



Kingslea School

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

Ministry Number:	518
Principal:	Tina Lomax
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KINGSLEA SCHOOL

Annual Report - For the year ended 31 December 2018

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Kingslea 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.

Alan Direen

Full Name of Board Chairperson



Signature of Board Chairperson

31/05/2019

Date:

Tina Lomax

Full Name of Principal



Signature of Principal

31/05/2019

Date:

Kingslea School

Members of the Board of Trustees

For the year ended 31 December 2018

Name	Position	How Position Gained	Held Until
Alan Direen	Chairperson	Elected Member	May 2019
Tina Lomax	Principal		
Shane Whitefield	Deputy Chairperson	Ministerial Appointee	May 2019
Jackie Freeman	Parent Rep	Elected Member	May 2019
Colleen Bardsley	Parent Rep	Elected Member	May 2019
Dr Angus Macfarlane	Parent Rep	Elected Member	May 2019
Peter Whitcombe	Parent Rep	Elected Member	May 2019
Dr Barry Newcombe	Parent Rep	Ministerial Appointee	May 2019
Nicola Haste	Parent Rep	Elected Member	Apr 2018

Kingslea School

Statement of Comprehensive Revenue and Expense

For the year ended 31 December 2018

	Notes	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Revenue				
Government Grants	2	6,117,187	4,732,164	3,479,109
Locally Raised Funds	3	28,501	35,500	72,359
Interest Earned		28,897	20,000	20,150
		<u>6,174,585</u>	<u>4,787,664</u>	<u>3,571,618</u>
Expenses				
Locally Raised Funds	3	-	5,000	6,380
Learning Resources	4	4,892,447	3,466,714	3,232,586
Administration	5	489,537	469,630	375,626
Finance Costs		3,859	2,488	3,272
Property	6	31,164	27,500	21,264
Depreciation	7	168,603	120,000	87,299
Loss on Disposal of Property, Plant and Equipment		8,350	-	4,199
		<u>5,593,960</u>	<u>4,091,332</u>	<u>3,730,626</u>
Net Surplus / (Deficit)		580,625	696,332	(159,008)
Other Comprehensive Revenue and Expenses		-	-	-
Total Comprehensive Revenue and Expense for the Year		<u>580,625</u>	<u>696,332</u>	<u>(159,008)</u>

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



Kingslea School

Statement of Changes in Net Assets/Equity

For the year ended 31 December 2018

	Actual 2018 \$	Budget (Unaudited) 2018 \$	Actual 2017 \$
Balance at 1 January	807,139	807,139	966,147
Total comprehensive revenue and expense for the year	580,625	696,332	(159,008)
Equity at 31 December	1,387,764	1,503,471	807,139
Retained Earnings	1,387,764	1,503,471	807,139
Equity at 31 December	1,387,764	1,503,471	807,139

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



Kingslea School
Statement of Financial Position
As at 31 December 2018

	Notes	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Current Assets				
Cash and Cash Equivalents	8	(1,159)	979,415	163,083
Accounts Receivable	9	261,186	163,043	163,043
GST Receivable		32,584	17,853	17,853
Prepayments		3,134	3,592	3,592
Investments	10	908,509	476,934	476,934
		<u>1,204,254</u>	<u>1,640,837</u>	<u>824,505</u>
Current Liabilities				
Accounts Payable	12	275,484	200,117	200,117
Revenue Received in Advance	13	3,053	-	-
Finance Lease Liability - Current Portion	14	104,643	49,304	49,304
		<u>383,180</u>	<u>249,421</u>	<u>249,421</u>
Working Capital Surplus/(Deficit)		821,074	1,391,416	575,084
Non-current Assets				
Property, Plant and Equipment	11	690,806	191,271	311,271
		<u>690,806</u>	<u>191,271</u>	<u>311,271</u>
Non-current Liabilities				
Finance Lease Liability	14	124,116	79,216	79,216
		<u>124,116</u>	<u>79,216</u>	<u>79,216</u>
Net Assets		<u>1,387,764</u>	<u>1,503,471</u>	<u>807,139</u>
Equity		<u>1,387,764</u>	<u>1,503,471</u>	<u>807,139</u>

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

Kingslea School
Statement of Cash Flows
For the year ended 31 December 2018

		2018	2018	2017
	Note	Actual \$	Budget (Unaudited) \$	Actual \$
Cash flows from Operating Activities				
Government Grants		2,788,441	2,682,164	1,363,195
Locally Raised Funds		33,897	35,500	178,949
Goods and Services Tax (net)		(14,731)	-	(8,396)
Payments to Employees		(993,813)	(959,259)	(891,357)
Payments to Suppliers		(1,112,521)	(839,585)	(580,169)
Interest Received		26,168	20,000	20,267
Net cash from / (to) the Operating Activities		727,441	938,820	82,489
Cash flows from Investing Activities				
Purchase of PPE (and Intangibles)		(359,719)	(120,000)	(108,444)
Purchase of Investments		(431,575)	-	-
Proceeds from Sale of Investments		-	-	18,112
Net cash from / (to) the Investing Activities		(791,294)	(120,000)	(90,332)
Cash flows from Financing Activities				
Finance Lease Payments		(100,389)	(2,488)	(48,494)
Net cash from Financing Activities		(100,389)	(2,488)	(48,494)
Net increase/(decrease) in cash and cash equivalents		(164,242)	816,332	(56,337)
Cash and cash equivalents at the beginning of the year	8	163,083	163,083	219,420
Cash and cash equivalents at the end of the year	8	(1,159)	979,415	163,083

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.



Kingslea School

Notes to the Financial Statements

1. Statement of Accounting Policies

For the year ended 31 December 2018

1.1. Reporting Entity

Kingslea 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 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 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 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.

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.

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.

1.4. 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.

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. 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 section 28 of schedule 6 of the Education Act 1989 in relation to the acquisition of securities.

1.10. 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 \$500 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:

Furniture and equipment	5-10 years
Information and communication technology	4-5 years
Motor vehicles	5 years
Leased Assets	4 years

1.11. 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.

1.12. 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.

1.13. 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

1.14. 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.



1.15. 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).

1.16. 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, 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.

1.17. 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.

1.18. Budget Figures

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

1.19. 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

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Operational grants	826,509	827,214	598,770
Teachers' salaries grants	3,328,746	2,050,000	2,157,475
Other MoE Grants	1,779,955	1,749,700	591,168
Other government grants	181,977	105,250	131,696
	<u>6,117,187</u>	<u>4,732,164</u>	<u>3,479,109</u>

3. Locally Raised Funds

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

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Revenue			
Bequests & Grants	14,534	22,000	32,075
Other revenue	13,967	13,500	40,284
	<u>28,501</u>	<u>35,500</u>	<u>72,359</u>
Expenses			
Fundraising (costs of raising funds)	-	5,000	6,380
	<u>-</u>	<u>5,000</u>	<u>6,380</u>
<i>Surplus for the year Locally raised funds</i>	<u>28,501</u>	<u>30,500</u>	<u>65,979</u>

4. Learning Resources

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Curricular	680,159	500,455	227,697
Equipment repairs	25,565	20,000	9,886
Information and communication technology	32,999	70,000	21,231
Employee benefits - salaries	4,129,940	2,856,259	2,952,230
Staff development	23,784	20,000	21,542
	<u>4,892,447</u>	<u>3,466,714</u>	<u>3,232,586</u>

5. Administration

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Audit Fee	4,934	4,800	4,741
Board of Trustees Fees	7,650	8,580	5,516
Board of Trustees Expenses	19,751	17,500	16,782
Communication	21,610	21,200	20,121
Consumables	15,277	10,500	14,350
Operating Lease	20,138	30,000	21,685
Legal Fees	-	5,000	2,497
Other	208,061	202,650	162,593
Employee Benefits - Salaries	174,733	153,000	111,437
Insurance	7,438	5,400	5,699
Service Providers, Contractors and Consultancy	9,945	11,000	10,205
	<u>489,537</u>	<u>469,630</u>	<u>375,626</u>

6. Property

Caretaking and Cleaning Consumables
Consultancy and Contract Services
Heat, Light and Water
Repairs and Maintenance

2018	2018	2017
Actual	Budget	Actual
\$	(Unaudited)	\$
1,077	1,000	931
18,038	15,000	11,892
4,726	6,500	7,059
7,323	5,000	1,382
<u>31,164</u>	<u>27,500</u>	<u>21,264</u>

7. Depreciation of Property, Plant and Equipment

Furniture and Equipment
Information and Communication Technology
Motor Vehicles
Leased Assets

2018	2018	2017
Actual	Budget	Actual
\$	(Unaudited)	\$
36,388	28,000	18,962
32,561	30,000	19,887
1,843	2,000	1,826
97,811	60,000	46,624
<u>168,603</u>	<u>120,000</u>	<u>87,299</u>

8. Cash and Cash Equivalents

Bank Current Account
Bank Call Account
Bank Overdraft
Net cash and cash equivalents and bank overdraft for Cash Flow Statement

2018	2018	2017
Actual	Budget	Actual
\$	(Unaudited)	\$
-	979,415	157,010
2,625	-	6,073
(3,784)	-	-
<u>(1,159)</u>	<u>979,415</u>	<u>163,083</u>

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

9. Accounts Receivable

Receivables
Interest Receivable
Teacher Salaries Grant Receivable

2018	2018	2017
Actual	Budget	Actual
\$	(Unaudited)	\$
10,187	12,530	12,530
5,983	3,254	3,254
245,016	147,259	147,259
<u>261,186</u>	<u>163,043</u>	<u>163,043</u>
16,170	15,784	15,784
245,016	147,259	147,259
<u>261,186</u>	<u>163,043</u>	<u>163,043</u>

Receivables from Exchange Transactions
Receivables from Non-Exchange Transactions

10. Investments

The School's investment activities are classified as follows:

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Current Asset			
Short-term Bank Deposits	908,509	476,934	476,934

11. Property, Plant and Equipment

	Opening Balance (NBV)	Additions	Disposals	Impairment	Depreciation	Total (NBV)
	\$	\$	\$	\$	\$	\$
2018						
Furniture and Equipment	116,044	241,368	(3,535)	-	(36,388)	317,489
Information and Communication	58,280	116,441	(4,814)	-	(32,561)	137,346
Motor Vehicles	8,217	1,910	-	-	(1,843)	8,284
Leased Assets	128,730	196,768	-	-	(97,811)	227,687
Balance at 31 December 2018	311,271	556,487	(8,349)	-	(168,603)	690,806

	Cost or Valuation	Accumulated Depreciation	Net Book Value
	\$	\$	\$
2018			
Furniture and Equipment	649,814	(332,325)	317,489
Information and Communication	492,743	(355,397)	137,346
Motor Vehicles	20,170	(11,886)	8,284
Leased Assets	378,724	(151,037)	227,687
Balance at 31 December 2018	1,541,451	(850,645)	690,806

The net carrying value of equipment held under a finance lease is \$227,687 (2017: \$128,730)

	Opening Balance (NBV)	Additions	Disposals	Impairment	Depreciation	Total (NBV)
	\$	\$	\$	\$	\$	\$
2017						
Furniture and Equipment	65,816	72,435	(3,245)	-	(18,962)	116,044
Information and Communication	43,112	36,008	(953)	-	(19,887)	58,280
Motor Vehicles	10,043	-	-	-	(1,826)	8,217
Leased Assets	137,348	38,006	-	-	(46,624)	128,730
Balance at 31 December 2017	256,319	146,449	(4,198)	-	(87,299)	311,271

	Cost or Valuation	Accumulated Depreciation	Net Book Value
	\$	\$	\$
2017			
Furniture and Equipment	428,084	(312,040)	116,044
Information and Communication	400,426	(342,146)	58,280
Motor Vehicles	18,261	(10,044)	8,217
Leased Assets	181,955	(53,225)	128,730
Balance at 31 December 2017	1,028,726	(717,455)	311,271



12. Accounts Payable

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Operating creditors	19,246	26,099	26,099
Accruals	5,617	3,268	3,268
Employee Entitlements - salaries	246,596	164,844	164,844
Employee Entitlements - leave accrual	4,025	5,906	5,906
	<u>275,484</u>	<u>200,117</u>	<u>200,117</u>
Payables for Exchange Transactions	275,484	200,117	200,117
	<u>275,484</u>	<u>200,117</u>	<u>200,117</u>

The carrying value of payables approximates their fair value.

13. Revenue Received in Advance

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Other	3,053	-	-
	<u>3,053</u>	<u>-</u>	<u>-</u>

14. Finance Lease Liability

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

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
No Later than One Year	107,240	50,329	50,329
Later than One Year and no Later than Five Years	125,212	80,061	80,061
Later than Five Years	-	-	-
	<u>232,452</u>	<u>130,390</u>	<u>130,390</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 Assistant Principals.

	2018 Actual \$	2017 Actual \$
<i>Board Members</i>		
Remuneration	7,650	5,516
Full-time equivalent members	0.19	0.16
<i>Leadership Team</i>		
Remuneration	818,374	635,238
Full-time equivalent members	8.00	6.00
Total key management personnel remuneration	826,024	640,754
Total full-time equivalent personnel	8.19	6.16

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
Salaries and Other Short-term Employee Benefits:		
Salary and Other Payments	160 - 170	160 - 170
Benefits and Other Emoluments	4 - 5	4 - 5
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	2018 FTE Number	2017 FTE Number
110 - 120	-	-
100 - 110	3.00	2.00
	3.00	2.00

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:

	2018 Actual \$	2017 Actual \$
Total	-	-
Number of People	-	-



18. Contingencies

There are no contingent liabilities (except as noted below) and no contingent assets as at 31 December 2018 (Contingent liabilities and assets 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.

19. Commitments

(a) Capital Commitments

As at 31 December 2018 the Board has not entered into any contract agreements for capital works.

(Capital commitments at 31 December 2017: nil)

(b) Operating Commitments

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

(a) operating lease of a photocopier laptops and a computer;

No later than One Year
Later than One Year and No Later than Five Years
Later than Five Years

2018 Actual \$	2017 Actual \$
2,036	3,338
-	-
-	-
<u>2,036</u>	<u>3,338</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

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Cash and Cash Equivalents	(1,159)	979,415	163,083
Receivables	261,186	163,043	163,043
Investments - Term Deposits	908,509	476,934	476,934
Total Loans and Receivables	<u>1,168,536</u>	<u>1,619,392</u>	<u>803,060</u>

Financial liabilities measured at amortised cost

Payables	275,484	200,117	200,117
Finance Leases	228,759	128,521	128,521
Total Financial Liabilities Measured at Amortised Cost	<u>504,243</u>	<u>328,638</u>	<u>328,638</u>

22. Events After Balance Date

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

23. Comparatives

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



**INDEPENDENT AUDITOR'S REPORT
TO THE READERS OF KINGSLEA SCHOOL'S FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

The Auditor-General is the auditor of Kingslea School (the School). The Auditor-General has appointed me, Mike Hoshek 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 3 to 18, that comprise the statement of financial position as at 31 December 2018, the statement of comprehensive revenue and expense, statement of changes in 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 2018; and
 - its financial performance and cash flows for the year then ended; and
- comply with generally accepted accounting practice in New Zealand in accordance with Public Sector - Public Benefit Entity Standards, Reduced Disclosure Regime.

Our audit was completed on 31 May 2019. This is the date at which our opinion is expressed.

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

Basis for our opinion

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

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

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

Responsibilities of the Board of Trustees for the financial statements

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

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

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

Responsibilities of the auditor for the audit of the financial statements

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

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

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

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

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

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

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

Our responsibilities arises from the Public Audit Act 2001.

Other information

The Board of Trustees are responsible for the other information. The other information does not include the financial statements, and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

We are independent of the School in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1 (Revised): *Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board.

Other than the audit, we have no relationship with or interests in the School.



Mike Hoshek
Deloitte Limited
On behalf of the Auditor-General

Christchurch, New Zealand

KINGSLEA SCHOOL Analysis of Variance 2018

Reading, Writing and Numeracy Targets 2018

When students first enrol at Kingslea School they generally have experienced little success in the education system, along with variable engagement. Kingslea School rarely receives any records from previous schools. Students present with emotional and behavioural issues, often as a result of significant trauma.

New Zealand research in this area reports findings that children in care are at least six times more likely to be suspended or excluded from mainstream education. Most of our students have a history of truancy, suspensions, exclusions and exemptions and do not attend mainstream beyond the beginning of Year 9. By the time they end up in residential care they no longer feel connected to schooling. They have huge gaps in their education and are generally operating academically well below their peers. Attitudes towards literacy and numeracy are especially negative. We all know that a lack of schooling places children and young people at risk of adverse life outcomes. Education is a protective factor in enabling any child to lead a flourishing life.

On entry our students are assessed in numeracy and literacy and an individualised learning programme is developed. If they require additional learning support, this is given if required. National Qualifications are available to students; NZQA and Prince's Trust Achieve Programme.

Due to our high turnover of students (600% on some campuses) our system of data collection collates student achievement data in reading, writing and numeracy based on whether Individual Learner Profile monthly goals were achieved, partially achieved or not achieved.

The first table reports data for students who attended Kingslea School for less than twenty weeks. The second table reports data for students who attended for more than twenty weeks. Although we have a high student turnover there are some students, especially in Care and Protection, who stay with us beyond twenty weeks.

TABLE 1: Achievement of Individual Goals for students attending less than twenty weeks.

Reading Goals Achieved			
	Not Achieved	Partially Achieved	Achieved
All students	7.50%	32.80%	59.70%
Māori	4.00%	38.90%	56.90%
Pacific	18.50%	34.0%	47.50%
Writing Goals Achieved			
	Not Achieved	Partially Achieved	Achieved
All students	3.80%	37.60%	58.80%
Māori	6.80%	36.10%	56.70%
Pacific	16.50%	9.00%	74.50%
Numeracy Goals Achieved			
	Not Achieved	Partially Achieved	Achieved
All students	4.30%	21.20%	74.30%

Māori	0.40%	26.30%	73.30%
Pacific	0.0%	27.50%	72.50%

TABLE 2: Achievement of Individual Goals for students attending more than twenty weeks in the following Target Groups

Target Group A	Target Group B	Target Group C
These students are typically working at level 1 and 2 of the New Zealand Curriculum in the areas of English and/or Mathematics. Assessment tools may include: Probe reading assessment, NumPA, IKAN, GLOSS, and e-AsTTle.	These students are typically working above level 2 of the New Zealand Curriculum in the areas of English and/or Mathematics. e-AsTTle is the main assessment tool to be used with this target group.	These students are typically working above level 3 of the New Zealand Curriculum in the areas of English and/or Mathematics and are eligible to begin or continue working towards NCEA levels 1 or 2.

Reading Goals Achieved			
	Target Group A	Target Group B	Target Group C
All students	89.17%	78.67%	72.33%
Māori	100.00%	75.00%	85.25%
Pacific	N/A	50.00%	50.00
Writing Goals Achieved			
	Target Group A	Target Group B	Target Group C
All students	63.50%	100.00%	71.50%
Māori	33.00%	100.00%	80.75%
Pacific	100.00%	N/A	50%
Numeracy Goals Achieved			
	Target Group A	Target Group B	Target Group C
All students	62.50%	81.00%	95.83%
Māori	100.00%	83.00%	100.00%
Pacific	N/A%	50.00%	100.00%

2018 EVALUATION:

Personalised learning is a strength at Kingslea School. Student achievement information is used to plan programmes that take into account their individual learning needs and strengths. Student Achievement data is analysed and evaluated regularly on each campus, at Senior Leadership Team meetings and Curriculum Community of Practice meetings across the whole school.

In 2018 we increased Professional Development to clarify our new data collection and goal setting requirements. We reinforced these messages again after our mid year review with individual teachers who needed extra support.

Writing 4 weekly goals was a professional development focus. As a result we have seen a marked improvement in student data.

In 2019 we will be reviewing our whole school numeracy and literacy programmes. Please note the students in our '20 week cohort' were very low in numbers. The majority of our

students are transient.

In 2019 we will aim for 80% of our students to fully achieve their individualised, four weekly learning goals that are co-constructed with their teachers.

A high percentage of our students also improved in their attitude and engagement in Writing, Reading, and Numeracy.

Ac	Actions	Responsibility	Timeframes
	Monitor student achievement in Reading, Writing and Numeracy <ul style="list-style-type: none">• Student progress is formally reported using Kingslea School's Individual Learner Profile (ILP).• ILPs are generated within the first four weeks of school attendance.• ILPs are reviewed every four weeks of attendance and focus goals set.• A snapshot of data will be collected regularly to analyse student achievement trends.	SLT C-COP All staff	Ongoing End of each term
	Build staff capacity <ul style="list-style-type: none">• Staff participate in regular C-COP meetings• Participation in local cluster meetings and Communities of Learning	Principal SLT C-COP All staff	Ongoing

Wellbeing Targets 2018

At Kingslea School we teach New Zealand's most vulnerable children and youth who are amongst the most challenging students encountered in our education system. Most have been disenchanted and disengaged from schooling. It is common for them to have fixed or false mindsets about their educational capability that limits, inhibits and prevents engagement. This impacts self-efficacy. Self-efficacy impacts achievement. We have something special going on at our school which enables our students to feel a sense of belonging. Our teachers are exceptionally skilled at building relationships and communicating with our students, to find solutions to problems that contribute to their challenging behaviours, enabling them to learn and achieve academic success.

During 2018 we analysed our student wellbeing data by looking at our student voice. Our students set their own well-being goals through the direct teaching of our values:

- Tū Pono
- Manaaki and Awhi
- Porianga
- Wairua Auaha, Wairua Uiui
- Ako

Values			
	Not Achieved	Partially Achieved	Achieved
All students	9.90%	29.50%	60.60%
Māori	14.60%	27.20%	58.20%
Pacific	11.00%	38.50%	50.50%

2018 EVALUATION

Personalised learning is a strength at Kingslea School. Student Achievement information is used to plan programmes that take into account their individual learning needs and strengths. Student Achievement data is analysed and evaluated regularly on each campus, at Senior Leadership Team meetings and Wellbeing-Community of Practice meetings across the whole school.

The notable improvement in our wellbeing data for 2018 was due to the following factors:

1. An increase in teacher confidence and understanding of the school values.
2. More direct, explicit teaching of our school values resulting in a greater sense of belonging to our school.
3. Increased consistency across all campuses in using a values reinforcement system.

In 2019 we will aim for 80% of our students to fully achieve their individualised, four weekly values goals that are co-constructed with their teachers.

Ac	Actions	Responsibility	Timeframes
	<ul style="list-style-type: none"> Monitor and support our Wellbeing/Pastoral Community of Practice teams across the school 	Principal SLT P-COP	Dec 2019
	<ul style="list-style-type: none"> Further development of trauma sensitive approaches will enable all students impacted by trauma to be able to reach their potential. 	Principal SL P-COP	Dec 2019
	<ul style="list-style-type: none"> Student well-being will be measured using student voice and OTJ Student's will set well-being goals based on our school values 	P-COP All staff	Ongoing



Kingslea School BOARD OF TRUSTEES NAMES, EMPLOYERS AND OCCUPATIONS 2018

<u>NAME</u>	<u>EMPLOYER</u>	<u>OCCUPATION</u>	<u>DATES</u>
Tina Lomax	Kingslea School	Principal	All of 2018
Alan Direen	Self-Employed		All of 2018
Nicola Hastie	Child Youth and Family Papanui Office 7 Winston Avenue Papanui Christchurch	Care Services Manager	Last Meeting April 2018
Shane Whitfield	Oranga Tamariki 161 Cashel Street Christchurch 8011	Workforce Lead	All of 2018
Dr Angus Macfarlane	University of Canterbury 20 Kirkwood Ave Upper Riccarton Christchurch 8041	Professor of Maori Research	All of 2018

Colleen Bardsley	Jade Software PO Box 20152 Christchurch 8543	Director of Human Resources	All of 2018
Jackie Freeman	Kingslea School	Teacher	All of 2018
Peter Whitcombe	Oranga Tamariki 161 Cashel Street Christchurch 8011	Care Taskforce General Manager	All of 2018
Dr Barry Newcombe		Retired	Started March 2018

Kiwisport

Kiwisport is a Government funding initiative to support students' participation in organised sport. In 2018, the school received \$4250.04 (excluding GST) which was spent on gymnastics, trampolining and other physical education resources.