

INDEPENDENT AUDITOR'S REPORT**TO THE READERS OF BUCKLANDS BEACH PRIMARY SCHOOL'S
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

The Auditor-General is the auditor of Bucklands Beach Primary School (the School). The Auditor-General has appointed me, Kurt Sherlock, using the staff and resources of Crowe Horwath New Zealand Audit Partnership, to carry out the audit of the financial statements of the School on his behalf.

Opinion

We have audited the financial statements of the School on pages 2 to 20, that comprise the statement of financial position as at 31 December 2017, the statement of comprehensive revenue and 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 Sector Public Benefit Entity Standards, Reduced Disclosure Regime.

Our audit was completed on 31 May 2018. This is the date at which our opinion is expressed.

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

Basis for our opinion

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

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

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

Responsibilities of the Board of Trustees for the financial statements

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

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

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

Responsibilities of the auditor for the audit of the financial statements

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

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

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

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

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

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

a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the School to cease to continue as a going concern.

- We evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We assess the risk of material misstatement arising from the Novopay payroll system, which may still contain errors. As a result, we carried out procedures to minimise the risk of material errors arising from the system that, in our judgement, would likely influence readers' overall understanding of the financial statements.

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

Our responsibilities arises from the Public Audit Act 2001.

Other information

The Board of Trustees are responsible for the other information. The other information obtained at the date of our report is the Analysis of Variance Report, Principal's Annual Review and Kiwisport Report attached to the financial statements, 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.



Kurt Sherlock

Crowe Horwath New Zealand Audit Partnership

On behalf of the Auditor-General

Auckland, New Zealand

BUCKLANDS BEACH PRIMARY SCHOOL

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

School Address: 107 Clovelly Road, Bucklands Beach, Auckland 2012

School Postal Address: 107 Clovelly Road, Bucklands Beach, Auckland 2012

School Phone: 09 534 6543

Ministry Number: 1241

BUCKLANDS BEACH PRIMARY SCHOOL

Financial Statements - For the year ended 31 December 2017

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Bucklands Beach Primary School

Statement of Responsibility

For the year ended 31 December 2017

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

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

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

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

Kieran Turner - Board Chairperson

Theodora Despotaki - Acting Board Chairperson

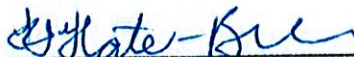


Signature of Board Chairperson

Date:

30/5/18

Kelly Slater-Brown - Principal



Signature of Principal

Date:

30/5/18

Buckland's Beach Primary School

Statement of Comprehensive Revenue and Expense

For the year ended 31 December 2017

	Notes	2017 Actual \$	2017 Budget (Unaudited) \$	2016 Actual \$
Revenue				
Government Grants	2	3,765,114	3,245,040	3,330,865
Locally Raised Funds	3	259,408	247,184	313,032
Interest Earned		42,319	25,000	37,823
International Students	4	56,917	58,000	88,156
		<u>4,123,758</u>	<u>3,575,224</u>	<u>3,769,876</u>
Expenses				
Locally Raised Funds	3	65,476	62,008	84,463
International Students	4	5,161	7,835	15,150
Learning Resources	5	2,295,951	2,075,284	1,962,484
Administration	6	193,387	234,652	170,045
Finance		1,944	8,500	25,835
Property	7	1,474,639	1,188,379	1,211,946
Depreciation	8	132,814	99,996	133,619
Loss on Disposal of Property, Plant and Equipment		3,064	-	-
		<u>4,172,436</u>	<u>3,676,654</u>	<u>3,603,542</u>
Net Surplus / (Deficit) for the year		(48,678)	(101,430)	166,334
Other Comprehensive Revenue and Expenses		-	-	-
Total Comprehensive Revenue and Expense for the Year		<u>(48,678)</u>	<u>(101,430)</u>	<u>166,334</u>

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



Buckland's Beach Primary School
Statement of Changes in Net Assets/Equity
For the year ended 31 December 2017

	Actual 2017 \$	Budget (Unaudited) 2017 \$	Actual 2016 \$
Balance at 1 January	<u>2,287,727</u>	<u>2,287,727</u>	<u>2,114,999</u>
Total comprehensive revenue and expense for the year	(48,678)	(101,430)	166,334
Capital Contributions from the Ministry of Education Contribution - Furniture and Equipment Grant	13,749	-	6,394
Equity at 31 December	<u>2,252,798</u>	<u>2,186,297</u>	<u>2,287,727</u>
Retained Earnings	2,252,798	2,186,297	2,287,727
Equity at 31 December	<u>2,252,798</u>	<u>2,186,297</u>	<u>2,287,727</u>

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



Bucklands Beach Primary School
Statement of Financial Position
As at 31 December 2017

	Notes	2017 Actual \$	2017 Budget (Unaudited) \$	2016 Actual \$
Current Assets				
Cash and Cash Equivalents	9	47,485	253,584	203,065
Accounts Receivable	10	121,410	103,000	99,382
GST Receivable		29,250	5,000	5,164
Prepayments		7,700	6,000	6,100
Investments	11	973,707	850,000	1,078,488
		<u>1,179,552</u>	<u>1,217,584</u>	<u>1,392,199</u>
Current Liabilities				
Accounts Payable	13	141,213	131,800	131,633
Revenue Received in Advance	14	6,790	18,000	30,666
Provision for Cyclical Maintenance	15	-	10,111	18,328
Finance Lease Liability - Current Portion	16	26,305	11,000	10,744
Funds held for Capital Works Projects	17	14,258	-	50,220
		<u>188,566</u>	<u>170,911</u>	<u>241,591</u>
Working Capital Surplus/(Deficit)		990,986	1,046,673	1,150,608
Non-current Assets				
Property, Plant and Equipment	12	1,385,367	1,239,738	1,218,695
		<u>1,385,367</u>	<u>1,239,738</u>	<u>1,218,695</u>
Non-current Liabilities				
Provision for Cyclical Maintenance	15	101,244	88,114	70,366
Finance Lease Liability	16	22,311	12,000	11,210
		<u>123,555</u>	<u>100,114</u>	<u>81,576</u>
Net Assets		<u>2,252,798</u>	<u>2,186,297</u>	<u>2,287,727</u>
Equity		<u>2,252,798</u>	<u>2,186,297</u>	<u>2,287,727</u>

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



Bucklands Beach Primary School
Statement of Cash Flows
For the year ended 31 December 2017

	Note	2017 Actual \$	2017 Budget (Unaudited) \$	2016 Actual \$
Cash flows from Operating Activities				
Government Grants		694,677	749,582	623,847
Locally Raised Funds		237,834	232,126	318,755
International Students		45,389	56,472	76,058
Goods and Services Tax (net)		(25,878)	-	16,730
Payments to Employees		(485,568)	(384,995)	(280,112)
Payments to Suppliers		(463,838)	(669,707)	(475,486)
Cyclical Maintenance Payments in the year		(798)	(469)	-
Interest Paid		(1,944)	(8,500)	(25,835)
Interest Received		39,659	24,129	36,536
Net cash from/(to) the Operating Activities		39,533	(1,362)	290,493
Cash flows from Investing Activities				
Proceeds from Sale of PPE (and Intangibles)		-	47,672	21,002
Purchase of PPE (and Intangibles)		(263,488)	(113,711)	(230,744)
Purchase of Investments		-	-	(33,001)
Proceeds from Sale of Investments		104,781	228,488	-
Net cash from / (to) the Investing Activities		(158,707)	162,449	(242,743)
Cash flows from Financing Activities				
Furniture and Equipment Grant		11,956	(6,394)	6,394
Finance Lease Payments		(12,400)	(53,954)	(28,559)
Funds Held for Capital Works Projects		(35,962)	(50,220)	59,752
Net cash from/ (to) Financing Activities		(36,406)	(110,568)	37,587
Net increase/(decrease) in cash and cash equivalents		(155,580)	50,519	85,337
Cash and cash equivalents at the beginning of the year	9	203,065	203,065	117,728
Cash and cash equivalents at the end of the year	9	47,485	253,584	203,065

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

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



Bucklands Beach Primary School

Notes to the Financial Statements

1. Statement of Accounting Policies

For the year ended 31 December 2017

a) Reporting Entity

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

b) Basis of Preparation

Reporting Period

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

Basis of Preparation

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

Financial Reporting Standards Applied

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

PBE Accounting Standards Reduced Disclosure Regime

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

Measurement Base

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

Presentation Currency

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

Specific Accounting Policies

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

Critical Accounting Estimates And Assumptions

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

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



Useful lives of property, plant and equipment

The School reviews the estimated useful lives of property, plant and equipment at the end of each reporting date. The School believes that the estimated useful lives of the property, plant and equipment as disclosed in the Significant Accounting Policies are appropriate to the nature of the property, plant and equipment at reporting date. Property, plant and equipment is disclosed at note 14.

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 21.

Recognition of grants

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

c) Revenue Recognition

Government Grants

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

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

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

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

Other Grants

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

Donations, Gifts and Bequests

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

Interest Revenue

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

d) Use of Land and Buildings Expense

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

e) Operating Lease Payments

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