

TE AUTE COLLEGE

Annual Report

FOR THE YEAR ENDED 31 DECEMBER 2017



School Address:	100 State Highway 2, Pukehou, Central Hawkes Bay
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Ministry Number:	232

TE AUTE COLLEGE

Annual Report - For the year ended 31 December 2017

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Te Aute College

Statement of Responsibility

For the year ended 31 December 2017

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

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

It is the opinion of the Board and management that the annual financial statements for the financial year ended 31 December 2017 fairly reflects the financial position and operations of the school.

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

James Graham

Full Name of Board Chairperson

Shane Haha

Full Name of Principal

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Signature of Board Chairperson

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Signature of Principal

23 May 2018

Date:

23 May 2018

Date:

Te Aute 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	1,739,090	1,764,044	1,673,721
Locally Raised Funds	3	224,444	142,000	157,618
Use of Land and Buildings Integrated		343,000	343,000	343,000
Interest Earned		1,383	2,000	1,644
Gain on Sale of Property, Plant and Equipment		-	-	1,739
		<u>2,307,916</u>	<u>2,251,044</u>	<u>2,177,722</u>
Expenses				
Locally Raised Funds	3	148,144	81,000	110,491
Learning Resources	4	1,272,451	1,299,782	1,162,859
Administration	5	208,994	213,890	218,456
Amortisation of Equitable Lease		2,977	2,500	2,977
Finance Costs		1,648	-	1,402
Property	6	556,443	550,100	570,647
Depreciation	7	49,180	30,000	36,803
Loss on Uncollectable Accounts Receivable		1,050	-	-
		<u>2,240,886</u>	<u>2,177,272</u>	<u>2,103,635</u>
Net Surplus / (Deficit)		67,030	73,772	74,087
Other Comprehensive Revenue and Expenses		-	-	-
Total Comprehensive Revenue and Expense for the Year		<u><u>67,030</u></u>	<u><u>73,772</u></u>	<u><u>74,087</u></u>

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

Te Aute College
Statement of Changes in Net Assets/Equity

For the year ended 31 December 2017

	Actual 2017 \$	Budget (Unaudited) 2017 \$	Actual 2016 \$
Balance at 1 January	<u>287,271</u>	<u>287,271</u>	<u>213,184</u>
Total Comprehensive Revenue and Expense for the Year	67,030	73,772	74,087
Equity at 31 December	<u>354,301</u>	<u>361,043</u>	<u>287,271</u>
Retained Earnings	354,301	361,043	287,271
Reserves	-	-	-
Equity at 31 December	<u>354,301</u>	<u>361,043</u>	<u>287,271</u>

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

Te Aute 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	56,758	73,722	21,098
Accounts Receivable	9	240,000	200,000	319,041
Prepayments		7,958	5,000	1,517
Inventories	10	32,007	33,000	34,380
		<u>336,723</u>	<u>311,722</u>	<u>376,035</u>
Current Liabilities				
GST Payable		9,742	10,000	15,837
Accounts Payable	12	169,935	155,000	253,947
Revenue Received in Advance	13	4,079	5,000	14,270
Provision for Cyclical Maintenance - Current Portion	14	41,940	41,940	8,098
Finance Lease Liability - Current Portion	15	12,474	12,474	940
Funds Held in Trust	16	47,609	30,000	31,176
		<u>285,779</u>	<u>254,414</u>	<u>324,267</u>
Working Capital Surplus/(Deficit)		50,944	57,308	51,768
Non-Current Assets				
Property, Plant and Equipment	11	275,622	276,000	231,111
Equitable Leasehold Interest	24	40,059	40,059	43,036
		<u>315,681</u>	<u>316,059</u>	<u>274,147</u>
Non-Current Liabilities				
Provision for Cyclical Maintenance	14	400	400	37,078
Finance Lease Liability	15	11,924	11,924	1,566
		<u>12,324</u>	<u>12,324</u>	<u>38,644</u>
Net Assets		<u>354,301</u>	<u>361,043</u>	<u>287,271</u>
Equity		<u>354,301</u>	<u>361,043</u>	<u>287,271</u>

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

Te Aute College
Statement of Cash Flows
For the year ended 31 December 2017

		2017	2017	2016
	Note	Actual	Budget	Actual
		\$	(Unaudited)	\$
		\$	\$	\$
Cash Flows from Operating Activities				
Government Grants		668,044	701,382	797,342
Locally Raised Funds		306,922	(3,000)	99,740
Goods and Services Tax (net)		(6,095)	10,000	3,486
Payments to Employees		(323,539)	(333,370)	(379,207)
Payments to Suppliers		(554,040)	(296,400)	(398,105)
Interest Paid		(1,648)	(2,500)	(1,402)
Interest Received		1,383	2,000	16,665
Net Cash from/(to) the Operating Activities		91,027	78,112	138,519
Cash Flows from Investing Activities				
Proceeds from Sale of PPE (and Intangibles)		-	-	1,739
Purchase of PPE (and Intangibles)		(96,606)	(306,000)	(81,332)
Proceeds from Sale of Investments		-	(40,059)	-
Net Cash from/(to) the Investing Activities		(96,606)	(346,059)	(79,593)
Cash Flows from Financing Activities				
Finance Lease Payments		24,807	24,398	(25,832)
Funds Administered on Behalf of Third Parties		16,433	30,000	(27,260)
Net Cash from Financing Activities		41,240	54,398	(53,092)
Net Increase/(Decrease) in Cash and Cash Equivalents		35,662	(213,549)	5,833
Cash and Cash Equivalents at the Beginning of the Year	8	21,098	287,271	15,265
Cash and Cash Equivalents at the End of the Year	8	56,758	73,722	21,098

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

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

Te Aute College

Notes to the Financial Statements

1. Statement of Accounting Policies

For the year ended 31 December 2017

a) Reporting Entity

Te Aute 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 that the School is a public benefit entity for financial reporting purposes.

b) Basis of Preparation

Reporting Period

The financial reports have been prepared for the period 1 January 2017 to 31 December 2017 and in accordance with the requirements of the Public Finance Act 1989.

Basis of Preparation

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

Financial Reporting Standards Applied

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

PBE Accounting Standards Reduced Disclosure Regime

The School qualifies for Tier 2 as the school is not publicly accountable and is not considered large as it falls below the expenditure threshold of \$30 million per year.

Measurement Base

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

Presentation Currency

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

Specific Accounting Policies

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

Critical Accounting Estimates And Assumptions

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

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

Useful lives of property, plant and equipment

The School reviews the estimated useful lives of property, plant and equipment at the end of each reporting date. The School believes that the estimated useful lives of the property, plant and equipment as disclosed in the Significant Accounting Policies are appropriate to the nature of the property, plant and equipment at reporting date. Property, plant and equipment is disclosed at note 11.

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.

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.

Grants for the use of land and buildings are also 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 Proprietor. Use of land and building grants are recorded as income in the period the school uses the land and building.

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 Proprietor. The expense is based on an assumed market rental yield on the land and buildings as used for rating purposes. This is a non-cash expense that is offset by a non-cash grant from the Proprietor.

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 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) Property, Plant and Equipment

Land and buildings owned by the Proprietor 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 Proprietor are recorded at cost, less accumulated depreciation and impairment losses.

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

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

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

Leased Assets

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

Depreciation

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

The estimated useful lives of the assets are:

Furniture and Equipment	5–10 years
Information and Communication Technology	3–5 years
Textbooks	12.5% Diminishing value
Leased Assets Held Under a Finance Lease	5 years
Library resources	12.5% Diminishing value



k) 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 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. 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 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.

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

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

Non cash generating assets

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

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

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

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

m) Accounts Payable

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

n) Employee Entitlements

Short-term employee entitlements

Employee benefits that are due to be settled within 12 months after the end of the period in which the employee renders the related service are measured based on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to balance date, annual leave earned to but not yet taken at balance date.

o) Revenue Received in Advance

Revenue received in advance relates to fees received from student 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.

p) 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. The School holds sufficient funds to enable the funds to be used for their intended purpose at any time.

q) Provision for Cyclical Maintenance

The property from which the school operates is owned by the Proprietor. The Board is responsible for maintaining the land, building 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 provisions for cyclical maintenance represents the obligations the Board has to the Proprietor and is based on the Board's ten year property plan (10YPP).

r) 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.

s) 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.

t) Budget Figures

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

2. Government Grants

	2017	2017	2016
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Operational Grants	624,905	684,999	686,051
Teachers' Salaries Grants	1,062,663	1,062,662	884,762
Other MoE Grants	41,052	8,000	79,114
Other Government Grants	10,470	8,383	23,794
	<u>1,739,090</u>	<u>1,764,044</u>	<u>1,673,721</u>

3. Locally Raised Funds

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

	2017	2017	2016
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Revenue			
Donations	40,931	-	2,050
Fundraising	1,036	30,000	10,529
Transport Revenue	12,755	12,000	11,626
Trading	55,292	-	30,671
Activities	114,430	100,000	102,743
	<u>224,444</u>	<u>142,000</u>	<u>157,618</u>
Expenses			
Activities	87,027	81,000	78,942
Trading	61,117	-	31,549
	<u>148,144</u>	<u>81,000</u>	<u>110,491</u>
<i>Surplus for the year Locally Raised Funds</i>	<u>76,300</u>	<u>61,000</u>	<u>47,127</u>

Donations received include:

Eastern & Central Community Trust - \$25,000

4. Learning Resources

	2017	2017	2016
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Curricular	67,634	53,650	76,087
Equipment Repairs	763	-	3,723
Information and Communication Technology	21,791	30,300	29,211
Library Resources	-	500	-
Employee Benefits - Salaries	1,165,862	1,209,332	1,047,990
Staff Development	16,401	6,000	5,848
	<u>1,272,451</u>	<u>1,299,782</u>	<u>1,162,859</u>

5. Administration

	2017	2017	2016
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Audit Fee	9,040	9,040	8,960
Board of Trustees Fees	4,120	3,800	2,769
Board of Trustees Expenses	14,711	14,100	19,051
Communication	12,123	12,000	14,993
Consumables	30,241	32,000	36,198
Operating Lease	6,499	4,000	8,919
Other	8,346	17,250	8,295
Employee Benefits - Salaries	108,106	106,700	103,224
Insurance	808	-	1,049
Service Providers, Contractors and Consultancy	15,000	15,000	15,000
	<u>208,994</u>	<u>213,890</u>	<u>218,456</u>

6. Property

	2017	2017	2016
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Caretaking and Cleaning Consumables	7,520	6,800	9,235
Consultancy and Contract Services	5,745	200	2,434
Cyclical Maintenance Provision	8,484	3,000	5,809
Grounds	12,997	12,100	16,468
Heat, Light and Water	54,609	40,000	49,666
Rates	4,641	4,500	6,941
Repairs and Maintenance	9,373	30,000	22,688
Use of Land and Buildings	343,000	343,000	343,000
Security	-	500	-
Employee Benefits - Salaries	110,074	110,000	114,408
	<u>556,443</u>	<u>550,100</u>	<u>570,647</u>

The use of land and buildings figure represents 8% of the school's total property value, as used for rating purposes. This is used as a 'proxy' for the market rental yield on the value of land and buildings.

7. Depreciation of Property, Plant and Equipment

	2017	2017	2016
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Furniture and Equipment	38,263	24,000	33,939
Information and Communication Technology	4,628	5,000	2,039
Textbooks	321	400	367
Leased Assets	5,921	550	405
Library Resources	47	50	53
	<u>49,180</u>	<u>30,000</u>	<u>36,803</u>

8. Cash and Cash Equivalents

	2017	2017	2016
	Actual	Budget	Actual
	\$	(Unaudited)	\$
BNZ Operating Account	722	-	17,630
BNZ On Call Account	324	-	511
BNZ Property Reserve	31	-	31
BNZ 2018 Europe Tour	420	-	2,926
ASB Operating Account	28,229	50,000	-
ASB 2018 Europe Tour	14,319	20,000	-
ASB Local Account	12,713	3,722	-
Net Cash and Cash Equivalents and Bank Overdraft for Cash Flow Statement	<u>56,758</u>	<u>73,722</u>	<u>21,098</u>

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

9. Accounts Receivable

	2017	2017	2016
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Receivables	181,731	150,000	267,068
Accrued Income	-	-	-
Teacher Salaries Grant Receivable	58,269	50,000	51,973
	<u>240,000</u>	<u>200,000</u>	<u>319,041</u>
Receivables from Exchange Transactions	181,731	150,000	267,068
Receivables from Non-Exchange Transactions	58,269	50,000	51,973
	<u>240,000</u>	<u>200,000</u>	<u>319,041</u>

10. Inventories

	2017	2017	2016
	Actual	Budget	Actual
	\$	(Unaudited)	\$
School Uniforms	32,007	33,000	34,380
	<u>32,007</u>	<u>33,000</u>	<u>34,380</u>

11. Property, Plant and Equipment

	Opening Balance (NBV)	Additions	Disposals	Impairment	Depreciation	Total (NBV)
2017	\$	\$	\$	\$	\$	\$
Work in Progress	40,305	-	(40,305)	-	-	-
Furniture and Equipment	184,826	86,958	-	-	(38,263)	233,521
Information and Communication Technology	497	17,045	-	-	(4,628)	12,914
Textbooks	2,569	-	-	-	(321)	2,248
Leased Assets	2,541	29,993	-	-	(5,921)	26,613
Library Resources	373	-	-	-	(47)	326
Balance at 31 December 2017	231,111	133,996	(40,305)	-	(49,180)	275,622

	Cost or Valuation	Accumulated Depreciation	Net Book Value
2017	\$	\$	\$
Work in Progress	-	-	-
Furniture and Equipment	616,963	(383,444)	233,519
Information and Communication Technology	41,485	(28,571)	12,914
Textbooks	4,428	(2,180)	2,248
Leased Assets	27,945	(1,331)	26,614
Library Resources	63,982	(63,656)	326
Balance at 31 December 2017	754,803	(479,181)	275,622

	Opening Balance (NBV)	Additions	Disposals	Impairment	Depreciation	Total (NBV)
2016	\$	\$	\$	\$	\$	\$
Work in Progress	-	40,305	-	-	-	40,305
Furniture and Equipment	177,737	41,027	-	-	(33,939)	184,825
Information and Communication Technology	2,536	-	-	-	(2,039)	497
Textbooks	2,936	-	-	-	(367)	2,569
Leased Assets	-	2,947	-	-	(405)	2,542
Library Resources	426	-	-	-	(53)	373
Balance at 31 December 2016	183,635	84,279	-	-	(36,803)	231,111

	Cost or Valuation	Accumulated Depreciation	Net Book Value
2016	\$	\$	\$
Work in Progress	40,305	-	40,305
Furniture and Equipment	889,753	(704,927)	184,826
Information and Communication Technology	299,703	(299,206)	497
Textbooks	4,428	(1,859)	2,569
Leased Assets	30,860	(28,319)	2,541
Library Resources	64,713	(64,340)	373
Balance at 31 December 2016	1,329,762	(1,098,651)	231,111

12. Accounts Payable

	2017	2017	2016
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Operating Creditors	54,349	50,000	137,108
ASB Visa	1,732	-	-
Accruals	26,446	25,000	33,566
Employee Entitlements - Salaries	58,269	50,000	51,973
Employee Entitlements - Leave Accrual	29,140	30,000	31,300
	<u>169,935</u>	<u>155,000</u>	<u>253,947</u>
Payables for Exchange Transactions	169,935	155,000	253,947
Payables for Non-Exchange Transactions - Taxes Payable (PAYE and rates)	-	-	-
Payables for Non-Exchange Transactions - Other	-	-	-
	<u>169,935</u>	<u>155,000</u>	<u>253,947</u>

The carrying value of payables approximates their fair value.

13. Revenue Received in Advance

	2017	2017	2016
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Grants in Advance - Ministry of Education	-	-	8,383
Other	4,079	5,000	5,887
	<u>4,079</u>	<u>5,000</u>	<u>14,270</u>

14. Provision for Cyclical Maintenance

	2017	2017	2016
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Provision at the Start of the Year	45,176	45,176	39,367
Increase to the Provision During the Year	8,484	3,000	5,809
Adjustment to the Provision	-	-	-
Use of the Provision During the Year	(11,320)	(5,836)	-
Provision at the End of the Year	<u>42,340</u>	<u>42,340</u>	<u>45,176</u>
Cyclical Maintenance - Current	41,940	41,940	8,098
Cyclical Maintenance - Term	400	400	37,078
	<u>42,340</u>	<u>42,340</u>	<u>45,176</u>

15. Finance Lease Liability

The School has entered into a finance lease agreement for a van. Minimum lease payments payable:

	2017 Actual \$	2017 Budget (Unaudited) \$	2016 Actual \$
No Later than One Year	12,474	12,474	940
Later than One Year and No Later than Five Years	15,087	15,087	1,566
Later than Five Years	-	-	-
	<u>27,561</u>	<u>27,561</u>	<u>2,506</u>

16. Funds Held in Trust

	2017 Actual \$	2017 Budget (Unaudited) \$	2016 Actual \$
Funds Held in Trust on Behalf of Third Parties - Current	47,609	30,000	31,176
Funds Held in Trust on Behalf of Third Parties - Non-current	-	-	-
	<u>47,609</u>	<u>30,000</u>	<u>31,176</u>

These funds are held in trust for student scholarships and a 2018 Rugby Tour to Europe.

17. Related Party Transactions

The Principal, Shane Hiha is one of the key management personnel of the school. He is provided with a schoolhouse for which the school pays the market rental and is charged fringe benefit tax. Rent paid by the school in 2017 was \$8,498 with FBT paid.

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.

The Proprietor of the School, the Te Aute Trust Board, is a related party of the Board because the proprietor appoints representatives to the Board, giving the proprietor significant influence over the Board. Any services or contributions between the Board and Proprietor that are material transactions that have occurred has been disclosed appropriately.

The Proprietor provides land and buildings free of charge for use by the Board as noted in Note 1(c). The estimated value of this use during 2017 is included in the Statement of Comprehensive Revenue and Expense as "Use of land and buildings".

Related Party Financial Transactions

Te Aute College Hostel

During 2017, Te Aute College received the following funding on behalf of the hostel:

Mapihi Ponamu and Boarding Bursaries \$603,098 (2016: \$587,285), at balance date nil was payable to the Hostel (2016: \$1,363).

Hostel fees paid to the school \$11,474 (2016: \$2,972), at balance date nil was payable to the Hostel (2016: nil).

Hire of Facility Fees \$4,348 (2016: \$nil), at balance date nil was payable to the Hostel (2016: \$2,718).

During 2017, Te Aute College received scholarship funding from Auckland Private Education Charitable Trust on behalf of students. A portion of the scholarship was allocated towards the students hostel fees as follows:

APECT scholarships transferred to hostel fees: \$3,092 (2016: nil), at balance date nil (2016: nil) was payable to the hostel.

During 2017, Te Aute College received scholarship funding from H & W Williams on behalf of students. A portion of the scholarship was allocated towards the students hostel fees as follows:

H & W scholarships transferred to hostel fees: \$57,521 (2016: nil), at balance date \$35,521 (2016: nil) was payable to the hostel.

During 2017 the school made payments totalling \$71,300 (2016: \$70,850) on behalf of the hostel. This comprises:

The hostel's share of grounds costs \$57,500 (2016: \$57,500), at balance date \$106,326 (2016: \$206,699) was still payable.

The hostel's share of vehicle costs \$13,800 (2016: \$13,350), at balance date \$27,150 (2016: \$27,150) was still payable.

During 2017 the hostel made payments for electricity totalling \$44,640 incl (2016: \$42,990) on behalf of the school, at balance date \$1,838 (2016: \$87,921) was payable to the Hostel.

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.

	2017 Actual \$	2016 Actual \$
<i>Board Members</i>		
Remuneration	4,120	2,769
Full-time equivalent members	0.08	0.09
<i>Leadership Team</i>		
Remuneration	326,518	309,694
Full-Time Equivalent Members	3.00	3.00
Total Key Management Personnel Remuneration	330,638	312,463
Total Full-Time Equivalent Personnel	3.08	3.09

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

Principal

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

	2017 Actual \$000	2016 Actual \$000
Salaries and Other Short-term Employee Benefits:		
Salary and Other Payments	120 - 130	110 - 120
Benefits and Other Emoluments	3 - 4	3 - 4
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
110 - 120	-	-
100 - 110	1	1
	<u>1</u>	<u>1</u>

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 a trustee, committee member, or employee during the financial year in relation to that cessation and number of persons to whom all or part of that total was payable was as follows:

	2017 Actual	2016 Actual
Total	\$0	\$0
Number of People	-	-

20. Contingencies

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

There is a contingent asset for a possible cash repayment from the Ministry of Education for under spending the School's banking staffing entitlement during 2017. The Ministry has yet to decide how much it will pay to the School. We cannot reliably measure the cash repayment at the date of signing these financial statements, but is unlikely to be the full value of the \$6,816, which was the banking staffing underspend at 31 December 2017. We will record the amount we receive as income in the 2018 financial year.

21. Commitments

(a) Operating Commitments

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

(a) operating lease of photocopiers and computers;

	2017 Actual \$	2016 Actual \$
No Later than One Year	4,246	13,425
Later than One Year and No Later than Five Years	-	4,246
Later than Five Years	-	-
	<u>4,246</u>	<u>17,671</u>

22. Managing Capital

The School's capital is its equity and comprises of 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

	2017 Actual \$	2017 Budget (Unaudited) \$	2016 Actual \$
Cash and Cash Equivalents	56,758	73,722	21,098
Receivables	240,000	200,000	319,041
Total Loans and Receivables	<u>296,758</u>	<u>273,722</u>	<u>340,138</u>

Financial Liabilities Measured at Amortised Cost

Payables	169,935	155,000	253,947
Finance Leases	24,398	24,398	2,506
Total Financial Liabilities Measured at Amortised Cost	<u>194,333</u>	<u>179,398</u>	<u>256,453</u>

24. Equitable Leasehold Interest

An equitable leasehold interest recognises an interest in an asset without transferring ownership or creating a charge over the asset. This equitable leasehold interest represents the board's interest in capital works assets owned by the proprietor but paid for in whole or in part by the Board of Trustees, either from Government funding or from community raised funds.

A lease between the board and the proprietor records the terms of the equitable leasehold interest and includes a detailed schedule of capital works assets. The equitable leasehold interest is amortised over 20 years based on the economic life of the capital works asset's involved. The interest may be realised on the sale of the capital works by the proprietor or the closure of the school.

The major capital works assets included in the equitable leasehold interest are:

	2017 Actual \$	2017 Budget \$	2016 Actual \$
Building Improvements	40,059	40,059	43,036
Total	<u>40,059</u>	<u>40,059</u>	<u>43,036</u>

25. Events After Balance Date

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



INDEPENDENT AUDITOR'S REPORT

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

The Auditor-General is the auditor of Te Aute College (the School). The Auditor-General has appointed me, Maxwell John Dixon, using the staff and resources of PricewaterhouseCoopers, 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 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 Public Benefit Entity Standards Reduced Disclosure Regime issued in New Zealand (PBE Standards RDR).

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

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

Basis for our opinion

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

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

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



Responsibilities of the Board of Trustees for the financial statements

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

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

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

Responsibilities of the auditor for the audit of the financial statements

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

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

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

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

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

- We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Trustees.



- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Trustees and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the School's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the School to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We assess the risk of material misstatement arising from the Novopay payroll system, which may still contain errors. As a result, we carried out procedures to minimise the risk of material errors arising from the system that, in our judgement, would likely influence readers' overall understanding of the financial statements.

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

Our responsibilities arise from the Public Audit Act 2001.

Other information

The Board of Trustees is responsible for the other information. The other information comprises the information included within the Analysis of Variance Reporting, the Kiwisport Report, and the Members of the Board of Trustees 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.

A handwritten signature in blue ink, appearing to read 'M. John Dixon', is written in a cursive style.

Maxwell John Dixon
PricewaterhouseCoopers
On behalf of the Auditor-General
Napier, New Zealand

Te Aute College

Members of the Board of Trustees

For the year ended 31 December 2017

Name	Position	How position on Board gained	Term expired/ expires
S Hiha	Principal	Appointed	
J Graham	Chairperson	Elected	Sept 2018
K Nuku	Trustee	Elected	Sept 2018
M Graham	Trustee	Elected	Sept 2018
R Hoerara	Trustee	Elected	Sept 2018
D Peeti	Parent Rep	Elected	Sept 2018
J Coddington	Staff Rep	Elected	Sept 2018
U Hoerara	Student Rep	Elected	Sept 2017
W Wilkie	Parent Rep	Elected	May 2019
M Hokianga	Student Rep	Elected	Sept 2018

Te Aute College

Kiwisport Report

For the year ended 31 December 2017

During the year the Board was the recipient of additional Government funding for specific purposes:

Kiwisport is a Government funded initiative to support students' participation in organised sport. In 2017 the school received total Kiwisport funding of \$2,109 (excluding GST). The funding was spent on students attending sporting events.

<p>School name: Te Aute College</p>	<p>School number: 232</p>
<p>Focus:</p> <p>Te Aute College exemplifies a school designed to meet the challenges of a changing world. It marks the chosen site of a creative village, an experimental marae community college in Māori education, of a sacred place given to God.</p> <p>Te Aute College, an educational institution from which will be sent our young men, academically qualified, strong in knowledge and practice of Māoritanga, with an insight into the Christian conception of being an influence for good among their fellows during their lifetime...</p>	
<p>Strategic Aim:</p> <ul style="list-style-type: none"> • Quality student outcomes 	
<p>Annual Aim:</p> <ul style="list-style-type: none"> • Raise literacy and numeracy achievement in the junior school • Raise achievement in NCEA 	
<p>Target:</p> <ul style="list-style-type: none"> • By the end of the year the average Literacy and Numeracy Easttle results for Year 9 and 10 students will improve by three Easttle steps (eg. From 3p to 4p) • 20% of Level 2 NCEA students will receive Merit or Excellence endorsement • To reduce the gap between roll based and participation based data at each NCEA Level to less than 20% 	



Tataritanga raraunga

Baseline data:

- In February 2017 Easttle reading data was collected for Y9 and 10 students. Year 9 the average Easttle level = 3P and Year 10 = 4B
- In February 2017 Easttle mathematics data was collected for Y9 and 10 students. Year 9 the average Easttle level = 2A and Year 10 = 3B
- NCEA 2016 results

	TAC NCEA Pass 2016	Combined Merit and Excellence Endorsement 2016	Target Merit/Excellence for 2017	Gap between Roll and Participation based data	Target Gap for 2017
Level 1	100%	38.5%	20%	35%	20%
Level 2	100%	0	20%	35.3%	20%
Level 3	90%	40%	20%	37.1%	20%



MINISTRY OF EDUCATION

Te Kaitiaki Take Kōwhiri
Ministry of Education

Tātaritanga raraunga

Actions (what did we do?)	Outcomes (what happened?)	Reasons for the variance (why did it happen?)	Evaluation (where to next?)
<ul style="list-style-type: none"> • Targeted programmes for individual students based on their learning needs • Teachers participated in PD programme Poutama Pounamu. <ul style="list-style-type: none"> ○ Analysed 2016 NCEA data ○ Targeted PD based on analysis ○ Regularly review of student progress • Teachers focussed on ensuring boys could pass NCEA internally then encouraged boys to sit externals 	<ul style="list-style-type: none"> • Year 9 gained 2 Easttle levels in Literacy (3P-4B) in 2017 and 2 levels in Numeracy (2A-3P) • Year 10 gained 1 Easttle levels in Literacy (4B-4P) and 1 level in Numeracy (3B-3P). • NCEA results were excellent with Level 1 = 88% Level 2 = 100% Level 3 = 100% • Combined Merit/Excellence Endorsements differed over the 3 levels Level 1 = 40.9% Level 2 = 18.2% Level 3 = 0% We exceeded our target for Level 1 by 20.9%, Level 2 was 1.8% below target and Level 3 was 20% below target. • The gap between Participation and roll based data for 2017 was better than our target for Level 1 however did not meet our target of 20% for Level 2 and 3. 	<ul style="list-style-type: none"> • For Year 9's, direct Acts of teaching for targeted individuals, individual learning programmes for all, whānau based classes provided an environment conducive to learning. • Year 10 made progress in Numeracy and Literacy through focussing on skills that are required for Level 1 NCEA • In some cases Teaching and Learning not specific enough for some individual needs • Culture of seeking merit and excellence is evident in Year 11 and 12 but boys in Year 13 were Vocational Pathway focussed and 	<ul style="list-style-type: none"> • Continue to gather data from more points; Easttle, Probe, Knowledge Tests, classwork, exemplars, Big Picture literacy elements – ILPs, Reflective logs, Exhibitions including oral and written evidence, and narratives • Ongoing PD for staff to better develop the links between project learning and the NZC achievement objectives for each learning area • Continue to develop strong learning relationships through “Cultural Responsive and Relational Pedagogy” as part of the Poutama Pounamu PLD • Work closely with TATB to identify boys at risk of losing their place in hostel due to non-fee payment so strategies to support whānau can be investigated

	<p>Level 1 = 12.1% Level 2 = 31.2% Level 3 = 36%</p> <ul style="list-style-type: none"> The gap between Participation and Roll based data has improved for Level 1 from 35% to 12.1% Level 2 from 35.3% to 31.2% however has gone from 37.1% to 40% for Level 3 	<p>earned a substantial number of their level 3 credits through the Trades Academy at EIT.</p> <ul style="list-style-type: none"> Our gap between Participation and Roll based data can be attributed to some key factors; <ul style="list-style-type: none"> Boys left because they could not pay hostel fees Boys had been out of NZ Education for more than a term before they came to Te Aute Boys were excluded because of their behaviour 	<ul style="list-style-type: none"> Continue to support boys new to NCEA by developing individual programmes for them. Some programmes may involve; <ul style="list-style-type: none"> Two years to pass NCEA Level 2 Using functional literacy standards Vocational Pathways at Trades Academy Continue strengthening restorative practice and whānau engagement so our retention rates increase
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Planning for 2018:

- Strengthen links between Special Character and vocational pathways
- PLD for staff –
 - Poutama Pounamu
 - Evidence based inquiry
 - Culturally Responsive Pedagogy of Relations
 - Further develop connections with whānau, hapū and iwi
 - Strengthening Literacy, Numeracy and Te Reo Māori facilitation skills across all staff
 - Empowering teachers and students in Restorative Practice
- Appraisal System –
 - Use Individual Learning Plans in Teacher Inquiry
 - Individual teachers develop portfolio of evidence
- Regular self-review for all activities school involved in
 - Base decisions on evidence