

# SALISBURY SCHOOL



## ANNUAL REPORT

**FOR THE YEAR ENDED 31 DECEMBER 2018**

Ministry Number:	525
Principal:	Brenda Ellis
School Address	67 Salisbury Road, Richmond, Nelson
School Postal Address:	Private Bag 1, Richmond, Nelson, 7050
School Phone:	03 544 8119
School Email:	principal@salisbury.school.nz

# SALISBURY SCHOOL

Annual Report - For the year ended 31 December 2018

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# Salisbury School

## Statement of Responsibility

For the year ended 31 December 2018

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

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

It is the opinion of the Board and management that the annual financial statements for the financial year ended 31 December 2018 fairly reflects the financial position and operations of the school.

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

EMMA THOMPSON

Full Name of Board Chairperson

Brenda Rona Ellis

Full Name of Principal

Emma Thompson

Signature of Board Chairperson

Brenda Rona Ellis

Signature of Principal

20.5.2019.

Date:

20 May, 2019

Date:

# Salisbury School

## Members of the Board of Trustees

For the year ended 31 December 2018

<b>Name</b>	<b>Position</b>	<b>How Position Gained</b>	<b>Held Until</b>
Emma Thompson	Chairperson	Co-opted	May 2019
Brenda Ellis	Principal		
Jocelyn Cooney	Parent Rep	Elected	May 2019
Peter Campbell	Parent Rep	Elected	May 2019
Ngahua Cassidy	Parent Rep	Elected	Aug 2018
Liza Nand	Parent Rep	Elected	May 2019
Rachel Menzies	Parent Rep	Elected	May 2019
Phil Treweek	Parent Rep	Elected	May 2019
John Kane	Parent Rep	Co-opted	May 2019
Julia O'Connor	Parent Rep	Co-opted	May 2019
Carolyn Shirliff	Staff Rep	Elected	May 2019

**Salisbury School**  
**Statement of Comprehensive Revenue and Expense**  
For the year ended 31 December 2018

		2018	2018	2017
	Notes	Actual	Budget	Actual
		\$	(Unaudited)	\$
			\$	
<b>Revenue</b>				
Government Grants	2	3,104,261	3,073,109	3,132,618
Locally Raised Funds	3	5,591	3,000	13,089
Interest Earned		15,597	-	7,198
		<u>3,125,449</u>	<u>3,076,109</u>	<u>3,152,905</u>
<b>Expenses</b>				
Hostel	4	1,146,649	1,185,227	1,154,726
Learning Resources	5	705,708	663,676	734,878
Administration	6	249,379	273,150	367,959
Finance Costs		1,238	-	85
Property	7	948,547	974,511	923,248
Depreciation	8	52,400	76,500	61,750
		<u>3,103,921</u>	<u>3,173,064</u>	<u>3,242,646</u>
<b>Net Surplus / (Deficit)</b>		21,528	(96,955)	(89,741)
Other Comprehensive Revenue and Expenses		-	-	-
<b>Total Comprehensive Revenue and Expense for the Year</b>		<u>21,528</u>	<u>(96,955)</u>	<u>(89,741)</u>



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

# Salisbury School

## Statement of Changes in Net Assets/Equity

For the year ended 31 December 2018

	Actual 2018 \$	Budget (Unaudited) 2018 \$	Actual 2017 \$
<b>Balance at 1 January</b>	167,778	167,778	257,519
Total comprehensive revenue and expense for the year	21,528	(96,955)	(89,741)
Capital Contributions from the Ministry of Education Contribution - Furniture and Equipment Grant	2,950	-	-
<b>Equity at 31 December</b>	192,256	70,823	167,778
Retained Earnings	192,256	70,823	167,778
<b>Equity at 31 December</b>	192,256	70,823	167,778



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

# Salisbury School

## Statement of Financial Position

As at 31 December 2018

	Notes	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
<b>Current Assets</b>				
Cash and Cash Equivalents	9	385,064	140,078	160,533
Accounts Receivable	10	66,898	84,375	84,375
GST Receivable		10,534	9,129	9,129
Prepayments		7,670	5,231	5,231
Investments	11	200,721	201,197	201,197
Funds owing for Capital Works Projects	16	440	-	-
		<u>671,327</u>	<u>440,010</u>	<u>460,465</u>
<b>Current Liabilities</b>				
Accounts Payable	13	202,486	122,364	122,364
Provision for Cyclical Maintenance	14	450,665	386,494	386,494
Finance Lease Liability - Current Portion	15	6,198	543	543
		<u>659,349</u>	<u>509,401</u>	<u>509,401</u>
<b>Working Capital (Deficit) / Surplus</b>		11,978	(69,391)	(48,936)
<b>Non-current Assets</b>				
Investments (more than 12 months)	11	414	1,135	1,135
Property, Plant and Equipment	12	303,386	248,916	325,416
		<u>303,800</u>	<u>250,051</u>	<u>326,551</u>
<b>Non-current Liabilities</b>				
Provision for Cyclical Maintenance	14	101,708	109,693	109,693
Finance Lease Liability	15	21,814	144	144
		<u>123,522</u>	<u>109,837</u>	<u>109,837</u>
<b>Net Assets</b>		<u>192,256</u>	<u>70,823</u>	<u>167,778</u>
<b>Equity</b>		<u>192,256</u>	<u>70,823</u>	<u>167,778</u>

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



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

		2018	2018 Budget	2017
	Note	Actual \$	(Unaudited) \$	Actual \$
<b>Cash flows from Operating Activities</b>				
Government Grants		1,976,483	1,933,987	1,896,420
Locally Raised Funds		16,384	3,000	(6,830)
Goods and Services Tax (net)		(1,405)	-	7,959
Payments to Employees		(1,436,709)	(1,472,770)	(1,486,028)
Payments to Suppliers		(343,658)	(484,672)	(410,526)
Interest Received		14,012	-	7,313
Net cash from / (to) the Operating Activities		<u>225,107</u>	<u>(20,455)</u>	<u>8,309</u>
<b>Cash flows from Investing Activities</b>				
Purchase of PPE (and Intangibles)		-	(13,500)	(4,365)
Purchase of Investments		1,197	-	(196,763)
Net cash from / (to) the Investing Activities		<u>1,197</u>	<u>(13,500)</u>	<u>(201,129)</u>
<b>Cash flows from Financing Activities</b>				
Furniture and Equipment Grant		2,950	-	-
Finance Lease Payments		(4,283)	-	(580)
Funds Held for Capital Works Projects		(440)	-	(1,256)
Net cash from Financing Activities		<u>(1,773)</u>	<u>-</u>	<u>(1,836)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<u>224,531</u>	<u>(33,955)</u>	<u>(194,656)</u>
Cash and cash equivalents at the beginning of the year	9	160,533	160,533	355,189
<b>Cash and cash equivalents at the end of the year</b>	9	<u>385,064</u>	<u>126,578</u>	<u>160,533</u>

The statement of cash flows records only those cash flows directly within the control of the School. This means centrally funded teachers' salaries and the use of land and buildings grant and expense have been omitted.



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



# Salisbury School

## Notes to the Financial Statements

### 1. Statement of Accounting Policies

For the year ended 31 December 2018

#### 1.1. Reporting Entity

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

#### 1.2. Basis of Preparation

##### **Reporting Period**

The financial reports have been prepared for the period 1 January 2018 to 31 December 2018 and in accordance with the requirements of the Public Finance Act 1989.

##### **Basis of Preparation**

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

##### **Financial Reporting Standards Applied**

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

##### **PBE Accounting Standards Reduced Disclosure Regime**

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

##### **Measurement Base**

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

##### **Presentation Currency**

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

##### **Specific Accounting Policies**

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

##### **Critical Accounting Estimates And Assumptions**

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

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

##### **Useful lives of property, plant and equipment**

The School reviews the estimated useful lives of property, plant and equipment at the end of each reporting date. The School believes that the estimated useful lives of the property, plant and equipment as disclosed in the Significant Accounting Policies are appropriate to the nature of the property, plant and equipment at reporting date. Property, plant and equipment is disclosed at note 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 15.

#### *Recognition of grants*

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

### **1.3. Revenue Recognition**

#### **Government Grants**

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

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

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

Use of land and buildings grants are recorded as revenue in the period the School uses the land and buildings. These are not received in cash by the School as they equate to the deemed expense for using the land and buildings which are owned by the Crown.

#### **Other Grants**

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

#### **Donations, Gifts and Bequests**

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

#### **Interest Revenue**

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

### **1.4. Use of Land and Buildings Expense**

The property from which the School operates is owned by the Crown and managed by the Ministry of Education on behalf of the Crown. The School's use of the land and buildings as occupant is based on a property occupancy document as gazetted by the Ministry. The expense is based on an assumed market rental yield on the value of land and buildings as used for rating purposes. This is a non-cash expense that is offset by a non-cash grant from the Ministry.

### **1.5. Operating Lease Payments**

Payments made under operating leases are recognised in the Statement of Comprehensive Revenue and Expense on a straight line basis over the term of the lease.

### **1.6. Finance Lease Payments**

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

### **1.7. Cash and Cash Equivalents**

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



### **1.8. Accounts Receivable**

Accounts Receivable represents items that the School has issued invoices for or accrued for, but has not received payment for at year end. Receivables are initially recorded at fair value and subsequently recorded at the amount the School realistically expects to receive. A receivable is considered uncollectable where there is objective evidence the School will not be able to collect all amounts due. The amount that is uncollectable (the provision for uncollectibility) is the difference between the amount due and the present value of the amounts expected to be collected.

### **1.9. 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.

### **1.10. Investments**

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

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

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

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

### **1.11. Property, Plant and Equipment**

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

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

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

Property, plant and equipment acquired with individual values under \$750 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:

Building improvements to Crown Owned Assets	10–75 years
Furniture and equipment	10–20 years
Information and communication technology	4–5 years
Motor vehicles	5 years
Leased Assets	3-4 years
Library resources	12.5% Diminishing value

### **1.12. Impairment of property, plant and equipment and intangible assets**

The school does not hold any cash generating assets. Assets are considered cash generating where their primary objective is to generate a commercial return.

#### *Non cash generating assets*

Property, plant, and equipment and intangible assets held at cost that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable service amount. The recoverable service amount is the higher of an asset's fair value less costs to sell and value in use.

Value in use is determined using an approach based on either a depreciated replacement cost approach, restoration cost approach, or a service units approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and availability of information.

If an asset's carrying amount exceeds its recoverable service amount, the asset is regarded as impaired and the carrying amount is written down to the recoverable amount. The total impairment loss is recognised in the surplus or deficit.

The reversal of an impairment loss is recognised in the surplus or deficit.

### **1.13. Accounts Payable**

Accounts Payable represents liabilities for goods and services provided to the School prior to the end of the financial year which are unpaid. Accounts Payable are recorded at the amount of cash required to settle those liabilities. The amounts are unsecured and are usually paid within 30 days of recognition.

### **1.14. Employment Entitlements**

#### *Short-term employee entitlements*

Employee benefits that are due to be settled within 12 months after the end of the period in which the employee renders the related service are measured based on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to balance date, annual leave earned to but not yet taken at balance date.

#### *Long-term employee entitlements*

Employee benefits that are due to be settled beyond 12 months after the end of the period in which the employee renders the related service, such as long service leave and retirement gratuities, have been calculated on an actuarial basis. The calculations are based on:

- likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement, and contractual entitlement information; and
- the present value of the estimated future cash flows

### **1.15. Revenue Received in Advance**

Revenue received in advance relates to fees received from international, hostel 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.



### **1.16. Provision for Cyclical Maintenance**

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

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

### **1.17. Financial Assets and Liabilities**

The School's financial assets comprise cash and cash equivalents, accounts receivable, and investments. All of these financial assets, except for investments that are shares, are categorised as "loans and receivables" for accounting purposes in accordance with financial reporting standards.

Investments that are shares are categorised as "available for sale" for accounting purposes in accordance with financial reporting standards.

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

### **1.18. Goods and Services Tax (GST)**

The financial statements have been prepared on a GST exclusive basis, with the exception of accounts receivable and accounts payable which are stated as GST inclusive.

The net amount of GST paid to, or received from, the IRD, including the GST relating to investing and financing activities, is classified as a net operating cash flow in the statements of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

### **1.19. Budget Figures**

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

### **1.20. 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	1,926,402	1,925,987	1,899,759
Teachers' salaries grants	493,983	493,983	550,399
Use of Land and Buildings grants	654,655	645,139	645,139
Other MoE Grants	23,179	4,000	35,744
Other government grants	6,042	4,000	1,577
	<u>3,104,261</u>	<u>3,073,109</u>	<u>3,132,618</u>

## 3. Locally Raised Funds

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

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
<b>Revenue</b>			
Donations	2,563	2,000	3,723
Fundraising	1,492	-	718
Other revenue	1,444	1,000	8,558
Activities	92	-	90
	<u>5,591</u>	<u>3,000</u>	<u>13,089</u>
<i>Surplus for the year Locally raised funds</i>	<u>5,591</u>	<u>3,000</u>	<u>13,089</u>

## 4. Hostel

	2018 Actual	2018 Budget (Unaudited)	2017 Actual
Kitchen	33,971	39,500	34,609
Laundry	2,562	3,300	2,752
Extra curricular/activities	18,715	32,000	29,814
Administration	5,768	7,300	5,724
Property	6,834	8,800	8,074
Employee Benefit - Salaries	1,078,799	1,094,327	1,073,299
Other Expenses	-	-	454
	<u>1,146,649</u>	<u>1,185,227</u>	<u>1,154,726</u>

## 5. Learning Resources

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Curricular	22,479	33,950	30,155
Information and communication technology	677	5,500	3,699
Employee benefits - salaries	679,539	620,226	690,386
Staff development	3,013	4,000	10,638
	<u>705,708</u>	<u>663,676</u>	<u>734,878</u>



## 6. Administration

	2018	2018	2017
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Audit Fee	3,574	5,000	5,642
Board of Trustees Fees	2,705	3,500	3,275
Board of Trustees Expenses	15,141	20,400	24,759
Communication	8,742	11,000	11,004
Consumables	1,851	2,000	1,324
Operating Lease	13,048	18,600	20,168
Legal Fees	-	5,000	39,954
Other	21,049	16,650	4,100
Employee Benefits - Salaries	174,168	171,000	246,816
Insurance	5,164	5,000	4,607
Service Providers, Contractors and Consultancy	3,937	15,000	6,310
	<u>249,379</u>	<u>273,150</u>	<u>367,959</u>

## 7. Property

	2018	2018	2017
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Consultancy and Contract Services	41,212	38,947	39,522
Cyclical Maintenance Provision	56,186	60,900	38,318
Grounds	14,170	24,500	15,752
Heat, Light and Water	92,598	99,650	104,457
Rates	3,906	3,675	6,586
Repairs and Maintenance	6,181	10,500	7,289
Use of Land and Buildings	654,655	645,139	645,139
Security	5,390	10,000	9,318
Employee Benefits - Salaries	74,249	81,200	56,867
	<u>948,547</u>	<u>974,511</u>	<u>923,248</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 of Property, Plant and Equipment

	2018	2018	2017
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Building Improvements	14,940	19,000	23,795
Furniture and Equipment	26,329	34,500	28,739
Information and Communication Technology	5,855	15,000	8,232
Leased Assets	4,819	7,000	503
Library Resources	457	1,000	481
	<u>52,400</u>	<u>76,500</u>	<u>61,750</u>



## 9. Cash and Cash Equivalents

	2018	2018 Budget	2017
	Actual	(Unaudited)	Actual
	\$	\$	\$
Cash on Hand	2,624	-	1,459
Bank Current Account	75,958	140,078	159,074
Bank Call Account	106,482	-	-
Short-term Bank Deposits	200,000	-	-
Cash equivalents and bank overdraft for Cash Flow Statement	<u>385,064</u>	<u>140,078</u>	<u>160,533</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 Budget	2017
	Actual	(Unaudited)	Actual
	\$	\$	\$
Receivables	9,126	19,919	19,919
Receivables from the Ministry of Education	19,800	40,660	40,660
Interest Receivable	1,702	117	117
Teacher Salaries Grant Receivable	36,270	23,679	23,679
	<u>66,898</u>	<u>84,375</u>	<u>84,375</u>
Receivables from Exchange Transactions	10,828	20,036	20,036
Receivables from Non-Exchange Transactions	56,070	64,339	64,339
	<u>66,898</u>	<u>84,375</u>	<u>84,375</u>

## 11. Investments

The School's investment activities are classified as follows:

	2018	2018 Budget	2017
	Actual	(Unaudited)	Actual
	\$	\$	\$
Current Asset			
Short-term Bank Deposits	200,721	201,197	201,197
Non-current Asset			
Shares	414	1,135	1,135

The carrying value of long term deposits longer than 12 months approximates their fair value at 31 December 2018.

The School holds retained patronages shares that are not listed on an active market. The shares are measured at cost as fair value cannot be reliably measured.





## 12. Property, Plant and Equipment

	Opening Balance (NBV)	Additions	Disposals	Impairment	Depreciation	Total (NBV)
2018	\$	\$	\$	\$	\$	\$
Building Improvements	215,026	-	-	-	(14,940)	200,086
Furniture and Equipment	84,549	-	-	-	(26,329)	58,220
Information and Communication	16,052	-	-	-	(5,855)	10,197
Leased Assets	644	30,370	-	-	(4,819)	26,195
Library Resources	9,145	-	-	-	(457)	8,688
<b>Balance at 31 December 2018</b>	<b>325,416</b>	<b>30,370</b>	<b>-</b>	<b>-</b>	<b>(52,400)</b>	<b>303,386</b>

	Cost or Valuation	Accumulated Depreciation	Net Book Value
2018	\$	\$	\$
Building Improvements	1,369,255	(1,169,169)	200,086
Furniture and Equipment	682,531	(624,311)	58,220
Information and Communication	398,618	(388,421)	10,197
Motor Vehicles	187,714	(187,714)	-
Leased Assets	31,893	(5,698)	26,195
Library Resources	16,402	(7,714)	8,688
<b>Balance at 31 December 2018</b>	<b>2,686,413</b>	<b>(2,383,027)</b>	<b>303,386</b>

The net carrying value of equipment held under a finance lease is \$26,195 (2016: \$644)

	Opening Balance (NBV)	Additions	Disposals	Impairment	Depreciation	Total (NBV)
2017	\$	\$	\$	\$	\$	\$
Building Improvements	238,821	-	-	-	(23,795)	215,027
Furniture and Equipment	113,288	-	-	-	(28,739)	84,549
Information and Communication	19,919	4,365	-	-	(8,232)	16,052
Leased Assets	1,147	-	-	-	(503)	644
Library Resources	9,626	-	-	-	(481)	9,144
<b>Balance at 31 December 2017</b>	<b>382,801</b>	<b>4,365</b>	<b>-</b>	<b>-</b>	<b>(61,750)</b>	<b>325,416</b>

	Cost or Valuation	Accumulated Depreciation	Net Book Value
2017	\$	\$	\$
Building Improvements	1,369,255	(1,154,229)	215,026
Furniture and Equipment	682,530	(597,981)	84,549
Information and Communication	398,618	(382,566)	16,052
Motor Vehicles	187,714	(187,714)	-
Leased Assets	1,523	(879)	644
Library Resources	16,402	(7,257)	9,145
<b>Balance at 31 December 2017</b>	<b>2,656,042</b>	<b>(2,330,626)</b>	<b>325,416</b>



### 13. Accounts Payable

	2018	2018	2017
	Actual	Budget (Unaudited)	Actual
	\$	\$	\$
Operating creditors	21,275	28,515	28,515
Accruals	7,753	9,045	9,045
Employee Entitlements - salaries	142,530	59,396	59,396
Employee Entitlements - leave accrual	30,928	25,408	25,408
	<u>202,486</u>	<u>122,364</u>	<u>122,364</u>
Payables for Exchange Transactions	202,486	122,364	122,364
	<u>202,486</u>	<u>122,364</u>	<u>122,364</u>

The carrying value of payables approximates their fair value.

### 14. Provision for Cyclical Maintenance

	2018	2018	2017
	Actual	Budget (Unaudited)	Actual
	\$	\$	\$
Provision at the Start of the Year	496,187	496,187	457,869
Increase to the Provision During the Year	56,186	-	38,318
Provision at the End of the Year	<u>552,373</u>	<u>496,187</u>	<u>496,187</u>
Cyclical Maintenance - Current	450,665	386,494	386,494
Cyclical Maintenance - Term	101,708	109,693	109,693
	<u>552,373</u>	<u>496,187</u>	<u>496,187</u>

During the period of years the school faced potential closure, the Salisbury School Board had resolved to not spend the cyclical maintenance provision. The Board has been aware of the accumulation of the cyclical maintenance and its impact on the school's working capital. Now that the school no longer faces closure, the Board will be considering its use.

### 15. Finance Lease Liability

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

	2018	2018	2017
	Actual	Budget (Unaudited)	Actual
	\$	\$	\$
No Later than One Year	8,420	592	592
Later than One Year and no Later than Five Years	25,202	737	737
Later than Five Years	-	-	-
	<u>33,622</u>	<u>1,329</u>	<u>1,329</u>



## 16. Funds Held for Capital Works

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

	2018	Opening Balances \$	Receipts from MoE \$	Payments \$	BOT Contribution/ (Write-off to R&M)	Closing Balances \$
Heating System Upgrade	Completed	-	14,132	12,642	1,490	-
Gym Roof Repairs	In progress	-	-	440	-	(440)
Totals		-	14,132	13,082	1,490	(440)

### Represented by:

Funds Held on Behalf of the Ministry of Education

Funds Due from the Ministry of Education

-

440

440

## 17. 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.



## 18. Remuneration

### Key management personnel compensation

Key management personnel of the School include all trustees of the Board, Principal, Deputy Principal, Executive Officer, Residential Managers, Senior Teacher and Transition Manager.

	<b>2018 Actual \$</b>	<b>2017 Actual \$</b>
<i>Board Members</i>		
Remuneration	2,705	3,275
Full-time equivalent members	0.33	0.54
<i>Leadership Team</i>		
Remuneration	340,593	531,682
Full-time equivalent members	5.00	6.25
Total key management personnel remuneration	343,298	534,957
Total full-time equivalent personnel	5.33	6.79

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:

	<b>2018 Actual \$</b>	<b>2017 Actual \$</b>
<i>Salaries and Other Short-term Employee Benefits - Principal 1:</i>		
Salary and Other Payments	140-150	120 - 130
Benefits and Other Emoluments	0 - 0	0 - 0
Termination Benefits	0 - 0	0 - 0
<i>Salaries and Other Short-term Employee Benefits - Principal 2:</i>		
Salary and Other Payments	0 - 0	90 - 100
Benefits and Other Emoluments	0 - 0	2 - 3
Termination Benefits	0 - 0	0 - 0

### Other Employees

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

<b>Remuneration \$</b>	<b>2018 FTE Number</b>	<b>2017 FTE Number</b>
110 - 120	-	-
100 - 110	-	-
	-	-

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



## 19. 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:

	<b>2018 Actual</b>	<b>2017 Actual</b>
Total	\$ -	\$ 81,863
Number of People	-	3

## 20. Contingencies

There are no contingent liabilities (except as noted below) and no contingent assets as at 31 December 2018 (Contingent liabilities and assets at 31 December 2017: nil).

### Holidays Act Compliance – schools payroll

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

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

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

The school holds a business Mastercard with a credit limit of \$12,000.

During the 2017 year, Salisbury School provided the Principal and Relieving Principal with accommodation onsite, as required by contractual requirements. Crowe Horwath were engaged to review the rental arrangements, to identify if there were any tax or other implications. These investigations have now concluded and the school will meet its tax obligations in 2019.

During the 2017 year, the school identified that there were some payroll discrepancies due to the interpretation of their relevant collective agreement. The Board is working alongside the New Zealand School Trustees Association lawyer on the action required. The payroll discrepancies will be reconciled and resolved in 2019.

## 21. Commitments

### (a) Capital Commitments

As at 31 December 2018 the Board has entered into a contract agreement for capital works for Gym Roof repairs.

(Capital commitments at 31 December 2017: nil)



## (b) Operating Commitments

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

(a) operating lease of a photocopier;

	2018 Actual \$	2017 Actual \$
No later than One Year	-	12,649
Later than One Year and No Later than Five Years	-	950
Later than Five Years	-	-
	<u>-</u>	<u>13,599</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

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Cash and Cash Equivalents	385,064	140,078	160,533
Receivables	66,898	84,375	84,375
Investments - Term Deposits	200,721	201,197	201,197
Shares	414	1,135	1,135
Total Loans and Receivables	<u>653,097</u>	<u>426,785</u>	<u>447,240</u>

### Financial liabilities measured at amortised cost

Payables	202,486	122,364	122,364
Finance Leases	28,012	687	686
Total Financial Liabilities Measured at Amortised Cost	<u>230,498</u>	<u>123,051</u>	<u>123,050</u>

## 24. Events After Balance Date

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

## 25. Comparatives

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



# 2018 Analysis of Variance



<b>School Name:</b>	Salisbury School (completed February 2019)	<b>School Number:</b>	525
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<b>Strategic Aim for the 2018 School Year:</b>	<ul style="list-style-type: none"> <li>• All students will show progress in their academic achievement levels with a particular focus on literacy and numeracy. Teacher practice is responsive to student individual need.</li> <li>• Reciprocal positive relationships between staff and students underpin all learning and life skills programmes</li> <li>• Identification of individual student learning needs and provision of adapted programmes to meet significant academic, social and life skills deficits</li> <li>• Enhancement of a whole campus ethos and reputation for best practice</li> <li>• Implementation of evidence based best practice and Positive Behaviour Support</li> <li>• Meeting the needs of Māori students through the implementation of the Effective Teacher Profile, so that Māori students experience success, as Māori</li> <li>• Continuation of a Salisbury transition service</li> <li>• Increase enrolments to an optimal level ensuring Salisbury has an appropriate physical environment in accordance with our vision, mission and values</li> </ul>
<b>Annual Aim/Target</b>	By the end of one year's enrolment all students will have achieved between 6 months and 2.2 years gain in their reading age at 90% accuracy and 75% comprehension and gains in Numeracy between 2 and 4 stages and/or levels on the numeracy assessment scale.
<b>Baseline Data:</b>	All students have complex learning needs and are on average 4 – 5 years below same aged peers in literacy and numeracy levels.

4DP-12

<b>Actions</b> <i>What did we do?</i>	<b>Outcomes</b> <i>What happened?</i>	<b>Reasons for the variance</b> <i>Why did it happen?</i>	<b>Evaluation</b> <i>Where to next?</i>
<p>Reviewed assessment data, reviewed individual learning needs, wrote IEP documents according to data collected and held IEP meetings with parents, teachers, residential staff and Intensive Wraparound Service staff</p> <p>Ensured IEP goals were SMART goals, that is: specific, measurable, achievable, realistic and time bound.</p> <p>Our IEP timeline means that each student receives one school-based IEP per term and one residential-based IEP per term.</p> <p>Maintained reading programmes in the residential setting so that reading in the evening happens, as it would in the home environment.</p> <p>Enhanced our literacy programmes by incorporating additional comprehension teaching strategies throughout school based programmes.</p> <p>Enhanced our curriculum with Teaching through Play programme</p> <p>We regularly update and refresh our knowledge of Positive Behaviour Support.</p> <p>We use a Positive Behaviour Support Training Manual, underpinned by restorative practice.</p> <p>We continue to refine our Functional Analysis process.</p>	<p>A high percentage of IEP goals (82%) have been achieved across the student cohort in terms 3 &amp; 4. Term four data notably improved on the previous term as teachers reflected on SMART targets ensuring that these were smaller step stretch goals. In addition to this, teachers have extended reflection into wider environmental factors that support student success (ie engagement levels, sensory breaks, visual systems, assistive technology, incentive structures, etc). This environmental approach to planning and assessment is recognised as essential towards the success of our students.</p> <p>The highest area representative of student progress is reading with students making small step achievements during terms three and four within levels, and two students making half year gains in chronological reading age. Five, out of eight students, have obtained an increase of 6 months + in their reading age over the full duration of 2018. Seven out of eight students have achieved 75% + of their targeted social skills objectives for 2018. Whilst progression is observed across the student cohort in remaining areas of the curriculum the assessment tools for assessing progress will be updated so that progress can be more accurately reflected. As such, ongoing consideration towards the selection of assessment tools that are appropriate to</p>	<p>IEPs for each student, each term has meant more opportunities for achievement of SMART goals.</p> <p>We continue to update and expand our assessment tools.</p> <p>We are using Te Whāriki and have introduced a Learning through Play programme for pre-level one of the NZ Curriculum students.</p> <p>Our appraisal process is based on the Tātaiako (cultural competencies) and the Effective Teacher Profile to ensure Māori learner success and a 'one size fits one' approach to academic and social skills programmes.</p> <p>We recognise what works for Māori, works for all students.</p> <p>Positive behaviour support and RP are the integrated across the campus.</p> <p>Staff know how to implement the Functional Analysis of Behaviour process.</p>	<p>Continue to fine tune and to add to the Salisbury Curriculum document.</p> <p>Continue to provide culturally responsive living and learning programmes.</p> <p>We will continue to provide counselling services for girls as required.</p> <p>We will continue our collaboration with Te Kura Kaupapa Māori o Tuia Te Matangi to encompass sharing skills, tikanga and knowledge.</p> <p>We will continue our active participation in the Kahui Ako.</p> <p>PLD continues for new staff and existing staff constantly upskill in positive behaviour support. This keeps all staff updated and aware of current research and literature.</p> <p>Salisbury invests in ongoing PLD in the education and wellbeing of students with Autism Spectrum Disorder and additional disorders.</p> <p>All staff know how to carry out a Functional Analysis of Behaviour.</p> <p>We will continue to encourage whānaungatanga (positive relationship building) as a critical factor in successfully managing behaviour when working with Māori students.</p> <p>Ensure all relievers and new staff are proficient in the use of Positive Behaviour</p>



We fine-tuned our Restorative Practice process

We do not use physical restraint at Salisbury and have not done so since 2011. We recognise the Ministry of Education Restraint Guidelines and abide by the reporting of any serious behaviour incidents.

students with high and complex needs is noted and affirms the current direction of our curriculum enhancement.

Residential IEP goal achievement demonstrates that 80% of set IEP goals were achieved in 2018.

Salisbury does not isolate or physically restrain students.

Incidences of severe and challenging behaviour have become infrequent, as staff become adept at de-escalating behaviour through use of positive behaviour support strategies. We are more successfully meeting the needs of our autistic students through individual tailored programmes and the use of Visual Cues. We do not isolate young people, nor use time out rooms. We do offer the opportunity to 'self-refer' to a 'calm' space if the young person wishes.

Support.

Given the changing nature and highly complex needs of students now enrolling at Salisbury, we will alter our annual target for the 2019 school year to include a greater selection assessment for those students who are pre-Level 1 of the Curriculum.

### Planning for next year:

Continuing to develop a bespoke curriculum that meets the needs of our pre-level one learners is a next key step. Inherent within this work is the selection of suitably aligned assessment tools that enable small step progression to be gathered and used both formatively and in a summative manner. Wider consideration of the key competencies as a sequenced and foundational pathway of learning and development with students will also further work to meet the needs of our changing student cohort. In this sense, a measured and invested focus on strengthening key competencies with students will enhance wider access to the core curriculum working to reduce barriers to learning (ie managing self, relating to others, learning to participate and contribute, etc). The development of a senior transition class also widens the opportunity to review learning targets unique to this group.

# **SALISBURY SCHOOL KIWISPORT 2018**

Kiwisport is a Government funding initiative to support students' participation in organised sport. During 2018 the school received total Kiwisport funding of \$90.37 (excluding GST).

The funding was spent on entry fees for students to play basketball.

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE READERS OF SALISBURY SCHOOL (NELSON)'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018**

The Auditor-General is the auditor of Salisbury School (Nelson) (the School). The Auditor-General has appointed me, Michael Lee, using the staff and resources of Crowe Horwath, to carry out the audit of the financial statements of the School on his behalf.

#### **Opinion**

We have audited the financial statements of the School on pages 3 to 20, 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 Cash Flow Statement 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 20 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 of opinion**

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

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

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

## **Responsibilities of the Board of Trustees for the financial statements**

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

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

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

## **Responsibilities of the auditor for the audit of the financial statements**

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

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

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

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

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

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

- We evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We assess the risk of material misstatement arising from the Novopay payroll system, which may still contain errors. As a result, we carried out procedures to minimise the risk of material errors arising from the system that, in our judgement, would likely influence readers' overall understanding of the financial statements.

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

Our responsibilities arises from the Public Audit Act 2001.

### **Other information**

The Board of Trustees is responsible for the other information. The other information comprises the information included on pages 3 to 20, but does not include the financial statements, and our auditor's report thereon.

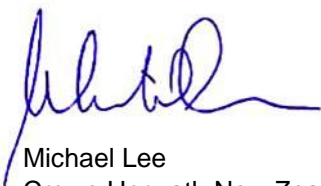
Our opinion on the financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

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.



Michael Lee  
Crowe Horwath New Zealand Audit Partnership  
On behalf of the Auditor-General  
Nelson, New Zealand