two years, 2015 to 2016, cohort growth shows programmes working and majority of students at or above standard (77%).	
NAG2A (b)(i) Areas for improvement	
National Standard subjects:	
Discussion: Reading data shows improvement between start and end of the year. A programme targeting the reading requirements of boys showed some initial increases. Focus to be maintained for 2017.	
NAG2A (b)(ii) Basis for identifying areas for improvement	
Discussion: Reading data shows improvement between start and end of the year. A programme targeting the reading requirements of boys showed some initial increases. Focus to be maintained for 2017.	
NAG2A (b)(iii) Planned actions for lifting achievement	
Discussion: Targeted classroom teaching on specific skills. E-asTTle used as a basis for collecting next step data for classroom teachers for Year 7s. End of year data for Year 7s 2015 used for Year 8 goal setting in 2016. Targeted interventions via literacy programme, whanau involvement through reporting, and interventions such as boys' literacy programme.	
NAG2A (b) (iv) Progress Statement	
Discussion: Overall, across the two years of the Year 8 cohort 2016, there has been a significant improvement in writing, with only 22% below the standard. This is significantly higher than goals set in the annual plan. Continued targeted focus on at-risk students will continue.	

2016 National Standards Reporting

Writing	below		Below		At		Above		Total Number
	Number	Proportion	Number	Proportion	Number	Proportion	Number	Proportion	
All Students	8	6.40%	37	29.60%	66	52.80%	14	11.20%	125
Maori	8	10.40%	18	23.40%	45	58.40%	6	7.80%	77
Pasifika					1	100.00%			1
Asian			2	66.70%	1	33.30%			3
European/Pakeha/Other European			17	38.60%	19	43.20%	8	18.20%	44
All other ethnicities									
Male	8	13.80%	29	50.00%	19	32.80%	2	3.40%	58
Female			8	11.90%	47	70.10%	12	17.90%	67

Writing	below		Below		At		Above		Total Number
	Number	Proportion	Number	Proportion	Number	Proportion	Number	Proportion	
After 1 year at school									
After 2 years at school									
After 3 years at school									
End of Year 4									
End of Year 5									
End of Year 6									
End of Year 7	2	3.10%	13	20.00%	42	64.60%	8	12.30%	65
End of Year 8	6	10.00%	24	40.00%	24	40.00%	6	10.00%	60

2016 National Standards Reporting

Date: 1/3/2017

Number: 7

Name: Okaihau College

Reading	Well below		Below		At		Above		Total Number
	Number	Proportion	Number	Proportion	Number	Proportion	Number	Proportion	
All Students	7	5.60%	25	20.00%	75	60.00%	18	14.40%	125
Maori	5	6.50%	19	24.70%	44	57.10%	9	11.70%	77
Pasifika					1	100.00%			1
Asian					3	100.00%			3
European/Pakeha/Other European	2	4.50%	6	13.60%	27	61.40%	9	20.50%	44
All other ethnicities									
Male	6	10.30%	18	31.00%	28	48.30%	6	10.30%	58
Female	1	1.50%	7	10.40%	47	70.10%	12	17.90%	67

Reading	below		Below		At		Above		Total Number
	Number	Proportion	Number	Proportion	Number	Proportion	Number	Proportion	
After 1 year at school									
After 2 years at school									
After 3 years at school									
End of Year 4									
End of Year 5									
End of Year 6									
End of Year 7			9	13.80%	47	72.30%	9	13.80%	65
End of Year 8	7	11.70%	16	26.70%	28	46.70%	9	15.00%	60

Date: 20/3/2017	School number: 7
School name: Okaihau College	
NAGZA (b)(i) Areas of strength	
National Standard subjects: Maths	
Discussion: There is general weakness throughout the Year 7 cohort, with 88.5% of the Year 7 group below or well below expectations. However growth is occurring since the initial data beginning of year was collected. The overall Maths scheme has been redesigned to help target the key areas of weakness across both Years 7 and 8 with a 2 year curriculum plan for this group.	
NAGZA (b)(i) Areas for improvement	
National Standard subjects: Maths	
Discussion: Basic numeracy skills need constant reinforcement. Longer time spent developing knowledge in each area rather than skimming through quickly a focus	
NAGZA (b)(ii) Basis for identifying areas for improvement	
Discussion: OTJ's based on asTTle, IKAN, LOMAS and common in school assessment.	
NAGZA (b)(iii) Planned actions for lifting achievement	
Discussion: Targeted classroom teaching focusing on specific skills. Better use of assessment data to inform teaching and learning practices. Targeted intervention programs for some students, with extra teachers assisting in classes for others.	
NAGZA (b) (iv) Progress Statement	
Discussion: Student progress is beginning to show through observations in class and in student reflections. Student progress will continue to be closely monitored with both formally and informally, with an assessment for learning snapshot due in the next couple of weeks to further back current teacher judgments. Ongoing teacher professional development is also ongoing.	

Date:	6/3/2017
Number:	7
Name:	Okaihau College

Maths	Well below		Below		At		Above		Total Number
	Number	Proportion	Number	Proportion	Number	Proportion	Number	Proportion	
All students	100	65.8%	30	19.7%	17	11.2%	5	3.3%	152
Māori	74	69.2%	22	20.6%	8	7.5%	3	2.8%	107
Pasifika	1	1.0%	1	50.0%					2
Asian	1	50.0%					1	50.0%	2
European/Pākehā/Other European	22	56.4%	7	17.9%	9	23.1%	1	2.6%	39
Male	43	66.2%	12	18.5%	7	10.8%	3	4.6%	65
Female	57	65.5%	18	20.7%	10	11.5%	2	2.3%	87

Maths	Well below		Below		At		Above		Total Number
	Number	Proportion	Number	Proportion	Number	Proportion	Number	Proportion	
After 1 year at school									
After 2 years at school									
After 3 years at school									
End of Year 4									
End of Year 5									
End of Year 6									
End of Year 7	50	64.1%	19	24.4%	7	9.0%	2	2.6%	78
End of Year 8	50	67.6%	11	14.9%	10	13.5%	3	4.1%	74

Members of the Board of Trustees

Name	Position	How position gained	Occupation	Term Expires
Janet Graham	Parent Rep Chairman	Re-elected May 2016	Home Exec	May 2019
Paul Bolton	Parent Rep Dep Chairman	Elected May 2016	Farmer	May 2019
Michelle Harrison	Parent Rep	Re-elected May 2016	Admin	May 2019
Mark Clunie	Parent Rep	Elected May 2016	Farmer	May 2019
Michael Moeau	Parent Rep	Elected May 2016	Nurse	May 2019
Vivien Smith	Staff Rep	Re-elected May 2016	Teacher	May 2019
Carym Wharerau	Student Rep	Elected Sept 2016	Student	Sept 2017
Siakini Taulangau	Student Rep	Elected Sept 2017	Student	Sept 2018
Alan Forgie	Principal	Appointed Sept 2002	Principal	

Okaihau College

Statement of Responsibility

For the year ended 31 December 2017

The Board of Trustees has pleasure in presenting the annual report of Okaihau College incorporating the financial statements and the auditor's report, 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.

In the opinion of the Board and management, the annual financial statements for the financial year ended 31 December 2017 fairly reflect the financial position and operations of the School.

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

Janet Graham
Full Name of Chairperson

Janet Graham
Signature of Board Chairperson

23/5/18
Date

Alan Forgie
Full Name of Principal

[Signature]
Signature of Principal

23/5/18
Date

Okaihau College

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	5,452,821	5,097,896	5,135,129
Locally Raised Funds	3	402,809	470,000	446,999
Interest Earned		31,815	20,000	27,711
		<u>5,887,445</u>	<u>5,587,896</u>	<u>5,609,839</u>
Expenses				
Locally Raised Funds	3	346,390	305,000	316,541
Learning Resources	4	3,751,486	3,645,484	3,562,096
Administration	5	304,070	302,437	307,381
Property	6	1,114,465	1,060,700	1,157,405
Depreciation	7	139,708	120,000	137,222
Loss on disposal		4,428	5,000	2,065
		<u>5,660,547</u>	<u>5,438,621</u>	<u>5,482,710</u>
Net Surplus		226,898	149,275	127,129
Other Comprehensive Revenue and Expenses		0	0	0
Total Comprehensive Revenue and Expense for the Year		<u>226,898</u>	<u>149,275</u>	<u>127,129</u>

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

Okaihau College

Statement of Changes in Net Assets/Equity
For the year ended 31 December 2017

	2017 Actual \$	2017 Budget (Unaudited) \$	2016 Actual \$
Balance at 1 January	<u>1,713,837</u>	<u>1,713,837</u>	<u>1,545,994</u>
Total comprehensive revenue and expense for the year	226,898	149,275	127,129
Capital Contributions from the Ministry of Education			
Contribution - Furniture and Equipment Grant	0	0	40,714
Equity at 31 December	<u>1,940,735</u>	<u>1,863,112</u>	<u>1,713,837</u>
Retained Earnings	1,940,735	1,863,112	1,713,837
Reserves			
Equity at 31 December	<u>1,940,735</u>	<u>1,863,112</u>	<u>1,713,837</u>

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

Okaihau College

Statement of Financial Position
As at 31 December 2017

	Notes	2017 Actual \$	2017 Budget (Unaudited) \$	2016 Actual \$
Current Assets				
Cash and cash equivalents	8	1,491,294	1,118,820	936,508
Accounts receivable	9	223,361	200,000	194,189
GST receivable		0	0	29,237
Prepayments		13,539	0	11,600
Inventories	10	48,030	50,000	46,015
Investments	11	220,236	220,000	213,037
		<u>1,996,460</u>	<u>1,588,820</u>	<u>1,430,586</u>
Current liabilities				
Accounts payable	13	256,434	250,000	223,640
GST payable		31,612		
Provision for cyclical maintenance	14	7,875	20,000	293,170
Funds held for capital works	16	376,561	0	0
Funds held on behalf of cluster	17	281,408	358,296	358,296
Finance Lease Liability - current portion	15	34,743	40,000	30,541
		<u>988,633</u>	<u>668,296</u>	<u>905,647</u>
Working capital		1,007,827	920,524	524,939
Non current assets				
Property, plant and equipment	12	1,250,255	1,242,588	1,299,126
		<u>1,250,255</u>	<u>1,242,588</u>	<u>1,299,126</u>
Non current liabilities				
Provision for cyclical maintenance	14	270,122	230,000	43,300
Finance Lease Liability	15	47,225	70,000	66,928
		<u>317,347</u>	<u>300,000</u>	<u>110,228</u>
Net assets		<u><u>1,940,735</u></u>	<u><u>1,863,112</u></u>	<u><u>1,713,837</u></u>
Equity		<u><u>1,940,735</u></u>	<u><u>1,863,112</u></u>	<u><u>1,713,837</u></u>

Chairperson Janet Graham Graham

Principal Alan Forgie Mary

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

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Okaihau College

Cash Flow Statement
For the year ended 31 December 2017

	Note	2017 Actual \$	2017 Budget (Unaudited) \$	2016 Actual \$
Cash flows from Operating Activities				
Government Grants		1,502,081	1,454,396	1,387,237
Locally Raised Funds		400,266	470,000	449,470
Goods and Services Tax (net)		56,052	20,000	19,646
Payments to Employees		(823,759)	(755,200)	(847,929)
Payments to Suppliers		(793,692)	(877,421)	(830,833)
Interest Received		31,630	20,000	29,094
Net cash from/(to) the Operating Activities		<u>372,578</u>	<u>331,775</u>	<u>206,685</u>
Cash flows from Investing Activities				
Proceeds from Sale of PPE		3,500		
Purchase of PPE		(83,786)	(127,000)	(97,341)
Purchase of investments		(7,199)	(6,963)	(6,929)
Net cash from/(to) the Investing Activities		<u>(87,485)</u>	<u>(133,963)</u>	<u>(104,270)</u>
Cash flows from Financing Activities				
Furniture and Equipment Grant		0	0	40,714
Finance Lease Payments		(29,979)	(15,500)	(14,016)
Funds Administered on Behalf of Third Parties		299,672	0	(49,039)
Net cash from Financing Activities		<u>269,693</u>	<u>(15,500)</u>	<u>(22,341)</u>
Net increase/(decrease) in cash and cash equivalents		<u><u>554,786</u></u>	<u><u>182,312</u></u>	<u><u>80,074</u></u>
Cash and cash equivalents at the beginning of the year	8	936,508	936,508	856,434
Cash and cash equivalents at the end of the year	8	<u><u>1,491,294</u></u>	<u><u>1,118,820</u></u>	<u><u>936,508</u></u>

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.

Okaihau College

Notes to the Financial Statements

1. Statement of Accounting Policies

For the year ended 31 December 2017

a) Reporting Entity

Okaihau College (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 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 PBE Accounting Standards (PBE IPSAS) 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 carry forward 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 to teachers by the Ministry of Education.

Use of land and building grants are recorded 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 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. For the June 2016 valuation the Ministry of Education continued to revise its valuation methodology, which has improved the accuracy of the valuations of school land and buildings. This has resulted in a significant movement in the use of land and buildings charge for the 2016 year. The improvements in the valuation methodology will be carried forward into future revaluations.

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 three months 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, 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, for example 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 estimated selling price in the ordinary course of activities less the estimated costs necessary to make the sale. Thus the fair value of the inventory is determined based on the cost at time of purchase. The 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 are initially measured at the amount invested. Interest is subsequently accrued and added to the investment balance.

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 bank term deposits are measured at amortised cost using the effective interest method less impairment.

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 73 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 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 prepared in the Statement of Comprehensive Revenue and Expense.

The estimated useful lives of the assets are:

Buildings	40 years
Furniture and Equipment	10 years
Information and communication technology	5 years
Motor Vehicles	5 – 10 years
Library Resources	12.5% Diminishing value
Leased assets held under a Finance Lease	7 years

l) Intangible Assets

Software costs

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

Computer software licences with individual values under \$500 are not capitalised, they are recognised as an expense in the Statement of Comprehensive Income when incurred.

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

The carrying value of software is amortised on a straight line basis over its estimated useful life of 3 years. The amortisation charge for each period and any impairment loss is recognised in the Statement of Revenue and Expense.

m) Impairment of property, plant, and equipment and intangible assets

Okaihau College does not hold any cash generating assets. Assets are considered cash generating where their primary objectives are 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 assets carrying amount exceeds its recoverable service amount. The recoverable service amount is the higher of an assets fair value 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.

p) Funds Held in Trust

Funds held in trust where they have been received by the School for a specified purpose. The School holds sufficient funds to enable the funds to be used for their intended purpose at any time.

q) Shared Funds

Shared Funds are held on behalf of participating schools within a cluster of schools. The School holds sufficient funds to enable the funds to be used for their intended purpose.

r) 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, and makes up the most significant part of the Board's responsibilities outside the 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 10-year property plan.

s) Financial Assets and Liabilities

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

The School's financial liabilities comprise accounts payable, funds held on behalf of the Ministry of Education and GST payable. All of these financial liabilities are categorised as "financial liabilities measured at amortised cost" for accounting purposes in accordance with financial reporting standards.

t) 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.

u) Goods and Services Tax (GST)

The financial statements have been prepared exclusive of GST, with the exception of accounts receivable, and accounts payable which are stated as GST inclusive. The net amount of GST paid to, or received from, the IRD, including the GST relating to investing and financing activities, is classified as a net operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

v) Budget figures

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

w) Services received in-kind

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



	2017 Actual	2017 Budget (Unaudited)	2016 Actual
	\$	\$	\$
2 Government Grants			
Operational grants	1,246,675	1,268,000	1,273,855
Teachers salaries grants	3,079,647	2,943,500	2,878,646
Use of Land and Buildings grants	877,661	700,000	806,687
Resource teachers learning and behaviour grants	108,179	70,000	69,648
Other MOE Grants	47,327	49,000	23,599
Other government grants	93,332	67,396	82,694
	<u>5,452,821</u>	<u>5,097,896</u>	<u>5,135,129</u>
3 Locally Raised Funds			
Local funds raised within the School's community are made up of:			
Revenue			
Donations	13,883	1,000	13,344
Activities	158,812	185,000	174,159
Trading	137,299	244,000	141,252
Curriculum Recoveries	39,333	0	51,287
Other Revenue	53,482	40,000	66,957
	<u>402,809</u>	<u>470,000</u>	<u>446,999</u>
Expenses			
Activities	173,130	125,000	143,892
Trading	138,373	180,000	137,586
Other Expenses	34,887		35,063
	<u>346,390</u>	<u>305,000</u>	<u>316,541</u>
Surplus for the year Locally raised funds	<u>56,419</u>	<u>165,000</u>	<u>130,458</u>
4 Learning resources			
Curricular	198,736	196,284	191,990
Equipment Repairs	15,640	47,000	29,266
Information and communication technology	8,467	19,500	17,419
Library resources	1,516	7,000	2,836
Employee benefits - salaries	3,095,786	2,943,500	2,871,007
Resource/attached teacher costs	412,943	412,200	440,613
Staff development	18,398	20,000	8,965
	<u>3,751,486</u>	<u>3,645,484</u>	<u>3,562,096</u>
5 Administration			
Audit Fee	7,337	7,337	7,366
Board of Trustees Fees	4,180	4,700	4,320
Board of Trustees Expenses	1,000	3,000	3,249
Communication	6,303	5,500	7,922
Consumables	51,102	59,700	59,057
Other	28,941	18,200	25,000
Employee Benefits - Salaries	188,496	188,000	186,802
Insurance	12,128	12,500	10,245
Service Providers	4,583	3,500	3,420
	<u>304,070</u>	<u>302,437</u>	<u>307,381</u>

	2017 Actual \$	2017 Budget (Unaudited) \$	2016 Actual \$
6 Property			
Caretaking and Cleaning Consumables	12,057	12,000	11,939
Consultancy and Contract Services	0	10,000	14,346
Cyclical Maintenance Provision	(54,957)	15,000	17,928
Grounds	20,240	21,000	18,221
Heat, Light & Water	45,195	58,600	45,056
Rates	15,342	21,000	20,939
Repairs & Maintenance	37,732	60,100	58,727
Use of Land and Buildings	877,661	700,000	806,687
Employee Benefits - Salaries	161,195	163,000	163,562
	<u>1,114,465</u>	<u>1,060,700</u>	<u>1,157,405</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

Buildings - School	25,774	25,000	25,698
Furniture and Equipment	49,683	55,000	61,157
Information and Communication Technology	25,475	35,000	29,378
Motor vehicles	3,010	1,000	998
Library resources	3,265	4,000	3,254
Leased Assets	32,501	0	16,737
	<u>139,708</u>	<u>120,000</u>	<u>137,222</u>

8 Cash and Cash Equivalents

Cash on Hand	100	100	100
ASB Current Account	619,472	258,720	71,854
ASB Call Account	55,168	60,000	54,906
ASB short-term Deposits	816,554	800,000	809,648
Cash equivalents for Cash Flow Statement	<u>1,491,294</u>	<u>1,118,820</u>	<u>936,508</u>

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

Of the \$1491294 Cash and Cash Equivalents \$376561 is held by the school on behalf of the Ministry of Education. These funds are required to be spent in 2018 on Crown owned school buildings under the School's Five Year Property Plan

Of the \$1491294 Cash and Cash Equivalents \$281408 of unspent grant funding is held by the School. This funding is subject to restrictions which specify how the grant is required to be spent in providing specified deliverables of the grant arrangement.

9 Accounts Receivable

Receivables	18,546	20,000	13,865
Interest Receivable	2,122	2,000	1,937
Teacher Salaries Grant receivable	202,693	178,000	178,387
	<u>223,361</u>	<u>200,000</u>	<u>194,189</u>
Receivables from Exchange Transactions	20,668	22,000	15,802
Receivables from Non-Exchange Transactions	202,693	178,000	178,387
	<u>223,361</u>	<u>200,000</u>	<u>194,189</u>

	2017 Actual	2017 Budget (Unaudited)	2016 Actual
10 Inventories	\$	\$	\$
Stationery	10,179	6,000	8,592
School Uniforms	37,851	43,500	37,424
Canteen	0	500	0
	<u>48,030</u>	<u>50,000</u>	<u>46,016</u>

11 Investments

The School's investment activities are classified as follows:

Current Asset			
Short-term Bank Deposits	220,236	220,000	213,037

12 Property, Plant and equipment

2017	Opening Balance (NBV) \$	Additions \$	Disposals \$	Depreciation \$	Total (NBV) \$
Buildings	850,786	0	0	25,774	825,012
Furniture and Equipment	259,393	15,013	2,582	49,683	222,141
Information and Communication	69,173	34,047	4,396	25,475	73,349
Motor Vehicles	2,675	30,435	0	3,010	30,100
Leased Assets	94,320	14,978	0	32,501	76,797
Library Resources	22,779	4,292	950	3,265	22,856
Balance at 31 December 2017	<u>1,299,126</u>	<u>98,765</u>	<u>7,928</u>	<u>139,708</u>	<u>1,250,255</u>

2017	Cost or Valuation \$	Accumulated depreciation \$	Net Book value \$
Buildings	1,126,685	(301,673)	825,012
Furniture and Equipment	907,395	(685,253)	222,142
Information and Communication	206,481	(133,133)	73,348
Motor Vehicles	76,758	(46,659)	30,099
Leased Assets	130,278	(53,481)	76,797
Library Resources	84,881	(62,024)	22,857
Balance at 31 December 2017	<u>2,532,478</u>	<u>(1,282,223)</u>	<u>1,250,255</u>

2016	Opening Balance (NBV) \$	Additions \$	Disposals \$	Depreciation \$	Total (NBV) \$
Buildings	873,430	3,054	0	25,698	850,786
Furniture and Equipment	238,438	83,783	1,671	61,157	259,393
Information and Communication	83,920	14,793	161	29,379	69,173
Motor Vehicles	3,673	0	0	998	2,675
Leased Assets	33,054	78,003	0	16,737	94,320
Library Resources	22,081	4,185	233	3,254	22,779
Balance at 31 December 2016	1,254,596	183,818	2,065	137,223	1,299,126

2016	Cost or Valuation \$	Accumulated depreciation \$	Net Book value \$
Buildings	1,126,685	(275,899)	850,786
Furniture and Equipment	910,607	(651,214)	259,393
Information and Communication	199,649	(130,476)	69,173
Motor Vehicles	62,923	(60,248)	2,675
Leased assets	115,300	(20,981)	94,319
Library Resources	84,097	(61,317)	22,780
Balance at 31 December 2016	2,499,261	(1,200,135)	1,299,126

13 Accounts Payable

	2017 Actual \$	2017 Budget (Unaudited) \$	2016 Actual \$
Operating Creditors	4,594	10,000	12,039
Banking staffing overuse	14,034		
Employee Entitlements - salaries	202,693	210,000	178,387
Employee Entitlements - leave accrual	35,113	30,000	33,214
	<u>256,434</u>	<u>250,000</u>	<u>223,640</u>
Payables for exchange transactions	256,434	250,000	223,640
Payments for non-exchange transactions	0	0	0
	<u>256,434</u>	<u>250,000</u>	<u>223,640</u>

The carrying value of payables approximates their fair value.

14 Provision for Cyclical Maintenance

Provision at the Start of the Year	336,470	336,470	321,171
Increase/(Decrease) to the Provision During the Year	(54,957)	15,000	17,928
Use of the Provision During the Year	(3,516)		(2,629)
Provision at the end of the year	<u>277,997</u>	<u>351,470</u>	<u>341,728</u>
Cyclical Maintenance - Current	7,875	308,170	293,170
Cyclical Maintenance - Term	270,122	43,300	43,300
	<u>277,997</u>	<u>351,470</u>	<u>336,470</u>

The school has a cash management plan to ensure that sufficient cash is available to meet all maintenance obligations as they fall due over the next 10 years. The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligations at 31 December 2017. Present obligations are identified in the school's current 10-year property plan approved by the Ministry of Education in 2017. The provision has not been adjusted for inflation and the effect of the time value of money.

15 Finance lease liability

The school has entered into a number of finance lease agreements for photocopiers and computers. Minimum lease payments payable:

	2017 Actual	2017 Budget (Unaudited)	2016 Actual
	\$	\$	\$
No later than one year	34,743	5,086	30,541
Later than one year and no later than five years	44,258	20,343	63,961
Later than five years	2,967	2,967	2,967
	<u>81,968</u>	<u>28,396</u>	<u>97,469</u>

16 Funds Held for Capital Works Projects

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

		2017	Opening Balance	Receipts from MOE	Payments	Closing Balance
			\$	\$	\$	\$
Roofing - E7	Completed		0	13,273	13,273	0
Reroof Walkways	Completed		0	20,410	20,410	0
Roofing - 2017	Completed		0	7,831	7,831	0
Heat Pumps	Completed		0	32,841	32,840	1
HWC Replacements	In progress		0	21,579	697	20,882
Lighting and DBs	Completed		0	24,357	24,357	0
Gym & Gym storage	In progress		0	250,000	9,426	240,574
Admin Joinery	In progress		0	40,500	1,732	38,768
Block L Upgrade	In progress		0	78,967	2,631	76,336
	In progress		<u>0</u>	<u>489,758</u>	<u>113,197</u>	<u>376,561</u>
		2016	Opening Balance	Receipts from MOE	Payments	Closing Balance
			\$	\$	\$	\$
Art room	Completed		69,185	25,015	94,200	0

17 Funds held on behalf of Okaihau College Cluster

Okaihau College is the lead school and holds funds on behalf of the Okaihau College cluster, a group of schools funded by the Ministry of Education to provide an alternative education course.

	2017 Actual	2017 Budget (Unaudited)	2016 Actual
	\$	\$	\$
Funds Held at Beginning of the Year	358,296	338,150	338,150
Funds Received from the Ministry of Education	356,153	380,000	369,144
Funds Spent on Behalf of the Cluster	152,259	130,000	130,016
Distribution of Funds			
He Iwi Kotahi Tatou Trust	65,011	60,000	61,937
Impact Northland Trust	66,546	0	0
Te Kotahitanga E Mahi Kaha Trust	149,225	150,000	157,045
Funds held at year end	<u>281,408</u>	<u>378,150</u>	<u>358,296</u>

These assets and liabilities form part of the school's assets and liabilities and are presented on the school's statement of financial position.

18 Related Party Transactions

The school is an entity controlled by 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 conditions no more or less favourable than those 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 and Deputy Principals

	2017 Actual \$	2016 Actual \$
Board members		
Remuneration	4,180	4,320
Full-time equivalent members	0.25	0.25
Leadership team		
Remuneration	362,471	361,131
Full-time equivalent members	3	3
Total key management personnel remuneration	366,651	365,451
Total full-time equivalent personnel	3.25	3.25

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 is in the following bands:

Salaries and other short term employee benefits:	\$000	\$000
Salary and other payments	160-170	140-150
Benefits and other emolument	10-20	10-20
Termination benefits		

Other Employees

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

Remuneration \$000	2017 FTE Number	2016 FTE Number
100-110	1	3

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

20 Contingencies

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

21 Commitments

(a) Capital Commitments

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

(a) \$207,599 contract to have Hot Water Cylinders replaced as agent for the Ministry of Education. This project is fully funded by the Ministry of Education. \$215,799 has been received of which \$697 has been spent on the project to date

(b) \$2,580,655 contract to have the Gymnasium refurbished as agent for the Ministry of Education. This project is fully funded by the Ministry of Education. \$2,500,000 has been received of which \$94,266 has been spent on the project to date

(c) \$396,339 contract for Admin Window Joinery replacement as agent for the Ministry of Education. This project is fully funded by the Ministry of Education. \$405,000 has been received of which \$17,322 has been spent on the project to date

(d) \$696,336 contract for the Block L DQLS & ILE upgrade as agent for the Ministry of Education. This project is fully funded by the Ministry of Education. \$789,577 has been received of which \$263,111 has been spent on the project to date

Capital commitments at 31 December 2016: nil

(b) Operating Commitment

As at 31 December 2017 the Board has the following operating commitments:

	2017	2016
	\$	\$
(a) Operating leases for laptop computers		
No later than one year	668	2,709
Later than one year and no later than five years	0	668
Later than five years	0	0
	<u>668</u>	<u>3,377</u>

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 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

	2017 Actual	2017 Budget (Unaudited)	2016 Actual
	\$	\$	\$
Cash and Cash Equivalents	1,491,294	1,118,820	936,508
Receivables	223,361	200,000	194,189
Investments - Term Deposits	220,236	200,000	213,037
Total Loans and Receivables	<u>1,934,891</u>	<u>1,518,820</u>	<u>1,343,734</u>

Financial liabilities measured at amortised cost

Payables	256,434	250,000	223,640
Borrowings - Loans	0	0	0
Finance Leases	81,968	28,396	97,469
Total Financial Liabilities Measured at Amortised Cost	<u>338,402</u>	<u>278,396</u>	<u>321,109</u>

23 Events After Balance Date

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

Kiwisport is a Government funded initiative to support student's participation in organised sport.

In 2017 the school received total Kiwisport funding of \$9,082.31.

2017 saw 49% of the Year 9-13 students participate in organised sport. We had 47% of girls and 51% of boys participating.

Teams and individuals competed in 22 sports in local and regional competitions. We also introduced Waka Ama with crews attending the New Zealand Secondary Schools Championships held in Rotorua.

Okaihau College also participated in Special Olympic events held in our area. Our Sports coordinator attended Regional Huis offered by Sport Northland.

INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF OKAIHAU COLLEGE'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

The Auditor-General is the auditor of Okaihau College (the School). The Auditor-General has appointed me, Stewart Russell, using the staff and resources of PKF Francis Aickin 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 15 to 31, that comprise the statement of financial position as at 31 December 2017, 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 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 PBE Accounting Standards (PBE IPSAS) Reduced Disclosure Regime as appropriate to public benefit entities that qualify for Tier 2 reporting.

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.

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Directors: Daini Adamson, CA; Eddie Aickin, BCom, CA; Stewart Russell, CA

PKF Francis Aickin Limited is a member firm of the PKF International Limited and PKF New Zealand Limited family of legally independent firms and does not accept any responsibility or liability for the actions or inactions on the part of any other individual member or correspondent firm or firms.

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, National Standards, Members of the Board of Trustees and Kiwi Sport Statement included on pages 3 – 13 & page 32, but does not include the financial statements, and our auditor's report thereon.

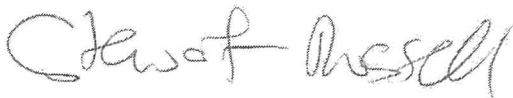
Our opinion on the financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

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.



Stewart Russell
PKF Francis Aickin Ltd
On behalf of the Auditor-General
Kaitiāia, New Zealand