

CARMEL COLLEGE

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

School Directory

Ministry Number:	000035
Principal:	Christine Allen
School Address:	108 Shakespeare Road, Milford, Auckland 0620
School Postal Address:	PO Box 31142, Milford, Auckland 0741
School Phone:	09 486 1132
School Email:	admin@carmel.school.nz

Members of the Board of Trustees

Name	Position	How Position Gained
Liz de Kort	Chair Person	Appointed
Christine Allen	Principal ex Officio	Appointed
Stana Pezic	Parent Rep	Elected
Valarie Broomfield	Parent Rep	Elected
Kim Spark	Parent Rep	Elected
Peter Wells	Parent Rep	Selected
Julie Scott	Parent Rep	Selected
Andrea Boyed	Co-opted Rep	Co-opted
Peter Beckett	Proprietor's Rep	Appointed
Sr Rosemary Revell	Proprietor's Rep	Appointed
Kiara Theron	Student Rep	Elected
Siobhan Harrod	Staff Rep	Elected

Accountant / Service Provider:

CARMEL COLLEGE

Annual Report - For the year ended 31 December 2018

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Carmel College

Statement of Responsibility

For the year ended 31 December 2018

The Board of Trustees (The Board) 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.

Elizabeth Mary de Kort

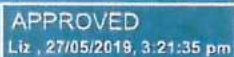
Full Name of Board Chairperson

Ms Christine Allen

Full name of Principal



Signature of Board Chairperson





Signature of Principal

Date:

27/5/2019.

Date:

Ms Christine Allen 27/5/2019

Carmel College

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	7,410,554	7,067,747	7,272,232
Locally Raised Funds	3	979,748	1,073,506	1,073,827
Use of Land and Buildings Integrated		4,476,000	2,796,000	4,476,000
Interest Earned		90,440	72,996	56,653
International Students	4	646,296	582,390	671,055
		<u>13,603,039</u>	<u>11,592,639</u>	<u>13,549,767</u>
Expenses				
Locally Raised Funds	3	203,172	196,683	213,091
International Students	4	82,045	110,978	76,866
Learning Resources	5	6,894,344	6,644,159	6,596,139
Administration	6	920,466	843,939	865,573
Finance		16,448	11,556	18,668
Property	7	5,087,424	3,422,218	5,069,145
Depreciation	8	272,874	275,004	276,390
Loss on Disposal of Property, Plant and Equipment		853	-	4,744
		<u>13,477,626</u>	<u>11,504,537</u>	<u>13,120,617</u>
Net Surplus / (Deficit) for the year		125,412	88,102	429,150
Other Comprehensive Revenue and Expenses		-	-	-
Total Comprehensive Revenue and Expense for the Year		<u>125,412</u>	<u>88,102</u>	<u>429,150</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 2018

	Actual 2018 \$	Budget (Unaudited) 2018 \$	Actual 2017 \$
Balance at 1 January	<u>2,029,344</u>	<u>2,029,344</u>	<u>1,600,194</u>
Total comprehensive revenue and expense for the year	125,412	88,102	429,150
Equity at 31 December	<u>2,154,757</u>	<u>2,117,446</u>	<u>2,029,344</u>
 Retained Earnings	 2,154,757	 2,117,446	 2,029,344
Equity at 31 December	<u>2,154,757</u>	<u>2,117,446</u>	<u>2,029,344</u>

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 2018

		2018	2018	2017
	Notes	Actual	Budget	Actual
		\$	(Unaudited)	\$
			\$	
Current Assets				
Cash and Cash Equivalents	9	459,024	686,548	618,396
Accounts Receivable	10	570,511	474,933	471,483
GST Receivable		7,639	-	-
Prepayments		58,937	67,175	67,175
Investments	11	2,577,181	2,459,774	2,209,774
		<u>3,673,292</u>	<u>3,688,430</u>	<u>3,366,828</u>
Current Liabilities				
GST Payable		-	8,761	8,759
Accounts Payable	13	710,424	645,253	634,843
Revenue Received in Advance	14	1,199,309	1,200,406	1,173,775
Provision for Cyclical Maintenance	15	66,933	67,000	13,670
Finance Lease Liability - Current Portion	16	74,837	75,000	50,635
Funds held in Trust	17	14,610	15,575	15,575
		<u>2,066,113</u>	<u>2,011,994</u>	<u>1,897,257</u>
Working Capital Surplus/(Deficit)		<u>1,607,179</u>	<u>1,676,436</u>	<u>1,469,571</u>
Non-current Assets				
Property, Plant and Equipment	12	795,957	690,010	863,008
		<u>795,957</u>	<u>690,010</u>	<u>863,008</u>
Non-current Liabilities				
Provision for Cyclical Maintenance	15	194,586	195,000	222,768
Finance Lease Liability	16	53,793	54,000	80,467
		<u>248,379</u>	<u>249,000</u>	<u>303,235</u>
Net Assets		<u>2,154,757</u>	<u>2,117,446</u>	<u>2,029,344</u>
Equity		<u>2,154,757</u>	<u>2,117,446</u>	<u>2,029,344</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 2018

		2018	2018	2017
	Note	Actual	Budget	Actual
		\$	(Unaudited)	\$
			\$	
Cash flows from Operating Activities				
Government Grants		1,755,822	1,772,891	1,734,675
Locally Raised Funds		960,279	1,087,696	1,110,776
International Students		617,761	609,021	613,452
Goods and Services Tax (net)		(16,402)	-	6,665
Payments to Employees		(1,612,737)	(1,576,452)	(1,347,284)
Payments to Suppliers		(1,300,236)	(1,453,510)	(1,420,739)
Cyclical Maintenance Payments in the year		(58,344)	(61,188)	(81,906)
Interest Paid		(16,448)	(11,556)	(18,668)
Interest Received		88,449	55,356	51,062
Net cash from / (to) the Operating Activities		418,143	422,258	648,033
Cash flows from Investing Activities				
Proceeds from Sale of PPE (and Intangibles)		4,147	-	
Purchase of PPE (and Intangibles)		(151,833)	(95,004)	(106,183)
Purchase of Investments		(367,406)	(250,000)	(1,426,566)
Net cash from / (to) the Investing Activities		(515,092)	(345,004)	(1,532,749)
Cash flows from Financing Activities				
Finance Lease Payments		(61,459)	(9,101)	(44,124)
Funds Administered on Behalf of Third Parties		(965)	-	15,575
Net cash from Financing Activities		(62,424)	(9,101)	(28,549)
Net increase/(decrease) in cash and cash equivalents		(159,372)	68,153	(913,265)
Cash and cash equivalents at the beginning of the year	9	618,396	618,396	1,531,661
Cash and cash equivalents at the end of the year	9	459,024	686,548	618,396

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.

The above Cash Flow Statement should be read in conjunction with the accompanying notes.

Carmel College

Notes to the Financial Statements

For the year ended 31 December 2018

1. Statement of Accounting Policies

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 2018 to 31 December 2018 and in accordance with the requirements of the Public Finance Act 1989.

Basis of Preparation

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

Financial Reporting Standards Applied

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

PBE Accounting Standards Reduced Disclosure Regime

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

Measurement Base

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

Presentation Currency

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

Specific Accounting Policies

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

Critical Accounting Estimates And Assumptions

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

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

Useful lives of property, plant and equipment

The School reviews the estimated useful lives of property, plant and equipment at the end of each reporting date. The School believes that the estimated useful lives of the property, plant and equipment as disclosed in the Significant Accounting Policies are appropriate to the nature of the property, plant and equipment at reporting date. Property, plant and equipment is disclosed at note 12.

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.

Other Grants

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

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

Donations, Gifts and Bequests

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

Interest Revenue

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

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) 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 of Schedule 6 para 28 of the Education Act 1989 in relation to the acquisition of investment securities.

j) 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

k) 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.

l) 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.

m) 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.

n) 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.

o) 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.

p) 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).

q) 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.

r) 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.

s) Budget Figures

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

t) 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	1,607,436	1,634,892	1,607,684
Teachers' salaries grants	5,659,522	5,294,856	5,526,379
Resource teachers learning and behaviour grants	13,873	12,000	16,843
Other MoE Grants	67,146	66,000	60,460
Other government grants	62,578	59,999	60,867
	<u>7,410,554</u>	<u>7,067,747</u>	<u>7,272,232</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			
Donations	8,305	53,996	52,319
Activities	130,147	139,998	135,075
Trading	180,248	212,001	208,889
Fundraising	514,985	529,011	519,470
Other Revenue	146,064	138,500	158,074
	<u>979,748</u>	<u>1,073,506</u>	<u>1,073,827</u>
Expenses			
Activities	-	-	-
Trading	203,172	196,683	213,091
	<u>203,172</u>	<u>196,683</u>	<u>213,091</u>
<i>Surplus/ (Deficit) for the year Locally raised funds</i>	<u>776,576</u>	<u>876,823</u>	<u>860,735</u>

4. International Student Revenue and Expenses

	2018 Actual Number	2018 Budget (Unaudited) Number	2017 Actual Number
International Student Roll	49	45	51
	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Revenue			
International student fees	646,296	582,390	671,055
Expenses			
Advertising	15,288	20,000	6,714
Commissions	66,757	90,978	70,152
	<u>82,045</u>	<u>110,978</u>	<u>76,866</u>
<i>Surplus/ (Deficit) for the year International Students'</i>	<u>564,252</u>	<u>471,412</u>	<u>594,189</u>

5. Learning Resources

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Curricular	256,240	273,925	314,531
Information and communication technology	185,720	221,872	130,997
Extra-curricular activities	2,981	31,508	12,060
Employee benefits - salaries	6,406,382	6,061,858	6,095,438
Staff development	43,021	54,996	43,113
	<u>6,894,344</u>	<u>6,644,159</u>	<u>6,596,139</u>

6. Administration

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Audit Fee	8,249	8,004	8,341
Board of Trustees Fees	7,194	7,476	4,861
Board of Trustees Expenses	50,933	6,000	6,355
Communication	16,512	18,000	14,739
Legal Fees	-	3,504	-
Other	65,725	65,163	55,147
Employee Benefits - Salaries	703,079	667,904	709,663
Insurance	12,585	13,500	19,150
Service Providers, Contractors and Consultancy	56,189	54,388	47,317
	<u>920,466</u>	<u>843,939</u>	<u>865,573</u>

7. Property

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Caretaking and Cleaning Consumables	18,148	13,956	13,745
Consultancy and Contract Services	125,058	137,493	134,547
Cyclical Maintenance Expense	83,425	86,750	115,459
Grounds	19,064	19,608	19,546
Heat, Light and Water	102,911	108,002	103,400
Rates	5,498	4,500	4,231
Repairs and Maintenance	83,993	94,972	76,586
Use of Land and Buildings	4,476,000	2,796,000	4,476,000
Security	23,626	19,392	19,184
Employee Benefits - Salaries	149,701	141,545	106,449
	<u>5,087,424</u>	<u>3,422,218</u>	<u>5,069,145</u>

The use of land and buildings figure represents 8% of the school's total property value. This is used as a 'proxy' for the market rental of the property. Property values are established as part of the nation-wide revaluation exercise that is conducted every 30 June for the Ministry of Education's year-end reporting purposes.

8. Depreciation

	2018	2018	2017
	Actual	Budget (Unaudited)	Actual
	\$	\$	\$
Furniture and Equipment	101,382	127,004	115,271
Information and Communication Technology	81,952	77,000	87,733
Motor Vehicles	8,839	6,000	7,337
Textbooks	14,130	16,000	12,939
Leased Assets	60,099	43,000	46,993
Library Resources	6,471	6,000	6,117
	<u>272,874</u>	<u>275,004</u>	<u>276,390</u>

9. Cash and Cash Equivalents

	2018	2018	2017
	Actual	Budget (Unaudited)	Actual
	\$	\$	\$
Cash on Hand	215	215	215
Bank Current Account	47,173	296,776	228,623
Bank Call Account	411,636	389,558	389,558
Cash and cash equivalents for Cash Flow Statement	<u>459,024</u>	<u>686,548</u>	<u>618,396</u>

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

10. Accounts Receivable

	2018	2018	2017
	Actual	Budget (Unaudited)	Actual
	\$	\$	\$
Receivables	137,763	42,781	56,971
Receivables from the Ministry of Education	4,358	16,400	16,400
Interest Receivable	18,101	33,750	16,110
Teacher Salaries Grant Receivable	410,290	382,001	382,001
	<u>570,511</u>	<u>474,933</u>	<u>471,483</u>
Receivables from Exchange Transactions	155,864	76,531	73,081
Receivables from Non-Exchange Transactions	414,647	398,401	398,401
	<u>570,511</u>	<u>474,933</u>	<u>471,483</u>

11. Investments

The School's investment activities are classified as follows:

	2018	2018	2017
	Actual	Budget (Unaudited)	Actual
	\$	\$	\$
Current Asset			
Short-term Bank Deposits	2,577,181	2,459,774	2,209,774

12. Property, Plant and Equipment

	Opening Balance (NBV)	Additions	Disposals	Impairment	Depreciation	Total (NBV)
2018	\$	\$	\$	\$	\$	\$
Furniture and Equipment	440,084	65,910	-	-	(101,382)	404,612
Information and Communication	135,624	9,685	-	-	(81,952)	63,357
Motor Vehicles	30,569	47,880	-	-	(8,839)	69,609
Textbooks	15,848	14,405	-	-	(14,130)	16,123
Artwork	83,500	-	-	-	-	83,500
Leased Assets	114,569	58,988	-	-	(60,099)	113,458
Library Resources	42,814	9,809	(853)	-	(6,471)	45,298
Balance at 31 December 2018	863,008	206,676	(853)	-	(272,874)	795,957

	Cost or Valuation	Accumulated Depreciation	Net Book Value
2018	\$	\$	\$
Furniture and Equipment	1,610,879	(1,206,267)	404,612
Information and Communication	930,576	(867,220)	63,357
Motor Vehicles	121,665	(52,056)	69,609
Textbooks	525,302	(509,180)	16,122
Artwork	83,500	-	83,500
Leased Assets	289,899	(176,441)	113,458
Library Resources	156,617	(111,318)	45,299
Balance at 31 December 2018	3,718,439	(2,922,482)	795,957

	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
Technology	-	-	-	-	-	-
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	1,544,970	(1,104,885)	440,085
Information and Communication Technology	920,893	(785,269)	135,624
Motor Vehicles	73,786	(43,217)	30,569
Textbooks	510,896	(495,049)	15,847
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	3,514,749	(2,651,741)	863,008

13. Accounts Payable

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Operating creditors	225,813	175,833	165,424
Employee Entitlements - salaries	418,461	409,084	409,084
Employee Entitlements - leave accrual	66,150	60,335	60,335
	710,424	645,253	634,843

Payables for Exchange Transactions	710,424	645,253	634,843
	710,424	645,253	634,843

The carrying value of payables approximates their fair value.

14. Revenue Received in Advance

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Grants in Advance - Ministry of Education	7,969	15,222	15,222
International Student Fees	927,306	982,472	955,842
Other	264,035	202,712	202,712
	1,199,309	1,200,406	1,173,775

15. Provision for Cyclical Maintenance

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Provision at the Start of the Year	236,438	236,438	202,885
Increase/ (decrease) to the Provision During the Year	83,425	86,750	115,459
Use of the Provision During the Year	(58,344)	(61,188)	(81,906)
Provision at the End of the Year	261,519	262,000	236,438
Cyclical Maintenance - Current	66,933	67,000	13,670
Cyclical Maintenance - Term	194,586	195,000	222,768
	261,519	262,000	236,438

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:

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Minimum Lease payments i.e. Gross rentals including interest:			
No Later than One Year	100,892	100,000	80,250
Later than One Year and no Later than Five Years	58,880	59,000	110,038
	159,772	159,000	190,288
less future Interest charges	(31,142)	(30,000)	(59,187)
Present value of minimum lease payments	128,630	129,000	131,101
Present value of minimum lease payments payable:			
No Later than One Year	74,837	75,000	50,635
Later than One Year and no Later than Five Years	53,793	54,000	80,467
	128,630	129,000	131,101

17. Funds held in Trust

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Funds Held in Trust on Behalf of Third Parties - Current	14,610	15,575	15,575
	14,610	15,575	15,575

These funds relate to arrangements where the school is acting as an agent. These amounts are not revenue or expenditure of the school and therefore 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".

Under an agency agreement, the School collects funds on behalf of the Proprietor. These include attendance dues, development contributions and proprietor contributions payable to the Proprietor. The amounts collected in total were \$1,395,064 (2017: \$1,327,887). These do not represent revenue in the financial statements of the school. Any balance not transferred at the year end is treated as a liability. The total funds held by the school on behalf of the proprietor are \$14,537, (2017: \$14,719).

In addition the school has entered into a Service Level Agreement with the Proprietor for the provision of services, including Included in Accounts Receivable (Note 10) is an amount of \$130,454 (2017 \$43,106) 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.

	2018 Actual \$	2017 Actual \$
<i>Board Members</i>		
Remuneration	7,194	4,861
Full-time equivalent members	0.41	0.30
<i>Leadership Team</i>		
Remuneration	2,529,973	2,404,955
Full-time equivalent members	28.0	27.5
Total key management personnel remuneration	2,537,167	2,409,816
Total full-time equivalent personnel	28.41	27.80

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	190 - 200	180 - 190
Benefits and Other Emoluments	0 - 10	0 - 10
Termination Benefits	-	-

Other Employees

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

Remuneration \$000	2018 FTE Number	2017 FTE Number
100 - 110	2.00	3.00
110 - 120	1.00	
120 - 130	1.00	1.00
	4.00	4.00

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

20. Compensation and Other Benefits Upon Leaving

The total value of compensation or other benefits paid or payable to persons who ceased to be trustees, committee member, or employees during the financial year in relation to that cessation and number of persons to whom all or part of that total was payable was as follows:

	2018 Actual	2017 Actual
Total	\$48,364	-
Number of People	2	-

21. Contingencies

There are no contingent liabilities 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.

22. Commitments

(a) Capital Commitments

As at 31 December 2018 the Board had 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 not entered into any contract agreements for operating commitments.

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

	2018 Actual \$	2017 Actual \$
No later than One Year	-	17,668
	-	17,668

23. Managing Capital

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

24. Financial Instruments

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

Loans and receivables

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Cash and Cash Equivalents	459,024	686,548	618,396
Receivables	570,511	474,933	471,483
Investments - Term Deposits	2,577,181	2,459,774	2,209,774
Total Loans and Receivables	<u>3,606,716</u>	<u>3,621,255</u>	<u>3,299,653</u>

Financial liabilities measured at amortised cost

Payables	225,813	175,833	165,424
Finance Leases	128,630	129,000	131,101
Total Financial Liabilities Measured at Amortised Cost	<u>354,443</u>	<u>304,833</u>	<u>296,525</u>

25. Events After Balance Date

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

INDEPENDENT AUDITOR'S REPORT
TO THE READERS OF CARMEL COLLEGE
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

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 19, that comprise the statement of financial position as at 31 December 2018, 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 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 28 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 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 for 2018 results and the Statement on Kiwisport funding, 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