

AO TAWHITI UNLIMITED DISCOVERY SCHOOL

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

School Address:

Years 0 to 6 - Discovery Campus
90 McMahon Drive, Halswell
Christchurch 8025

Years 7 to 13 - Unlimited Campus
Wairarapa Block, University of Canterbury
Cnr Parkstone Ave & Oak Drive
Christchurch 8041

School Postal Address:

PO Box 4666
Christchurch 8140

School Phone:

Years 0 to 6: (03) 365 4678
Years 7 to 13: (03) 377 7773

School Email:

discovery@aotawhiti.school.nz
unlimited@aotawhiti.school.nz

Ministry Number:

683

AO TAWHITI UNLIMITED DISCOVERY SCHOOL

Financial Statements - For the year ended 31 December 2017

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Ao Tawhiti Unlimited Discovery School

Statement of Responsibility

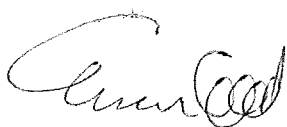
For the year ended 31 December 2017

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

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

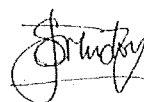
It is the opinion of the Board and management that the annual financial statements for the financial year ended 31 December 2017 fairly reflect the financial position and operations of the School.

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



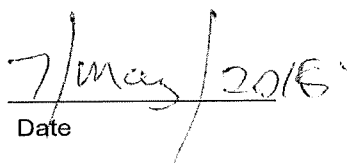
Evan Kidd

Chairperson



Steven Mustor

Principal


Date

7 May 2018

Date

Ao Tawhiti Unlimited Discovery School
Statement of Comprehensive Revenue and Expense
For the year ended 31 December 2017

		2017	2017	2016
	Notes	Actual	Budget	Actual
		\$	(Unaudited)	\$
Revenue				
Government Grants	2	4,598,609	4,408,679	4,453,418
Locally Raised Funds	3	215,665	160,700	157,658
Interest Earned		14,822	14,000	18,235
		<hr/>	<hr/>	<hr/>
		4,829,096	4,583,379	4,629,311
Expenses				
Locally Raised Funds	3	83,989	62,500	32,084
Learning Resources	4	3,634,333	3,365,600	3,512,775
Administration	5	451,483	388,195	474,981
Finance Costs		4,031	-	58
Property	6	666,715	674,629	644,449
Depreciation	7	83,448	85,700	86,887
Loss on Disposal of Property, Plant and Equipment		-	-	-
		<hr/>	<hr/>	<hr/>
		4,923,999	4,576,624	4,751,234
Net Surplus / (Deficit)		(94,903)	6,755	(121,923)
Other Comprehensive Revenue and Expenses		-	-	-
Total Comprehensive Revenue and Expense for the Year		<hr/>	<hr/>	<hr/>
		(94,903)	6,755	(121,923)

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

Ao Tawhiti Unlimited Discovery 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	514,793	514,793	636,716
Total comprehensive revenue and expense for the year	(94,903)	6,755	(121,923)
Equity at 31 December	419,890	521,548	514,793
Retained Earnings	419,890	521,548	514,793
Reserves	-	-	-
Equity at 31 December	419,890	521,548	514,793

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

Ao Tawhiti Unlimited Discovery School
Statement of Financial Position
As at 31 December 2017

		2017	2017	2016
	Notes	Actual	Budget	Actual
		\$	(Unaudited)	\$
			\$	
Current Assets				
Cash and Cash Equivalents	8	63,200	450,000	413,159
Accounts Receivable	9	366,830	180,000	187,180
GST Receivable		3,160	15,000	15,348
Investments	10	358,753	-	-
		<u>791,942</u>	<u>645,000</u>	<u>615,688</u>
Current Liabilities				
Accounts Payable	12	515,159	220,000	218,412
Revenue Received in Advance	13	35,443	30,000	35,443
Finance Lease Liability - Current Portion	14	19,826	-	-
		<u>570,428</u>	<u>250,000</u>	<u>253,855</u>
Working Capital Surplus/(Deficit)		221,513	395,000	361,833
Non-current Assets				
Investments (more than 12 months)	10	50,220	-	-
Property, Plant and Equipment	11	175,706	126,548	153,489
		<u>225,926</u>	<u>126,548</u>	<u>153,489</u>
Non-current Liabilities				
Finance Lease Liability	14	27,549	-	-
		<u>27,549</u>	<u>-</u>	<u>-</u>
Net Assets		<u>419,890</u>	<u>521,548</u>	<u>515,322</u>
Equity		<u>419,890</u>	<u>521,548</u>	<u>514,793</u>

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

Ao Tawhiti Unlimited Discovery School
Statement of Cash Flows
For the year ended 31 December 2017

		2017	2017	2016
	Note	Actual	Budget	Actual
		\$	(Unaudited)	\$
Cash flows from Operating Activities				
Government Grants		1,128,959	1,118,247	1,302,153
Locally Raised Funds		208,345	2,409	136,667
Goods and Services Tax (net)		12,189	10,478	(11,769)
Payments to Employees		(586,642)	(415,282)	(699,307)
Payments to Suppliers		(657,729)	(941,535)	(736,995)
Interest Paid		(4,031)	-	(58)
Interest Received		16,213	12,892	19,974
Net cash from / (to) the Operating Activities		117,303	(212,791)	10,666
Cash flows from Investing Activities				
Proceeds from Sale of PPE (and Intangibles)		-	(15,873)	-
Purchase of PPE (and Intangibles)		(44,595)	559,080	(38,158)
Purchase of Investments		(408,973)	-	43,646
Proceeds from Sale of Investments		-	-	-
Net cash from / (to) the Investing Activities		(453,568)	543,207	5,488
Cash flows from Financing Activities				
Finance Lease Payments		(13,694)	-	-
Net cash from Financing Activities		(13,694)	-	-
Net increase/(decrease) in cash and cash equivalents		(349,959)	330,416	16,154
Cash and cash equivalents at the beginning of the year	8	413,159	413,159	397,006
Cash and cash equivalents at the end of the year	8	63,200	743,575	413,160

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.

Ao Tawhiti Unlimited Discovery School

Notes to the Financial Statements

1. Statement of Accounting Policies

For the year ended 31 December 2017

a) Reporting Entity

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

b) Basis of Preparation

Reporting Period

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

Basis of Preparation

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

Financial Reporting Standards Applied

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

PBE Accounting Standards Reduced Disclosure Regime

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

Measurement Base

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

Presentation Currency

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

Specific Accounting Policies

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

Critical Accounting Estimates And Assumptions

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

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

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 carry forward amounts unspent. The School believes all grants received have been appropriately recognised as a liability if required. Government grants are disclosed at note 2.

c) Revenue Recognition

Government Grants

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

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

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

Other Grants

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

Donations, Gifts and Bequests

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

Interest Revenue

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

d) 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.

e) 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.

f) 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.

g) 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.

h) 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 measure at amortised cost using the effective interest method less impairment.

The School has met the requirements under section 28 of schedule 6 of the Education Act 1989 in relation to the acquisition of securities.

i) Property, Plant and Equipment

Land and buildings are excluded from these financial statements. The School operates from two separate sites which are leased by the Ministry of Education. 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 \$1,000 are not capitalised, they are recognised as an expense in the Statement of Comprehensive Revenue and Expense.

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

Leased Assets

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

Depreciation

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

The estimated useful lives of the assets are:

Furniture and equipment	5-10 years
Information and communication technology	3-5 years
Motor vehicles	5 years
Leased assets held under a Finance Lease	4 years

j) 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.

k) 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.

l) 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.

m) Revenue Received in Advance

Revenue received in advance relates to fees received from 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.

n) 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.

The School's financial liabilities comprise accounts payable, borrowings, finance lease liability, and painting contract liability. All of these financial liabilities are categorised as "financial liabilities measured at amortised cost" for accounting purposes in accordance with financial reporting standards.

o) 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.

p) Budget Figures

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

q) 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.

r) Prior Period Adjustment

During 2017 an adjustment was made to 2016 other Ministry of Education grants income and accounts receivable in the amount of \$2094. The effect of the changes was to understate the school's operating deficit and and overstate the school's current assets for the year ended 31 December 2016

2. Government Grants

	2017	2017 Budget	2016
	Actual	(Unaudited)	Actual
	\$	\$	\$
Operational grants	916,915	910,000	965,818
Teachers' salaries grants	3,019,882	2,800,000	2,805,919
Use of Land and Buildings grants	455,679	455,679	455,679
Resource teachers learning and behaviour grants	34,687	-	29,763
Other MoE Grants	126,753	195,000	152,309
Other government grants	44,693	48,000	43,929
	<u>4,598,609</u>	<u>4,408,679</u>	<u>4,453,418</u>

3. Locally Raised Funds

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

	2017	2017 Budget	2016
	Actual	(Unaudited)	Actual
	\$	\$	\$
Revenue			
Donations	41,108	50,500	42,317
Fundraising	10,735	16,000	17,916
Other revenue	73,221	1,200	20,585
Activities	64,633	37,000	10,741
Curriculum Recoveries	25,969	56,000	66,100
	<u>215,665</u>	<u>160,700</u>	<u>157,658</u>
Expenses			
Activities	76,816	57,500	25,335
Fundraising (costs of raising funds)	7,172	5,000	6,749
Other Locally Raised Funds Expenditure	-	-	-
	<u>83,989</u>	<u>62,500</u>	<u>32,084</u>
<i>Surplus for the year Locally raised funds</i>	<u>131,676</u>	<u>98,200</u>	<u>125,575</u>

4. Learning Resources

	2017	2017 Budget	2016
	Actual	(Unaudited)	Actual
	\$	\$	\$
Curricular	169,193	271,600	216,530
Information and communication technology	-	-	-
Employee benefits - salaries	3,415,933	3,032,000	3,239,355
Resource/attached teacher costs	30,708	26,000	28,592
Staff development	18,499	36,000	28,298
	<u>3,634,333</u>	<u>3,365,600</u>	<u>3,512,775</u>

5. Administration

	2017	2017	2016
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Audit Fee	6,900	5,775	6,900
Board of Trustees Fees	3,891	5,700	8,561
Board of Trustees Expenses	16,677	59,000	16,014
Communication	24,846	30,000	25,926
Consumables	10,103	16,500	9,954
Operating Lease	38,505	61,000	56,364
Other	62,722	29,020	34,335
Employee Benefits - Salaries	262,292	144,500	282,962
Insurance	5,182	1,700	339
Service Providers, Contractors and Consultancy	20,363	35,000	33,626
	<u>451,483</u>	<u>388,195</u>	<u>474,981</u>

6. Property

	2017	2017	2016
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Caretaking and Cleaning Consumables	28,514	32,150	30,578
Consultancy and Contract Services	74,576	67,000	66,700
Grounds	3,770	5,000	23,528
Heat, Light and Water	40,253	44,000	41,555
Repairs and Maintenance	19,144	26,000	23,680
Use of Land and Buildings	455,679	455,679	455,679
Security	1,815	2,800	2,730
Employee Benefits - Salaries	42,963	42,000	-
	<u>666,715</u>	<u>674,629</u>	<u>644,449</u>

7. Depreciation of Property, Plant and Equipment

	2017	2017	2016
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Furniture and Equipment	20,474	25,735	18,046
Information and Communication Technology	47,002	59,079	62,841
Motor Vehicles	705	886	6,000
Leased Assets	15,268	-	-
	<u>83,448</u>	<u>85,700</u>	<u>86,887</u>

8. Cash and Cash Equivalents

	2017	2017	2016
	Actual	Budget (Unaudited)	Actual
	\$	\$	\$
Cash on Hand	350	350	350
Bank Current Account	62,422	49,650	33,405
Bank Savings Account	427	-	419
Short-term Bank Deposits	-	400,000	378,986
Bank Overdraft	-	-	-
Net cash and cash equivalents and bank overdraft for Cash Flow Statement	63,200	450,000	413,159

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

9. Accounts Receivable

	2017	2017	2016
	Actual	Budget (Unaudited)	Actual
	\$	\$	\$
Receivables	16,543	18,000	9,223
Receivables from the Ministry of Education	-	-	-
Interest Receivable	1,971	2,000	3,362
Teacher Salaries Grant Receivable	348,316	160,000	174,595
	366,830	180,000	187,180
Receivables from Exchange Transactions	18,514	20,000	12,585
Receivables from Non-Exchange Transactions	348,316	160,000	174,595
	366,830	180,000	187,180

10. Investments

The School's investment activities are classified as follows:

	2017	2017	2016
	Actual	Budget (Unaudited)	Actual
	\$	\$	\$
Current Asset			
Short-term Bank Deposits	358,753	-	-
Non-current Asset			
Long-term Bank Deposits	50,220	-	-

The carrying value of long term deposits longer than 12 months approximates their fair value at 31 December 2017.

11. Property, Plant and Equipment

	Opening Balance (NBV)	Additions	Disposals	Impairment	Depreciation	Total (NBV)
	\$	\$	\$	\$	\$	\$
2017						
Furniture and Equipment	75,026	11,814	-	-	(20,474)	66,366
Information and Communication Technology	77,053	33,486	-	-	(47,002)	63,537
Motor Vehicles	1,410	-	(705)	-	(705)	-
Leased Assets	-	61,070	-	-	(15,268)	45,803
Balance at 31 December 2017	153,489	106,370	(705)	-	(83,448)	175,706

	Cost or Valuation	Accumulated Depreciation	Net Book Value
	\$	\$	\$
2017			
Furniture and Equipment	264,958	(198,592)	66,366
Information and Communication Technology	412,489	(348,952)	63,537
Motor Vehicles	15,000	(15,000)	-
Leased Assets	61,070	(15,268)	45,803
Balance at 31 December 2017	753,517	(577,811)	175,706

	Opening Balance (NBV)	Additions	Disposals	Impairment	Depreciation	Total (NBV)
	\$	\$	\$	\$	\$	\$
2016						
Furniture and Equipment	87,957	5,116	-	-	(18,046)	75,027
Information and Communication Technology	106,851	33,043	-	-	(62,841)	77,053
Motor Vehicles	7,410	-	-	-	(6,000)	1,410
Leased Assets	-	-	-	-	-	-
Balance at 31 December 2016	202,218	38,159	-	-	(86,887)	153,490

Accumulated Depreciation

	Cost or Valuation	Accumulated Depreciation	Net Book Value
	\$	\$	\$
2016			
Furniture and Equipment	253,144	(178,118)	75,026
Information and Communication Technology	379,003	(301,950)	77,053
Motor Vehicles	30,000	(28,590)	1,410
Leased Assets	-	-	-
Balance at 31 December 2016	662,147	(508,658)	153,489

12. Accounts Payable

	2017	2017	2016
	Actual	Budget (Unaudited)	Actual
	\$	\$	\$
Operating creditors	12,887	10,000	10,435
Accruals	12,400	20,000	12,400
Banking staffing overuse	124,565	-	(5,911)
Employee Entitlements - salaries	355,451	180,000	182,851
Employee Entitlements - leave accrual	9,857	10,000	18,637
	<u>515,159</u>	<u>220,000</u>	<u>218,412</u>
Payables for Exchange Transactions	515,159	220,000	218,412
Payables for Non-exchange Transactions - Taxes Payable (PAYE and Rates)	-	-	-
Payables for Non-exchange Transactions - Other	-	-	-
	<u>515,159</u>	<u>220,000</u>	<u>218,412</u>

The carrying value of payables approximates their fair value.

13. Revenue Received in Advance

	2017	2017	2016
	Actual	Budget (Unaudited)	Actual
	\$	\$	\$
Grants in Advance	35,443	30,000	35,443
	<u>35,443</u>	<u>30,000</u>	<u>35,443</u>

14. Finance Lease Liability

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

	2017	2017	2016
	Actual	Budget (Unaudited)	Actual
	\$	\$	\$
No Later than One Year	19,826	-	-
Later than One Year and no Later than Five Years	27,549	-	-
Later than Five Years	-	-	-
	<u>47,376</u>	<u>-</u>	<u>-</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.

16. Remuneration

Key management personnel compensation

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

	2017 Actual \$	2016 Actual \$
<i>Board Members</i>		
Remuneration	3,891	8,561
Full-time equivalent members	0.53	0.50
<i>Leadership Team</i>		
Remuneration	422,136	407,573
Full-time equivalent members	4.00	4.00
Total key management personnel remuneration	426,027	416,134
Total full-time equivalent personnel	4.53	4.50

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	130-140	130-140
Benefits and Other Emoluments	3-4	3-4
Termination Benefits	-	-

Other Employees

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

	Remuneration \$000	2017 FTE Number	2016 FTE Number
No other employees were paid more than \$100,000.		-	-
		-	-
		0.00	0.00

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	30-40,000	-
Number of People	2	-

18. Contingencies

There are no contingent liabilities 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 had no capital commitments.

(Capital commitments at 31 December 2016: nil)

(b) Operating Commitments

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

(a) operating leases of laptops

	2017 Actual \$	2016 Actual \$
No later than One Year	-	3,477
Later than One Year and No Later than Five Years	-	-
Later than Five Years	-	-
	-	3,477

Leased Land and Buildings:

The School operates from two separate sites:

In 2013 the Ministry of Education leased land and buildings from the University of Canterbury and have added additional prefabricated classrooms. The leases are between the Ministry and the University of Canterbury, with the School occupying the leased premises.

The leases expire in January 2018 and we understand the Ministry has extended these. The total annual amount for the leases between the Ministry of Education and University of Canterbury in 2017 was \$380,019.

The Ministry has also leased land and buildings from St John of God Hauora Trust. It commenced in 2013 and expired on 31 December 2016, with a further right of renewal of one year. We understand the Ministry has exercised that right of renewal and further into 2018. The annual lease amount is \$75,660.

For all land and building lease agreements, the annual lease payments are paid directly by the Ministry to the lessors.

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	63,200	450,000	413,159
Receivables	366,830	180,000	187,180
Investments - Term Deposits	408,973	-	-
Total Cash and Receivables	839,002	630,000	600,340

Financial liabilities measured at amortised cost

Payables	515,159	220,000	218,412
Finance Leases	47,376	-	-
Total Financial Liabilities Measured at Amortised Cost	562,534	220,000	218,412

22. Events After Balance Date

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

**INDEPENDENT AUDITOR'S REPORT
TO THE READERS OF AO TAWHITI UNLIMITED DISCOVERY SCHOOL
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017**

The Auditor-General is the auditor of Ao Tawhiti Unlimited Discovery School (the School). The Auditor-General has appointed me, John Hooper, using the staff and resources of John Hooper & Co, 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 4 to 18, that comprise the statement of financial position as at 31 December 2017, the statements of comprehensive revenue and expense, changes in net assets / equity and 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 21 May 2018. This is the date at which our opinion is expressed.

The basis of 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 of 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

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

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

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

Responsibilities of the Auditor for the Audit of the Financial Statements

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

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

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

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

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

- We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Trustees.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Trustees and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the School's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the School to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We assess the risk of material misstatement arising from the Novopay payroll system, which may still contain errors. As a result, we carried out procedures to minimise the risk of material errors arising from the system that, in our judgement, would likely influence readers' overall understanding of the financial statements.

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

Our responsibilities arise from the Public Audit Act 2001.

Other information

The Board of Trustees is responsible for other information. The other information obtained at the date of our report is the list of board of trustee members and the analysis of variance report.

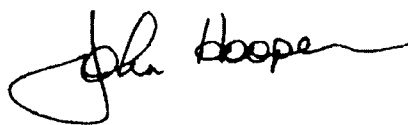
Our opinion on the financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

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



JOHN HOOPER

John Hooper & Co

On behalf of the Auditor-General

Nelson, New Zealand