

# **JOHN MCGLASHAN COLLEGE**

## **FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2016**

School Address:	2 Pilkington Street, Maori Hill, Dunedin
School Postal Address:	2 Pilkington Street, Maori Hill, Dunedin 9010
School Phone:	03 467 6620
School Email:	<a href="mailto:admin@mcglashan.school.nz">admin@mcglashan.school.nz</a>
Ministry Number:	387

# JOHN MCGLASHAN COLLEGE

Annual Report - For the year ended 31 December 2016

## Index

<b>Page</b>	<b>Statement</b>
<a href="#">i</a>	Analysis of Variance
<a href="#">iv</a>	Board of Trustee Members
<a href="#">1</a>	Statement of Responsibility
<a href="#">2</a>	Statement of Comprehensive Revenue and Expense
<a href="#">3</a>	Statement of Changes in Net Assets/Equity
<a href="#">4</a>	Statement of Financial Position
<a href="#">5</a>	Statement of Cash Flows
<a href="#">6 - 19</a>	Notes to the Financial Statements
<a href="#">6 - 10</a>	Statement of Accounting Policies
<a href="#">11 - 19</a>	Other Notes and Disclosures



## ANALYSIS OF VARIANCE REPORT on 2016 targets

Schools are required to :

- (1) set **annual targets** to improve student “learning outcomes” and
- (2) report against these in the end of year annual report.

**Explicit targets for learning-outcomes** in 2016 included:

### SENIOR STUDENT EXAMINATION RESULTS

**The primary target in Year 11** is to have this school’s results (in percentages, for NCEA level 1) exceed mean results for (1) decile 10 boys’ schools, (2) decile 10, all schools and (3) decile 10 boys in all schools. This is to be achieved in each of the following categories for NCEA level 1 Endorsement: % Achieved; % Merit or Excellence; % Excellence.

### Results:

2016	JMC			National Decile: 10 Gender: Boys Schools: Boys	National Decile: 10 Gender: Boys/Girls Schools: ALL	National Decile: 10 Gender: Boys Schools: ALL
	2016	2015	2014			
NCEA Lvl 1	99.0	96.6	98.8	93.5 achieved	93.5 achieved	91.7 achieved
M+E Endors.	72.7	70.0	72.6	71.8 achieved	77.3 not achieved	67.8 achieved
E Endors.	30.3	31.3	35.7	27.6 achieved	36.1 not achieved	25.3 achieved

AND

To exceed % of regular students in Decile 10 boys schools gaining Level 1 literacy and numeracy.

### 2016 JMC

% Level 1 Literacy: 98% **Achieved** (Decile10 Boys 85.3% )  
 % Level 1 Numeracy: 99% **Achieved** (Decile10 Boys 83.3% )

To have a mean grade point average (GPA) exceed 50 and a mean credit total exceed 120.

### 2016 JMC

Level 1 mean GPA: 53 **Achieved** Mean credit total: 122 **Achieved**

To ensure the number of Level 1 M & E endorsements exceed the predicted number from MidYIS target graphs.

### 2016 JMC

Predicted Level 1 Excellence Endorsements: 39  
 Actual Level 1 Excellence Endorsements: 88 **Achieved**

Predicted Lvl 1 Merit/Excel Endorsements: 219  
 Actual Lvl 1 Merit/Excel Endorsements: 289 **Achieved**

**The primary target in Year 12** is to have this school's results (in percentages, for NCEA level 2) exceed results for (1) decile 10 boys' schools, (2) decile 10, all schools and (3) decile 10 boys in all schools. This is to be achieved in each of the following categories for NCEA level 2 Endorsement: % Achieved; % Merit or Excellence; % Excellence.

2016	JMC			National Decile: 10 Gender: Boys Schools: Boys	National Decile 10 Gender: Boys/Girls Schools: ALL	National Decile 10 Gender: Boys Schools: ALL
	2016	2015	2014			
NCEA Lvl 2	100	98.5	95.9	93.0 achieved	94.4 achieved	92.8 achieved
M+E Endors.	54.6	54.5	59.1	62.7 not achieved	65.7 not achieved	54.1 achieved
Excl Endors.	25.3	25.8	21.1	24.4 achieved	28.9 not achieved	19.4 achieved
No Endors.	35.4	45.5	40.8	31.9	34.3	55.9

**The primary target in Year 13** is to have this school's results (in percentages, for NCEA level 3) exceed results for (1) decile 10 boy's schools, (2) decile 10, all schools and (3) decile 10 boys in all schools. This is to be achieved in each of the following categories for NCEA level 3 Endorsement: % Achieved; % Merit or Excellence; % Excellence.

2016*	JMC			National Decile: 10 Gender: Boys Schools: Boys	National Decile: 10 Gender: Boys/Girls Schools: ALL	National Decile: 10 Gender: Boys Schools: ALL
	2016	2015	2014			
NCEA Lvl 3	93.0	88.6	82.0	90.0 achieved	91.4 achieved	87.5 achieved
M+E Endors.	51.0	48.4	56.1	53.1 not achieved	59.6 not achieved	49.2 achieved
E Endors.	20.8	22.6	9.8	18.7 achieved	22.0 not achieved	16.2 achieved
No Endors.	23.3	51.6	43.9	28.5	40.4	50.8

\* Data excludes Yr 13 IB students, significantly reducing likelihood of meeting targets.

AND

% of boys gaining University Entrance to exceed that of Decile 10 boys schools nationally.

81% (including IB) **Achieved** (Decile 10: 80% )

## International Baccalaureate:

**The primary target** is for the 2016 mean points score to meet or exceed 32

32 – mean points score **Achieved** (IB average for Nov 2016 - 29)

AND

90%+ of students to gain automatic entry to University with diploma points in excess of 26

95%

**Achieved**

AND

100% of IB students to gain entrance to University

95%

**Not Achieved**

**YEARS 9, 10 & 11 (MIDYIS – A MEASURE OF ADDED VALUE)**

To ensure that the MIDYIS-based, **overall measure of “added value”** for the Year 11 cohort remains significantly above the mean “added value” scores for all schools in the survey.

**Not Achieved** Value added for 2015 indicates VA marginally above mean level for all schools in this survey.

**NATIONAL STANDARDS - LITERACY AND NUMERACY - YEAR 7 AND 8**

**Literacy:** To move the number of Year 8 students at the Well Below/Below stage for Writing from 9/52 to 4/52 (from 17% to 7.7%)

**Not achieved:** 7/53 (13.2%) remained Below. None were Well Below.

**Numeracy:** To move the number of Year 8 students at the Well Below/Below stage for Mathematics from 7/52 to 4/52 (from 13.5% to 7.7%)

**Not achieved:** 7/53 (13.2%) remained Below. None were Well Below.

**DEPARTMENT TARGETS**

In addition to these school-wide targets, Heads of Department and teachers in charge of subject areas set targets and developed plans for learning outcomes in 2016. However, because of the complexity, variation and detail associated with much of this, details and results will not be included in the annual report for the period.

# John McGlashan College

## Statement of Responsibility

For the year ended 31 December 2016

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 2016 fairly reflects the financial position and operations of the school.

The School's 2016 financial statements are authorised for issue by the Board.

\_\_\_\_\_  
James Reid



\_\_\_\_\_  
Signature of Board Chairperson

9 May 2017

\_\_\_\_\_  
Date:

\_\_\_\_\_  
Neil Garry



\_\_\_\_\_  
Signature of Principal

9 May 2017

\_\_\_\_\_  
Date:

**John McGlashan College**  
**Statement of Comprehensive Revenue and Expense**  
For the year ended 31 December 2016

	Notes	2016 Actual \$	2016 Budget (Unaudited) \$	2015 Actual \$
<b>Revenue</b>				
Government Grants	2	4,303,297	4,231,591	4,103,141
Locally Raised Funds	3	315,005	289,338	409,185
Use of Land and Buildings Integrated		1,862,543	1,713,558	1,910,342
Interest Earned		19,480	17,080	23,948
Gain on Sale of Property, Plant and Equipment		100	-	-
International Students	4	463,657	447,652	366,719
		<u>6,964,081</u>	<u>6,699,219</u>	<u>6,813,335</u>
<b>Expenses</b>				
Locally Raised Funds	3	60,030	77,500	122,189
International Students	4	88,508	142,226	95,453
Learning Resources	5	4,148,736	3,999,114	3,884,922
Administration	6	353,634	321,800	363,861
Finance Costs		33,056	76,978	-
Property	7	2,282,291	2,124,884	2,341,246
Depreciation	8	150,977	128,955	129,447
Loss on Disposal of Property, Plant and Equipment		3,502	-	-
		<u>7,120,736</u>	<u>6,871,457</u>	<u>6,937,119</u>
<b>Net Surplus / (Deficit)</b>		(156,654)	(172,237)	(123,784)
Other Comprehensive Revenue and Expenses		-	-	-
<b>Total Comprehensive Revenue and Expense for the Year</b>		<u>(156,654)</u>	<u>(172,237)</u>	<u>(123,784)</u>

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

**John McGlashan College**  
**Statement of Changes in Net Assets/Equity**  
For the year ended 31 December 2016

	Actual 2016 \$	Budget (Unaudited) 2016 \$	Actual 2015 \$
<b>Balance at 1 January</b>	<u>634,935</u>	<u>702,379</u>	<u>758,719</u>
Total comprehensive revenue and expense for the year	(156,654)	(172,237)	(123,784)
Capital Contributions from the Ministry of Education			
Contribution - Furniture and Equipment Grant	-	-	-
<b>Equity at 31 December</b>	<u>478,281</u>	<u>530,141</u>	<u>634,935</u>
Retained Earnings	478,281	953,000	634,935
Reserves	-	-	-
<b>Equity at 31 December</b>	<u>478,281</u>	<u>953,000</u>	<u>634,935</u>

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



**John McGlashan College**  
**Statement of Financial Position**  
As at 31 December 2016

	Notes	2016 Actual \$	2016 Budget (Unaudited) \$	2015 Actual \$
<b>Current Assets</b>				
Cash and Cash Equivalents	9	612,844	465,600	463,414
Accounts Receivable	10	218,856	337,900	336,495
GST Receivable		336	-	-
Prepayments		5,901	7,500	8,385
Inventories	11	5,427	3,000	2,926
Investments	12	300,000	250,000	267,184
		<u>1,143,364</u>	<u>1,064,000</u>	<u>1,078,404</u>
<b>Current Liabilities</b>				
GST Payable		-	26,159	20,486
Accounts Payable	14	537,778	460,000	459,012
Revenue Received in Advance	15	619,421	542,500	351,855
Provision for Cyclical Maintenance	16	5,000	4,500	4,500
Finance Lease Liability - Current Portion	17	37,980	-	-
		<u>1,200,179</u>	<u>1,033,159</u>	<u>835,854</u>
<b>Working Capital Surplus/(Deficit)</b>		(56,815)	30,841	242,550
<b>Non-current Assets</b>				
Property, Plant and Equipment	13	637,357	520,000	413,085
		<u>637,357</u>	<u>520,000</u>	<u>413,085</u>
<b>Non-current Liabilities</b>				
Provision for Cyclical Maintenance	16	20,200	20,700	20,700
Finance Lease Liability	17	82,061	-	-
		<u>102,261</u>	<u>20,700</u>	<u>20,700</u>
<b>Net Assets</b>		<u>478,281</u>	<u>530,141</u>	<u>634,935</u>
<b>Equity</b>		<u>478,281</u>	<u>530,141</u>	<u>634,935</u>

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

**John McGlashan College**  
**Statement of Cash Flows**  
For the year ended 31 December 2016

	2016	2016	2015
Note	Actual	Budget (Unaudited)	Actual
	\$	\$	\$
<b>Cash flows from Operating Activities</b>			
Government Grants	1,077,586	1,045,278	1,004,807
Locally Raised Funds	345,853	84,047	456,287
International Students	731,223	990,152	459,215
Goods and Services Tax (net)	(20,823)	51,637	18,867
Payments to Employees	(933,765)	(765,921)	(970,499)
Payments to Suppliers	(744,649)	(1,041,758)	(830,510)
Interest Paid	(33,056)	(76,978)	-
Interest Received	18,487	15,472	24,797
Net cash from / (to) the Operating Activities	<u>440,856</u>	<u>301,930</u>	<u>162,964</u>
<b>Cash flows from Investing Activities</b>			
Proceeds from Sale of PPE (and Intangibles)	17,600	17,227	-
Purchase of PPE (and Intangibles)	(200,240)	89,274	(127,890)
Purchase of Investments	(32,816)	(250,000)	(11,292)
Net cash from / (to) the Investing Activities	<u>(215,456)</u>	<u>(143,500)</u>	<u>(139,182)</u>
<b>Cash flows from Financing Activities</b>			
Finance Lease Payments	(75,970)	-	-
Funds Administered on Behalf of Third Parties	-	(5,000)	-
Net cash from Financing Activities	<u>(75,970)</u>	<u>(5,000)</u>	<u>-</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<u>149,430</u>	<u>153,430</u>	<u>23,782</u>
Cash and cash equivalents at the beginning of the year	9 463,414	530,747	439,632
<b>Cash and cash equivalents at the end of the year</b>	<u>9 612,844</u>	<u>684,177</u>	<u>463,414</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.



# John McGlashan College

## Notes to the Financial Statements

### 1. Statement of Accounting Policies

For the year ended 31 December 2016

#### a) Reporting Entity

John McGlashan 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 2016 to 31 December 2016 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 13.

### ***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 17.

#### ***Recognition of grants***

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

### **c) Revenue Recognition**

#### ***Government Grants***

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

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

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

#### ***Other Grants***

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

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) Inventories**

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

#### **j) Investments**

Bank term deposits are initially measured at the amount invested. Interest is subsequently accrued and added to the investment balance.

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 bank term deposits are measured at amortised cost using the effective interest method less impairment.

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 73 of the Education Act 1989 in relation to the acquisition of securities.

#### **k) Property, Plant and Equipment**

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

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

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

Property, plant and equipment acquired with individual values under \$1,000 are not capitalised, they are recognised as an expense in the Statement of Comprehensive Revenue and Expense.

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

#### **Leased Assets**

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

### **Depreciation**

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

The estimated useful lives of the assets are:

Furniture and equipment	10–15 years
Information and communication technology	4–5 years
Motor vehicles	5 years
Leased assets held under a Finance Lease	4 years
Library resources	12.5% Diminishing value

### **l) Impairment of property, plant, and equipment and intangible assets**

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

#### *Non cash generating assets*

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

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

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

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

### **m) Accounts Payable**

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

### **n) Employee Entitlements**

#### *Short-term employee entitlements*

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

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

#### *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

### **o) Revenue Received in Advance**

Revenue received in advance relates to fees received from international and grants received where there are unfulfilled obligations for the School to provide services in the future. The fees are recorded as revenue as the obligations are fulfilled and the fees earned.

The School holds sufficient funds to enable the refund of unearned fees in relation to international students, should the School be unable to provide the services to which they relate.

**p) 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.

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.

**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

	2016	2016	2015
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Operational grants	987,432	978,643	982,500
Teachers' salaries grants	3,211,537	3,151,160	3,106,619
Use of Land and Buildings grants	-	-	-
Resource teachers learning and behaviour grants	1,072	5,760	-
Other MoE Grants	47,264	56,686	-
Transport grants	-	-	-
Other government grants	55,991	39,342	14,022
	<u>4,303,297</u>	<u>4,231,591</u>	<u>4,103,141</u>

## 3. Locally Raised Funds

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

	2016	2016	2015
	Actual	Budget	Actual
	\$	(Unaudited)	\$
<b>Revenue</b>			
Donations	210,974	194,800	215,638
Fundraising	52,538	63,500	64,160
Bequests	-	-	-
Other revenue	22,606	-	-
Transport Revenue	-	-	-
Trading	-	-	-
Activities	28,886	31,038	129,386
Curriculum Recoveries	-	-	-
	<u>315,005</u>	<u>289,338</u>	<u>409,185</u>
<b>Expenses</b>			
Activities	23,426	32,500	76,575
Trading	-	-	-
Fundraising (costs of raising funds)	36,604	45,000	45,614
Transport (local)	-	-	-
Other Locally Raised Funds Expenditure	-	-	-
	<u>60,030</u>	<u>77,500</u>	<u>122,189</u>
<i>Surplus for the year Locally raised funds</i>	<u>254,974</u>	<u>211,838</u>	<u>286,996</u>



#### 4. International Student Revenue and Expenses

	2016	2016	2015
	Actual	Budget	Actual
	Number	(Unaudited)	Number
International Student Roll	31	30	27
	2016	2016	2015
	Actual	Budget	Actual
	\$	(Unaudited)	\$
<b>Revenue</b>			
International student fees	463,657	447,652	366,719
<b>Expenses</b>			
Advertising	10,963	27,900	-
Commissions	32,032	65,739	35,700
Recruitment	-	-	18,876
International student levy	22,229	22,956	15,905
Employee Benefit - Salaries	23,283	25,631	24,972
Other Expenses	-	-	-
	88,508	142,226	95,453
<i>Surplus for the year International Students<sup>1</sup></i>	375,148	305,426	271,266

#### 5. Learning Resources

	2016	2016	2015
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Curricular	88,746	123,517	84,713
Equipment repairs	6,042	7,100	-
Information and communication technology	(4,379)	21,615	-
Extra-curricular activities	124,468	87,041	71,811
Library resources	7,075	24,000	3,899
Employee benefits - salaries	3,879,616	3,687,841	3,689,310
Resource/attached teacher costs	-	-	-
Staff development	47,167	48,000	35,190
	4,148,736	3,999,114	3,884,922

#### 6. Administration

	2016	2016	2015
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Audit Fee	5,010	5,000	4,248
Board of Trustees Fees	6,380	6,800	6,270
Board of Trustees Expenses	4,391	5,000	2,750
Communication	28,372	30,500	28,651
Consumables	28,224	22,000	64,838
Operating Lease	-	-	23,155
Legal Fees	3,717	10,000	11,543
Other	42,920	42,500	45,111
Employee Benefits - Salaries	210,152	192,000	175,640
Insurance	2,254	2,000	1,656
Service Providers, Contractors and Consultancy	22,214	6,000	-
	353,634	321,800	363,861

## 7. Property

	2016	2016	2015
	Actual	Budget (Unaudited)	Actual
	\$	\$	\$
Caretaking and Cleaning Consumables	26,776	27,500	26,857
Consultancy and Contract Services	122,325	125,000	-
Cyclical Maintenance Provision	-	-	-
Grounds	-	-	-
Heat, Light and Water	92,639	111,500	106,769
Rates	-	-	-
Repairs and Maintenance	124,723	97,500	129,667
Use of Land and Buildings	1,862,543	1,713,558	1,910,342
Security	-	-	-
Employee Benefits - Salaries	53,284	49,826	167,611
	<u>2,282,291</u>	<u>2,124,884</u>	<u>2,341,246</u>

The use of land and buildings figure represents 7% 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

	2016	2016	2015
	Actual	Budget (Unaudited)	Actual
	\$	\$	\$
Buildings - School	-	-	-
Building Improvements - Crown	-	-	-
Furniture and Equipment	35,187	47,671	48,836
Information and Communication Technology	24,106	63,283	56,071
Motor Vehicles	-	-	-
Textbooks	-	-	-
Leased Assets	85,774	-	-
Library Resources	5,911	18,000	24,540
	<u>150,977</u>	<u>128,955</u>	<u>129,447</u>

## 9. Cash and Cash Equivalents

	2016	2016	2015
	Actual	Budget (Unaudited)	Actual
	\$	\$	\$
Cash on Hand	9	300	300
Bank Current Account	312,770	65,000	62,806
Bank Call Account	64	300	308
Short-term Bank Deposits	300,000	400,000	400,000
Bank Overdraft	-	-	-
Net cash and cash equivalents and bank overdraft for Cash Flow Statement	<u>612,844</u>	<u>465,600</u>	<u>463,414</u>

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

## 10. Accounts Receivable

	2016 Actual \$	2016 Budget (Unaudited) \$	2015 Actual \$
Receivables	981	35,000	31,830
Receivables from the Ministry of Education	1,956	400	384
Provision for Uncollectibility	-	-	-
Interest Receivable	3,664	2,500	2,672
Teacher Salaries Grant Receivable	212,254	300,000	301,610
	<u>218,856</u>	<u>337,900</u>	<u>336,495</u>
Receivables from Exchange Transactions	4,646	37,500	34,501
Receivables from Non-Exchange Transactions	214,210	300,400	301,994
	<u>218,856</u>	<u>337,900</u>	<u>336,495</u>

## 11. Inventories

	2016 Actual \$	2016 Budget (Unaudited) \$	2015 Actual \$
Stationery	5,427	3,000	2,926
	<u>5,427</u>	<u>3,000</u>	<u>2,926</u>

## 12. Investments

The School's investment activities are classified as follows:

	2016 Actual \$	2016 Budget (Unaudited) \$	2015 Actual \$
Current Asset			
Short-term Bank Deposits	300,000	250,000	267,184
Non-current Asset			
Long-term Bank Deposits	-	-	-

The carrying value of long term deposits longer than 12 months approximates their fair value at 31 December 2016.

## 13. Property, Plant and Equipment

	Opening Balance (NBV) \$	Additions \$	Disposals \$	Impairment \$	Depreciation \$	Total (NBV) \$
2016						
Land	-				-	-
Buildings	-				-	-
Building Improvements	-				-	-
Furniture and Equipment	245,619	160,184			(35,187)	370,616
Information and Communication	119,704	21,490	(15,403)		(24,106)	101,685
Motor Vehicles	-				-	-
Textbooks	-				-	-
Leased Assets	-	196,011			(85,774)	110,237
Library Resources	47,762	12,967			(5,911)	54,819
<b>Balance at 31 December 2016</b>	<u>413,085</u>	<u>390,652</u>	<u>(15,403)</u>	<u>-</u>	<u>(150,977)</u>	<u>637,357</u>

### 13. Property, Plant and Equipment continued

	Cost or Valuation	Accumulated Depreciation	Net Book Value
	\$	\$	\$
<b>2016</b>			
Land	-	-	-
Buildings	-	-	-
Building Improvements	-	-	-
Furniture and Equipment	813,307	(442,691)	370,616
Information and Communication	393,407	(291,722)	101,685
Motor Vehicles	11,212	(11,212)	-
Textbooks	-	-	-
Leased Assets	196,011	(85,774)	110,237
Library Resources	162,757	(107,938)	54,819
<b>Balance at 31 December 2016</b>	<b>1,576,695</b>	<b>(939,337)</b>	<b>637,357</b>

	Opening Balance (NBV)	Additions	Disposals	Impairment	Depreciation	Total (NBV)
	\$	\$	\$	\$	\$	\$
<b>2015</b>						
Land	-	-	-	-	-	-
Buildings	-	-	-	-	-	-
Building Improvements	-	-	-	-	-	-
Furniture and Equipment	259,887	34,567	-	-	(48,836)	245,618
Information and Communication Technology	97,229	78,547	-	-	(56,071)	119,705
Motor Vehicles	-	-	-	-	-	-
Textbooks	-	-	-	-	-	-
Leased Assets	-	-	-	-	-	-
Library Resources	57,526	14,776	-	-	(24,540)	47,762
<b>Balance at 31 December 2015</b>	<b>414,642</b>	<b>127,890</b>	<b>-</b>	<b>-</b>	<b>(129,447)</b>	<b>413,085</b>

#### Accumulated Depreciation

	Cost or Valuation	Accumulated Depreciation	Net Book Value
	\$	\$	\$
<b>2015</b>			
Land	-	-	-
Buildings	-	-	-
Building Improvements	-	-	-
Furniture and Equipment	700,408	(454,789)	245,619
Information and Communication Technology	1,404,038	(1,284,334)	119,704
Motor Vehicles	11,212	(11,212)	-
Textbooks	-	-	-
Leased Assets	-	-	-
Library Resources	182,578	(134,816)	47,762
<b>Balance at 31 December 2015</b>	<b>2,298,236</b>	<b>(1,885,151)</b>	<b>413,085</b>

**14. Accounts Payable**

	2016	2016	2015
	Actual	Budget (Unaudited)	Actual
	\$	\$	\$
Operating creditors	166,684	75,000	71,363
Accruals	21,891	20,000	19,654
Capital accruals for PPE items	-	-	-
Banking staffing overuse	62,132	-	12,601
Employee Entitlements - salaries	207,950	310,000	297,482
Employee Entitlements - leave accrual	79,121	55,000	57,912
	<u>537,778</u>	<u>460,000</u>	<u>459,012</u>
Payables for Exchange Transactions	537,778	460,000	459,012
Payables for Non-exchange Transactions - Taxes Payable (PAYE and Rates)	-	-	-
Payables for Non-exchange Transactions - Other	-	-	-
	<u>537,778</u>	<u>460,000</u>	<u>459,012</u>

The carrying value of payables approximates their fair value.

**15. Revenue Received in Advance**

	2016	2016	2015
	Actual	Budget (Unaudited)	Actual
	\$	\$	\$
Grants in Advance - Ministry of Education	-	-	-
International Student Fees	619,421	542,500	351,855
Hostel Fees	-	-	-
Other	-	-	-
	<u>619,421</u>	<u>542,500</u>	<u>351,855</u>

**16. Provision for Cyclical Maintenance**

	2016	2016	2015
	Actual	Budget (Unaudited)	Actual
	\$	\$	\$
Provision at the Start of the Year	25,200	25,200	25,200
Increase to the Provision During the Year	-	-	-
Adjustment to the Provision	-	-	-
Use of the Provision During the Year	-	-	-
Provision at the End of the Year	<u>25,200</u>	<u>25,200</u>	<u>25,200</u>
Cyclical Maintenance - Current	5,000	4,500	4,500
Cyclical Maintenance - Term	20,200	20,700	20,700
	<u>25,200</u>	<u>25,200</u>	<u>25,200</u>

## 17. Finance Lease Liability

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

	2016 Actual	2016 Budget (Unaudited)	2015 Actual
	\$	\$	\$
No Later than One Year	37,980	-	-
Later than One Year and no Later than Five Years	82,061	-	-
Later than Five Years	-	-	-
	<u>120,041</u>	<u>-</u>	<u>-</u>

## 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 (name of proprietor) 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 that are material transactions that have occurred has been disclosed appropriately.

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 2016 is included in the Statement of Comprehensive Revenue and Expense as "Use of land and buildings".

## 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.

	2016 Actual	2015 Actual
	\$	\$
<i>Board Members</i>		
Remuneration	6,380	6,270
Full-time equivalent members	12	12
<i>Leadership Team</i>		
Remuneration	634,100	555,987
Full-time equivalent members	5	5
Total key management personnel remuneration	<u>640,480</u>	<u>562,257</u>
Total full-time equivalent personnel	<u>17</u>	<u>17</u>

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.

## 19. Remuneration continued

### Principal

The total value of remuneration paid or payable to the Principal was in the following bands:

	2016 Actual \$000	2015 Actual \$000
Salaries and Other Short-term Employee Benefits:		
Salary and Other Payments	130 - 140	140 - 150
Benefits and Other Emoluments	10 - 20	-
Termination Benefits	-	-

### Other Employees

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

Remuneration \$000	2016 FTE Number	2015 FTE Number
110 - 120	-	-
100 - 110	2	3
	<u>2.00</u>	<u>3.00</u>

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:

	2016 Actual	2015 Actual
Total	\$0	\$137,000
Number of People	0	2

## 21. Commitments

### (a) Capital Commitments

As at 31 December 2016 the Board has no capital commitments.

(Capital commitments at 31 December 2015: nil)

### (b) Operating Commitments

As at 31 December 2016 the Board has no operating commitments.

## 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

	2016 Actual \$	2016 Budget (Unaudited) \$	2015 Actual \$
Cash and Cash Equivalents	612,844	465,600	463,414
Receivables	218,856	337,900	336,495
Investments - Term Deposits	300,000	250,000	267,184
Total Cash and Receivables	<u>1,131,700</u>	<u>1,053,500</u>	<u>1,067,093</u>

### Financial liabilities measured at amortised cost

Payables	537,778	460,000	459,012
Borrowings - Loans	-	-	-
Finance Leases	120,041	-	-
Painting Contract Liability	-	-	-
Total Financial Liabilities Measured at Amortised Cost	<u>657,819</u>	<u>460,000</u>	<u>459,012</u>

## 24. 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 JOHN MCGLASHAN COLLEGE'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

The Auditor-General is the auditor of John McGlashan College (the School). The Auditor-General has appointed me, Mike Hawken, using the staff and resources of Deloitte Limited, to carry out the audit of the financial statements of the School on his behalf.

#### Opinion

We have audited the financial statements of the School on pages 2 to 19, that comprise the statement of financial position as at 31 December 2016, 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 2016; 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 9 May 2017. 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.

# Deloitte.

- 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 in the Annual Report that accompanies the financial statements and the audit report.

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

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

## **Independence**

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

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



Mike Hawken, Partner  
for Deloitte Limited  
On behalf of the Auditor-General  
Dunedin, New Zealand