

CARMEL COLLEGE

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

School Address:	108 Shakespeare Road, Milford, Auckland
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CARMEL COLLEGE

Financial Statements - For the year ended 31 December 2017

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Carmel College

Statement of Responsibility

For the year ended 31 December 2017

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

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

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

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

Elizabeth Mary de Kort
Full Name of Board Chairperson

Ms Christine Allen
Full Name of Principal

[Signature]
Signature of Board Chairperson

[Signature]
Signature of Principal

29-05-2018
Date:

29 May 2018
Date:

Carmel College

Statement of Comprehensive Revenue and Expense

For the year ended 31 December 2017

		2017	2017	2016
	Notes	Actual \$	Budget (Unaudited) \$	Actual \$
Revenue				
Government Grants	2	7,272,232	7,073,449	7,020,794
Locally Raised Funds	3	1,073,827	1,073,825	1,033,353
Use of Land and Buildings Integrated		4,476,000	2,796,000	2,796,000
Interest Earned		56,653	45,000	47,671
International Students	4	671,055	548,092	695,232
		<u>13,549,767</u>	<u>11,536,366</u>	<u>11,593,050</u>
Expenses				
Locally Raised Funds	3	213,091	191,488	220,599
International Students	4	76,866	80,043	155,938
Learning Resources	5	6,596,139	6,726,881	6,551,487
Administration	6	865,573	733,828	759,257
Finance		18,668	14,000	22,894
Property	7	5,069,145	3,372,728	3,080,774
Depreciation	8	276,390	275,000	276,639
Loss on Disposal of Property, Plant and Equipment		4,745	-	-
		<u>13,120,617</u>	<u>11,393,968</u>	<u>11,067,588</u>
Net Surplus / (Deficit) for the year		429,150	142,398	525,462
Other Comprehensive Revenue and Expenses		-	-	-
Total Comprehensive Revenue and Expense for the Year		<u><u>429,150</u></u>	<u><u>142,398</u></u>	<u><u>525,462</u></u>

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



Carmel College**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	1,600,194	1,600,194	1,074,732
Total comprehensive revenue and expense for the year	429,150	142,398	525,462
Equity at 31 December	2,029,344	1,742,593	1,600,194
Retained Earnings	2,029,344	1,742,593	1,600,194
Equity at 31 December	2,029,344	1,742,593	1,600,194

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



Carmel College
Statement of Financial Position
As at 31 December 2017

	Notes	2017 Actual \$	2017 Budget (Unaudited) \$	2016 Actual \$
Current Assets				
Cash and Cash Equivalents	9	618,396	380,794	1,531,661
Accounts Receivable	10	471,483	431,667	465,740
Prepayments		67,175	18,401	18,400
Investments	11	2,209,774	2,283,208	783,208
		<u>3,366,828</u>	<u>3,114,070</u>	<u>2,799,009</u>
Current Liabilities				
GST Payable		8,759	2,096	2,096
Accounts Payable	13	634,843	593,615	626,805
Revenue Received in Advance	14	1,173,775	1,281,503	1,229,764
Provision for Cyclical Maintenance	15	13,670	14,000	10,678
Finance Lease Liability - Current Portion	16	50,635	50,186	42,186
Funds held in Trust	17	15,575	-	-
		<u>1,897,257</u>	<u>1,941,400</u>	<u>1,911,529</u>
Working Capital Surplus/(Deficit)		<u>1,469,571</u>	<u>1,172,670</u>	<u>887,480</u>
Non-current Assets				
Property, Plant and Equipment	12	863,008	873,114	1,028,112
		<u>863,008</u>	<u>873,114</u>	<u>1,028,112</u>
Non-current Liabilities				
Provision for Cyclical Maintenance	15	222,768	220,000	192,207
Finance Lease Liability	16	80,467	83,191	123,191
		<u>303,235</u>	<u>303,191</u>	<u>315,398</u>
Net Assets		<u>2,029,344</u>	<u>1,742,593</u>	<u>1,600,194</u>
Equity				
		<u>2,029,344</u>	<u>1,742,593</u>	<u>1,600,194</u>

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



Carmel College
Statement of Cash Flows
For the year ended 31 December 2017

		2017	2017	2016
	Note	Actual \$	Budget (Unaudited) \$	Actual \$
Cash flows from Operating Activities				
Government Grants		1,734,675	1,796,449	1,755,273
Locally Raised Funds		1,110,776	1,107,470	1,059,160
International Students		613,452	599,831	783,759
Goods and Services Tax (net)		6,665	-	(22,335)
Payments to Employees		(1,347,284)	(1,414,002)	(1,365,210)
Payments to Suppliers		(1,420,739)	(1,576,156)	(1,593,648)
Cyclical Maintenance Payments in the year		(81,906)	(43,885)	-
Interest Paid		(18,668)	(14,000)	(22,894)
Interest Received		51,062	45,428	49,707
Net cash from / (to) the Operating Activities		648,033	501,135	643,812
Cash flows from Investing Activities				
Proceeds from Sale of PPE (and Intangibles)		-	-	3,796
Purchase of PPE (and Intangibles)		(106,183)	(112,002)	(66,274)
Purchase of Investments		(1,426,566)	(1,500,000)	(13,858)
Net cash from / (to) the Investing Activities		(1,532,749)	(1,612,002)	(76,336)
Cash flows from Financing Activities				
Finance Lease Payments		(44,124)	(40,000)	(36,501)
Funds Administered on Behalf of Third Parties		15,575	-	-
Net cash from Financing Activities		(28,549)	(40,000)	(36,501)
Net increase/(decrease) in cash and cash equivalents		(913,265)	(1,150,867)	530,975
Cash and cash equivalents at the beginning of the year	9	1,531,661	1,531,661	1,000,686
Cash and cash equivalents at the end of the year	9	618,396	380,794	1,531,661

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 excluded.



Carmel College

Notes to the Financial Statements

1. Statement of Accounting Policies

For the year ended 31 December 2017

a) Reporting Entity

Carmel College (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.

Useful lives of property, plant and equipment

The School reviews the estimated useful lives of property, plant and equipment at the end of each reporting date. The School believes that the estimated useful lives of the property, plant and equipment as disclosed in the Significant Accounting Policies

are appropriate to the nature of the property, plant and equipment at reporting date. Property, plant and equipment is disclosed at note 12.

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 16.

Recognition of grants

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

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.

For Non-integrated schools only:

Use of land and buildings grants are recorded as revenue in the period the School uses the land and buildings. These are not

Other Grants

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

Grants for the use of land and buildings are not received in cash by the School as they equate to the deemed expense for using the land and buildings which are owned by the Proprietor. Use of land and building grants are recorded as income in the period the school uses the land and building.

Donations, Gifts and Bequests

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

Interest Revenue

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

d) Use of Land and Buildings Expense

The property from which the School operates is owned by the Proprietor. The expense is based on an assumed market rental yield on the land and buildings as used for rating purposes. This is a non-cash expense that is offset by a non-cash grant from the Proprietor.

e) 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.

f) Finance Lease Payments

Finance lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term on an effective interest basis.



g) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, bank balances, deposits held at call with banks, and other short term highly liquid investments with original maturities of 90 days or less, and bank overdrafts. The carrying amount of cash and cash equivalents represent fair value.

h) 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.

i) Inventories

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

j) 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.

The School has met the requirements under section 73 of the Education Act 1989 in relation to the acquisition of investment securities.

k) Property, Plant and Equipment

Land and buildings owned by the Proprietor are excluded from these financial statements. The Board's use of the land and buildings as 'occupant' is based on a property occupancy document.

Improvements to buildings owned by the Proprietor are recorded at cost, less accumulated depreciation and impairment losses.

Property, plant and equipment are recorded at cost or, in the case of donated assets, fair value at the date of receipt, less accumulated depreciation and impairment losses. Cost or fair value as the case may be, includes those costs that relate directly to bringing the asset to the location where it will be used and making sure it is in the appropriate condition for its intended use.

Property, plant and equipment acquired with individual values under \$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 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
covers Administration Furniture and Fittings, Classroom Furniture, Teaching Equipment and Grounds Equipment	
Information and communication technology	4 years
Motor vehicles	10 years
includes grounds equipment	
Textbooks	3 years
Leased assets held under a Finance Lease	3 - 5 years
Library resources	12.5% Diminishing value

l) 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.

m) 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.

n) 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.

o) Revenue Received in Advance

Revenue received in advance relates to fees received from international 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.



p) Funds Held in Trust

Funds are held in trust where they have been received by the School for a specified purpose, or are being held on behalf of a third party and these transactions are not recorded in the Statement of Revenue and Expense. The School holds sufficient funds to enable the funds to be used for their intended purpose at any time.

q) Provision for Cyclical Maintenance

The property from which the school operates is owned by the Proprietor. The Board is responsible for maintaining the land, building and other facilities on the School site in a state of good order and repair.

Cyclical maintenance, which involves painting the interior and exterior of the School, makes up the most significant part of the Board's responsibilities outside day-to-day maintenance. The provisions for cyclical maintenance represents the obligations the Board has to the Proprietor and is based on the Board's ten year property plan (10YPP).

r) 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.

s) 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.

t) Budget Figures

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

u) Services received in-kind

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



2. Government Grants

	2017 Actual \$	2017 Budget (Unaudited) \$	2016 Actual \$
Operational grants	1,607,684	1,644,687	1,616,350
Teachers' salaries grants	5,526,379	5,277,000	5,275,521
Resource teachers learning and behaviour grants	16,843	15,500	16,159
Other MoE Grants	60,459	57,648	61,872
Other government grants	60,867	78,614	50,892
	<u>7,272,232</u>	<u>7,073,449</u>	<u>7,020,794</u>

3. Locally Raised Funds

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

	2017 Actual \$	2017 Budget (Unaudited) \$	2016 Actual \$
Revenue			
Donations	52,319	52,600	81,067
Fundraising	519,470	540,380	511,906
Other revenue see (i) below in this note	158,074	131,345	104,388
Trading	208,889	199,500	194,383
Activities	135,075	150,000	141,609
	<u>1,073,827</u>	<u>1,073,825</u>	<u>1,033,353</u>
Expenses			
Trading	213,091	191,488	220,599
	<u>213,091</u>	<u>191,488</u>	<u>220,599</u>
Surplus for the year Locally raised funds	<u>860,736</u>	<u>882,337</u>	<u>812,754</u>

(i) "Other revenue" includes on-charges to a related party namely the Proprietor of the School, Carmel College Auckland Limited.

104,169 106,845 71,441

4. International Student Revenue and Expenses

	2017 Actual Number	2017 Budget (Unaudited) Number	2016 Actual Number
International Student Roll	51	44	43
	2017 Actual \$	2017 Budget (Unaudited) \$	2016 Actual \$
Revenue			
International student fees	671,055	548,092	695,232
Expenses			
Advertising	6,714	15,000	17,332
Commissions	70,152	65,043	138,606
	<u>76,866</u>	<u>80,043</u>	<u>155,938</u>
Surplus for the year International Students'	<u>594,189</u>	<u>468,049</u>	<u>539,294</u>



5. Learning Resources

	2017	2017 Budget (Unaudited)	2016
	Actual \$	\$	Actual \$
Curricular	314,531	389,653	335,826
Information and communication technology	130,997	207,461	153,574
Extra-curricular activities	12,060	34,750	47,024
Employee benefits - salaries	6,067,535	6,025,017	5,961,883
Resource/attached teacher costs	27,903	20,000	24,195
Staff development	43,113	50,000	28,985
	<u>6,596,139</u>	<u>6,726,881</u>	<u>6,551,487</u>

6. Administration

	2017	2017 Budget (Unaudited)	2016
	Actual \$	\$	Actual \$
Audit Fee	8,341	8,000	8,072
Board of Trustees Fees	4,861	5,000	5,150
Board of Trustees Expenses	6,355	12,000	5,735
Communication	14,739	21,000	20,401
Legal Fees	-	1,000	300
Other	55,147	67,050	61,266
Employee Benefits - Salaries	709,663	559,448	595,613
Insurance	19,150	13,500	13,321
Service Providers, Contractors and Consultancy	47,317	46,830	49,400
	<u>865,573</u>	<u>733,828</u>	<u>759,257</u>

7. Property

	2017	2017 Budget (Unaudited)	2016
	Actual \$	\$	Actual \$
Caretaking and Cleaning Consumables	13,745	19,750	14,433
Consultancy and Contract Services	134,547	124,265	119,385
Cyclical Maintenance Expense	115,459	75,000	(184,836)
Grounds	19,545	18,250	18,696
Heat, Light and Water	103,400	117,000	97,335
Rates	4,230	4,250	4,082
Repairs and Maintenance	76,586	92,325	85,159
Use of Land and Buildings	4,476,000	2,796,000	2,796,000
Security	19,184	19,350	22,977
Employee Benefits - Salaries	106,449	106,538	107,544
	<u>5,069,145</u>	<u>3,372,728</u>	<u>3,080,774</u>

The use of land and buildings figure represents 8% of the school's total property value, as used for rating purposes. This is used as a 'proxy' for the market rental yield on the value of land and buildings.



8. Depreciation

	2017	2017 Budget (Unaudited)	2016
	Actual		Actual
	\$	\$	\$
Furniture and Equipment	115,271	127,000	126,957
Information and Communication Technology	87,733	77,000	77,674
Motor Vehicles	7,337	6,000	6,272
Textbooks	12,939	16,000	15,938
Leased Assets	46,993	43,000	43,635
Library Resources	6,117	6,000	6,163
	<u>276,390</u>	<u>275,000</u>	<u>276,639</u>

9. Cash and Cash Equivalents

	2017	2017 Budget (Unaudited)	2016
	Actual		Actual
	\$	\$	\$
Cash on Hand	215	-	-
Bank Current Account	228,623	48,223	199,089
Bank Call Account	389,558	332,571	1,332,571
Cash equivalents and bank overdraft for Cash Flow Statement	<u>618,396</u>	<u>380,794</u>	<u>1,531,661</u>

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

Of the \$617,052 Cash and Cash Equivalents, \$5,000 of unspent grant funding is held by the School. This funding is subject to restrictions which specify how the grant is required to be spent in providing specified deliverables of the grant arrangement.

10. Accounts Receivable

	2017	2017 Budget (Unaudited)	2016
	Actual		Actual
	\$	\$	\$
Receivables	56,971	63,883	97,528
Receivables from the Ministry of Education	16,400	-	-
Interest Receivable	16,110	10,091	10,519
Teacher Salaries Grant Receivable	382,002	357,693	357,693
	<u>471,483</u>	<u>431,667</u>	<u>465,740</u>
Receivables from Exchange Transactions	73,081	73,974	108,047
Receivables from Non-Exchange Transactions	398,402	357,693	357,693
	<u>471,483</u>	<u>431,667</u>	<u>465,740</u>

11. Investments

The School's investment activities are classified as follows:

	2017	2017 Budget (Unaudited)	2016
	Actual		Actual
	\$	\$	\$
Current Asset			
Short-term Bank Deposits	2,209,774	2,283,208	783,208



12. Property, Plant and Equipment

	Opening Balance (NBV)	Additions	Disposals	Impairment	Depreciation	Total (NBV)
2017	\$	\$	\$	\$	\$	\$
Furniture and Equipment	511,398	43,957	-	-	(115,271)	440,084
Information and Communication	182,211	41,146	-	-	(87,733)	135,624
Motor Vehicles	37,906	-	-	-	(7,337)	30,569
Textbooks	18,239	10,548	-	-	(12,939)	15,848
Artwork	83,500	-	-	-	-	83,500
Leased Assets	151,713	9,849	-	-	(46,993)	114,569
Library Resources	43,145	10,531	(4,745)	-	(6,117)	42,814
Balance at 31 December 2017	1,028,112	116,031	(4,745)	-	(276,390)	863,008

	Cost or Valuation	Accumulated Depreciation	Net Book Value
2017	\$	\$	\$
Furniture and Equipment	1,544,969	(1,104,885)	440,084
Information and Communication	920,893	(785,269)	135,624
Motor Vehicles	73,786	(43,217)	30,569
Textbooks	510,896	(495,048)	15,848
Artwork	83,500	-	83,500
Leased Assets	230,911	(116,342)	114,569
Library Resources	149,793	(106,979)	42,814
Balance at 31 December 2017	3,514,748	(2,651,740)	863,008

	Opening Balance (NBV)	Additions	Disposals	Impairment	Depreciation	Total (NBV)
2016	\$	\$	\$	\$	\$	\$
Furniture and Equipment	618,997	19,358	-	-	(126,957)	511,398
Information and Communication	238,247	21,638	-	-	(77,674)	182,211
Motor Vehicles	42,182	1,996	-	-	(6,272)	37,906
Textbooks	19,413	14,764	-	-	(15,938)	18,239
Artwork	83,500	-	-	-	-	83,500
Leased Assets	194,690	4,801	(4,143)	-	(43,635)	151,713
Library Resources	44,586	8,518	(3,796)	-	(6,163)	43,145
Balance at 31 December 2016	1,241,615	71,075	(7,939)	-	(276,639)	1,028,112

	Cost or Valuation	Accumulated Depreciation	Net Book Value
2016	\$	\$	\$
Furniture and Equipment	1,501,012	(989,614)	511,398
Information and Communication Technology	879,747	(697,536)	182,211
Motor Vehicles	73,786	(35,880)	37,906
Textbooks	500,348	(482,109)	18,239
Artwork	83,500	-	83,500
Leased Assets	221,062	(69,349)	151,713
Library Resources	156,469	(113,324)	43,145
Balance at 31 December 2016	3,415,924	(2,387,812)	1,028,112

13. Accounts Payable

	2017	2017 Budget (Unaudited)	2016
	Actual \$	\$	Actual \$
Operating creditors	165,424	158,488	191,678
Employee Entitlements - salaries	409,084	385,900	385,900
Employee Entitlements - leave accrual	60,335	49,227	49,227
	<u>634,843</u>	<u>593,615</u>	<u>626,805</u>
Payables for Exchange Transactions	634,843	593,615	626,805
	<u>634,843</u>	<u>593,615</u>	<u>626,805</u>

The carrying value of payables approximates their fair value.

14. Revenue Received in Advance

	2017	2017 Budget (Unaudited)	2016
	Actual \$	\$	Actual \$
Grants in Advance - Ministry of Education	15,222	10,000	10,000
International Student Fees	955,842	1,065,184	1,013,445
Other	202,711	206,319	206,319
	<u>1,173,775</u>	<u>1,281,503</u>	<u>1,229,764</u>

15. Provision for Cyclical Maintenance

	2017	2017 Budget (Unaudited)	2016
	Actual \$	\$	Actual \$
Provision at the Start of the Year	202,885	202,885	452,556
Increase to the Provision During the Year	115,459	75,000	64,835
Decrease to the Provision During the Year due to change in estimation basis	-	-	(249,671)
Use of the Provision During the Year	(81,906)	(43,885)	(64,835)
Provision at the End of the Year	<u>236,438</u>	<u>234,000</u>	<u>202,885</u>
Cyclical Maintenance - Current	13,670	14,000	10,678
Cyclical Maintenance - Term	222,768	220,000	192,207
	<u>236,438</u>	<u>234,000</u>	<u>202,885</u>



16. Finance Lease Liability

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

	2017 Actual \$	2017 Budget (Unaudited) \$	2016 Actual \$
Minimum Lease payments i.e. Gross rentals including interest:			
No Later than One Year	80,250	80,000	74,568
Later than One Year and no Later than Five Years	110,038	110,000	178,453
Later than Five Years	-	-	-
	190,288	190,000	253,021
less future Interest charges	(59,187)	(56,623)	(87,645)
Present value of minimum lease payments	131,101	133,377	165,377
Present value of minimum lease payments payable:			
No Later than One Year	50,635	50,186	42,186
Later than One Year and no Later than Five Years	80,467	83,191	123,191
Later than Five Years			
	131,101	133,377	165,377

17. Funds held in Trust

	2017 Actual \$	2017 Budget (Unaudited) \$	2016 Actual \$
Funds Held in Trust on Behalf of Third Parties - Current	15,575	-	-
	15,575	-	-

These funds are held where the school is agent for representative amounts and therefore these are not included in the Statement of Comprehensive Revenue and Expense.

18. Related Party Transactions

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

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

The Proprietor of the School (Carmel College Auckland Limited) is a related party of the Board because the proprietor appoints representatives to the Board, giving the proprietor significant influence over the Board. Any services or contributions between the Board and Proprietor have been disclosed appropriately, if the proprietor collects fund on behalf of the school (or vice versa) the amounts are disclosed.

The Proprietor provides land and buildings free of charge for use by the Board as noted in Note 1(c). The estimated value of this use during the current period is included in the Statement of Comprehensive Revenue and Expense as "Use of land and buildings".

Included in Accounts Receivable (Note 10) is an amount of \$ 43,106 (2016 \$10,564) for monies owing from, but yet to be invoiced to Carmel College Auckland Limited.



19. Remuneration

Key management personnel compensation

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

	2017 Actual \$	2016 Actual \$
<i>Board Members</i>		
Remuneration	4,861	5,150
Full-time equivalent members	0.30	0.30
<i>Leadership Team</i>		
Remuneration	2,404,955	1,951,900
Full-time equivalent members	27.5	23.0
Total key management personnel remuneration	2,409,816	1,957,050
Total full-time equivalent personnel	27.80	23.30

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	180 - 190	150 - 160
Benefits and Other Emoluments	0 - 10	-

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
100 - 110	3.00	2.00
120 - 130	1.00	-
	4.00	2.00

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

20. Contingencies

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



21. Commitments

(a) Capital Commitments

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

(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: (These are in addition to the rentals for finance leases disclosed in Note 16)

	2017 Actual \$	2016 Actual \$
No later than One Year	17,668	37,430
Later than One Year and No Later than Five Years	-	18,554
	<u>17,668</u>	<u>55,984</u>

22. 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.

23. 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	618,396	380,794	1,531,661
Receivables	471,483	431,667	465,740
Investments - Term Deposits	2,209,774	2,283,208	783,208
Total Loans and Receivables	<u>3,299,653</u>	<u>3,095,669</u>	<u>2,780,609</u>

Financial liabilities measured at amortised cost

Payables	165,424	158,488	191,678
Finance Leases	131,101	133,377	165,377
Total Financial Liabilities Measured at Amortised Cost	<u>296,525</u>	<u>291,865</u>	<u>357,055</u>

24. Events After Balance Date

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

25. Prior Year Comparatives

Comparative figures included in the financial statements relate to the financial year ended 31 December 2016. Where necessary these figures have been reclassified on a basis consistent with current disclosure for the year ended 31 December 2017.



INDEPENDENT AUDITOR'S REPORT
TO THE READERS OF CARMEL COLLEGE'S FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

The Auditor-General is the auditor of Carmel College (the School). The Auditor-General has appointed me, Kurt Sherlock, using the staff and resources of Crowe Horwath New Zealand Audit Partnership, to carry out the audit of the financial statements of the School on his behalf.

Opinion

We have audited the financial statements of the School on pages 2 to 18, that comprise the statement of financial position as at 31 December 2017, the statement of comprehensive revenue and expense, statement of changes in net assets/equity and statement of cash flows for the year ended on that date, and the notes to the financial statements that include accounting policies and other explanatory information.

In our opinion the financial statements of the School:

- present fairly, in all material respects:
 - its financial position as at 31 December 2017; and
 - its financial performance and cash flows for the year then ended; and
- comply with generally accepted accounting practice in New Zealand in accordance with Public Sector Public Benefit Entity Standards, Reduced Disclosure Regime.

Our audit was completed on 30 May 2018. This is the date at which our opinion is expressed.

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

Basis for our opinion

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

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

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

Responsibilities of the Board of Trustees for the financial statements

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

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

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

Responsibilities of the auditor for the audit of the financial statements

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

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

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

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

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

- We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Trustees.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Trustees and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the School's ability to continue as

a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the 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 are responsible for the other information. The other information obtained at the date of our report is the Analysis of Variance and the Statement on Kiwisport funding attached to the financial statements, but 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.



Kurt Sherlock

Crowe Horwath New Zealand Audit Partnership

On behalf of the Auditor-General

Auckland, New Zealand