

KINGSVIEW SCHOOL



FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

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KINGSVIEW SCHOOL

Financial Statements - For the year ended 31 December 2017

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Kingsview 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.

Christopher Tweddell
Full Name of Board Chairperson


Signature of Board Chairperson

17/5/2018
Date:

Doniella-Mare Tweddell
Full Name of Principal


Signature of Principal

17/5/2018
Date:

Kingsview 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	447,924	369,792	407,413
Locally Raised Funds	3	50,073	17,760	37,265
Use of Land and Buildings Integrated		155,000	155,000	155,000
Interest Earned		171	750	570
International Students	4	15,938	4,565	696
		<u>669,106</u>	<u>547,867</u>	<u>600,944</u>
Expenses				
Locally Raised Funds	3	18,710	1,100	14,386
International Students	4	3,596	-	-
Learning Resources	5	393,100	310,379	357,222
Administration	6	51,410	46,736	51,516
Finance Costs		667	-	552
Property	7	173,385	171,550	172,535
Depreciation	8	7,400	7,000	9,444
		<u>648,268</u>	<u>536,765</u>	<u>605,656</u>
Net Surplus / (Deficit)		20,838	11,102	(4,712)
Other Comprehensive Revenue and Expenses		-	-	-
Total Comprehensive Revenue and Expense for the Year		<u>20,838</u>	<u>11,102</u>	<u>(4,712)</u>

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

Kingsview 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	37,665	37,665	42,377
Total comprehensive revenue and expense for the year	20,838	11,102	(4,712)
Equity at 31 December	58,503	48,767	37,665
Retained Earnings	58,503	48,767	37,665
Equity at 31 December	58,503	48,767	37,665

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



Kingsview 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	53,751	44,678	26,576
Accounts Receivable	10	14,106	10,964	10,964
Prepayments		37	2,599	2,599
		<u>67,894</u>	<u>58,241</u>	<u>40,139</u>
Current Liabilities				
GST Payable		10,707	6,964	6,964
Accounts Payable	12	16,584	14,051	14,051
Revenue Received in Advance	13	561	4,552	4,552
Finance Lease Liability - Current Portion		4,188	1,902	1,902
		<u>32,040</u>	<u>27,469</u>	<u>27,469</u>
Working Capital Surplus/(Deficit)		35,854	30,772	12,670
Non-current Assets				
Property, Plant and Equipment	11	27,896	21,585	28,585
		<u>27,896</u>	<u>21,585</u>	<u>28,585</u>
Non-current Liabilities				
Finance Lease Liability		5,247	3,590	3,590
		<u>5,247</u>	<u>3,590</u>	<u>3,590</u>
Net Assets		<u>58,503</u>	<u>48,767</u>	<u>37,665</u>
Equity		<u>58,503</u>	<u>48,767</u>	<u>37,665</u>

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



Kingsview 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		143,319	137,588	142,539
Locally Raised Funds		47,094	21,300	40,805
International Students		15,938	4,565	696
Goods and Services Tax (net)		3,743	5,939	5,939
Payments to Employees		(114,697)	(104,800)	(115,135)
Payments to Suppliers		(64,958)	(42,644)	(66,161)
Cyclical Maintenance Payments in the Year		-	-	-
Interest Received		171	750	570
Net cash from / (to) the Operating Activities		30,610	22,698	9,253
Cash flows from Investing Activities				
Purchase of PPE (and Intangibles)		-	(4,643)	(5,439)
Net cash from / (to) the Investing Activities		-	(4,643)	(5,439)
Cash flows from Financing Activities				
Finance Lease Payments		(3,435)	47	(2,154)
Net cash from Financing Activities		(3,435)	47	(2,154)
Net increase/(decrease) in cash and cash equivalents				
		27,175	18,102	1,660
Cash and cash equivalents at the beginning of the year	9	26,576	26,576	24,916
Cash and cash equivalents at the end of the year	9	53,751	44,678	26,576

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.



Kingsview School

Notes to the Financial Statements

1. Statement of Accounting Policies

For the year ended 31 December 2017

1.1. Reporting Entity

Kingsview 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.

1.2. 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 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 14.

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.

1.3. 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.

1.4. 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.

1.5. 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.

1.6. 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.

1.7. 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.

1.8. 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.



1.9. 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 \$250 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:

Building improvements – Crown	20 years
Furniture and equipment	5-10 years
Information and communication technology	4-5 years
Motor vehicles	5 years
Leased Assets	3 years
Library resources	12.5% Diminishing value

1.10. 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.

1.11. 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.



1.12. Employment Entitlements

Short-term employee entitlements

Employee benefits that are due to be settled within 12 months after the end of the period in which the employee renders the related service are measured based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date, annual leave earned to but not yet taken at balance date.

Long-term employee entitlements

Employee benefits that are due to be settled beyond 12 months after the end of the period in which the employee renders the related service, such as long service leave and retirement gratuities, have been calculated on an actuarial basis. The calculations are based on:

- likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement, and contractual entitlement information; and
- the present value of the estimated future cash flows

1.13. Revenue Received In Advance

Revenue received in advance relates to fees received from students and grants received where there are unfulfilled obligations for the School to provide services in the future. The fees are recorded as revenue as the obligations are fulfilled and the fees earned.

The School holds sufficient funds to enable the refund of unearned fees in relation to international students, should the School be unable to provide the services to which they relate.

1.14. 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).

1.15. 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, and finance lease liability. All of these financial liabilities are categorised as "financial liabilities measured at amortised cost" for accounting purposes in accordance with financial reporting standards.

1.16. 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.



1.17. Budget Figures

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

1.18. Services received in-kind

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



2. Government Grants

	2017 Actual \$	2017 Budget (Unaudited) \$	2016 Actual \$
Operational grants	114,605	113,288	138,347
Teachers' salaries grants	302,257	230,429	263,099
Other MoE Grants	31,062	26,075	5,968
	<u>447,924</u>	<u>369,792</u>	<u>407,413</u>

3. Locally Raised Funds

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

	2017 Actual \$	2017 Budget (Unaudited) \$	2016 Actual \$
Revenue			
Donations	11,645	5,000	9,953
Fundraising	1,131	5,000	779
Other revenue	16,129	4,660	5,913
Trading	2,885	1,100	9,053
Activities	16,454	-	11,567
Curriculum Recoveries	1,829	2,000	-
	<u>50,073</u>	<u>17,760</u>	<u>37,265</u>
Expenses			
Activities	15,388	-	10,743
Trading	3,222	1,100	3,460
Fundraising (costs of raising funds)	100	-	183
	<u>18,710</u>	<u>1,100</u>	<u>14,386</u>
<i>Surplus for the year Locally raised funds</i>	<u>31,363</u>	<u>16,660</u>	<u>22,879</u>

4. International Student Revenue and Expenses

	2017 Actual Number	2017 Budget (Unaudited) Number	2016 Actual Number
International Student Roll	2	1	0
	2017 Actual \$	2017 Budget (Unaudited) \$	2016 Actual \$
Revenue			
International student fees	15,938	4,565	696
Expenses			
Other Expenses	3,596	-	-
	<u>3,596</u>	<u>-</u>	<u>-</u>
<i>Surplus for the year International Students'</i>	<u>12,342</u>	<u>4,565</u>	<u>696</u>



5. Learning Resources

	2017	2017	2016
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Curricular	18,129	14,500	18,843
Information and communication technology	360	-	297
Extra-curricular activities	356	850	483
Library resources	21	200	-
Employee benefits - salaries			
	374,234	294,829	337,600
	393,100	310,379	357,222

6. Administration

	2017	2017	2016
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Audit Fee	2,889	2,846	2,846
Board of Trustees Fees	500	-	-
Board of Trustees Expenses	2,868	1,500	1,326
Communication	1,952	1,750	2,250
Consumables	4,583	2,950	5,685
Operating Lease	1,158	1,000	2,067
Other	2,005	2,540	2,145
Employee Benefits - Salaries	31,713	31,400	31,147
Insurance	869	-	484
Service Providers, Contractors and Consultancy			
	2,873	2,750	3,565
	51,410	46,736	51,516

7. Property

	2017	2017	2016
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Caretaking and Cleaning Consumables	561	750	915
Grounds	818	800	-
Heat, Light and Water	5,109	5,000	5,748
Repairs and Maintenance	62	1,000	1,384
Use of Land and Buildings	155,000	155,000	155,000
Employee Benefits - Salaries	11,835	9,000	9,487
	173,385	171,550	172,535

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.



8. Depreciation of Property, Plant and Equipment

	2017	2017	2016
	Actual	Budget	Actual
	\$	(Unaudited)	\$
	\$	\$	\$
Furniture and Equipment	2,132	2,000	3,512
Information and Communication Technology	3,947	3,500	5,487
Leased Assets	1,242	1,500	366
Library Resources	79	-	79
	<u>7,400</u>	<u>7,000</u>	<u>9,444</u>

9. Cash and Cash Equivalents

	2017	2017	2016
	Actual	Budget	Actual
	\$	(Unaudited)	\$
	\$	\$	\$
Cash on Hand	100	-	100
Bank Current Account	53,651	44,678	26,476
Net cash and cash equivalents and bank overdraft for Cash Flow Statement	<u>53,751</u>	<u>44,678</u>	<u>26,576</u>

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

10. Accounts Receivable

	2017	2017	2016
	Actual	Budget	Actual
	\$	(Unaudited)	\$
	\$	\$	\$
Receivables	-	1,012	1,012
Receivables from the Ministry of Education	2,348	-	-
Teacher Salaries Grant Receivable	11,758	9,952	9,952
	<u>14,106</u>	<u>10,964</u>	<u>10,964</u>
Receivables from Exchange Transactions	-	1,012	1,012
Receivables from Non-Exchange Transactions	14,106	9,952	9,952
	<u>14,106</u>	<u>10,964</u>	<u>10,964</u>



11. Property, Plant and Equipment

	Opening Balance (NBV)	Additions	Disposals	Impairment	Depreciation	Total (NBV)
	\$	\$	\$	\$	\$	\$
2017						
Furniture and Equipment	14,098	-	-	-	(2,132)	11,966
Information and Communication	12,902	-	-	-	(3,947)	8,955
Leased Assets	1,283	6,711	-	-	(1,242)	6,752
Library Resources	302	-	-	-	(79)	223
Balance at 31 December 2017	28,585	6,711	-	-	(7,400)	27,896

	Cost or Valuation	Accumulated Depreciation	Net Book Value
	\$	\$	\$
2017			
Furniture and Equipment	34,885	(22,919)	11,966
Information and Communication	30,500	(21,545)	8,955
Leased Assets	8,360	(1,608)	6,752
Library Resources	632	(409)	223
Balance at 31 December 2017	74,377	(46,481)	27,896

The net carrying value of equipment held under a finance lease is \$6,752 (2016: \$1,283)

	Opening Balance (NBV)	Additions	Disposals	Impairment	Depreciation	Total (NBV)
	\$	\$	\$	\$	\$	\$
2016						
Furniture and Equipment	17,610	-	-	-	(3,512)	14,098
Information and Communication	12,951	5,438	-	-	(5,487)	12,902
Leased Assets	-	1,649	-	-	(366)	1,283
Library Resources	381	-	-	-	(79)	302
Balance at 31 December 2016	30,942	7,087	-	-	(9,444)	28,585

	Cost or Valuation	Accumulated Depreciation	Net Book Value
	\$	\$	\$
2016			
Furniture and Equipment	34,885	(20,787)	14,098
Information and Communication	31,631	(18,729)	12,902
Leased Assets	1,649	(366)	1,283
Library Resources	632	(330)	302
Balance at 31 December 2016	68,797	(40,212)	28,585

12. Accounts Payable

	2017 Actual	2017 Budget (Unaudited)	2016 Actual
	\$	\$	\$
Operating creditors	676	4,099	4,099
Accruals	3,322	-	-
Employee Entitlements - salaries	11,758	9,952	9,952
Employee Entitlements - leave accrual	828	-	-
	16,584	14,051	14,051
Payables for Exchange Transactions	16,584	14,051	14,051
	16,584	14,051	14,051

The carrying value of payables approximates their fair value.



13. Revenue Received in Advance

	2017	2017	2016
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Other	561	4,552	4,552
	<u>561</u>	<u>4,552</u>	<u>4,552</u>

14. Finance Lease Liability

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

	2017	2017	2016
	Actual	Budget	Actual
	\$	(Unaudited)	\$
No Later than One Year	4,896	2,298	2,298
Later than One Year and no Later than Five Years	5,636	3,876	3,876
	<u>10,532</u>	<u>6,174</u>	<u>6,174</u>

15. Related Party Transactions

The School is a controlled entity of the Crown, and the Crown provides the major source of revenue to the school. The school enters into transactions with other entities also controlled by the Crown, such as government departments, state-owned enterprises and other Crown entities. Transactions with these entities are not disclosed as they occur on terms and conditions no more or less favourable than those that it is reasonable to expect the school would have adopted if dealing with that entity at arm's length.

Related party disclosures have not been made for transactions with related parties that are within a normal supplier or client/recipient relationship on terms and condition no more or less favourable than those that it is reasonable to expect the school would have adopted in dealing with the party at arm's length in the same circumstances. Further, transactions with other government agencies (for example, Government departments and Crown entities) are not disclosed as related party transactions when they are consistent with the normal operating arrangements between government agencies and undertaken on the normal terms and conditions for such transactions.

The Proprietor of the School (New Zealand Christian Proprietors Trust) 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 have been disclosed appropriately, if the Proprietor collects fund on behalf of the school (or vice versa) the amounts are disclosed.

The Proprietor provides land and buildings free of charge for use by the Board as noted in Note 1.4. The estimated value of this use during the current period is included in the Statement of Comprehensive Revenue and Expense as "Use of land and buildings".



16. Remuneration

Key management personnel compensation

Key management personnel of the School include all trustees of the Board, and Principal.

	2017 Actual \$	2016 Actual \$
<i>Board Members</i>		
Remuneration	500	-
Full-time equivalent members	0.12	1.00
<i>Leadership Team</i>		
Remuneration	96,891	94,141
Full-time equivalent members	1.00	1.00
Total key management personnel remuneration	97,391	94,141
Total full-time equivalent personnel	1.12	2.00

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 - Principal 1	80-90	70-80
Salary and Other Payments - Principal 2	15-20	0 - 0
Benefits and Other Emoluments	0 - 0	2-3
Termination Benefits	0 - 0	0 - 0

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	-	-
	-	-

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

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

18. Contingencies

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



19. Commitments

(a) Capital Commitments

As at 31 December 2017 the Board has not entered into any contract agreements.

(Capital commitments at 31 December 2016: nil)

(b) Operating Commitments

As at 31 December 2017 the Board has not entered into any operating contracts:

(a) operating lease of a photocopier;

	2017 Actual \$	2016 Actual \$
No later than One Year	-	1,158
Later than One Year and No Later than Five Years	-	-
Later than Five Years	-	-
	<u>-</u>	<u>1,158</u>

20. Managing Capital

The School's capital is its equity and comprises capital contributions from the Ministry of Education for property, plant and equipment and accumulated surpluses and deficits. The School does not actively manage capital but attempts to ensure that income exceeds spending in most years. Although deficits can arise as planned in particular years, they are offset by planned surpluses in previous years or ensuing years.

21. 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	53,751	44,678	26,576
Receivables	14,106	10,964	10,964
Total Loans and Receivables	<u>67,857</u>	<u>55,642</u>	<u>37,541</u>

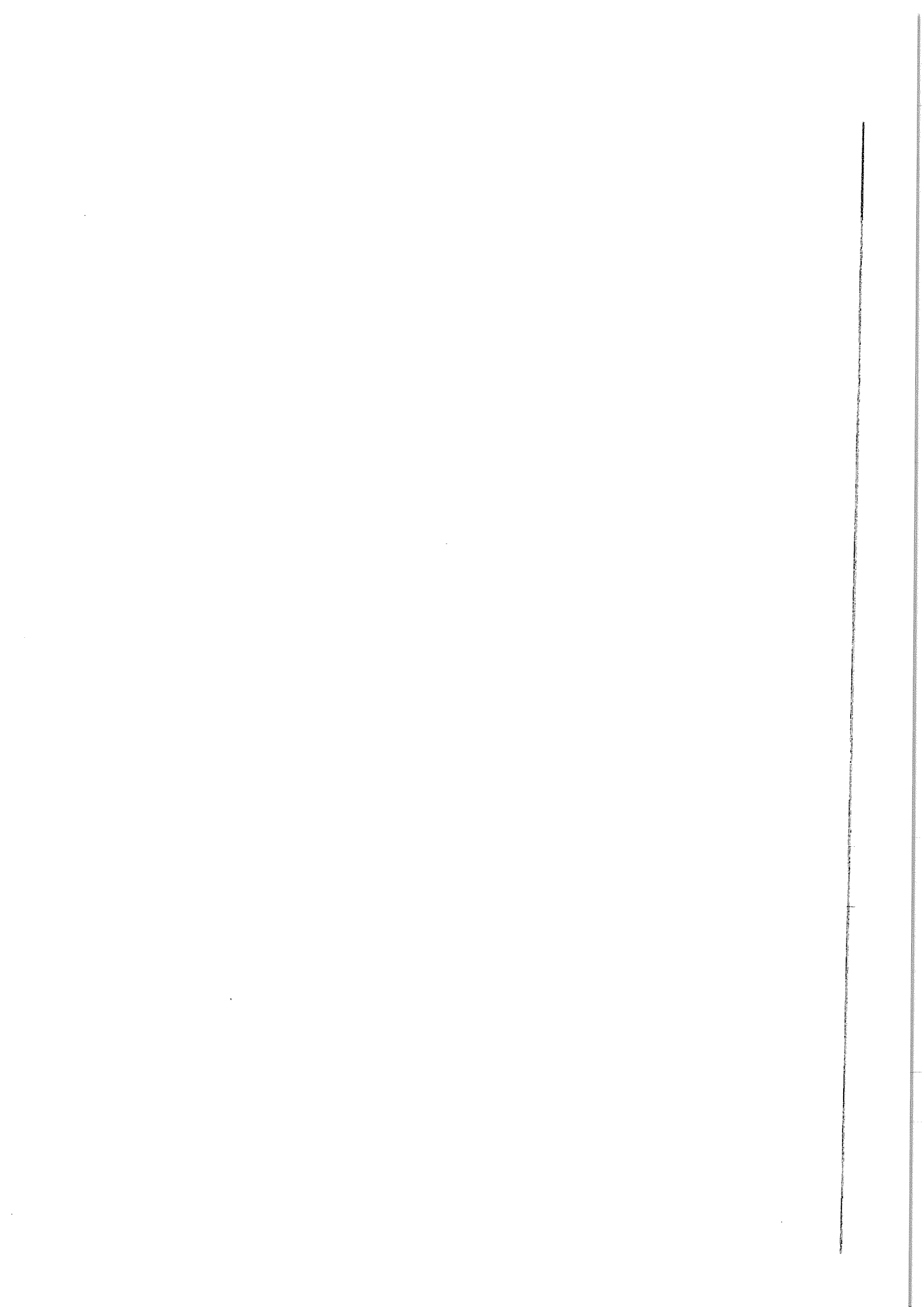
Financial Liabilities measured at amortised cost

Payables	16,584	14,051	14,051
Finance Leases	9,435	5,492	5,492
Total Financial Liabilities Measured at Amortised Cost	<u>26,019</u>	<u>19,543</u>	<u>19,543</u>

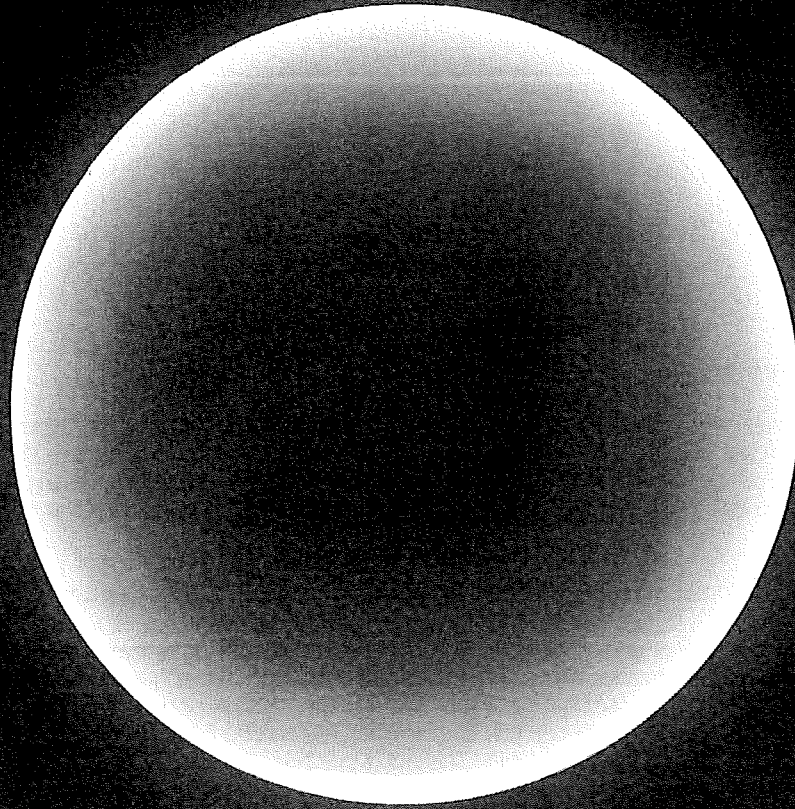
22. Events After Balance Date

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





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Kings View Christian School
Report to the Board of Trustees for
the year ended 31 December 2017

Aspire with assurance

17 May 2018

The Chairperson
Board of Trustees
Kings View Christian School
14 Yewlett Crescent
Frankton
QUEENSTOWN 9300

Dear Chairperson

Report to the Board of Trustees for the year ended 31 December 2017

In accordance with our normal practice, we include in the attached report all matters arising from our audit of the financial statements of Kings View Christian School for the year ended 31 December 2017 which we consider appropriate for the attention of the Board of Trustees ("the Board"). These matters have been discussed with management of the School and their comments have been included, where appropriate.

Should you require clarification of any matter in this report please do not hesitate to contact us.

This correspondence is part of our ongoing discussions as auditor in accordance with our engagement letter and master terms of business dated 29 February 2016 and as required by the Auditor General auditing standards and the New Zealand auditing standards. This report includes only those matters that have come to our attention as a result of performing our audit procedures and which we believe are appropriate to communicate to the Board. The audit of the financial statements does not relieve management or the Board of their responsibilities. The ultimate responsibility for the preparation of the financial statements rests with the Board.

We have prepared this report solely for the use of the Board and it would be inappropriate for this report to be made available to third parties. If such a third party were to obtain a copy without our prior written consent, we would not accept responsibility for any reliance that they might place on it.

We would like to take this opportunity to extend our appreciation to management and staff for their assistance and cooperation during the course of our audit.

If you would like to discuss any matters raised in this report please do not hesitate to contact us.

Yours faithfully



Mike Hawken
Appointed Auditor
On behalf of the Auditor-General



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1. Purpose of report

This report has been prepared for Kings View Christian School's Board of Trustees and is part of our ongoing discussions as auditor in accordance with our engagement letter and master terms of business dated 29 February 2016 and as required by the Auditor-General auditing standards and the New Zealand auditing standards. This report includes only those matters that have come to our attention as a result of performing our audit procedures and which we believe are appropriate to communicate to the Trustees. The ultimate responsibility for the preparation of the financial statements rests with the Board of Trustees.

2. Scope

We are responsible for conducting an audit of Kings View Christian School for the year ended 31 December 2017 in accordance with New Zealand auditing standards issued by the New Zealand Auditing and Assurance Standards Board and the Auditor-General auditing standards. Our audit is performed pursuant to the requirements of the Public Audit Act 2001, with the objective of forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of the Board of Trustees. The audit financial statements does not relieve management or the Board of Trustees of their responsibilities.



- user access to Novopay;
- payroll accruals
- leave liability reports; and
- exception reports where E&Y identified exceptions in the payroll system.

We have completed testing around the high level controls around payroll as well as ensuring that the payroll balances were not materially misstated in the financial statements.

No issues were noted in this area.

Sensitive Expenditure

Being a public sector entity, we are required to perform specific work on behalf of the Office of the Auditor-General around areas referred to as sensitive expenditure.

In performing the audit we have:

- Ensured that policies are current and have been appropriately authorised.
- Reviewed various expenditure by the Principal and the Board against supporting tax invoices, other documentation and relevant policies and approval guidelines.
- Reviewed other sensitive areas such as travel, entertainment and credit cards against supporting tax invoices, other documentation and relevant policies and approval guidelines.
- Discussed with the Principal and Chair of the Board about fraud processes and policies and enquired whether they had any knowledge of any suspected or identified fraud occurring during the year.
- Reviewed Board and Principal remuneration against MOE approvals and limits.

No Issues were noted in this area.

3. Areas of focus and audit findings

Our audit procedures were focused on those areas of Kings View Christian School's activities that are considered to represent the significant risk areas identified during the risk assessment process undertaken during the planning stage of our engagement. Provided below is a summary of these areas of focus and our audit findings in respect of each matter following the completion of our audit. We are satisfied that these areas have been addressed appropriately and are properly reflected in the financial statements.

Focus Area	Response
<p>Responsibility of Fraud</p> <p>You may have seen media coverage over the past year relating to a number of school frauds nationally.</p> <p>In our experience, these had arisen from:</p> <ul style="list-style-type: none"> • a lack of control over receipts to the school, particularly relating to activities funding; and • a lack of strong approval and bank payment controls for school suppliers, in particular where capital works were being undertaken. <p>The primary responsibility for the prevention and detection of fraud rests with the Board of Trustees.</p>	<p>We have inquired as to how the Board exercise oversight of management's processes for identifying and responding to the risks of fraud and the internal control that management has established to mitigate these risks.</p> <p>If you would like further guidance around fraud prevention, the Ministry have published a model policy on Theft and Fraud Prevention in its Financial Information for Schools Handbook (FISH). However, having a fraud policy is not enough if it is not used as a basis for training or to regularly remind staff that fraud is unacceptable.</p> <p>We would also like to remind the Board that cyber-fraud is becoming more relevant. The Ministry have provided guidance on their website on cyber-safety which we encourage the Board be familiar with.</p>
<p>Locally raised funds</p> <p>Locally raised funds has continued to be a focus area because there is a risk that not all cash received is recorded. Although schools may have a process to record cash receipts, the risk of misappropriation is high if there are limited segregation of duties in place.</p>	<p>As part of our audit procedures, we have:</p> <ul style="list-style-type: none"> • Assessed the design and implementation of internal controls surrounding all material revenue streams; and • Performed testing on these balances including analytical procedures. <p>No issues were noted in this area.</p>
<p>Payroll</p> <p>As in previous years, payroll related issues linked to Novopay continued to be a focus area for auditors.</p> <p>We obtained reports from the Office of the Auditor General (through the audit assurance work performed by E&Y) which aided us in completing our audit of the payroll balances.</p> <p>Key information obtained included:</p>	<p>We understand that these reports are made available to the school along with instructions on how to understand them.</p> <p>Consistent with our prior year audits we have followed up on any exceptions identified as well as any differences to amounts recorded by the school. We would also continue to encourage you to follow up on any perceived errors as soon as practical.</p>



4. Assessment of internal controls

Our audit approach requires us to obtain an understanding of an entity's internal controls, sufficient to identify and assess the risks of material misstatement of the financial statements whether due to fraud or error but is not designed to provide assurance as to the overall effectiveness of controls operating within the School.

We would like to remind the Board of Trustees that it is their responsibility to ensure that there are appropriate policies, procedures and segregation of duties in place with regard to internal controls in particular around cash transactions. The risk of fraud and error occurring is particularly heightened around cash as this is an area where fraud can go easily undetected.

As is the case for many schools, the number of people involved in the administration and accounting functions is very limited. This brings with it an increased inherent risk that errors and omissions may occur and go undetected.

The inherent risks relating to income are greatest in relation to the receipt and recording of Local Raised Funds, Donations etc., and there are limited audit procedures we can adopt to ensure all money that should be received is properly accounted for.

Payment risks in relation to school costs and casual payroll are greatest through the small number of staff available to approve and process payments and typically some admin staff are involved in both of these functions.

It is important that you are aware of these risks as it is your responsibility to ensure the school's internal controls operate effectively and that the resultant financial statements are accurate. You should ensure that sufficient oversight is exercised by the Board or a delegated nominee on a regular basis in order to reduce the likelihood of error or omission to a level that the Board is comfortable with.

In performing our audit for the year ended 31 December 2017 we have not identified any significant deficiencies in internal controls which would impact upon our ability to provide our opinion on the financial statements for the year ended 31 December 2017

5. Other communications

The following matters relevant to our audit of Kings View Christian School for the year ended 31 December 2017 are communicated in accordance with the requirements of New Zealand auditing standards.

Matter to be communicated	Response
Written representations	A copy of the representation letter to be signed on behalf of the Board of Trustees has been circulated separately.
Non-compliance with applicable laws and regulations	We did not become aware of any instances of non-compliance with applicable laws and regulations that may have an impact on the determination of material amounts and disclosures in the financial statements.
Fraud	<p>The primary responsibility for the prevention and detection of fraud rests with the Board of Trustees, including designing, implementing and maintaining internal controls over the reliability of financial reporting, effectiveness and efficiency of operations and compliance with applicable laws and regulations.</p> <p>As auditors, we obtain reasonable, but not absolute, assurance that the financial statements as a whole are free from material misstatement, whether caused by fraud or error.</p> <p>ISA (NZ) 240 The auditor's responsibility to consider fraud in an audit of financial statements requires us to obtain an understanding of how those charged with governance exercise oversight of management's processes for identifying and responding to the risks of fraud and the internal control that management has established to mitigate these risks.</p> <p>No matters relating to fraud, concerning either employees or management came to our attention.</p> <p>If you do suspect or become aware of any fraud, please contact Mike Hawken to discuss further. We are then required to notify the Office of the Auditor General.</p>
Accounting policies and financial reporting	<p>There were no changes in accounting policies during the year ended 31 December 2017.</p> <p>We have not become aware of any significant qualitative aspects of the school's accounting practices, including judgements about accounting policies, accounting estimates and financial statement disclosures that need to be communicated to the Board, other than those already communicated in this report.</p>
Related parties	No significant related party matters other than those reflected in the financial statements came to our attention that, in our professional judgement, need to be communicated to the Board.
Other information	As at the date of preparing this report we have not yet read the other information (the financial and non-financial information other than the financial statements) contained within the annual report. If when doing so we identify any material inconsistencies, we will bring them to your attention.

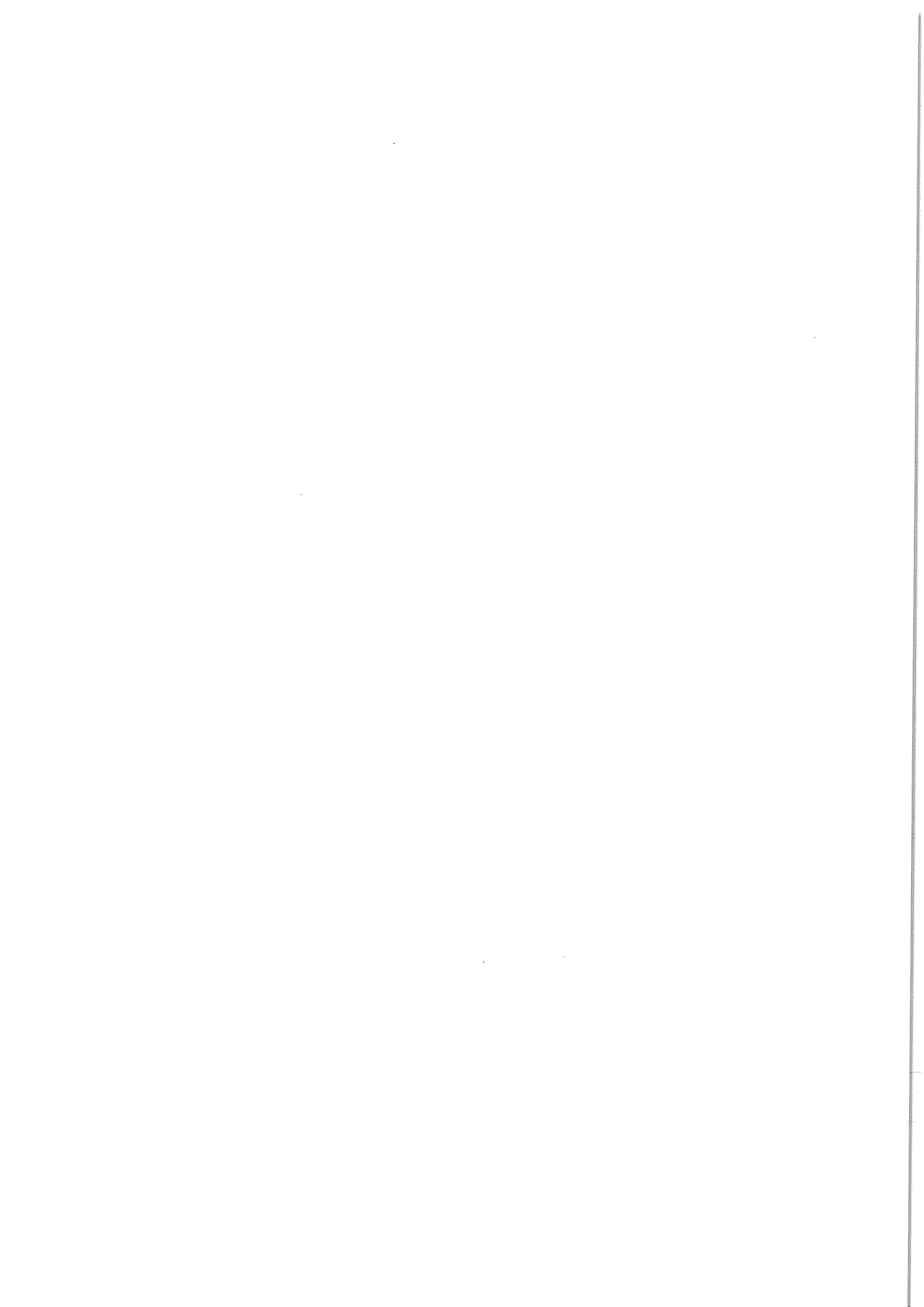


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INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF KINGS VIEW CHRISTIAN SCHOOL'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

The Auditor-General is the auditor of Kings View Christian School (the School). The Auditor-General has appointed me, Mike Hawken, using the staff and resources of Deloitte Limited, 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 17, 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 17 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

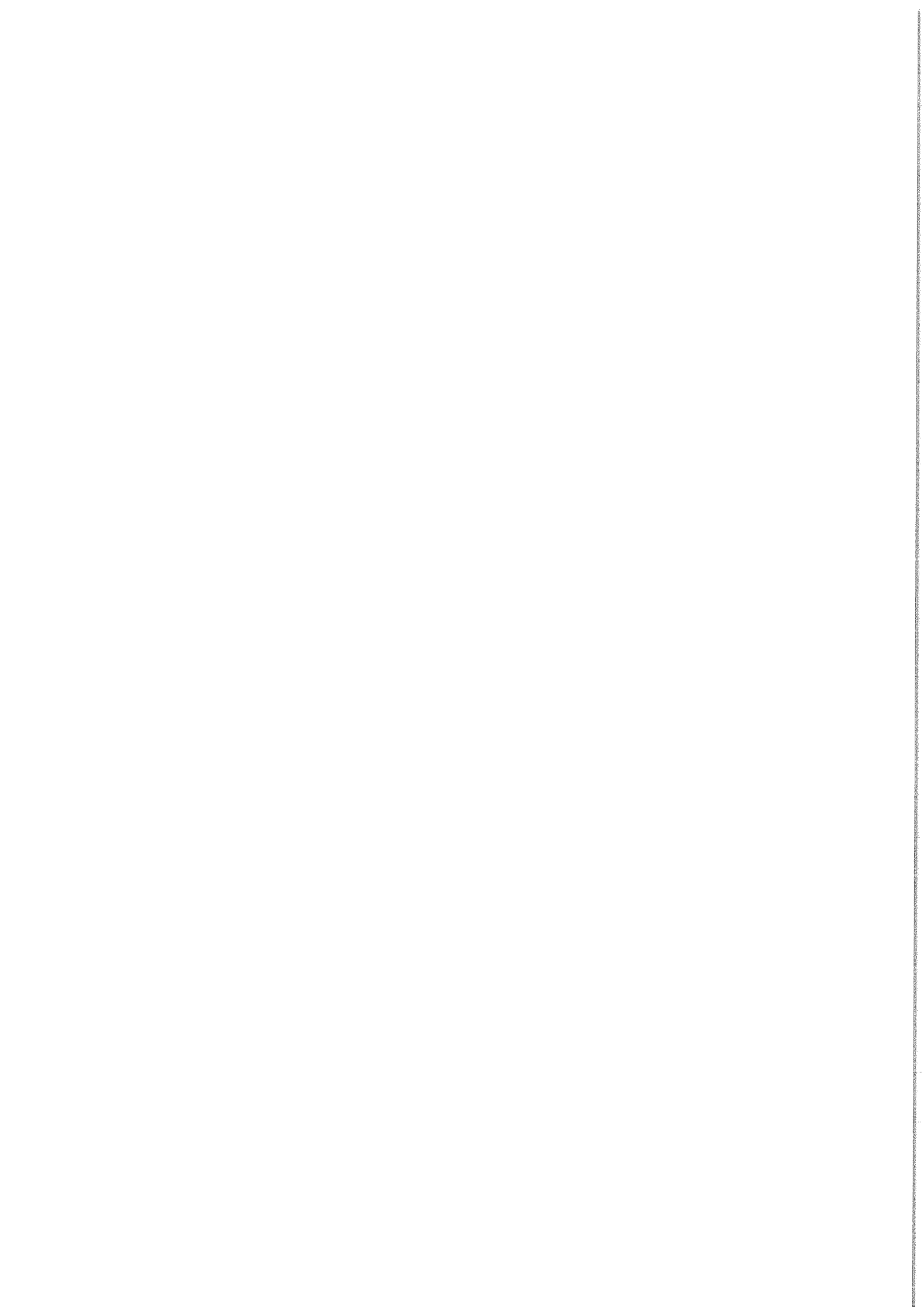
We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards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

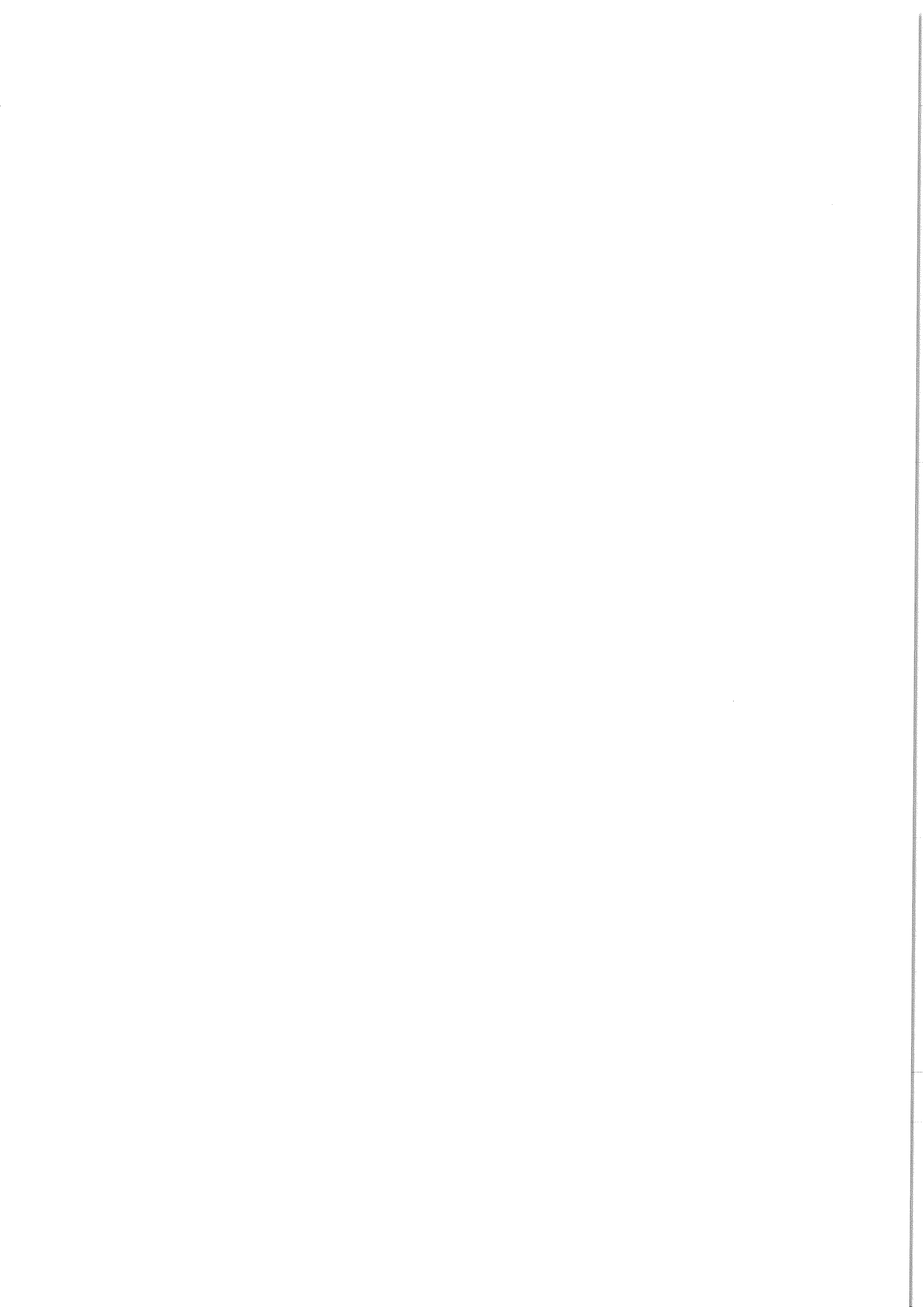
Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise 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



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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 is responsible for the other information. The other information comprises the information included on pages accompanying the annual report, but does not include the financial statements, and our auditors 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.



Mike Hawken, Partner
For Deloitte Limited
On behalf of the Auditor-General
Dunedin, New Zealand

