

AORERE COLLEGE



Annual Report and Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2016

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AORERE COLLEGE

Annual Report for year ended 31 December 2016

Index

Annual Report

Page	Statement
3-4	Principal's Report
5	Kiwisport
6-8	Analysis of Variance
9	Members of the Board of Trustees

Financial Statements

<u>10</u>	Statement of Responsibility
<u>11</u>	Statement of Comprehensive Revenue and Expense
<u>12</u>	Statement of Changes in Net Assets/Equity
<u>13</u>	Statement of Financial Position
<u>14</u>	Statement of Cash Flows
<u>14-34</u>	Notes to the Financial Statements

Aorere College

Principal's Annual Report

Kia ora, Talofa Lava, Malo e lelei, Fakalofa Lahi Atu,
Kia orana, Assalamu Alaikum, Namaste, Chao and Greetings

The 2016 school year started with a small number of new staff meaning a settled and focussed term 1. Year 9 students numbered over 350 making this one of the largest intakes in recent years. As per normal among the highlights of the term were the colourful and fiercely competitive school athletics meeting, the Auckland Secondary Schools ASB Polynesian Festival and Year 9 Camps. According to my estimations practically a quarter of all students at Aorere College were involved in performing for one of our five cultural groups at the Polynesian Festival. Placings were achieved by the Samoan, Tongan, Niuean and Cook Island groups which was very impressive.

It was very pleasing when the final NCEA results for 2015 were confirmed mid-way through Term 1. For the first time, the average pass rate overall for all the three NCEA levels, exceeded 60%. This has set the bar for further improvement and the targets for 2016 are for the pass rate at NCEA Level 1 to exceed 70% and for Levels 2 and 3 also to improve from the 2015 results.

Towards the end of Term 1, an excited group of six students (two from each of the year groups 10-12), together with the fortunate Mrs Handjani and Mr Anderson, visited Nanakuli Intermediate and High School in Oahu, Hawaii. This trip lasted ten days and was the first educational exchange between our two schools. Students and staff were involved in classes and cultural activities at the school and were hosted by very hospitable Nanakuli students and their families. There are a lot of similarities between Nanakuli High School and Aorere College and it is envisaged that this exchange will continue in the foreseeable future. In 2017 the Aorere College students who were hosted by the Hawaiians will in turn host our Hawaiian visitors and we look forward to repaying the hospitality shown to our group.

Terms 2 and 3 saw a sustained focus on supporting systems and processes such as academic catch-ups, tutorials and Deans/Academic Mentor meetings, which all target different groups of students and their learning needs, based on ongoing evidence.

At the end of term 1 we farewelled Mr McAdam from the Technology Department who was eventually replaced by Mr Jackson from the United Kingdom. Our much respected Head Caretaker Peter Brett retired after significant service to the college, likewise for Mrs Lomas who worked in the IT Department for a number of years. Mrs Roberts, the Principal's P.A., retired after 29 years of superb service to the school.

Among the highlights of Terms 2 and 3 was the continuing staff proficiency in our four professional learning areas, PB4L, Cultural Responsive Pedagogy, Literacy and Innovate Learning Strategies.

Of course the winter sports season came and went with many highlights, of which I will mention just a few. The girls' volleyball team finished in the top 10 in the country, together with the Premier girls' netball team. Titles were won by both girls' and boys' senior basketball teams, senior boys' hockey, senior boys' 7's and kilikiti, 2nd XIII league, Year 10 netball, junior league and under 14 rugby. The Premier rugby league team finished in the top 10 at the nationals and the 1st XV reached the National Co-educational school's final. Four athletes gained national honours, Philip Makatoa, Lewis Soosemea, Theresa Ngata and Meleitia Leilua. The future of sport at Aorere is indeed bright.

In the Cultural and Performing Arts there were many outstanding performances and a very high participation rate in these which involved countless hours of preparation and commitment. The Barbershop Quartet, which is relatively young, performed very creditably at the nationals, finishing in the top 12 in the country.

Parting Stage was a very special school production (the likes of which I have never seen before), and this performed to capacity audiences at both the Mangere Arts Centre and the Aotea Centre. It is very rare for a school to be invited to perform at the Aotea Centre and this reflected the professionalism and superb talent of our students under the committed leadership of Mr Ali. Again this year our school participated in a number of Auckland and nationwide dance competitions and band, musical competitions. A number of placings were achieved by both our dancers and musicians with the highlights being solo performances from Emeline Mafi and Irene Folou and the dance crew being runner up in the Generation X competition. Poets and debaters also developed strongly in 2016. I can honestly say, that the co-curricular strength of Aorere College is currently at an unprecedented level. The challenge for students is to maintain their levels of preparation, passion and focus in co-curricular areas and set these same standards inside all classrooms and across subject areas. The Prefects and Student Council have been involved in many initiatives and shown very positive leadership this year. Salvis Laurenson and Emeline Mafi have been outstanding Head Prefects.

Representatives of ERO (Education Review Office), again visited the college this year to highlight and document examples of good teaching practice. The college continues to develop very positive relations with a range of tertiary providers, including MIT, AUT, Auckland University, Otago University, Mindlab and NZ Careers College. The Aorere Foundation continues to build its presence and held a highly successful fundraising dinner where three of Aorere College's more famous alumni spoke, ie Keven Mealamu, Donna Addis and Fiao'o Faamausili. The Webb Ellis Cup was also on display.

The newly refurbished foyer, entrance and administration areas are now highly modern and very welcoming in a true 21st century manner and are representative of the multi-cultural and diverse institution that is Aorere College. John Gordon, Chairperson of the Board of Trustees expertly manages a committed and professional group of parent and student representatives, which is constantly moving Aorere College forward.

Students need to embrace the concept of the 'AO Way' and 'Carpe Diem' in order to make the most of the incredible opportunities that are currently offered to them.

Tena koutou, tena koutou, tena koutou, katoa.

G Pierce
Principal

Aorere College

Kiwisport

Kiwisport is a Government funding initiative to support students' participation in organised sport. In 2016 the school received total Kiwisport funding of \$34,024 (2015: \$32,892)

As a Decile 2 school we are limited in our ability to raise funds locally through the community. Many, if not most, of our families are unable to meet the full expenses that are incurred through club sport (fees, uniforms, equipment and transport) and the school plays a vital role in offering sporting opportunities to our young people.

It is through these experiences that our students can learn important life lessons like turning up on time, working hard to achieve goals and how to be a team player. Sport also teaches the importance of sportsmanship and how to always play hard but fair, how to be good people and how to be a good winner and a good loser. Sport reveals your character through the hard times and teaches you to be resilient. It is our Sport Departments vision to use sport as a vehicle to teach these lessons.

Our funding was well spent on the added personnel to our department. More man power to add value to our flag ship sports of Rugby, Netball and Rugby League. Employment of a Director of Rugby, Netball Co-ordinator and Rugby League Co-ordinator remain beneficial and we are continuing to grow these programmes and build on the very successful results of the past few years. We have also appointed a new head coach for our premier netball team, 1st X111 rugby league team and an assistant coach for our 1st XV rugby team. More hours for our Sports Co-ordinator has helped to combat the growing number of sports teams in our school.

We have been able to maintain and grow our cross fit gym that has been used by our premier sports teams for their pre-season training programmes and our fitness academy and services classes through P.E have also managed to reap these benefits. We appointed a Strength and Conditioning coach to head our pre-season programme and he trains and sets programmes for our targeted premier sports teams for their morning sessions.

In 2016 Aorere College offered 20 sporting codes and entered 92 sports teams into competitions, approximately 32% of male and 25% of female participants of the school. We continue to be grateful for the funding received through Kiwisport.

Analysis of Variance March 2017

2017/18 - Whole School Targets

1. 90% of school leavers to have gained L2 NCEA
2. All year levels (11 > 13) to exceed a 70% pass rate in NCEA levels 1, 2 and 3 respectively. (40% of year 13 students to gain university entrance)
3. Maori students NCEA means at all levels to be consistent with whole school means
4. Attendance levels in the school to exceed 90%
5. Year 9 and 10 students reading, writing and numeracy grades to increase at least 2 sub-levels per year

2016 / 2017 NCEA Analysis of Variance

NCEA Level 1 – Target 70%

	Roll based - 2015	Roll based 2016
Overall	56.4%	62.9%
Girls	62.4%	72.4%
Boys	50.8%	54.5%
Maori Students	33.8%	56.2%
Pacifica Students	57.6%	61.2%

NCEA Level 2 – Target 70%

	Roll based - 2015	Roll based 2016
Overall	71.2%	76.6%
Girls	77.3%	82.6%
Boys	65%	71.3%
Maori Students	73.8%	61.3%
Pacifica Students	60.9%	77.7%

NCEA Level 3 – Target 70%

	Roll based - 2015	Roll based 2016
Overall	48%	60.2%
Girls	54.5%	64.8%
Boys	41.9%	56%
Maori Students	48.7%	54%
Pacifica Students	42.6%	50%

Note: On average between a 5 and 10% increase in all categories from 2015 to 2016

Executive summary-NCEA achievement 2016

This summary will summarise the academic performance of Year 11 to Year 13 Aorere College students in 2016 NCEA Levels 1-3 and Scholarship. There were a number of significant assessment highlights in the 2016 NCEA academic year that are noted. This executive summary will highlight and analyse these schoolwide strengths/highlights as well as schoolwide areas of challenges and potential improvements. Please note all percentages indicated are roll-based.

Scholarship

2016 was an exciting year for subject scholarships. The number of entries was deliberately kept low alongside more targeting of genuine scholarship students. In 2016, under the leadership of Stuart Kelly, the endorsement & revised scholarship initiative Endorsement Scholars of Aorere (ESA) was

reintroduced. Two students achieved subject scholarships both in Art Design under the guidance of Miss Karen Zheng. Arif Adid Lukman and Caleb Swan performed so well they ended up in the top 3% of New Zealand students. There still, however, remains a concern that many Level 3 teachers do not fully understand the demands and preparation needed for scholarship subject performance. In 2017, the Level 3 teachers concerned will be given explicit support and guidance on exactly what is involved in scholarship assessment and preparation.

NCEA Level 3

In 2015, student NCEA Level achievement was the lowest in four-year, down to 48% from a 2014 rate of 53.6%. In 2016, achievement rebounded considerably, up to an overall NCEA Level 3 success rate of 60.2%. Ethnic rates of success did however disappointingly vary compared to the overall rate. However, Maori achievement did rise to 54% the highest by a considerable amount compared to the previous four years. Pasifika success also rose noticeably up to 50%, the highest in four years as was the dramatic Asian success of 76.3%, up from 60% (2015) and the very low 70s (2013,2014). A further concern visible from the 2016 results was that while Maori achievement rose strongly to 54%, it did not rise as proportionately high as Non-Maori (47.9% to 61.8%). The success of the Year 13s in 2016 has narrowed considerably the gap compared to the overall national achievement rate of 65.1%. Regarding certificate endorsement success, Merit achievement remained strong and constant at 15.2% while Excellence certificate endorsement success rose significantly from 4.1% (2015) of all students to 6.9% in 2016.

University Entrance

In 2016 Year 13 students required the following to obtain *university entrance*:

- NCEA Level 3.
- Three subjects at Level 3, made up of 14 credits in each of three approved subjects.
- Literacy, 10 credits at Level 2 or above, from a specified list of standards.
- Numeracy, 10 credits at Level 1 or above, from a specified list of standards.

In 2016, 29.5% of Year 13 students achieved *university entrance*, the highest in three years but still noticeably down on 2012 and 2013 achievement. In these two years and preceding, students could obtain the above “third subject” (then called the third circle) from two subjects. In 2017, 100 students (40% of our Year 13 roll) will be tracked and supported from early in Term 1 to ensure they are on target and have sufficient credits in the necessary subjects to achieve *university entrance*. In many cases, an extra standard (internal ideally) will make a significant difference. Regarding gender distinction, there remains an issue. Only 25% of Year 13 males achieved *university entrance* compared to girls (3.6%) in 2016. This gap in Aore College achievement is symbolic of the national variance where 54.6% of girls and 42.2% obtain university entrance.

NCEA Level 2

Aore College Year 12 students continued to achieve highly in NCEA Level 2. Coming off a high of 71.2% in 2016, overall NCEA Level 2 achievement continued upwards to an excellent 76.6%. One concern, however, was the drop-off in Maori achievement, down to its lowest level in four years (2016-61.3%, 2015-73.8%). Again, Maori student mentoring programmes will be strengthened in 2017 in a bid to quickly address this achievement concern. To make the picture clear, in 2016, Non-Maori achievement was 80.6% in NCEA Level 2, over 18% higher than Maori achievement. The schoolwide professional learning foci on equity, innovation and literacy should result in an addressing of this ailment. Perhaps the most telling statistic in NCEA 2016 was the achievement credit mean of 76.8, a very pleasing statistic in light of 80 credits being needed for certificate success. This figure was also up considerably in previous years. The success of these Year 12 students in 2016 meant that Aore College was within 2-3% of the overall national NCEA Level 2 success rate of 78.9%. In light of the

public service target of 85% of school leavers achieving NCEA Level 2 or greater Aorere College in this respect, is comfortably positioned. In 2016, Merit certificate endorsement remained solid at 12.5% while Excellence certificate endorsement rose dramatically from 2.5% (2015) to 4.3%.

NCEA Level 1

2016 was an excellent year for NCEA Level 1 achievement with a strong overall pass rate of 62.9% . This pass rate was up a minimum of 6-7% up on the 2012-2015 years. Just as impressive was the large Maori achievement rate up to 56.2% from a low of 33.8% in 2015. Maori, Pasifika (61.2%, up from 57.6% in 2015), & Asian students (75%, up from 74.1%) were more successful in Level 1 in 2016 compared to the previous five years. The targeting throughout the year and in-school catch-up programme proved to be immediately successful. Due to the strong improvement in Level 1 attainment, the school is now within reach of the national achievement rate of 74.7%. In many cases, one extra internal standard per subject for a number of students would have seen a significant additional number also attain NCEA Level 1. It is for this reason that all students are expected to pass a minimum of 14 internal assessment credits in 2017. Across six subjects, this would lead to a total comfortably more than the 80 credits required for NCEA Level 1. One concern, however, is the low performance of the Year 11 male students compared to Aorere College Girls and boys nationally in NCEA Level 1. Only 54.5% of Aoree College Year 11 boys achieved Level 1 compared to 72.4% of Aorere girls and 70.9% of boys nationally. In 2016, certificate endorsement success was slightly lower at the Merit level (24.7%) compared to previous years but very strong at Excellence level (10.8%, the highest for four years). In 2017, the Year 11 endorsement-capable students will be explicitly tracked and supported to raise these levels of success.

Level 1 Literacy & Numeracy

Level 1 Literacy and Numeracy or higher is now required for all three NCEA qualifications (Level 1, Level 2 and Level 3). The pleasing results regarding both Level Literacy and Numeracy indicate clearly that while the departments of English and Mathematics still lead the pursuit of these essential achievements (Literacy & Numeracy respectively) all departments and therefore teachers, are all to some extent teachers of Literacy and Numeracy within each unique curriculum area. Level 1 Literacy remained high at 87.4% in 2017, a little down on previous years but only marginally so. It is also pleasing to see that all ethnicities excluding European are well more than 80%. 2016 Level 1 Numeracy achievement remains consistently strong with a success rate of just under 86%. Once again all ethnicities excluding Maori (78.1%) and European (66%- very small numbers) were well more than an 80% pass rate.

Key challenges across all subjects

In light of 2016 individual, year level and subject achievement, there remains four key areas for improvement. These are:

- University entrance
- External examination attendance, performance
- Male achievement
- Scholarship (all learning areas)

Aorere College

Members of the Board of Trustees

Name	Position	How position on Board gained	Occupation	Term Expires/Expired
Janette Browning	Parent rep	Re-elected June 2016	Nurse	June 2019
Greg Pierce	Principal	Appointed January 2015	Principal	
			Learning and Development Consultant	June 2019
Molly Foai	Parent rep	Re-elected June 2016	Senior Legal Counsel	June 2019
John Gordon	Chairperson	Re-elected June 2016	Commerce co-ordinator	June 2019
Sanjay Kant	Parent Rep	Co-opted July 2016	Anaesthetic Technician	June 2019
Stephanie Lewis	Parent Rep	Co-opted July 2016	Forensic Nurse	May 2016
Tu Maniapoto	Co-opted	Co-opted June 2013	Media Broadcaster	June 2019
Johnson Raela	Parent Rep	Elected June 2016	Teacher	June 2019
Maureen Sheldon	Parent rep	Re-elected June 2016	Teacher	May 2016
Margaret Shortt	Staff rep	Re-elected May 2013	Student	September 2016
Lanvi Satele	Student rep	Elected September 2015	Student	September 2017
Leoni Tua	Student rep	Elected September 2016		

Aorere 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.

John Gordon

Board Chairperson



Signature of Board Chairperson

17-5-2017

Date:

GREG PIERCE

Principal



Signature of Principal

17-5-17

Date:

Aorere College

Statement of Comprehensive Revenue and Expense

For the year ended 31 December 2016

		2016	2016	2015
	Notes	Actual	Budget	Restated
		\$	(Unaudited)	\$
			\$	
Revenue				
Government Grants	2	14,846,698	15,158,114	14,237,484
Locally Raised Funds	3	851,867	685,102	786,590
Interest Earned		85,969	80,320	129,087
International Students	4	54,046	45,000	7,147
		<u>15,838,580</u>	<u>15,968,536</u>	<u>15,160,308</u>
Expenses				
Locally Raised Funds	3	1,104,365	1,062,985	1,085,548
International Students	4	47,251	45,000	7,160
Learning Resources	5	10,187,941	10,884,058	9,372,441
Administration	6	773,251	958,803	805,071
Finance Costs		32,323	-	35,319
Property	7	2,720,665	2,838,172	2,946,039
Depreciation	8	524,621	500,000	579,106
Loss on Disposal of Property, Plant and Equipment		23,571	-	27,067
		<u>15,413,988</u>	<u>16,289,018</u>	<u>14,857,751</u>
Net Surplus / (Deficit)		424,592	(320,482)	302,557
Other Comprehensive Revenue and Expenses		-	-	-
Total Comprehensive Revenue and Expense for the Year		<u><u>424,592</u></u>	<u><u>(320,482)</u></u>	<u><u>302,557</u></u>

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

Aorere College**Statement of Changes in Net Assets/Equity**

For the year ended 31 December 2016

	Actual 2016 \$	Budget (Unaudited) 2016 \$	Restated 2015 \$
Balance at 1 January	<u>5,274,584</u>	<u>5,277,815</u>	<u>4,921,637</u>
Total comprehensive revenue and expense for the year	424,592	(320,482)	302,558
Capital Contributions from the Ministry of Education			
Contribution - Furniture and Equipment Grant	78,772	-	50,389
Equity at 31 December	<u>5,777,948</u>	<u>4,957,333</u>	<u>5,274,584</u>
Retained Earnings - Childcare Centre Funds	49,143	152,689	232,894
Reserves	5,728,805	4,804,644	5,041,690
Equity at 31 December	<u>5,777,948</u>	<u>4,957,333</u>	<u>5,274,584</u>

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

Aorere College

Statement of Financial Position

As at 31 December 2016

		2016	2016	2015
	Notes	Actual	Budget	Restated
		\$	(Unaudited)	\$
			\$	
Current Assets				
Cash and Cash Equivalents	11	2,509,810	1,710,940	2,574,656
Accounts Receivable	12	604,193	801,500	830,830
GST Receivable		68,851	(3,000)	(33,275)
Prepayments		4,617	6,000	8,733
Funds due for Capital Works Projects	22	41,583	-	(134,875)
Inventories	13	20,202	12,000	23,448
Investments	14	701,619	700,000	1,039,313
		<u>3,950,875</u>	<u>3,227,440</u>	<u>4,308,830</u>
Current Liabilities				
GST Payable		-	-	-
Accounts Payable	16	781,539	897,000	883,537
Revenue Received in Advance	17	84,679	85,000	93,906
Provision for Cyclical Maintenance	18	73,586	60,455	332,078
Painting Contract Liability - Current Portion	19	78,463	78,463	-
Finance Lease Liability - Current Portion	20	165,195	-	103,263
Funds held in Trust	21	6,707	10,000	42,098
		<u>1,190,170</u>	<u>1,130,918</u>	<u>1,454,882</u>
Working Capital Surplus/(Deficit)		<u>2,760,705</u>	<u>2,096,522</u>	<u>2,853,948</u>
Non-current Assets				
Property, Plant and Equipment	15	3,432,307	3,500,000	2,870,409
		<u>3,432,307</u>	<u>3,500,000</u>	<u>2,870,409</u>
Non-current Liabilities				
Provision for Cyclical Maintenance	18	138,035	418,700	201,319
Painting Contract Liability	19	142,026	220,489	-
Finance Lease Liability	20	135,003	-	248,454
		<u>415,064</u>	<u>639,189</u>	<u>449,773</u>
Net Assets		<u>5,777,948</u>	<u>4,957,333</u>	<u>5,274,584</u>
Equity		<u>5,777,948</u>	<u>4,957,333</u>	<u>5,274,584</u>

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

Aorere College

Statement of Cash Flows

For the year ended 31 December 2016

		2016	2016	2015
	Note	Actual	Budget	Restated
		\$	(Unaudited)	\$
		\$	\$	\$
Cash flows from Operating Activities				
Government Grants		5,747,915	5,681,861	5,077,135
Locally Raised Funds		899,679	374,811	749,059
International Students		64,724	60,000	19,456
Goods and Services Tax (net)		(102,126)	28,478	25,466
Payments to Employees		(2,128,919)	(2,135,799)	(1,605,037)
Payments to Suppliers		(3,871,475)	(3,256,536)	(3,452,642)
Interest Paid		(32,323)	-	(18,152)
Interest Received		94,181	71,212	131,083
Net cash from/(to) the Operating Activities		671,656	824,027	926,368
Cash flows from Investing Activities				
Proceeds from Sale of PPE (and Intangibles)		-	85,407	6,738
Purchase of PPE (and Intangibles)		(1,054,016)	(1,377,102)	(388,031)
Purchase of Investments		337,695	(700,000)	197,291
Net cash from/(to) the Investing Activities		(716,321)	(1,991,695)	(184,002)
Cash flows from Financing Activities				
Furniture and Equipment Grant		78,772	-	50,388
Finance Lease Payments		(107,594)	-	(67,905)
Painting Contract Payments		220,489	298,952	-
Funds Administered on Behalf of Third Parties		(211,848)	5,000	4,485
Net cash from Financing Activities		(20,181)	303,952	(13,032)
Net increase/(decrease) in cash and cash equivalents		(64,846)	(863,716)	729,334
Cash and cash equivalents at the beginning of the year	11	2,574,656	2,574,656	1,845,322
Cash and cash equivalents at the end of the year	11	2,509,810	1,710,940	2,574,656

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.

Aorere College

Notes to the Financial Statements

For the year ended 31 December 2016

1. Statement of Accounting Policies

a) Reporting Entity

Aorere 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 15.

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 20.

Recognition of grants

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

c) Revenue Recognition

Government Grants

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

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

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

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.

d) 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.

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. 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 items. 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 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 \$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. Refer also to note 20.

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:

Art Works	Not depreciated
Building Improvements – Crown	50 years
Building Improvements - School Funded	50 years
Electrical Equipment	3 years
Furniture and Equipment	20 years
Information and communication technology	3-13 years
Minor and Major Equipment	10 years
Motor Vehicles	5 years
Plant and Machinery	10 years
Sports Equipment	5 years
Textbooks	3 years
Leased Assets held under a Finance Lease	3-5 years
Library resources	12.5% Diminishing value

l) Intangible Assets

Software costs

Computer software acquired by the School is capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Costs associated with subsequent maintenance or licensing of software are recognised as an expense in the Statement of Comprehensive Revenue and Expense when incurred.

Computer software licences with individual values under \$1,000 are not capitalised, they are recognised as an expense in the Statement of Comprehensive Revenue and Expense when incurred.

Computer software that the school receives from the Ministry of Education is normally acquired through a non-exchange transaction and is not of a material amount. It's fair value can be assessed at time of acquisition if no other methods lead to a fair value determination. Computer software purchased directly from suppliers at market rates are considered exchange transactions and the fair value is the amount paid for the software.

The carrying value of software is amortised on a straight line basis over its useful life. The useful life of software is estimated as three years. The amortisation charge for each period and any impairment loss is recorded in the Statement of Comprehensive Revenue and Expense.

m) 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.

n) 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.

o) 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

p) 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.

q) Funds Held in Trust

Funds are held in trust where they have been received by the School for a specified purpose, or are being held on behalf of a third party. The School holds sufficient funds to enable the funds to be used for their intended purpose at any time.

r) 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).

s) Financial Assets and Liabilities

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

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

t) Borrowings

Borrowings are recognised at the amount borrowed. Borrowings are classified as current liabilities unless the School has an unconditional right to defer settlement of the liability for at least 12 months after the balance date.

u) 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.

v) Budget Figures

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

2. Government Grants

	2016	2016 Budget	2015
	Actual	(Unaudited)	Actual
	\$	\$	\$
Operational Grants	4,168,828	4,187,410	3,912,481
Teachers' Salaries Grants	7,044,064	7,500,000	7,049,004
Use of Land and Buildings Grants	2,037,277	2,000,000	2,080,246
Secondary Tertiary Alignment Resource Funding Grant	139,678	141,543	137,668
Other MoE Grants	479,171	462,400	485,012
Ministry Funded programmes	780,690	777,864	402,616
Other Government Grants	196,990	88,897	170,457
	<u>14,846,698</u>	<u>15,158,114</u>	<u>14,237,484</u>

3. Locally Raised Funds

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

	2016	2016 Budget	2015
	Actual	(Unaudited)	Actual
	\$	\$	\$
Revenue			
Donations	73,105	52,000	55,383
Fundraising	40,798	1,043	33,407
Bequests	-	-	-
Other revenue	169,242	144,679	190,516
Transport revenue	-	-	-
Trading	57,025	81,000	88,151
Community Education	51,292	50,600	33,611
Childcare Centre	45,569	70,000	64,809
Activities	233,893	208,200	217,282
Curriculum recoveries	180,943	77,580	103,431
	<u>851,867</u>	<u>685,102</u>	<u>786,590</u>
Expenses			
Activities	194,392	118,480	147,086
Trading	49,261	62,200	73,507
Fundraising (costs of raising funds)	-	-	-
Community Education	386,212	360,100	353,225
Childcare Centre	474,500	522,205	511,730
Other locally raised funds expenditure	-	-	-
	<u>1,104,365</u>	<u>1,062,985</u>	<u>1,085,548</u>
<i>Surplus for the year Locally raised funds</i>	<u>(252,498)</u>	<u>(377,883)</u>	<u>(298,958)</u>

Income From Trusts

The school gratefully acknowledges grants of \$54,642. (2015: \$61,452) from the following Charitable Trusts. Details of how each grant was used is listed beside the donor. The income is included under Activities income.

Trust name		\$
Comet Auckland	Staff training	13,347
iSport	Sports equipment	1,500
Manukau Council	Driver licence subsidies	1,098
Mangere Market Trust	Sports uniforms	1,227
J R McKenzie Trust	Hardship assistance to students	1,043
Perry Foundation	Student camps	29,753
Youthtown	Camp subsidy	6,674
		<u>54,642</u>

International Student Roll

5. Learning Resources

6. Administration

	2016	2016 Budget	2015
	Actual	(Unaudited)	Actual
	\$	\$	\$
Audit fee	11,962	9,000	9,006
Board of Trustees fees	8,106	12,000	8,867
Board of Trustees expenses	15,320	28,000	8,626
Communication	38,594	49,900	43,978
Consumables	29,216	85,330	58,991
Operating lease	-	-	-
Legal fees	-	5,000	735
Other	26,693	28,690	20,907
Employee benefits - salaries	556,385	662,000	567,289
Insurance	19,448	18,883	15,232
Service providers, contractors and consultancy	67,527	60,000	71,440
	<u>773,251</u>	<u>958,803</u>	<u>805,071</u>

7. Property

	2016	2016 Budget	2015
	Actual	(Unaudited)	Actual
	\$	\$	\$
Caretaking and cleaning consumables	182,512	173,500	172,984
Consultancy and Contract Services	-	-	-
Cyclical maintenance provision	-	90,000	90,000
Grounds	33,062	35,500	26,571
Heat, light and water	113,139	107,000	107,466
Rates	18,710	17,000	13,821
Repairs and maintenance	139,776	228,072	265,728
Vandalism	38,480	34,100	39,212
Use of land and buildings	2,037,277	2,000,000	2,080,246
Security	17,560	15,000	14,054
Employee benefits - salaries	140,149	138,000	135,957
	<u>2,720,665</u>	<u>2,838,172</u>	<u>2,946,039</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

	2016	2016 Budget	2015
	Actual	(Unaudited)	Restated
	\$	\$	\$
Buildings - School	13,485	13,300	12,879
Building Improvements - Crown	20,242	19,000	19,318
Electrical Equipment	19,871	28,000	28,013
Furniture and Equipment	44,639	43,000	42,196
Information and Communication Technology	205,360	275,000	270,491
Motor Vehicles	10,966	14,800	14,750
Plant and Machinery	27,072	34,000	31,806
Textbooks	25,259	27,000	27,533
Sports Equipment	5,007	2,500	2,419
Leased Assets	115,612	-	90,092
Major Equipment	3,700	6,000	5,743
Minor Equipment	21,009	25,000	21,558
Library Resources	12,399	12,400	12,308
	<u>524,621</u>	<u>500,000</u>	<u>579,106</u>

9. Aorere College Community Education

	2016 Actual \$	2016 Budget (Unaudited) \$	2015 Actual \$
Income			
Government grant	345,005	345,000	336,935
Student activity fees	51,292	50,600	33,611
	<u>396,297</u>	<u>395,600</u>	<u>370,546</u>
Expenditure			
Curriculum expenses	691	1,100	1,013
Curriculum wages and community Groups	159,965	135,200	139,534
Administrative expenses	46,083	48,800	50,528
Administrative salaries	34,473	30,000	17,150
Co-ordination	70,000	70,000	70,000
Property expenses	75,000	75,000	75,000
	<u>386,212</u>	<u>360,100</u>	<u>353,225</u>
Net Surplus (Deficit) for year	<u>10,085</u>	<u>35,500</u>	<u>17,321</u>
Less Capital Expenditure	10,000	35,000	18,000
Net Community Education Surplus (Deficit)	<u>85</u>	<u>500</u>	<u>(679)</u>

The Community Education Income and Expenditure is represented under various categories within the Statement of Comprehensive Revenue and Expenses.

In 2016, Aorere College Community Education was granted funding of \$345,005, allowing for a total of 44,456 learner hours. The total learner hours delivered was 49,419, achieving all of the required key performance indicators.

Most of the learners were Maori, Pacific and/or previously unsuccessful at school. This fits with Government priority learners. The attendance rate was close to 90% across the whole programme. The school experienced significant growth in courses, including ESOL, where students have been able to learn in context.

The local community has shown support for the Aorere College ACE programme over a long period of time. With the Government prioritising Pacifica and Maori Learners, we remain committed to lifelong learning opportunities and will continue to service the needs that are identified annually.

10. Aorere College Childcare Centre

	2016 Actual \$	2016 Budget (Unaudited) \$	2015 Actual \$
Income			
Government grants	362,946	440,000	454,120
Operations grant	7,176	6,000	8,683
Special needs	7,905	6,000	9,597
Low socio economic funding	<u>378,027</u>	<u>452,000</u>	<u>472,400</u>
Total government grants	45,569	70,000	64,809
Local funds	<u>423,596</u>	<u>522,000</u>	<u>537,209</u>
Expenditure			
Wages	393,185	430,000	419,309
Low socio resources	7,905	6,000	9,597
Special needs	7,176	6,000	8,683
Other	66,234	80,205	74,142
	<u>474,500</u>	<u>522,205</u>	<u>511,731</u>
Operating Surplus(Deficit) for year	<u>(50,904)</u>	<u>(205)</u>	<u>25,478</u>

Plus accumulated funds from previous years	232,894	232,894	208,261
Less Capital equipment	9,045	-	845
Less cost of building upgrade	123,802	80,000	-
Funds available to be carried forward	49,143	152,689	232,894

Notes to Childcare Statement

Ministry of Education Equity Funding received by category

	Income \$	Expenditure \$
Low socio economic	7,905	7,905
Special needs and non english speaking backgrounds	7,176	7,176
Total	15,081	15,081

Low Socio Economic

Throughout the year the Centre has continued to replace children's basic consumable resources such as art materials and supplies. In addition new curriculum items were purchased to engage children's thinking, such as magnetic tracks and a variety of quality wooden numeracy and literacy games and resources. To support all ethnicities we also purchased an array of challenging and diverse cultural puzzles.

Our children were also fortunate enough to venture out on several excursions such as to the Auckland Zoo, the Auckland Museum (for Matariki) and then to Butterfly Creek. At Butterfly Creek we all had the pleasure of experiencing the very exhilarating crocodile feeding.

Special Needs Funding

This year the centre has enjoyed being a part of Alan Brewster Recreation Centre's Active Movement programme. The programme offered fun and enjoyable activities that strengthened not only our children's co-ordination, agility and flexibility but it also helped support their concentration and comprehension as well. The gardening sector of the centre has flourished. The old animal enclosures have been replaced with gardens which the children tend daily. The fruit and vegetables produced by the children were used in centre cooking activities as well as made available for the children's families.

Summary

In June 2016 Rae Dalton, the Centre Manager of three years, handed in her resignation in order to pursue other career opportunities. Vanessa Rota, the Centre's Assistant Manager at the time, embraced the challenge and was appointed the new Centre Manager in July. Vanessa had been with the centre for 19 years and was also an ex-child of the centre and Aorere College itself.

This year the centre was very fortunate to have alterations completed to the front entrance of the centre. These alterations have improved the aesthetics of the centre, creating a much more professional and welcoming entrance. The altered entrance enables parents sufficient room to enter with pushchairs and car seats whilst maintaining child safety.

2016 has seen the teaching team reflect on the activities of the centre along with that of the wider community and the differing dynamics of family life. At the end of 2016, twelve children ventured into new beginnings for 2017. However, the centre management have been proactive by delivering thousands of vacancy leaflets. These have created enquiries for 2017 and was deemed to be a successful promotion. Centre management are confident that the centre will continue to flourish and be able to cater for our local community needs and requirements.

11. Cash and Cash Equivalents

	2016	2016 Budget	2015
	Actual	(Unaudited)	Actual
	\$	\$	\$
Cash on Hand	1,100	1,100	1,100
Bank Current Account	318,537	153,208	1,242,949
Bank Call Account	2,190,173	656,632	515,390
Short-term Bank Deposits	-	900,000	815,217
Bank Overdraft	-	-	-
Net Cash and Cash Equivalents for Cash Flow Statement	2,509,810	1,710,940	2,574,656

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

12. Accounts Receivable

	2016	2016 Budget	2015
	Actual	(Unaudited)	Actual
	\$	\$	\$
Receivables	119,522	150,000	168,374
Receivables from the Ministry of Education	-	1,500	1,423
Provision for Uncollectibility	-	-	-
Interest Receivable	4,001	10,000	12,213
Teacher Salaries Grant Receivable	480,670	640,000	648,820
	604,193	801,500	830,830
Receivables from Exchange Transactions	123,523	160,000	180,587
Receivables from Non-Exchange Transactions	480,670	641,500	650,243
	604,193	801,500	830,830

13. Inventories

	2016	2016 Budget	2015
	Actual	(Unaudited)	Actual
	\$	\$	\$
Stationery	20,202	12,000	23,448
	20,202	12,000	23,448

14. Investments

The School's investment activities are classified as follows:

	2016	2016 Budget	2015
	Actual	(Unaudited)	Actual
	\$	\$	\$
Current Asset			
Short-term Bank Deposits	701,619	700,000	1,039,313
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.

15. Property, Plant and Equipment

	Opening Balance (NBV)	Additions	Disposals	Impairment	Depreciation	Total (NBV)
2016	\$	\$	\$	\$	\$	\$
Art Works	37,462	-	-	-	-	37,462
Buildings	512,841	484,283	-	-	(13,485)	983,639
Building Improvements	862,486	123,800	-	-	(20,242)	966,044
Electrical Equipment	24,850	7,405	-	-	(19,871)	12,384
Furniture and Equipment	499,732	67,290	(12,763)	-	(44,639)	509,620
Information and Communication	192,755	290,107	-	-	(205,360)	277,502
Major Equipment	12,130	-	-	-	(3,700)	8,430
Minor Equipment	108,291	19,497	(3,086)	-	(21,009)	103,693
Motor Vehicles	30,627	-	-	-	(10,966)	19,661
Plant and Machinery	110,412	17,724	(973)	-	(27,072)	100,091
Textbooks	36,047	22,458	(2,532)	-	(25,259)	30,714
Sports Equipment	19,085	4,196	-	-	(5,007)	18,274
Leased Assets	337,536	56,076	-	-	(115,612)	278,000
Library Resources	86,154	17,254	(4,216)	-	(12,399)	86,793
Balance at 31 December 2016	2,870,408	1,110,090	(23,570)	-	(524,621)	3,432,307

	Cost or Valuation	Accumulated Depreciation	Net Book Value
2016	\$	\$	\$
Art Works	37,462	-	37,462
Buildings	1,108,184	(124,545)	983,639
Building Improvements	1,138,448	(172,404)	966,044
Electrical Equipment	265,488	(253,104)	12,384
Furniture and Equipment	845,152	(335,532)	509,620
Information and Communication	1,319,297	(1,041,795)	277,502
Major Equipment	105,556	(97,126)	8,430
Minor Equipment	294,237	(190,544)	103,693
Motor Vehicles	116,971	(97,310)	19,661
Plant and Machinery	408,628	(308,537)	100,091
Textbooks	81,393	(50,679)	30,714
Sports Equipment	67,644	(49,370)	18,274
Leased Assets	483,705	(205,705)	278,000
Library Resources	221,279	(134,486)	86,793
Balance at 31 December 2016	6,493,444	(3,061,137)	3,432,307

	Opening Balance (NBV) \$	Additions \$	Disposals \$	Impairment \$	Depreciation \$	Total (NBV) \$
2015						
Art Works	37,462	-	-	-	-	37,462
Buildings	483,020	42,700	-	-	(12,879)	512,841
Building Improvements	881,804	-	-	-	(19,318)	862,486
Electrical Equipment	55,821	-	(2,958)	-	(28,013)	24,850
Furniture and Equipment	491,383	56,262	(5,717)	-	(42,196)	499,732
Information and Communication Technology	326,691	138,302	(1,747)	-	(270,491)	192,755
Major Equipment	17,873	-	-	-	(5,743)	12,130
Minor Equipment	117,806	15,094	(3,051)	-	(21,558)	108,291
Motor Vehicles	45,377	-	-	-	(14,750)	30,627
Plant and Machinery	126,466	23,111	(7,359)	-	(31,806)	110,412
Textbooks	40,116	26,876	(3,412)	-	(27,533)	36,047
Sports Equipment	4,174	18,343	(1,013)	-	(2,419)	19,085
Leased Assets (restated)	185,369	242,261	-	-	(90,093)	337,537
Library Resources	87,610	17,591	(6,739)	-	(12,308)	86,154
Work in Progress	1,808	-	(1,808)	-	-	-
Balance at 31 December 2015	2,902,780	580,540	(33,804)	-	(579,107)	2,870,409

	Cost or Valuation \$	Accumulated Depreciation \$	Net Book Value \$
2015			
Art Works	37,462	-	37,462
Buildings	623,901	(111,060)	512,841
Building Improvements	1,014,647	(152,161)	862,486
Electrical Equipment	266,667	(241,817)	24,850
Furniture and Equipment	808,236	(308,504)	499,732
Information and Communication Technology	1,140,145	(947,390)	192,755
Major Equipment	105,556	(93,426)	12,130
Minor Equipment	281,441	(173,150)	108,291
Motor Vehicles	116,971	(86,344)	30,627
Plant and Machinery	395,745	(285,333)	110,412
Textbooks	89,319	(53,272)	36,047
Sports Equipment	66,560	(47,475)	19,085
Leased Assets (restated)	427,630	(90,093)	337,537
Library Resources	214,522	(128,368)	86,154
Balance at 31 December 2015	5,588,802	(2,718,393)	2,870,409

16. Accounts Payable

	2016 Actual \$	2016 Budget (Unaudited) \$	2015 Actual \$
Operating creditors	187,171	47,000	89,359
Accruals	62,136	90,000	17,265
Capital accruals for PPE items	-	-	-
Banking staffing overuse	-	20,000	-
Employee entitlements - salaries	482,961	700,000	707,458
Employee entitlements - leave accrual	49,271	40,000	69,455
	<u>781,539</u>	<u>897,000</u>	<u>883,537</u>
Payables for Exchange Transactions	780,039	892,500	876,031
Payables for Non-exchange Transactions - Taxes Payable (PAYE and Rates)	1,500	4,500	7,506
Payables for Non-exchange Transactions - Other	-	-	-
	<u>781,539</u>	<u>897,000</u>	<u>883,537</u>

The carrying value of payables approximates their fair value.

17. Revenue Received in Advance

	2016 Actual \$	2016 Budget (Unaudited) \$	2015 Actual \$
Grants in advance - Ministry of Education	38,629	60,000	57,494
International student fees	33,277	15,000	22,599
Other	12,773	10,000	13,813
	<u>84,679</u>	<u>85,000</u>	<u>93,906</u>

18. Provision for Cyclical Maintenance

	2016 Actual \$	2016 Budget (Unaudited) \$	2015 Actual \$
Provision at the start of the year	533,397	533,397	483,136
Decrease to the provision during the year	(9,924)	90,000	90,000
Use of the provision during the year	(311,852)	(30,280)	(39,740)
	<u>211,621</u>	<u>593,117</u>	<u>533,396</u>
Provision at the end of the year			
Cyclical Maintenance - current	73,586	60,455	332,078
Cyclical Maintenance - term	138,035	418,700	201,319
	<u>211,621</u>	<u>479,155</u>	<u>533,397</u>

19. Painting Contract Liability

	2016	2016 Budget	2015
	Actual	(Unaudited)	Actual
	\$	\$	\$
Current liability	78,463	78,463	-
Non current liability	142,026	220,489	-
	220,489	298,952	-

In 2015 the Board signed an agreement with Programmed Property Services Ltd (the contractor) for an agreed programme of work covering a seven year period. The programme provided for an exterior repaint of the school in 2016, with regular maintenance in subsequent years. The agreement has an annual commitment of \$78,463. The liability is the best estimate of the actual amount of work performed by the contractor for which the contractor has not been paid at balance sheet date. The liability has not been adjusted for inflation and the effect of the time value of money.

20. Finance Lease Liability

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

	2016	2016 Budget	2015
	Actual	(Unaudited)	Restated
	\$	\$	\$
No later than one year	165,195	-	103,263
Later than one year and no later than five years	135,003	-	248,454
Later than five years	-	-	-
	300,198	-	351,717

The accounting policies set out in the Notes to the Financial Statements have been applied in preparing financial statements for year ended 31 December 2016 and the restatement of the comparative information for the year ended 31 December 2015.

In preparing its Statement of Changes in Net Assets / Equity and restating the year ended 31 December 2015 financial statements, the School has made adjustments to the amounts previously reported. An explanation of how this has affected the School's financial position and financial performance for the year ended 31 December 2015 is set out below.

In 2015 the school entered into agreements with TRL to lease laptops and IT equipment. In the 2015 financial statements, these agreements were recorded as operating leases. In 2016, the leases have been reassessed under current standards and found to be finance leases. This change in classification has therefore been assessed as a material prior period error and the 2015 reported numbers have been restated. The impact of this change on the reported 2015 numbers has been to recognise additional leased assets and lease liability of \$159,207, and to reclassify the previously recorded operating lease payments into depreciation and financing costs.

This change in classification means that the repayments are included within the definition of borrowings. The amount of restated leases in 2015 and 2016 has resulted in the school breaching its borrowings limit in both reported years.

Details of Restatement are as follows.

	Previous	Adjustment Effect	2015 Restated
i. Statement of Comprehensive Revenue and Expenses			
Learning Resources	9,415,767	(43,326)	9,372,441
Finance Costs	18,152	17,167	35,319
Depreciation	549,712	29,394	579,106
Total expenses	14,854,518	(3,232)	14,857,750
Net Surplus	305,790	(3,232)	302,558

	Previous	Adjustment Effect	2015 Restated
ii. Statement of Financial Position			
Finance Lease Liability - Current	(44,601)	(58,662)	(103,263)
Finance Lease Liability - Term	(147,908)	(100,546)	(248,454)
Property, Plant & Equipment	2,714,433	155,976	2,870,409
Net Assets	5,277,815	(3,232)	5,274,584

	Cost or Valuation	Accumulated Depreciation	Net Book Value
iii. Costs and Depreciation			
Information & Communication Technology - Previous	1,382,404	(1,008,088)	374,316
Adjustment effect	(242,259)	60,698	(181,561)
2015 Restated	1,140,145	(947,390)	192,755
Leased Assets	-	-	-
2015 Restated	427,630	(90,093)	337,537

	Previous	Adjustment Effect	2015 Restated
iv. Statement in Changes of Net Assets/Equity			
Total Surplus for year	305,790	(3,232)	302,558
Equity as at 31 December 2015	5,277,815	(3,232)	5,274,583

21. Funds held in Trust

	2016 Actual \$	2016 Budget (Unaudited) \$	2015 Actual \$
Funds held in trust on behalf of third parties - current	6,707	10,000	42,098
Funds held in trust on behalf of third parties - non-current	-	-	-
	<u>6,707</u>	<u>10,000</u>	<u>42,098</u>

These funds are held in trust for parents who have paid deposits for student expenses next year.

22. Funds feld for capital works projects

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

	2016	Opening Balances \$	Receipts from MoE \$	Payments \$	BOT Contribution/ (Write-off to R&M)	Closing Balances \$
Admin Foyer Upgrade	<i>completed</i>	179,422	347,850	1,078,720	509,865	(41,583)
E & A Block Upgrades	<i>completed</i>	(44,547)	44,547	-	-	-
Totals		<u>134,875</u>	<u>392,397</u>	<u>1,078,720</u>	<u>509,865</u>	<u>(41,583)</u>

Represented by:

Funds Held on Behalf of the Ministry of Education	-
Funds Due from the Ministry of Education	(41,583)
	<u>(41,583)</u>

	2015	Opening Balances \$	Receipts from MoE \$	Payments \$	BOT Contribution/ (Write-off to R&M)	Closing Balances \$
Admin Foyer Upgrade	<i>in progress</i>	37,855	239,133	97,566	-	179,422
Gymnasium Upgrade	<i>completed</i>	(71,920)	62,520	(9,400)	-	(18,800)
E & A Block Upgrades	<i>completed</i>	201,307	146,693	392,547	-	(44,547)
Totals		<u>167,242</u>	<u>448,346</u>	<u>480,713</u>	<u>-</u>	<u>134,875</u>

23. 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.

24. 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	8,106	8,867
Full-time equivalent members	0.18	0.34
<i>Leadership Team</i>		
Remuneration	2,329,016	2,002,661
Full-time equivalent members	25.00	22.00
Total key management personnel remuneration	2,337,122	2,011,528
Total full-time equivalent personnel	25.18	22.34

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:

	2016 Actual \$000	2015 Actual \$000
Salaries and other short-term employee benefits:		
Salary and other payments	170 - 180	170 - 180
Benefits and other emoluments	17 - 18	17 - 18
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	1.00	1.00
100 - 110	2.00	2.00
	3.00	3.00

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

25. 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	\$7,780
Number of people	0	1

26. Contingencies

There is a contingent liability as follows, and no contingent assets as at 31 December 2016 (Contingent liabilities and assets at 31 December 2015: nil).

	2016 Actual	2015 Actual
ASB Merchant Services PPE	\$500	-

27. 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 entered into the following contracts:

- (a) Lease of laptops
- (b) Lease of vehicle

	2016 Actual \$	2015 Actual \$
No later than one year	11,421	9,393
Later than one year and no later than five years	19,848	1,498
Later than five years	-	-
	<u>31,269</u>	<u>10,891</u>

28. 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.

29. Financial Instruments

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

Loans and receivables

	2016	2016	2015
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Cash and cash equivalents	2,509,810	1,710,940	2,574,656
Receivables	604,193	801,500	830,830
Investments - term deposits	701,619	700,000	1,039,313
Total cash and receivables	3,815,622	3,212,440	4,444,799

Financial liabilities measured at amortised cost

Payables	780,039	892,500	876,031
Finance leases	300,198	-	351,717
Painting contract liability	220,489	298,952	-
Total financial liabilities measured at amortised cost	1,300,726	1,191,452	1,227,748

30. Events after balance date

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

31. Breach of Legislation - Borrowing

The Board of Trustees is allowed to borrow funds to the extent that their repayments in any financial year do not exceed 10% of the School's operations grant. The classification of teachers' laptop leases as finance leases and the resulting liability has resulted in the school having borrowings above this limit, which is a breach of Regulation 12 of the Crown Entitles (Financial Powers) Regulations 2005.

INDEPENDENT AUDITOR'S REPORT**TO THE READERS OF AORERE COLLEGE'S FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

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

Opinion

We have audited the financial statements of the School on pages 11 to 34, 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 17 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.

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

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

Our responsibilities arise from the Public Audit Act 2001.

Other information

The Board of Trustees are responsible for the other information. The other information obtained at the date of our report is the principals report, Kiwisport and analysis of variance report 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.



Richard Currie
Crowe Horwath New Zealand Audit Partnership
On behalf of the Auditor-General
Auckland, New Zealand