

Titahi Bay School  
Financial Statements  
For the year ended 31 December 2013

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Titahi Bay School  
Statement of Responsibility  
For the year ended 31 December 2013

The Board of Trustees (the Board) of Titahi Bay School (the School) accepts responsibility for the preparation of the annual financial statements and the judgements used in these statements.

The management (including the principal and others as directed by the Board) accepts responsibility for establishing and maintaining a system of internal control 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 fairly reflect the financial position and operations of the school.

During the 2012 year the Ministry of Education introduced a new payroll system, Novopay, which has resulted in many errors. To the best of our knowledge, all material matters are properly reflected in the financial statements.

The school's 2013 financial statements are authorised for issue by the Board Chairperson and Principal.

  
\_\_\_\_\_  
Chairperson

  
\_\_\_\_\_  
Principal

Dated 14, 2014

Titahi Bay School  
Statement of Comprehensive Income  
For the year ended 31 December 2013

	Notes	2013 Actual	2013 Budget	2012 Actual
<b>Income</b>				
Government Grants	2	1,150,618	998,811	2,586,721
Investment income		19,587	18,000	26,774
Local funds	3	121,289	30,500	50,975
		-----	-----	-----
		1,291,494	1,047,311	2,664,470
 <b>Expenditure</b>				
Learning resources	4	381,986	263,450	1,863,383
Administration	5	127,398	129,300	107,237
Property maintenance	6	636,450	614,518	494,436
Local Funds	3	37,054	0	23,688
Depreciation	10	66,685	60,000	57,593
Finance costs		0	0	437
Loss on asset disposal		180	0	4,042
		-----	-----	-----
		1,249,753	1,067,268	2,550,816
		-----	-----	-----
Net surplus (deficit) and total comprehensive income		41,741	(19,957)	113,654
		=====	=====	=====

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Titahi Bay School  
Statement of Changes in Equity  
For the year ended 31 December 2013

	2013 Actual	2013 Budget	2012 Actual
Equity at the start of the period	887,754	887,754	754,600
Net surplus (deficit) and total comprehensive income	41,741	(19,957)	113,654
Furniture Grant	21,561	0	19,500
Equity at end of the period	951,056	867,797	887,754

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

Titahi Bay School  
Statement of Financial Position  
As at 31 December 2013

	Notes	2013 Actual	2013 Budget	2012 Actual
<b>Total Equity</b>		<u>951,056</u>	<u>867,797</u>	<u>887,754</u>
<b>Current Assets</b>				
Cash and Cash Equivalents		44,864	62,066	44,023
Investments		417,550	572,900	572,900
Accounts Receivable	7	4,440	131,962	131,962
Funds Owed for Capital Works Projects	11	23,235	0	0
Prepayments		148	0	0
GST Receivable		14,462	16,093	16,093
Inventories		887	780	780
		<u>505,586</u>	<u>783,801</u>	<u>765,758</u>
<b>Current Liabilities</b>				
Accounts Payable	8	30,302	150,935	150,935
Funds held for Third Parties	12	3,960	10,000	10,000
		<u>34,262</u>	<u>160,935</u>	<u>160,935</u>
<b>Working Capital</b>		471,324	622,866	604,823
<b>Non Current Assets</b>				
Property, Plant and Equipment	10	553,232	303,931	341,931
		<u>553,232</u>	<u>303,931</u>	<u>341,931</u>
<b>Non Current Liabilities</b>				
Cyclical Maintenance Provision	9	73,500	59,000	59,000
		<u>73,500</u>	<u>59,000</u>	<u>59,000</u>
<b>Net Assets</b>		<u>951,056</u>	<u>867,797</u>	<u>887,754</u>

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

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Titahi Bay School  
Notes to the Financial Statements  
For the year ended 31 December 2013

**1. Statement of Significant Accounting Policies**

**a) Reporting Entity**

Titahi Bay 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 is of the view the School is a public benefit entity for financial reporting purposes.

**b) Basis of Preparation**

**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 New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) as appropriate to public benefit entities that qualify for differential reporting.

**Differential reporting**

The School qualifies for differential reporting exemptions because it is not publicly accountable as defined in the Framework for Differential Reporting (the Framework) and it is not large. Many of the reporting exemptions available under the Framework have been applied.

**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.

**Specific accounting policies**

The accounting policies used in the preparation of these financial statements are set out below. The policies have been consistently applied to all years presented.

**c) Income Recognition**

**Government grants**

Operational grants are recorded as income as received. Teachers' salaries grants are not received in cash by the school but are paid directly to teachers by the Ministry of Education (the Ministry). They are recorded as income in the salary period they relate to. Other grants are recorded as income as received 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 income 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 Crown. Use of land and building grants are recorded as income in the period the school uses the land and buildings.

## **Donations**

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

## **Interest income**

Interest income on cash and cash equivalents and investments is recorded as income 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 received from the Ministry.

## **e) Operating Lease Payments**

Payments made under operating leases are recognised in the Statement of Comprehensive Income 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 represents 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. They are initially recorded at fair value and subsequently recorded at the amount the School realistically expects to receive. A provision for impairment of Accounts Receivable is established where there is objective evidence the School will not be able to collect all amounts due according to the original terms of the debt.

## **i) Inventories**

Inventories are consumable items held for sale. 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. The write down from cost to net realisable value is recorded as an expense in the Statement of Comprehensive Income in the period of the write down.

## **j) Investments**

Investments are held with registered trading banks and are classified as current assets if they have maturities of between three months and one year. Those with maturities greater than 12 months after the balance date are classified as non-current assets.

After initial recognition investments are measured at amortised cost using the effective interest method less impairment. At balance date the School assesses whether there is any objective evidence that an investment is impaired. Any impairment loss is recorded as an expense in the Statement of Comprehensive Income.

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 \$250 are not capitalised, they are recognised as an expense in the Statement of Comprehensive Income.

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 Income.

### 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. The leased assets and corresponding liability are recognised in the Statement of Financial Position and leased assets are depreciated over the period the School is expected to benefit from their use or over the term of the lease.

### Depreciation

Property, plant and equipment are depreciated over their estimated useful lives on a straight line basis. Depreciation of all assets is reported in the Statement of Comprehensive Income.

The estimated useful lives of the assets are:

Equipment, Computers	5 years
Furniture, Fittings	10 years
Library Books	8 years
Leasehold Improvements	20 years
Leased assets are depreciated over the life of the lease.	

## l) Accounts Payable

Accounts Payable represent 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.



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#### **m) Employee Entitlements**

##### **Salary Accruals**

Salary accruals mainly reflect annual leave owing to teachers and ancillary staff and are recognised in respect of employees' services to balance date and are measured at the amounts expected to be paid when the liabilities are settled. There is a corresponding teacher's salaries grant receivable from the Ministry to fund the liability.

##### **Leave Accruals**

No provision is required to be recognised for sick leave for any teachers, irrespective of whether a School is above its teaching entitlement, as in practice most teachers' sick leave is grant funded by the Ministry. For non-teaching staff, the school is required to report a liability in dollar terms for the relevant leave types, where this information is readily available. Any liability is reported in the school's Current Accounts Payable note to the Financial Statements.

#### **n) Income Received in Advance**

Income received in advance relates to money that has been received by the School for services it has yet to provide. The money will be shown as income as the obligations are fulfilled.

#### **o) Shared funds**

Where shared funds are held on behalf of third parties, these funds are recognised as a liability until they are used for their intended purpose. The School holds sufficient funds to enable these funds to be used for their intended purpose.

#### **p) 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 School, 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.

#### **q) Financial Assets and Liabilities**

The School's financial assets comprise cash and cash equivalents, accounts 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 painting contract liability (if applicable). All of these financial liabilities are categorised as 'financial liabilities measured at amortised cost' for accounting purposes in accordance with financial reporting standards.

#### **r) 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.

#### **s) Budget figures**

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

	2013 Actual	2013 Budget	2012 Actual	
<b>2 Government Grants</b>				
Operational grants	585,163	504,493	505,492	
Other government grants	136,137	65,000	127,863	
Teachers salaries grant	0	0	1,615,571	
Use of land and buildings grant	429,318	429,318	337,795	
	<u>1,150,618</u>	<u>998,811</u>	<u>2,586,721</u>	
	2013 Income	2013 Expenditure	2012 Income	2012 Expenditure
<b>3 Local Funds</b>				
Trading	4,180	3,378	9,331	7,745
Fundraising	65,998	1,390	15,445	3,062
Activities	51,111	32,286	26,199	12,881
	<u>121,289</u>	<u>37,054</u>	<u>50,975</u>	<u>23,688</u>
<b>4 Learning Resources</b>				
Professional Development	33,117	27,950	28,526	
Library	26,041	26,500	22,569	
Teaching Resources	118,622	99,500	88,584	
Personnel	204,206	109,500	1,723,704	
	<u>381,986</u>	<u>263,450</u>	<u>1,863,383</u>	
<b>5 Administration</b>				
Communication Expenses	6,589	7,000	6,406	
Board Of Trustee Expenses	18,132	13,200	8,749	
Audit Costs	5,222	6,000	5,418	
Consumables	8,054	8,500	5,157	
Staff Expenses	62,560	70,300	60,573	
General	26,841	24,300	20,934	
	<u>127,398</u>	<u>129,300</u>	<u>107,237</u>	
<b>6 Property Maintenance</b>				
Cleaning & Sanitation	112,884	91,200	74,864	
Energy	22,491	19,000	17,907	
Rates	1,532	2,500	1,958	
Grounds	13,963	13,500	9,894	
Repairs & Maintenance	41,762	44,000	37,518	
Use of Land and Buildings	429,318	429,318	337,795	
Cyclical Maintenance	14,500	15,000	14,500	
	<u>636,450</u>	<u>614,518</u>	<u>494,436</u>	

The use of land and buildings figure represents 8% of the school's total property value. Property values are established as part of the nation-wide revaluation exercise that is conducted every 30 June for the Ministry of Education year-end reporting purposes. Following consultation, certain changes to the revaluation methodology were adopted as part of the 30 June 2012 revaluation exercise. These changes improved the previous revaluation methodology, and have resulted in an improvement to the quality of calculations. These improvements will be carried forward into future revaluations.

	2013 Actual	2012 Actual
<b>7 Accounts Receivable</b>		
Debtors	4,440	11,256
Teachers Salary Accrual	0	120,706
	<u>4,440</u>	<u>131,962</u>

<b>8 Accounts Payable</b>		
Creditors	30,302	30,229
Teachers salaries accrual	0	120,706
	<u>30,302</u>	<u>150,935</u>

The banking staffing period has been extended by the Government from one year to two years. As 31 December 2012 is only half-way through the balancing period, there is no recognition of banking staffing assets or liabilities for 2012.

### 9 Provision for Cyclical Maintenance

Provision at the start of the year	59,000	44,500
Increase in the provision during the year	14,500	14,500
	<u>73,500</u>	<u>59,000</u>

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligations at the balance sheet date. Present obligations are identified in the school's current 10-year property plan. The provision has not been adjusted for inflation and the effect of the time value of money.

### 10 Property, Plant and Equipment

	31 December 2013				31 December 2012			
	Cost/ Value	Accum Depn	Book Value	2013 Depn	Cost/ Value	Accum Depn	Book Value	2012 Depn
Equipment, Computers	358,344	222,908	135,436	33,009	264,323	195,695	68,628	26,111
Furniture, Fittings	326,962	100,256	226,706	15,484	164,166	96,424	67,742	10,000
Library Books	44,352	31,354	12,998	3,617	40,632	27,738	12,894	4,030
Leasehold Improvements	348,716	170,624	178,092	14,575	348,716	156,049	192,667	17,436
Leased Assets	0	0	0	0	0	0	0	0
	<u>1,078,374</u>	<u>525,142</u>	<u>553,232</u>	<u>66,685</u>	<u>817,837</u>	<u>475,906</u>	<u>341,931</u>	<u>57,593</u>

<b>Net book value reconciliation</b>	<b>2013</b>	<b>2012</b>
Net book value at start of year	341,931	362,388
Less: Disposals at book value	(180)	(16,179)
Less: Depreciation charge for the year	(66,685)	(57,593)
Add: Asset acquisition at cost	278,166	53,315
	<u>553,232</u>	<u>341,931</u>

## 11 Funds owed (held) for Capital Works Projects

	2011 Balance	2012 Income	2012 Expenditure	2012 Balance	2013 Income	2013 Expenditure	2013 Balance
Classroom Refurbishment	(929)	0	929	0	0	0	0
School M'Ment Systems Funding	(1,081)	0	1,081	0	0	0	0
Relocatable Classrooms	0	270,002	270,002	0	0	19,685	19,685
Special Needs Upgrade	0	79,451	79,451	0	5,374	8,510	3,136
Special Needs Mod - Fencing & G	0	0	0	0	30,542	30,542	0
Roll Growth Classroom 19	0	0	0	0	122,020	122,434	414
	(2,010)	349,453	351,463	0	157,936	181,171	23,235

## 12 Funds held for Third Parties

	2011 Balance	2012 Income	2012 Expenditure	2012 Balance	2013 Income	2013 Expenditure	2013 Balance
Positive Behaviour For Learning	0	10,000	0	10,000	10,000	16,040	3,960
	0	10,000	0	10,000	10,000	16,040	3,960

## 13 Commitments

	2013 Actual	2012 Actual
(a) Operating Commitments		

The School has the following obligations for non-cancellable leases at balance date:

No later than one year	4,496	6,238
Later than one year and no later than five years	919	4,568
	5,415	10,806

### (b) Capital Commitments

There are no capital commitments. (2012 Nil)

## 14 Contingencies

The school has a pay-per-copy contract with Fuji Xerox New Zealand Limited for the supply and servicing of photocopiers. The term of the contract is 60 months from 19 April 2012. If the school defaults on the contract, the liability would be \$1284 per month remaining on the contract. (2011 Nil).

## 15 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.

## 16 Remuneration

### Board of Trustee and Committee members

The total value of the remuneration paid or payable to trustees of the Board and Committee members was as follows:

	2013 Actual	2012 Actual
Board of Trustees	4,935	3,695
Committee members	0	0
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	4,935	3,695

### Principal

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

	2013 Actual \$000	2012 Actual \$000
Principal A		
Salary and other payments	-	120-130
Benefits and other emoluments	-	-
Termination benefits	-	-
Principal B		
Salary and other payments	-	-
Benefits and other emoluments	-	-
Termination benefits	-	-

### Other Employees

No other employees received total remuneration over \$100,000. (2012 Nil)

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

## 17 Compensation and other Benefits upon leaving

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

	2013 Actual	2012 Actual
Total value	-	-
Number of people	-	-