



## **Viscount School**

65 Viscount St. Mangere, Auckland 2022  
Ph 275-4699 admin@viscount.school.nz

27 May 2019

Chris Neves  
Assurance Partner  
Level 4, BDO Centre  
4 Graham Street  
Auckland

### **REPRESENTATION LETTER FOR THE YEAR ENDED 31 DECEMBER 2018**

This representation letter is provided in connection with your audit, carried out on behalf of the Auditor-General, of the financial statements of Viscount School (the School) for the year ended 31 December 2018 for the purpose of expressing an independent opinion about whether the financial statements:

- present fairly, in all material respects:
  - the financial position as at 31 December 2018; and
  - the 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 (PBE) Standards Reduced Disclosure Regime

We understand that your audit was carried out in accordance with the Auditing Standards issued by the Auditor-General, which incorporate the International Standards on Auditing (New Zealand).

#### **General representations**

To the best of our knowledge and belief:

- the resources and activities under our control have been operating effectively and efficiently;
- we have complied with our statutory obligations including laws, regulations and contractual requirements;
- we have carried out our decisions and actions with due regard to minimising waste;
- we have met Parliament's and the public's expectations of appropriate standards of behaviour in the public sector (that is we have carried out our decisions and actions with due regard to probity); and
- any decisions or actions have been taken with due regard to financial prudence.

We also acknowledge that we have responsibility for designing, implementing, and maintaining internal control (to the extent that is reasonably practical given the size of the School) to prevent and detect fraud.

#### **Representations for the financial statements**

We confirm that all transactions have been recorded in the accounting records and are reflected in the financial statements, and that, to the best of our knowledge and belief, having made such enquiries as we considered necessary for the purpose of appropriately informing ourselves:

- we have fulfilled our responsibilities for preparing and presenting the financial statements as required by section 87(3) of the Education Act 1989 and, in particular, that the financial statements:

- present fairly, in all material respects:
    - the financial position as at 31 December 2018; and
    - the 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 (PBE) Standards Reduced Disclosure Regime
- we believe the significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable;
  - we have appropriately accounted for and disclosed the related party relationships and transactions in the financial statements;
  - we have adjusted or disclosed all events subsequent to the date of the financial statements that require adjustment or disclosure; and
  - we believe the effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole. A list of the uncorrected misstatements is attached to this representation letter.
  - we have disclosed all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements. Where applicable, such litigation and claims have been accounted for and disclosed in accordance with with Public Sector Public Benefit Entity (PBE) Standards Reduced Disclosure Regime.

#### **Representations about the provision of information**

We confirm that, to the best of our knowledge and belief, having made such enquiries as we considered necessary for the purpose of appropriately informing ourselves:

- we have provided you with:
  - all information, such as records and documentation, and other matters that are relevant to preparing and presenting the financial statements; and
  - unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence;
- we have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud;
- we have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the entity and involves:
  - management;
  - employees who have significant roles in internal control; or
  - others where the fraud could have a material effect on the financial statements;
- we have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators, or others;
- we have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements; and
- we have disclosed the identity of the related parties, all of their relationships, and all of their transactions of which we are aware.
- we have provided you with all the other documents ("other information") which will accompany the financial statements which are consistent with one another, and the other information does not contain any material misstatements.

#### **Going concern basis of accounting**

We confirm that, to the best of our knowledge and belief, the School has adequate resources to continue operations at its current level for the foreseeable future. For this reason, the Commissioner continues to adopt the going concern basis of accounting in preparing the financial statements for the year ended 31 December 2018. We have reached this conclusion after making enquiries and having regard to circumstances that we consider likely to affect the School during the period of one year from date of signing the financial statements, and to circumstances that we know will occur after that date which could affect the validity of the going concern basis of accounting.

We consider that the financial statements adequately disclose the circumstances, and any uncertainties, surrounding the adoption of the going concern basis of accounting by the School.

Throughout the year, the School has conformed with the requirements of its banking arrangements, debenture trust deeds, or negative pledge agreements, including those relating to its net tangible assets ratios.

#### **Publication of the financial statements and related audit report on a website**

We confirm that we are responsible for the electronic presentation of the audited financial statements, and:

- that the electronic version of the audited financial statements and the related audit report presented on the website are the same as the final signed version of the audited financial statements and audit report.
- that the audited and unaudited information on the website has been clearly differentiated and we understand the risk of potential misrepresentation without appropriate controls.
- that we have assessed the security controls over audited financial information and the related audit report and are satisfied that procedures are adequate to ensure the integrity of the information provided.
- that the full financial statements have been provided on the website.

The representations in this letter are made at your request, and to supplement information obtained by you from the records of the School and to confirm information given to you orally.

**Yours faithfully**



**Principal**



**Commissioner**

**APPENDIX 1 – SCHEDULE OF UNADJUSTED ERRORS**

Description	Assets	Liabilities	Reserves	Profit
	Dr(Cr)	Dr(Cr)	Dr(Cr)	Dr(Cr)
	\$	\$	\$	\$
Cyclical Maintenance Expense				(26,717)
Cyclical Maintenance – Current		26,717		
<b><i>Cyclical Maintenance Expense Overstated</i></b>				
<hr/>				
Personnel				18,102
Bulk Grant Payable		(18,102)		
<b><i>Being bulk grant payable for PP21 and PP22</i></b>				
Personnel				63,000
Redundancies Accrual		(63,000)		
<b><i>To record the redundancies accrual as noted in the minutes</i></b>				
<b>Net Effect of Adjustments not made:</b>	-	(54,385)	-	54,385

# **Viscount School**

## **Annual Report for the year ended 31 December 2018**

<b>Ministry Number:</b>	1546
<b>Principal:</b>	Shirley Hardcastle
<b>School Address:</b>	65 Viscount Street, Mangere, Auckland 2022
<b>School Postal Address:</b>	65 Viscount Street, Mangere, Auckland 2022
<b>School Phone:</b>	09 275 4699
<b>School Email:</b>	shirleyh@viscount.school.nz
<b>Service Provider:</b>	Edtech Financial Services Ltd

**Viscount School**

**Members of the Board of Trustees**

For the year ended 31 December 2018

<b>Name</b>	<b>Position</b>	<b>How position on Board gained</b>	<b>Occupation</b>	<b>Term expired/expires</b>
Madeleine East Shirley Hardcastle	Commissioner Acting principal	MOE appointed Appointed by Commissioner	Self employed Teacher	Not decided 18-Dec-19

# Viscount School

## Annual Report

For the year ended 31 December 2018

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**Viscount School**  
**Statement of Responsibility**  
For the year ended 31 December 2018

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 2018 fairly reflects the financial position and operations of the school.

The School's 2018 financial statements are authorised for issue by the Board.

*Madelina East*

Full Name of Board Chairperson

*M East*

Signature of Board Chairperson

*27.5.2019*

Date:

*Shirley Lorraine Hardcastle*

Full Name of Principal

*S Hardcastle*

Signature of Principal

*27.5.2019*

Date:



**Viscount School**

**Statement of Comprehensive Revenue and Expense**

For the year ended 31 December 2018

	Notes	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
<b>Revenue</b>				
Government Grants	2	5,214,007	5,181,646	5,162,966
Locally Raised Funds	3	32,706	27,000	23,751
Interest Earned		8,274	500	757
Gain on Sale of Property, Plant and Equipment		261	-	-
		<hr/>	<hr/>	<hr/>
		5,255,248	5,209,146	5,187,474
<b>Expenses</b>				
Locally Raised Funds	3	11,097	14,000	12,464
Learning Resources	4	3,032,938	3,082,000	3,078,281
Administration	5	213,816	286,800	278,168
Finance Costs		4,214	4,551	5,105
Property	6	1,678,435	1,647,225	1,634,874
Depreciation	7	100,096	100,000	103,659
Loss on Disposal of Property, Plant and Equipment		3,991	-	4,647
		<hr/>	<hr/>	<hr/>
		5,044,587	5,134,576	5,117,198
<b>Net Surplus for the year</b>		210,661	74,570	70,276
Other Comprehensive Revenue and Expenses		-	-	-
<b>Total Comprehensive Revenue and Expense for the Year</b>		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
		210,661	74,570	70,276

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

**Viscount School**  
**Statement of Changes in Net Assets/Equity**

For the year ended 31 December 2018

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
<b>Balance at 1 January</b>	<u>394,513</u>	<u>394,513</u>	<u>300,562</u>
Total comprehensive revenue and expense for the year	210,661	74,570	70,276
Capital Contributions from the Ministry of Education Contribution - Furniture and Equipment Grant	-	-	23,675
<b>Equity at 31 December</b>	<u>605,174</u>	<u>469,083</u>	<u>394,513</u>
Retained Earnings	605,174	469,083	394,513
<b>Equity at 31 December</b>	<u>605,174</u>	<u>469,083</u>	<u>394,513</u>

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

**Viscount School**  
**Statement of Financial Position**

As at 31 December 2018

	Notes	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
<b>Current Assets</b>				
Cash and Cash Equivalents	8	115,670	158,558	80,231
Accounts Receivable	9	263,698	136,700	141,730
GST Receivable		59,275	15,000	15,251
Prepayments		15,020	13,000	13,189
Inventories	10	872	1,300	1,279
Investments	11	101,790	100,000	80,494
		<b>556,325</b>	<b>424,558</b>	<b>332,174</b>
<b>Current Liabilities</b>				
Accounts Payable	13	234,094	183,500	186,952
Provision for Cyclical Maintenance	14	10,473	14,192	36,683
Painting Contract Liability - Current Portion	15	-	33,395	32,905
Finance Lease Liability - Current Portion	16	18,782	18,782	15,220
		<b>263,349</b>	<b>249,869</b>	<b>271,760</b>
<b>Working Capital Surplus/(Deficit)</b>		<b>292,976</b>	<b>174,689</b>	<b>60,414</b>
<b>Non-current Assets</b>				
Property, Plant and Equipment	12	506,173	475,052	477,552
		<b>506,173</b>	<b>475,052</b>	<b>477,552</b>
<b>Non-current Liabilities</b>				
Provision for Cyclical Maintenance	14	163,824	150,507	120,406
Painting Contract Liability	15	-	-	2,518
Finance Lease Liability	16	30,151	30,151	20,529
		<b>193,975</b>	<b>180,658</b>	<b>143,453</b>
<b>Net Assets</b>		<b>605,174</b>	<b>469,083</b>	<b>394,513</b>
<b>Equity</b>		<b>605,174</b>	<b>469,083</b>	<b>394,513</b>

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

## Viscount School

### Statement of Cash Flows

For the year ended 31 December 2018

	2018	2018	2017
Note	Actual \$	Budget (Unaudited) \$	Actual \$
<b>Cash flows from Operating Activities</b>			
Government Grants	1,504,113	1,515,171	1,569,557
Locally Raised Funds	33,306	27,000	23,151
Goods and Services Tax (net)	(44,024)	3,000	2,886
Payments to Employees	(690,103)	(684,200)	(799,528)
Payments to Suppliers	(596,120)	(680,657)	(604,898)
Interest Paid	(4,214)	(4,551)	(5,105)
Interest Received	8,463	300	568
Net cash from / (to) the Operating Activities	<u>211,421</u>	<u>176,063</u>	<u>186,631</u>
<b>Cash flows from Investing Activities</b>			
Proceeds from Sale of PPE (and intangibles)	(3,730)	(863)	-
Purchase of PPE (and intangibles)	(95,314)	(102,476)	(32,993)
Purchase of Investments	(21,296)	(100,000)	(80,494)
Net cash from / (to) the Investing Activities	<u>(120,340)</u>	<u>(203,339)</u>	<u>(113,487)</u>
<b>Cash flows from Financing Activities</b>			
Furniture and Equipment Grant	-	-	23,675
Finance Lease Payments	(20,219)	20,699	(24,507)
Painting Contract Payments	(35,423)	(5,035)	(22,042)
Net cash from / (to) Financing Activities	<u>(55,642)</u>	<u>15,664</u>	<u>(22,874)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<u><b>35,439</b></u>	<u><b>(11,612)</b></u>	<u><b>50,270</b></u>
Cash and cash equivalents at the beginning of the year	8 80,231	170,170	29,961
<b>Cash and cash equivalents at the end of the year</b>	<u><b>8 115,670</b></u>	<u><b>158,558</b></u>	<u><b>80,231</b></u>

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.

## Viscount School

# Notes to the Financial Statements

For the year ended 31 December 2018

### 1. Statement of Accounting Policies

#### **Reporting Entity**

Viscount 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.

#### **Basis of Preparation**

##### ***Reporting Period***

The financial reports have been prepared for the period 1 January 2018 to 31 December 2018 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 12.

## Viscount School

# Notes to the Financial Statements (cont.)

For the year ended 31 December 2018

### *Critical Judgements in applying accounting policies*

Management has exercised the following critical judgements in applying accounting policies:

#### *Classification of leases*

The School reviews the details of lease agreements at the end of each reporting date. The School believes the classification of each lease as either operation or finance is appropriate and reflects the nature of the agreement in place. Finance leases are disclosed at note 15.

#### *Recognition of grants*

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

### **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.

#### **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.

#### **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.

#### **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.

## Notes to the Financial Statements (cont.)

For the year ended 31 December 2018

### 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.

### 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.

### Inventories

Inventories are consumable items held for sale and comprise of stationery and school uniforms. They are stated at the lower of cost and net realisable value. Cost is determined on a first in, first out basis. Net realisable value is the estimated selling price in the ordinary course of activities less the estimated costs necessary to make the sale. Any write down from cost to net realisable value is recorded as an expense in the Statement of Comprehensive Revenue and Expense in the period of the write down.

### Investments

Bank term deposits for periods exceeding 90 days are classified as investments and are initially measured at the amount invested. Interest is subsequently accrued and added to the investment balance. After initial recognition bank term deposits are measured at amortised cost using the effective interest method less impairment.

Investments that are shares are categorised as "available for sale" for accounting purposes in accordance with financial reporting standards. Share investments are recognised initially by the School at fair value plus transaction costs. At balance date the School has assessed whether there is any evidence that an investment is impaired. Any impairment, gains or losses are recognised in the Statement of Comprehensive Revenue and Expense.

After initial recognition any investments categorised as available for sale are measured at their fair value without any deduction for transaction costs the School may incur on sale or other disposal.

The School has met the requirements under Schedule 6 Section 28 of the Education Act 1989 in relation to the acquisition of investment securities.

### 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 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.

## Viscount School

# Notes to the Financial Statements (cont.)

For the year ended 31 December 2018

### **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:

Buildings - School	40 years
Furniture and equipment	3-10 years
Information and communication technology	2-5 years
Motor vehicles	10 years
Leased assets held under a Finance Lease	3-5 years
Library resources	12.5% Diminishing value

### **Impairment of property, plant, and equipment**

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 are 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.

### **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.

### **Employee Entitlements**

#### **Short-term employee entitlements**

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



## Viscount School

# Notes to the Financial Statements (cont.)

For the year ended 31 December 2018

### *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.

### **Provision for Cyclical Maintenance**

The property from which the School operates is owned by the Crown, and is vested in the Ministry. The Ministry has gazetted a property occupancy document that sets out the Board's property maintenance responsibilities. The Board is responsible for maintaining the land, buildings and other facilities on the School site in a state of good order and repair.

Cyclical maintenance, which involves painting the interior and exterior of the School, makes up the most significant part of the Board's responsibilities outside 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 ten year property plan (10YPP).

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

### **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 Statement of Cash Flows.

Commitments and contingencies are disclosed exclusive of GST.

### **Budget Figures**

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

### **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.

## Notes to the Financial Statements (cont.)

For the year ended 31 December 2018

### 2 Government Grants

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Operational grants	1,381,353	1,305,616	1,389,403
Teachers' salaries grants	2,416,263	2,500,000	2,411,160
Use of Land and Buildings grants	1,216,756	1,166,475	1,166,475
Resource teachers learning and behaviour grants	5,181	-	-
Other MoE Grants	176,346	207,555	195,928
Other government grants	18,108	2,000	-
	<u>5,214,007</u>	<u>5,181,646</u>	<u>5,162,966</u>

### 3 Locally Raised Funds

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

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
<b>Revenue</b>			
Donations	11,966	-	12,000
Other Revenue	3,961	10,000	5,961
Trading	11,136	14,000	5,790
Activities	5,643	3,000	-
	<u>32,706</u>	<u>27,000</u>	<u>23,751</u>
<b>Expenses</b>			
Trading	11,097	14,000	12,464
	<u>11,097</u>	<u>14,000</u>	<u>12,464</u>
<b>Surplus/ (Deficit) for the year Locally Raised Funds</b>	<u>21,609</u>	<u>13,000</u>	<u>11,287</u>

The school would like to acknowledge the receipt of \$9,164 from the Rano Community Trust to be spent on the water fountains.

### 4 Learning Resources

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Curricular	77,392	116,500	106,512
Equipment repairs	149	-	-
Information and communication technology	106,618	131,000	106,851
Extra-curricular activities	3,055	2,000	-
Library resources	6,720	7,500	20,252
Employee benefits - salaries	2,791,765	2,795,000	2,824,146
Staff development	47,239	30,000	20,520
	<u>3,032,938</u>	<u>3,082,000</u>	<u>3,078,281</u>

## Notes to the Financial Statements (cont.)

For the year ended 31 December 2018

### 5 Administration

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Audit Fee	6,777	7,000	6,500
Board of Trustees Fees	-	500	4,780
Board of Trustees Expenses	15,344	40,000	29,038
Communication	8,479	10,300	11,594
Consumables	13,329	17,000	12,693
Operating Lease	27,299	18,000	19,535
Other	13,717	17,000	23,109
Employee Benefits - Salaries	104,969	150,500	148,921
Insurance	15,643	18,000	14,858
Service Providers, Contractors and Consultancy	8,259	8,500	7,140
	<u>213,816</u>	<u>286,800</u>	<u>278,168</u>

### 6 Property

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Caretaking and Cleaning Consumables	37,549	46,750	52,816
Consultancy and Contract Services	2,657	6,000	3,050
Cyclical Maintenance Expense	58,894	48,000	42,589
Grounds	1,612	10,000	-
Heat, Light and Water	55,665	51,000	41,508
Repairs and Maintenance	50,851	78,000	78,440
Use of Land and Buildings	1,216,756	1,166,475	1,166,475
Security	41,223	25,000	36,230
Employee Benefits - Salaries	213,228	216,000	213,766
	<u>1,678,435</u>	<u>1,647,225</u>	<u>1,634,874</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's year-end reporting purposes.

### 7 Depreciation

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Buildings	8,238	8,223	9,230
Furniture and Equipment	31,035	36,881	29,347
Information and Communication Technology	25,400	24,628	30,548
Motor Vehicles	865	863	125
Leased Assets	26,924	20,407	25,178
Library Resources	7,634	8,998	9,231
	<u>100,096</u>	<u>100,000</u>	<u>103,659</u>

## Notes to the Financial Statements (cont.)

For the year ended 31 December 2018

### 8 Cash and Cash Equivalents

	2018	2018	2017
	Actual	Budget (Unaudited)	Actual
	\$	\$	\$
Bank Current Account	115,670	158,558	74,256
Bank Call Account	-	-	5,975
Cash and cash equivalents for Cash Flow Statement	<u>115,670</u>	<u>158,558</u>	<u>80,231</u>

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

### 9 Accounts Receivable

	2018	2018	2017
	Actual	Budget (Unaudited)	Actual
	\$	\$	\$
Receivables	-	-	600
Receivables from the Ministry of Education	81,278	-	4,403
Interest Receivable	-	200	189
Teacher Salaries Grant Receivable	182,420	136,500	136,538
	<u>263,698</u>	<u>136,700</u>	<u>141,730</u>
Receivables from Exchange Transactions	-	200	789
Receivables from Non-Exchange Transactions	263,698	136,500	140,941
	<u>263,698</u>	<u>136,700</u>	<u>141,730</u>

### 10 Inventories

	2018	2018	2017
	Actual	Budget (Unaudited)	Actual
	\$	\$	\$
Stationery	872	1,300	1,279
	<u>872</u>	<u>1,300</u>	<u>1,279</u>

### 11 Investments

The School's investment activities are classified as follows:

	2018	2018	2017
	Actual	Budget (Unaudited)	Actual
	\$	\$	\$
Current Asset			
Short-term Bank Deposits	101,790	100,000	80,494
	<u>101,790</u>	<u>100,000</u>	<u>80,494</u>

Viscount School

Notes to the Financial Statements (cont.)

For the year ended 31 December 2018

12 Property, Plant and Equipment

	Opening Balance (NBV)	Additions	Disposals	Impairment	Depreciation	Total (NBV)
2018	\$	\$	\$	\$	\$	\$
Buildings	163,418	-	-	-	(8,238)	155,180
Furniture and equipment	158,321	85,108	-	-	(31,035)	212,394
Information and communication technology	43,905	13,751	-	-	(25,400)	32,256
Motor vehicles	8,527	-	-	-	(865)	7,662
Leased assets	38,767	33,403	-	-	(26,924)	45,246
Library resources	64,614	446	(3,991)	-	(7,634)	53,435
<b>Balance at 31 December 2018</b>	<b>477,552</b>	<b>132,708</b>	<b>(3,991)</b>	<b>-</b>	<b>(100,096)</b>	<b>506,173</b>

	Cost or Valuation	Accumulated Depreciation	Net Book Value
2018	\$	\$	\$
Buildings	457,240	(302,060)	155,180
Furniture and equipment	1,066,739	(854,345)	212,394
Information and communication technology	796,692	(764,436)	32,256
Motor vehicles	40,129	(32,467)	7,662
Leased assets	120,906	(75,660)	45,246
Library resources	117,169	(63,734)	53,435
<b>Balance at 31 December 2018</b>	<b>2,598,875</b>	<b>(2,092,702)</b>	<b>506,173</b>

The Board considers that no assets have suffered an impairment during the year.

The net carrying value of equipment held under a finance lease is \$45,246 (2017: \$38,767).

	Opening Balance (NBV)	Additions	Disposals	Impairment	Depreciation	Total (NBV)
2017	\$	\$	\$	\$	\$	\$
Buildings	172,648	-	-	-	(9,230)	163,418
Furniture and equipment	182,613	5,055	-	-	(29,347)	158,321
Information and communication technology	71,246	3,207	-	-	(30,548)	43,905
Motor vehicles	-	8,652	-	-	(125)	8,527
Leased assets	54,520	9,425	-	-	(25,178)	38,767
Library resources	62,413	16,079	(4,647)	-	(9,231)	64,614
<b>Balance at 31 December 2017</b>	<b>543,440</b>	<b>42,418</b>	<b>(4,647)</b>	<b>-</b>	<b>(103,659)</b>	<b>477,552</b>

	Cost or Valuation	Accumulated Depreciation	Net Book Value
2017	\$	\$	\$
Buildings	457,240	(293,822)	163,418
Furniture and equipment	981,632	(823,311)	158,321
Information and communication technology	782,941	(739,036)	43,905
Motor vehicles	40,129	(31,602)	8,527
Leased assets	87,503	(48,736)	38,767
Library resources	124,408	(59,794)	64,614
<b>Balance at 31 December 2017</b>	<b>2,473,853</b>	<b>(1,996,301)</b>	<b>477,552</b>

Viscount School

**Notes to the Financial Statements (cont.)**

For the year ended 31 December 2018

**13 Accounts Payable**

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Operating creditors	35,650	38,000	37,986
Employee Entitlements - salaries	184,662	136,500	139,174
Employee Entitlements - leave accrual	13,782	9,000	9,792
	<u>234,094</u>	<u>183,500</u>	<u>186,952</u>
Payables for Exchange Transactions	234,094	183,500	186,952
	<u>234,094</u>	<u>183,500</u>	<u>186,952</u>

The carrying value of payables approximates their fair value.

**14 Provision for Cyclical Maintenance**

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Provision at the Start of the Year	157,089	157,089	125,362
Increase to the Provision During the Year	58,894	48,000	42,589
Use of the Provision During the Year	(41,686)	(40,390)	(30,862)
Provision at the End of the Year	<u>174,297</u>	<u>164,699</u>	<u>157,089</u>
Cyclical Maintenance - Current	10,473	14,192	36,683
Cyclical Maintenance - Term	163,824	150,507	120,406
	<u>174,297</u>	<u>164,699</u>	<u>157,089</u>

**15 Painting Contract Liability**

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Current Liability	-	33,395	32,905
Non Current Liability	-	-	2,518
	<u>-</u>	<u>33,395</u>	<u>35,423</u>

In 2006 the Board signed an agreement with Programmed Maintenance Services Ltd (the contractor) for an agreed programme of work covering a 14 year period. The programme provides for two exterior repaints of the Ministry owned buildings in 2006 and 2013, with regular maintenance in subsequent years. The agreement has an annual commitment of \$25,808. \$43,714 was paid in November 2018 to terminate the contract.

**16 Finance Lease Liability**

The school has entered into a number of finance lease agreements for teachers' laptops, computers, computer hardware and active panels.

Minimum lease payments payable (includes interest portion):

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
No Later than One Year	22,620	18,782	18,067
Later than One Year and no Later than Five Years	32,777	30,151	23,569
	<u>55,397</u>	<u>48,933</u>	<u>41,636</u>

## Notes to the Financial Statements (cont.)

For the year ended 31 December 2018

### 17 Funds Held for Capital Works Projects

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

	2018	Opening Balances	Receipts from MoE	Payments	BOT Contribution/ (Write-off to R&M)	Closing Balances
		\$	\$	\$		\$
SYPP/Fencing Project	<i>completed</i>	-	42,932	55,756	-	(12,824)
Soffit Project	<i>completed</i>	-	23,156	21,864	-	1,292
Distribution Board	<i>completed</i>	-	30,996	31,812	-	(816)
Blk 3 Toilet Refurb	<i>completed</i>	-	54,000	118,643	-	(64,643)
Blk 3 Carpet Replacem	<i>completed</i>	-	94,050	110,883	-	(16,833)
Blk 3 Ceiling Tiles	<i>completed</i>	-	14,850	17,538	-	(2,688)
Blk 1 & 3 Roof Repl	<i>in progress</i>	-	239,080	223,846	-	15,234
Totals		-	499,064	580,342	-	(81,278)

	2017	Opening Balances	Receipts from MoE	Payments	BOT Contribution/ (Write-off to R&M)	Closing Balances
		\$	\$	\$	\$	\$
5 Yr Property Plan	<i>in progress</i>	-	11,903	11,903	-	-
Totals		-	11,903	11,903	-	-

### 18 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.

## Notes to the Financial Statements (cont.)

For the year ended 31 December 2018

### 19 Remuneration

#### Key management personnel compensation

Key management personnel of the School include all trustees of the Board, Principal, Deputy Principals and Heads of Departments.

	2018 Actual \$	2017 Actual \$
<i>Board Members</i>		
Remuneration	-	4,780
Full-time equivalent members	-	0.36
<i>Leadership Team</i>		
Remuneration	452,418	464,724
Full-time equivalent members	4	4
Total key management personnel remuneration	<u>452,418</u>	<u>469,504</u>
Total full-time equivalent personnel	<u>4.00</u>	<u>4.36</u>

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:

	2018 Actual \$000	2017 Actual \$000
<i>Salaries and Other Short-term Employee Benefits:</i>		
Salary and Other Payments	140 - 150	150 - 160
Benefits and Other Emoluments	-	4 - 5
Termination Benefits	-	-

#### Other Employees

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

Remuneration \$000	2018 FTE Number	2017 FTE Number
110-120	-	1
100-110	2	1
	<u>2</u>	<u>2</u>

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

### 20 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:

	2018 Actual	2017 Actual
Total	\$60,083	-
Number of People	9	-



## Viscount School

# Notes to the Financial Statements (cont.)

For the year ended 31 December 2018

### 21 Contingencies

There are no contingent liabilities and no contingent assets as at 31 December 2018.

(Contingent liabilities and assets as at 31 December 2017: nil)

#### Holidays Act Compliance – schools payroll

The Ministry of Education performs payroll processing and payments on behalf of school boards of trustees, through payroll service provider Education Payroll Limited.

The Ministry has commenced a review of the schools sector payroll to ensure compliance with the Holidays Act 2003. The initial phase of this review has identified areas of non-compliance, however the potential impact on any specific school or individual and any associated historical liability will not be known until further detailed analysis has been completed.

To the extent that any obligation cannot reasonably be quantified at 31 December 2018, a contingent liability for the school may exist.

### 22 Commitments

#### (a) Capital Commitments

The Board considers there to be no contractual commitments at the above date other than those disclosed in the preceding financial statements and detailed below.

(Capital commitments as at 31 December 2017: nil)

#### (b) Operating Commitments

As at 31 December 2018 the Board has entered into the following contracts:

- operating lease of teachers' laptops.
- operating lease for 4 touch screens.

	2018 Actual \$	2017 Actual \$
No later than One Year	15,480	21,392
Later than One Year and No Later than Five Years	11,610	27,090
	<u>27,090</u>	<u>48,482</u>

### 23 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.

### 24 Financial Instruments

The carrying amount of financial assets and liabilities in each of the financial instrument categories are as follows:

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
<b>Loans and Receivables</b>			
Cash and Cash Equivalents	115,670	158,558	80,231
Receivables	263,698	136,700	141,730
Investments - Term Deposits	101,790	100,000	80,494
<b>Total Loans and Receivables</b>	<u>481,158</u>	<u>395,258</u>	<u>302,455</u>
<b>Financial liabilities measured at amortised cost</b>			
Payables	234,094	183,500	186,952
Finance Leases	48,933	48,933	35,749
Painting Contract Liability	-	33,395	35,423
<b>Total Financial Liabilities Measured at Amortised Cost</b>	<u>283,027</u>	<u>265,828</u>	<u>258,124</u>

### 25 Events After Balance Date

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

### 26 Comparatives

There have been a number of prior period comparatives which have been reclassified to make disclosure consistent with the current year.