



Annual Report 2016

Ridgway School

120 Mornington Road
Wellington

www.ridgway.school.nz

04 9398771

MOE: 2980

Including:

- Analysis of Variance
- Statement of Financial Responsibility
- Audited Financial Statements
- Auditor's report
- Kiwi Sport statement
- List of BOT members

Analysis of Variance



Ridgway School	2980
<p>Annual Aim:</p> <ol style="list-style-type: none"> Strong governance and management lead the school All Ridgway students learn, progress and achieve, supported by collaborative teaching and learning practices. The school environment will be enhanced to provide an inviting, safe and vibrant place of learning. <i>(including the emotional environment)</i> <p>Target #1 (achievement)</p> <ol style="list-style-type: none"> National Standards reports for 2016 show... <ol style="list-style-type: none"> 90% of students achieved or exceeded the standard in all areas increased percentages of students achieved above the standards in all areas (compared to 2015). The proportion of Ridgway boys achieving the writing standard <ol style="list-style-type: none"> exceeds the proportion of boys from all of NZ who achieved it in 2014 (63%), is at least a 5% increase in Ridgway boys achieving the standard in 2015. Students who did not achieve the writing standard in 2015 will progress at least 3 e-asTTLe sub-levels. The proportion of Māori students achieving the standard in Writing will increase by at least 10%. <p>Target #2 (wellbeing)</p> <ol style="list-style-type: none"> Over 90% of students and staff report via the W@S survey that different cultures are valued in the school. Wellbeing@School survey shows an improved pro-social culture exists at Ridgway School with 85% of students reporting they have strategies for interacting positively with others in a variety of situations. 	<p>Baseline data:</p> <p>achievement</p> <ul style="list-style-type: none"> Over the past 3 years our National Standards data has consistently improved and our 2015 achievement results are higher than the national means across all areas.

- In some learning areas particular groups of Ridgway students perform better than national means for those groups (i.e. girls, including Māori girls).
- Ridgway results show some of the same patterns that are evident across the country.
 - boys are less likely than girls to achieve the writing standard
 - and Māori boys in particular are less likely to achieve the standard
 - the proportion of students achieving the standard for after 1 year at school is lower than for all other year levels, however these results have greatly improved, and the after 2 years at school results are in line with those for the whole school. We have noted that many schools have a similar achievement pattern for their Year 1 & Year 2 learners.

Wellbeing

In 2015 Ridgway students in Years 5-7 completed the Wellbeing@school survey for the first time.

Across 4 of the 5 domains, our students reported less agreement with positively worded statements about school culture than the reference group.

- Nearly 40% of Y5-7 students in 2015 disagreed that students stood up for others if someone was mean to them.
- Nearly 40% of Y5-7 students in 2015 disagreed that teachers were interested in their culture or Background.

Actions (what did we do?)	Outcomes (what happened?)								
<p>ALL (Accelerated Literacy Learning)</p> <p>3 teachers released (4x per week for 12 weeks) to work with small groups of students underachieving in writing.</p>	<p>National Standards results</p> <table border="1"> <tr> <td data-bbox="432 584 572 1603"> <p>Target #1 A (achievement)</p> <p>A. 90% of students achieve or exceed the standard in all areas</p> </td><td data-bbox="432 147 572 584"> <p>Achieved in reading Almost achieved in writing Achieved in maths</p> </td></tr> <tr> <td colspan="2" data-bbox="572 584 603 1603">Target #1A(a) Percentage of students achieving AT or ABOVE the National Standard for their year level...</td></tr> <tr> <td data-bbox="603 1111 668 1603"> <p>Reading</p> <p>92%</p> </td><td data-bbox="603 147 668 1111"> <p>Writing</p> <p>87%</p> <p>Maths</p> <p>90%</p> </td></tr> </table>	<p>Target #1 A (achievement)</p> <p>A. 90% of students achieve or exceed the standard in all areas</p>	<p>Achieved in reading Almost achieved in writing Achieved in maths</p>	Target #1A(a) Percentage of students achieving AT or ABOVE the National Standard for their year level...		<p>Reading</p> <p>92%</p>	<p>Writing</p> <p>87%</p> <p>Maths</p> <p>90%</p>		
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<p>Reading</p> <p>92%</p>	<p>Writing</p> <p>87%</p> <p>Maths</p> <p>90%</p>								
<p>Teaching as Inquiry</p> <p>Teachers used a Teaching as Inquiry approach to investigate how to support learners to make greater progress in writing.</p>	<table border="1"> <tr> <td data-bbox="780 584 911 1603"> <p>Target #1 A (achievement)</p> <p>B. increased percentages of students achieve above the standards in all areas (compared to 2015).</p> </td><td data-bbox="780 147 911 584"> <p>Achieved in Reading</p> </td></tr> <tr> <td colspan="2" data-bbox="911 584 941 1603">Target #1A(b) Percentage of students achieving ABOVE the National Standard for their year level</td></tr> <tr> <td data-bbox="941 1111 1091 1603"> <p>2015</p> </td><td data-bbox="941 147 1091 1111"> <p>Reading</p> <p>33.5%</p> <p>Writing</p> <p>21.8%</p> <p>Maths</p> <p>22.3%</p> </td></tr> <tr> <td data-bbox="1091 1111 1166 1603"> <p>2016</p> </td><td data-bbox="1091 147 1166 1111"> <p>Reading</p> <p>41%</p> <p>Writing</p> <p>28%</p> <p>Maths</p> <p>24%</p> </td></tr> </table>	<p>Target #1 A (achievement)</p> <p>B. increased percentages of students achieve above the standards in all areas (compared to 2015).</p>	<p>Achieved in Reading</p>	Target #1A(b) Percentage of students achieving ABOVE the National Standard for their year level		<p>2015</p>	<p>Reading</p> <p>33.5%</p> <p>Writing</p> <p>21.8%</p> <p>Maths</p> <p>22.3%</p>	<p>2016</p>	<p>Reading</p> <p>41%</p> <p>Writing</p> <p>28%</p> <p>Maths</p> <p>24%</p>
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<p>Focus on "word level" learning</p> <p>(1) Training for teachers in Yolanda Sorryl phonics and Early Words programmes and using these in Y1-2.</p> <p>(2) Teaching specific spelling patterns at Y3&4</p> <p>(3) Use of Lexia in years 3-8</p>									
<p>Moderation of Writing</p>									

Teachers continued to meet regularly to moderate samples of student writing. This further increased teacher's capability in identifying next teaching steps and allowed them to focus on specific learning needs.

Professional Culture
Teachers have worked collaboratively to develop their own understandings and to support others to do the same. The professional learning culture among staff has contributed to the increased success of our learners.

- analysis of data
- moderation of writing
- shared planning

Achievement of Boys in Writing

Target #1 B (achievement)

- a. The proportion of Ridgway boys achieving the writing standard... exceeds the proportion of boys from all of NZ who achieved it in 2014 (63%)

Achieved

Target #1B(a) Percentage of boys achieving AT or ABOVE the National Standard in Writing for their year level compared to all of Wellington and all of New Zealand

Ridgway boys 2016	Wellington boys 2014-2015	NZ boys 2014-2015
82%	73%	64%

Target #1 B (achievement)

- b. The proportion of Ridgway boys achieving the writing standard is at least a 5% increase in Ridgway boys achieving the standard in 2015.

Achieved

Target #1B(b) Percentage of boys achieving AT or ABOVE the National Standard in Writing for their year level compared to previous years

Ridgway boys 2016	Ridgway boys 2015	Ridgway boys 2014
82%	76%	57%

Target #1 B (achievement)

- c. Boys who did not achieve the writing standard in 2015 will make accelerated progress (at least 3 e-asTTLe sub-levels).

Partly achieved

Target #1B(c) Percentage of boys Not Yet at Standard in 2015, who made accelerated progress in 2016

Accelerated progress	Normal progress	Insufficient progress
17	3	4*

*low rate of progress is understood for 3 of these students, but is not stated here to protect their privacy

Achievement of Māori students in Writing			
Target #1 C (achievement) The proportion of Māori students achieving the standard in Writing will increase by at least 10%.		Achieved	
Target #1C Percentage of Māori students achieving AT or ABOVE the standard in Writing for their year level			
Māori student in 2016	Māori students in 2015	Māori students in 2014	
84%	66%	50%	

Reasons for the variance <small>(why did it happen?)</small>
<p>The progress shown by our learners in all areas, but especially in writing is due to the excellent work done by teachers in all areas of the school. Teachers have identified the following factors as important in students' success;</p> <ul style="list-style-type: none"> • Increasing the time spent on working collaboratively to moderate student writing has led to consistent interpretations of student achievement. • Teachers of students in Years 1-2 have identified that explicit teaching of phonics has had a significant impact on writing achievement for children at this level. • 3 teachers were released to work with small groups of children out of the class to focus on writing. Teachers used these group times to create safe learning environments and provide explicit teaching in areas that the child would meet the following day in class. This approach led to students making accelerated progress in a short time. • Implementing quality literacy teaching practices. • Attending to assessment information and providing specific teaching in areas identified as next learning steps. <p>We note that children who have high rates of absence or lateness, or who have attended multiple schools are more likely to have difficulty in meeting our achievement expectations.</p>

Evaluation <small>(where to next?)</small>
<p>Teachers have agreed that taking the following steps will lead to increased writing success for learners at Ridgway School and are committed to working towards continued improvement in teaching and student achievement.</p> <ul style="list-style-type: none"> - Continue to use small group out of class instruction for short periods of time to accelerate the learning of students at risk. - Teachers continue to engage in collaborative practices and professional dialogue around assessment and teaching of writing

- Ensure that all teachers working in Years 1-2 have been trained in the use of Yolanda Sorry! Phonics and Early Words programmes and continue to implement these programmes with fidelity
- Prioritise handwriting in the first 3 years of school.
- Continue to use Joy Allcock's Switch onto Spelling programme and refine our implementation of this programme.
- Focus on extending able learners.
- Focus on developing strategies to support dyslexic and ASD learners.
- Inquire into how we use our writing time, how peer and self evaluation can be increased, and how greater choice can be provided so all learners experience high motivation.

Target #2 (wellbeing)

Actions <i>(what did we do?)</i>	Outcomes <i>(what happened?)</i>
<p>Positive Behaviour for Learning</p> <p>All staff attended the PB4L conference held in Wellington</p> <p><i>Staff were able to select relevant workshops and seminars to attend that increased their expertise and knowledge in a variety of areas, but especially in managing difficult behaviours and creating positive learning cultures in classrooms</i></p> <p>New staff attended various PB4L training sessions and workshops</p>	<p>Wellbeing@school Survey results</p> <p><i>Target #2a - perceptions around how teachers value students' cultures</i></p> <p>Student responses to 6 questions relating to culture in the 2016 Wellbeing@school survey were analysed;</p> <ul style="list-style-type: none"> • Ridgway students report more positive perceptions around how their culture is accepted in the school than for the norm group. • 86%-91% of students report positive interactions between people from different cultures, including with teachers. <p>Despite this only 62% of students agree that teachers are interested in their culture. While this is a slight improvement on last year, it is in contrast with the more positive responses to other questions with a similar theme.</p> <p><i>Target #2b - improved pro-social culture with 85% of students reporting they have strategies for interacting positively with others</i></p> <p>Student responses to 6 questions relating to student to student interactions were analysed.</p> <ul style="list-style-type: none"> • Student responses were 77%-81% in agreement with survey statements related to applying strategies for interacting positively with others. • For most questions the responses are similar to those given by our students in 2015 or are slightly lower. • One question (students stand up for each other) shows a 7% improvement over last year's results. <p>When cohort comparisons are made (i.e. Y5 in 2015 to Y6 in 2016 and Y6 in 2015 to Y7&8 in 2016) a quite different set of results appears.</p> <p>For the Year 7&8 cohort in 2016, results are much more positive overall and there is an increase of the "students stand up for each other" question of 29% when compared to 2015.</p>
<p>Friends for Life</p> <p>Two teachers trained in the Friends programme and this was taught in Years 1-4 in the first half of the year and in Years 5-6 in the second half of the year</p>	
<p>Social Skills programme at Y7&8</p> <p>Supported by an RTLB teachers specifically taught social skills through multi player indoor games. This activity continued once a week for half of the year.</p>	
<p>Peer Mediation</p> <p>We set up our own version of a Peer Mediation programme.</p> <ul style="list-style-type: none"> - 2 students rostered on each break time to help younger children resolve differences - Regular meetings for peer mediators 	
<p>Focus on student cultures in classrooms</p>	

<p>All teachers found ways to acknowledge the various cultures represented in their classes and actively sought to include cultural aspects in learning programmes</p>	<p>On the other hand for the Year 6 cohort in 2016, all results are much less positive.</p> <p>Friends for Life programme</p> <ul style="list-style-type: none"> - Very positive feedback from parents - Junior children were especially receptive to the programme, older students found it more difficult to talk about their feelings and emotions. <p>Peer Mediators</p> <ul style="list-style-type: none"> - Students and teachers report that the Peer Mediators have had a positive impact in the playground. - Peer Mediators have been able to provide a different perspective on playground issues and provided reliable insights into problems and how these could be solved. <p>Behaviour data</p> <p>Behaviour data for the whole of 2016 reveals that 10% of our students have more than 6 major behaviour entries into our student management system, and that a further 13% have between 2 and 5. This is higher than expected.</p>
<p>Reasons for the variance <i>(why did it happen?)</i></p> <p>It is notable that Year 5 and Year 6 students did not complete the Friends programme until Term 4 and that the Wellbeing@school survey was done before the programme was introduced. Had the Friends programme been introduced earlier in the year, survey results may have been different.</p> <p>The target of 90% of students reporting that their culture is valued at school was not quite met, however more students at Ridgway report that this is the case than do students in the reference group.</p> <p>The target of 85% of students reporting that they have strategies for interacting with others in a variety of situations was not met across all selected survey questions. However it was very pleasing to note a considerable improvement in the percentage of students reporting that students stand up for each other and this can be taken as a sign of an improving pro-social culture.</p> <p>It should also be noted that the survey group in 2015 is not the same as the survey group in 2016, which makes direct comparisons somewhat unreliable as a measure of improvement for students.</p> <p>As teachers have attended more to student's feelings and explicitly talked about pro-social behaviours it is possible that students have a greater awareness of these things when compared to last year, which may have impacted on how they recorded their answers. Teachers spent more time in 2016 explaining the</p>	

survey to students, so it could also be that the 2016 results give a more accurate picture of students beliefs and understandings related to survey questions than the results of the 2015 survey did.

Teachers have identified that there are some inconsistencies and uncertainties in our behaviour management systems and that these need to be reviewed. It is possible that inconsistencies in responding to inappropriate student behaviour and insufficient consequences in response to some behaviours has allowed some students to continue to behave in undesirable ways. Other students recognise this and the Wellbeing@school results may reflect the presence of those behaviours from a small group of children.

Evaluation *(where to next?)*

Despite the uncertainties mentioned above, the Wellbeing@school Survey provides the school with valuable information about student's wellbeing and we will continue to use it to help us consider how we can improve the learning environment for all of our students.

1. Peer Mediation will continue and in 2017 all staff will receive training in this programme. This will enable us to teach all students conflict resolution skills in the classroom.
2. Friends for Life will also continue in 2017, with the Friends Youth version being a focus for senior students. More teachers will also be trained to run this programme. It is possible that as teacher's knowledge of the programme increases that they will be able to draw on this knowledge and the Friends vocabulary when teaching and following up on issues or concerns and that this will have a positive impact.
3. A review of behaviour management systems will ensure that there are appropriate consequences in place for the types of behaviours the Wellbeing@school Survey has highlighted.
4. Teachers have identified that we need to help our students better understand the difference between teasing and bullying and find out more about children's experiences of each. They will create our own survey to investigate the incidence of both within the school and use this on multiple occasions during the year to inform us about the impact of our teaching programmes.

Audited Financial Statements

including Statement of
Financial Responsibility

RIDGWAY SCHOOL

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

School Address: Mornington Road, Brooklyn, Wellington

School Postal Address: Mornington Road, Brooklyn, WELLINGTON, 6021

School Phone: 04 939 8771

School Email: office@ridgway.school.nz

Ministry Number: 2980

RIDGWAY SCHOOL

Financial Statements - For the year ended 31 December 2016

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Ridgway School

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.

RICHARD ANDREW NGATAI

Full Name of Board Chairperson



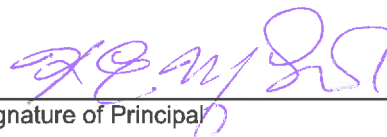
Signature of Board Chairperson

12/05/17

Date:

Kathryn Elizabeth Marsh Smith

Full Name of Principal



Signature of Principal

12.5.17

Date:

Ridgway School**Statement of Comprehensive Revenue and Expense**

For the year ended 31 December 2016

		2016	2016	2015
	Notes	Actual	Budget	Actual
		\$	(Unaudited)	\$
Revenue				
Government Grants	2	1,470,847	1,487,462	1,380,458
Locally Raised Funds	3	146,089	52,700	114,430
Interest Earned		8,470	8,000	9,342
		<u>1,625,406</u>	<u>1,548,162</u>	<u>1,504,230</u>
Expenses				
Locally Raised Funds	3	10,666	6,800	10,787
Learning Resources	4	1,123,942	1,136,125	1,046,923
Administration	5	93,885	98,820	89,903
Finance Costs		896	600	600
Property	6	260,878	257,288	226,449
Depreciation	7	35,273	43,000	33,171
		<u>1,525,540</u>	<u>1,542,633</u>	<u>1,407,833</u>
Net Surplus / (Deficit)		<u>99,866</u>	<u>5,529</u>	<u>96,397</u>
Other Comprehensive Revenue and Expenses		-	-	-
Total Comprehensive Revenue and Expense for the Year		<u><u>99,866</u></u>	<u><u>5,529</u></u>	<u><u>96,397</u></u>

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

Ridgway School
Statement of Changes in Net Assets/Equity
For the year ended 31 December 2016

	Actual 2016 \$	Budget (Unaudited) 2016 \$	Actual 2015 \$
Balance at 1 January	460,180	460,180	363,783
Total comprehensive revenue and expense for the year	99,866	5,529	96,397
Capital Contributions from the Ministry of Education			
Equity at 31 December	560,046	465,709	460,180
 Retained Earnings	560,046	465,709	460,180
Equity at 31 December	560,046	465,709	460,180

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

Ridgway School
Statement of Financial Position
As at 31 December 2016

		2016	2016	2015
	Notes	Actual	Budget	Actual
		\$	(Unaudited)	\$
			\$	
Current Assets				
Cash and Cash Equivalents	8	493,227	366,486	355,807
Accounts Receivable	9	52,437	81,045	81,045
GST Receivable		5,846	7,109	7,109
Prepayments		1,063	6,876	6,876
Inventories	10	1,177	1,540	1,540
		<u>553,750</u>	<u>463,056</u>	<u>452,377</u>
Current Liabilities				
Accounts Payable	12	76,364	100,547	100,547
Revenue Received in Advance	13	120	504	504
Finance Lease Liability - Current Portion	15	2,117	-	-
		<u>78,601</u>	<u>101,051</u>	<u>101,051</u>
Working Capital Surplus/(Deficit)		<u>475,149</u>	<u>362,005</u>	<u>351,326</u>
Non-current Assets				
Property, Plant and Equipment	11	144,273	159,704	156,104
		<u>144,273</u>	<u>159,704</u>	<u>156,104</u>
Non-current Liabilities				
Provision for Cyclical Maintenance	14	56,000	56,000	47,250
Finance Lease Liability	15	3,376	-	-
		<u>59,376</u>	<u>56,000</u>	<u>47,250</u>
Net Assets		<u>560,046</u>	<u>465,709</u>	<u>460,180</u>
Equity		<u>560,046</u>	<u>465,709</u>	<u>460,180</u>

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

Ridgway School
Statement of Cash Flows
For the year ended 31 December 2016

		2016	2016	2015
	Note	Actual	Budget	Actual
		\$	(Unaudited)	\$
			\$	
Cash flows from Operating Activities				
Government Grants		354,103	318,284	342,952
Locally Raised Funds		145,665	50,200	117,017
Hostel				
International Students				
Goods and Services Tax (net)		1,263	-	(334)
Payments to Employees		(118,531)	(131,175)	(141,832)
Payments to Suppliers		(240,668)	168,377	(187,662)
Interest Paid		(896)	(600)	(600)
Interest Received		8,470	8,000	9,342
Net cash from / (to) the Operating Activities		149,406	413,086	138,883
Cash flows from Investing Activities				
Proceeds from Sale of PPE (and Intangibles)				
Purchase of PPE (and Intangibles)		(11,770)	(46,600)	(25,377)
Purchase of Investments				
Proceeds from Sale of Investments				
Net cash from / (to) the Investing Activities		(11,770)	(46,600)	(25,377)
Cash flows from Financing Activities				
Furniture and Equipment Grant				
Finance Lease Payments		(216)	-	-
Painting contract payments				
Loans Received/ Repayment of Loans				
Funds Administered on Behalf of Third Parties				
Net cash from Financing Activities		(216)	-	-
Net increase/(decrease) in cash and cash equivalents		137,420	366,486	113,506
Cash and cash equivalents at the beginning of the year	8	355,807	-	242,301
Cash and cash equivalents at the end of the year	8	493,227	366,486	355,807

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.

Ridgway School

Notes to the Financial Statements

1. Statement of Accounting Policies

For the year ended 31 December 2016

a) Reporting Entity

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

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 11.

Critical Judgements in applying accounting policies

Management has exercised the following critical judgements in applying accounting policies:

Classification of leases

The School reviews the details of lease agreements at the end of each reporting date. The School believes the classification of each lease as either operation or finance is appropriate and reflects the nature of the agreement in place. Finance leases are disclosed at note 15.

Recognition of grants

The School reviews the grants monies received at the end of each reporting period and whether any require a provision to 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, and bank overdrafts. The carrying amount of cash and cash equivalents represent fair value.

h) Accounts Receivable

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

i) Inventories

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

j) Investments

Bank term deposits 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 \$250 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 are depreciated over their estimated useful lives on a straight line basis. Depreciation of all assets is reported in the Statement of Comprehensive Revenue and Expense.

The estimated useful lives of the assets are:

Equipment, Computers	5 years
Furniture, Fittings	10 years
Library Books	8 years
Leasehold Improvements	20 years

Leased assets are depreciated over the life of the lease.

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

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

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) Shared Funds

Shared Funds are held on behalf of participating schools within a cluster of schools. The School holds sufficient funds to enable the funds to be used for their intended purpose.

s) 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).

t) 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.

u) 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.

v) 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.

w) Budget Figures

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

x) 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	316,103	303,884	315,018
Teachers' salaries grants	937,136	993,415	887,386
Use of Land and Buildings grants	175,763	175,763	147,901
Other MoE Grants	30,258	14,400	25,032
Other government grants	11,587	-	5,121
	<u>1,470,847</u>	<u>1,487,462</u>	<u>1,380,458</u>

3. Locally Raised Funds

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

	2016	2016	2015
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Revenue			
Donations	59,663	33,600	46,638
Fundraising	30,707	14,800	22,980
Trading	1,827	4,300	4,230
Activities	53,892	-	40,582
	<u>146,089</u>	<u>52,700</u>	<u>114,430</u>
Expenses			
Activities	1,224	2,500	444
Trading	2,130	4,300	4,085
Fundraising (costs of raising funds)	7,312	-	6,258
	<u>10,666</u>	<u>6,800</u>	<u>10,787</u>
<i>Surplus for the year Locally raised funds</i>	<u>135,423</u>	<u>45,900</u>	<u>103,643</u>

4. Learning Resources

	2016	2016	2015
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Curricular	29,203	22,050	22,220
Extra-curricular activities	70,502	22,365	39,462
Employee benefits - salaries	998,500	1,066,450	973,415
Staff development	25,737	25,260	11,826
	<u>1,123,942</u>	<u>1,136,125</u>	<u>1,046,923</u>

5. Administration

	2016	2016	2015
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Audit Fee	3,542	6,900	6,878
Board of Trustees Fees	1,100	2,000	450
Board of Trustees Expenses	4,936	3,950	2,145
Communication	2,671	3,300	2,550
Consumables	2,688	2,850	2,580
Operating Lease	7,911	5,900	5,748
Other	6,091	7,950	6,094
Employee Benefits - Salaries	57,167	58,140	55,119
Insurance	339	390	2,219
Service Providers, Contractors and Consultancy	7,440	7,440	6,120
	<u>93,885</u>	<u>98,820</u>	<u>89,903</u>

6. Property

	2016	2016	2015
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Caretaking and Cleaning Consumables	35,267	35,250	34,733
Cyclical Maintenance Provision	8,750	10,875	12,375
Grounds	5,187	4,000	3,912
Heat, Light and Water	9,218	10,200	10,628
Rates	3,984	5,000	2,779
Repairs and Maintenance	21,251	15,000	13,211
Use of Land and Buildings	175,763	175,763	147,901
Security	1,458	1,200	910
	<u>260,878</u>	<u>257,288</u>	<u>226,449</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.

7. Depreciation of Property, Plant and Equipment

	2016	2016	2015
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Equipment, Computers	16,897	22,104	17,051
Furniture, Fittings	11,598	15,264	11,775
Library Books	1,594	1,716	1,324
Leasehold Improvements	3,021	3,916	3,021
Leased Assets	2,163	-	-
	<u>35,273</u>	<u>43,000</u>	<u>33,171</u>

8. Cash and Cash Equivalents

	2016	2016	2015
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Cash on Hand	-	-	65
Westpac 239-00	492,671	366,486	355,190
Westpac 239-01	556	-	552
Net cash and cash equivalents and bank overdraft for Cash Flow Statement	<u>493,227</u>	<u>366,486</u>	<u>355,807</u>

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

9. Accounts Receivable

	2016	2016	2015
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Receivables	942	316	316
Receivables from the Ministry of Education	-	679	679
Teacher Salaries Grant Receivable	51,495	80,050	80,050
	<u>52,437</u>	<u>81,045</u>	<u>81,045</u>
Receivables from Exchange Transactions	942	316	316
Receivables from Non-Exchange Transactions	51,495	80,729	80,729
	<u>52,437</u>	<u>81,045</u>	<u>81,045</u>

10. Inventories

	2016 Actual \$	2016 Budget (Unaudited) \$	2015 Actual \$
Uniforms	1,177	1,540	1,540
	<u>1,177</u>	<u>1,540</u>	<u>1,540</u>

11. Property, Plant and Equipment

	Opening Balance (NBV) \$	Additions \$	Disposals \$	Impairment \$	Depreciation \$	Total (NBV) \$
2016						
Equipment, Computers	58,328	7,506	-	-	(16,897)	48,937
Furniture, Fittings	52,471	6,705	-	-	(11,598)	47,578
Library Books	5,462	2,625	-	-	(1,594)	6,493
Leasehold Improvements	39,843	-	-	-	(3,021)	36,822
Leased Assets	-	6,606	-	-	(2,163)	4,443
Balance at 31 December 2016	<u>156,104</u>	<u>23,442</u>	<u>-</u>	<u>-</u>	<u>(35,273)</u>	<u>144,273</u>

	Cost or Valuation \$	Accumulated Depreciation \$	Net Book Value \$
2016			
Equipment, Computers	207,384	(158,447)	48,937
Furniture, Fittings	176,230	(128,652)	47,578
Library Books	48,348	(41,855)	6,493
Leasehold Improvements	66,231	(29,409)	36,822
Leased Assets	6,606	(2,163)	4,443
Balance at 31 December 2016	<u>504,799</u>	<u>(360,526)</u>	<u>144,273</u>

	Opening Balance (NBV) \$	Additions \$	Disposals \$	Impairment \$	Depreciation \$	Total (NBV) \$
2015						
Equipment, Computers	65,895	9,484	-	-	(17,051)	58,328
Furniture, Fittings	49,305	14,941	-	-	(11,775)	52,471
Library Books	4,153	2,633	-	-	(1,324)	5,462
Leasehold Improvements	42,864	-	-	-	(3,021)	39,843
Balance at 31 December 2015	<u>162,217</u>	<u>27,058</u>	<u>-</u>	<u>-</u>	<u>(33,171)</u>	<u>156,104</u>

Accumulated Depreciation

	Cost or Valuation \$	Accumulated Depreciation \$	Net Book Value \$
2015			
Equipment, Computers	208,849	(150,521)	58,328
Furniture, Fittings	170,081	(117,610)	52,471
Library Books	45,723	(40,261)	5,462
Leasehold Improvements	66,231	(26,388)	39,843
Balance at 31 December 2015	<u>490,884</u>	<u>(334,780)</u>	<u>156,104</u>

12. Accounts Payable

	2016 Actual \$	2016 Budget (Unaudited) \$	2015 Actual \$
Operating creditors	10,532	19,024	11,115
Accruals	5,104	-	7,909
Capital accruals for PPE items	7,760	-	-
Employee Entitlements - salaries	51,495	80,050	80,050
Employee Entitlements - leave accrual	1,473	1,473	1,473
	<u>76,364</u>	<u>100,547</u>	<u>100,547</u>
Payables for Exchange Transactions	76,364	100,547	100,547
Payables for Non-exchange Transactions - Taxes Payable (PAYE and Rates)	-	-	-
Payables for Non-exchange Transactions - Other	-	-	-
	<u>76,364</u>	<u>100,547</u>	<u>100,547</u>

The carrying value of payables approximates their fair value.

13. Revenue Received in Advance

	2016 Actual \$	2016 Budget (Unaudited) \$	2015 Actual \$
Income In Advance	20	454	454
Hall Bond	100	50	50
	<u>120</u>	<u>504</u>	<u>504</u>

14. Provision for Cyclical Maintenance

	2016 Actual \$	2016 Budget (Unaudited) \$	2015 Actual \$
Provision at the Start of the Year	47,250	47,250	34,875
Increase to the Provision During the Year	8,750	8,750	12,375
Provision at the End of the Year	<u>56,000</u>	<u>56,000</u>	<u>47,250</u>
Cyclical Maintenance - Current	-	-	-
Cyclical Maintenance - Term	56,000	56,000	47,250
	<u>56,000</u>	<u>56,000</u>	<u>47,250</u>

15. Finance Lease Liability

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

	2016 Actual \$	2016 Budget (Unaudited) \$	2015 Actual \$
No Later than One Year	2,117	-	-
Later than One Year and no Later than Five Years	3,376	-	-
	<u>5,493</u>	<u>-</u>	<u>-</u>

16. 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.

17. 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	1,100	450
Full-time equivalent members	0.14	0.35
<i>Leadership Team</i>		
Remuneration	324,450	291,814
Full-time equivalent members	4.00	2.65
Total key management personnel remuneration	325,550	292,264
Total full-time equivalent personnel	4.14	3.00

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	110 - 120	110-120
Benefits and Other Emoluments	3 - 4	3-4
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
100 - 110	-	-
	0.00	0.00

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

18. 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	-	-
Number of People	-	-

19. Contingencies

There are no contingent liabilities and no contingent assets as at 31 December 2016 (Contingent liabilities and assets at 31 December 2015: nil).

20. Commitments

(a) Capital Commitments

There are no capital commitments as at 31 December 2016 (Capital commitments at 31 December 2015: nil).

(b) Operating Commitments

As at 31 December 2016 the Board has entered into the following contracts:

(a) operating lease of laptops;

	2016 Actual	2015 Actual
	\$	\$
No later than One Year	3,254	3,621
Later than One Year and No Later than Five Years	1,344	4,598
Later than Five Years	-	-
	<u>4,598</u>	<u>8,219</u>

21. 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.

22. 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	493,227	366,486	355,807
Receivables	52,437	81,045	81,045
Investments - Term Deposits	-	-	-
Total Loans and Receivables	545,664	447,531	436,852

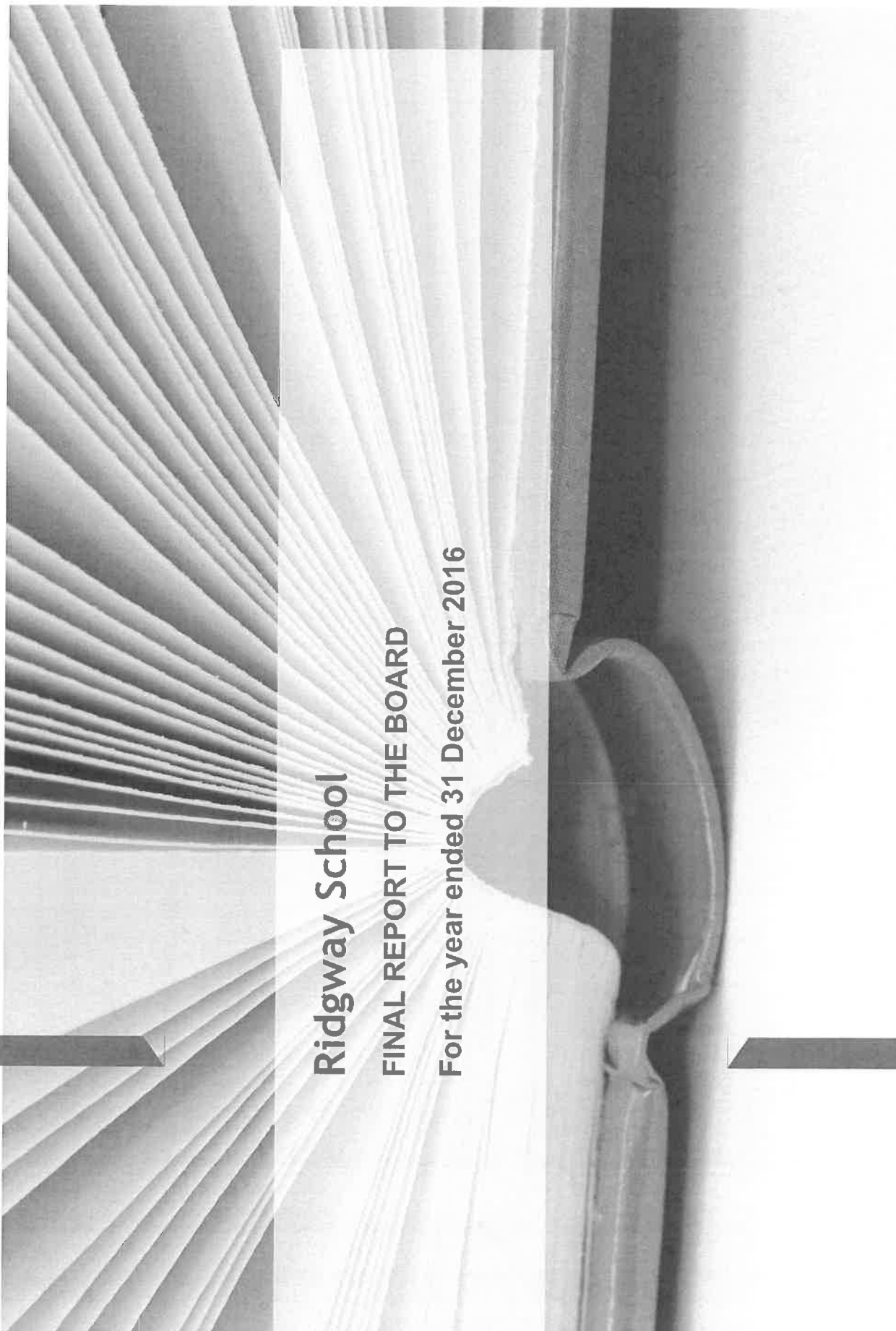
Financial liabilities measured at amortised cost

Payables	76,364	100,547	100,547
Borrowings - Loans	-	-	-
Finance Leases	5,493	-	-
Painting Contract Liability	-	-	-
Total Financial Liabilities Measured at Amortised Cost	81,857	100,547	100,547

23. Events After Balance Date

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

Auditor's Report

The background of the cover is a grayscale photograph of an open book. The pages are fanned out, creating a series of parallel lines that radiate from the center. A white rectangular box is superimposed over the center of the book, containing the title and subtitle. The text is in a bold, sans-serif font. The book's cover is visible on the left and right edges of the white box.

Ridgway School

FINAL REPORT TO THE BOARD

For the year ended 31 December 2016



xx May 2017

Richard Ngatai
Chairperson
Ridgway School
120 Mornington Road
Brooklyn
Wellington 6021

Dear Richard

Ridgway School - Board Report

We have recently completed the audit of Ridgway School financial statements for the year ended 31 December 2016. Please find attached our Board Report in connection with the audit. The Report incorporates the responses from your Principal.

We would like to emphasise that our audit work involves the review of only those systems and controls in your organisation upon which we rely on for audit purposes. Our examination may not have identified and should not be relied upon to identify all control weaknesses that exist.

We take this opportunity to thank the staff of Ridgway School for the co-operation afforded to us during the course of the audit.

If we can be of further assistance, please advise.

Yours faithfully
BDO Wellington

Geoff Potter
Appointed Auditor / Audit Partner

DDI: 04 498 3864
Email: Geoff.Potter@bdo.co.nz

Cc: Kathryn Smith, Principal, Ridgway School
Encl: Board Report



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EXECUTIVE SUMMARY

This report details the processes, findings and recommendations from our audit of Ridgway School (the "School") in accordance with the Auditor General's Auditing Standards which incorporate International Standards on Auditing (NZ), and the terms of our engagement as set out in our audit engagement letter.

We would like to emphasise that our audit work involves the review of only those systems and controls in your organisation upon which we rely for audit purposes. Our examination may not have identified and should not be relied upon to identify all control weaknesses that exist.

Overall, we are satisfied that the School has presented its results for the year ended 31 December 2016 to a good level of compliance with applicable financial reporting standards, with no adjustments made as a result of our audit and no significant unadjusted differences.

We would like to thank Kathryn and the staff of the School for their cooperation extended to BDO, during the course of the audit. We have received full and frank cooperation. There is nothing we wish to raise solely with the Board.

AUDIT SCOPE AND OBJECTIVES

BDO Wellington ('BDO') is the Appointed Audit Firm of the School.

BDO's responsibilities include a requirement to express an opinion on the School's financial statements arising from our audit conducted in accordance with the Auditor-General's Auditing Standards which incorporate International Standards on Auditing (NZ).

Our audit objectives are to:

- report on whether the financial statements give a true and fair view, and
- report to Management about control environment issues that should be addressed by the School.

A strong control environment would feature adequate segregation of duties over important financial processes, and independent reviews as compensating controls should it not always be practicable for the duties to be separated.

We have documented, tested and assessed the controls supporting the School's key transaction streams, and there are no significant weaknesses to report. Control weaknesses identified during the audit have been included in the Summary Findings section of this report.

CONFIRMATION OF AUDIT INDEPENDENCE

In conducting our audit, we are required to comply with the independence requirements of the Code of Ethics issued by the Professional Standards Board of Chartered Accountants Australia and New Zealand and the External Reporting Board.

Our own internal policies and procedures are put in place to identify any threats to our independence, and to appropriately deal with and, if relevant, mitigate those risks.

For the comfort of the Board, we note that the following processes assist in maintaining our independence:

- No other work is permitted to be undertaken by any BDO office without the express approval of the audit engagement partner.
- All services performed by any national BDO office will be reported to the governing body.

We have not provided any non-audit services to the School. We confirm the independence of the BDO Wellington audit engagement team.

KEY FINANCIAL STATEMENT AUDIT RISKS

We have set out below our findings in areas we have identified as risks.

1. Revenue Recognition

Identified audit risks

A key audit risk is in relation to revenue recognition. There is a rebuttable presumption under Auditing Standards that there is a risk of fraud in relation to revenue recognition.

Conclusion of our work

From our audit work performed we found no issues regarding revenue recognition in the financial statements.

2. Locally Raised Funds

Identified audit risks

Due to the nature of locally raised funds (often being cash), there is a risk of material misstatement around the completeness of locally raised funds income.

Conclusion of our work

From our audit work performed we found no issues regarding locally raised funds income or expense balances in the financial statements.

3. Payroll not approved or checked

Identified audit risks

Payroll is processed by Novopay. The accuracy of payroll processing is dependent on appropriate approval of payroll changes and checking of the fortnightly SUE report.

Conclusion of our work

From our audit work performed we found no issues regarding payroll balances included in the financial statements.

4. Cyclical Maintenance Provision

Identified audit risks

Cyclical Maintenance is an area of judgment and could lead to material misstatement in the financial statements. For schools to be able to calculate the appropriate cyclical maintenance provision a 10 Year Property Plan (10YPP) needs to be prepared and/or reviewed by an expert.

Conclusion of our work

From our audit work performed, there were no issues regarding the provision for Cyclical Maintenance in the Financial Statements.

MANAGEMENT JUDGEMENTS AND ESTIMATES

Under International Standards on Auditing (NZ) we have a responsibility to ensure that you have been informed about the process used by the School in formulating particularly sensitive accounting estimates, assumptions or valuation judgements. Overall we note that the judgements and estimates by management in preparing the results for the year ended 31 December 2016 appear reasonable.

The most significant areas of judgement, assumptions and estimates applied by management relate to:

- Provision for Cyclical Maintenance and Cyclical Maintenance Expense

We are not aware of any other sensitive accounting estimates, assumptions or valuation judgements made by the School.

MATTERS REQUIRING BOARD INPUT

We have placed reliance on the Board's review and approval of the following matters:

- Minutes of the Board meetings;
- Implementation of such controls as is needed to ensure that financial statements are presented fairly;
- Review and approval of management accounts;
- Review and approval of 2016 and 2017 budgets;
- Review and approval of 10 Year Property Plan;
- Notification of fraud; and
- Review and approval of the financial statements.

ACCOUNTING POLICIES

Auditing standards require us to discuss with you the qualitative aspects of the School's accounting practices and financial reporting. The financial statements have been prepared in accordance with public benefit entity accounting standards (PBE IPSAS), which requires a Statement of Cash Flows and the compulsory use of the Kiwi Park Model for financial reporting. We reviewed the financial statements of the School against the Kiwi Park Model and noted no material departures from the requirements.

MATERIALITY AND ADJUSTED / UNADJUSTED DIFFERENCES

Materiality means, in the context of an audit or review, if financial information is omitted, misstated or not disclosed it has the potential to affect the decisions of users of the financial statements. Materiality is used by auditors in making judgements on the amount of work to be performed, which balances require work and for evaluating the financial report. Materiality is initially calculated at the planning stage and has an influence on the amount of work we do, as well as where we direct our audit efforts. Materiality is not only based on a numeric quantification but is assessed qualitatively for some balances and disclosures.

During the course of our audit we have identified no material misstatements. All unadjusted differences (none of which we consider material, either individually or in aggregate) have been detailed in Appendix 1 of this report.

It should be noted that the auditing standards do not require us to communicate misstatements that are considered "clearly trivial" and as such, if we identify such misstatements we will not communicate these to you. We consider "clearly trivial" to be 5% or less of our planned materiality.

GOING CONCERN

Management and governance are required to make a formal assessment on going concern. Under Auditing Standards, we are required to review this assessment for appropriateness.

Paragraph 15 of ISA (NZ) 570 states:

15. *The auditor shall enquire of those charged with governance as to their knowledge of events or conditions beyond the period of their assessment that may cast significant doubt on the entity's ability to continue as a going concern.*

The assumption of going concern was concluded as appropriate given the School's funding sources and its operating budget for following financial period.

FRAUD

During the audit, no matters relating to fraud, concerning either employees or management, have come to our attention. It should be noted that our audit is not designed to detect fraud however, should instances of fraud come to our attention, we will report them to you.

COMPLIANCE WITH LAWS AND REGULATIONS



We have made enquiries in relation to compliance with laws and regulations during the course of our audit. We have not become aware of any instances of non-compliance with laws and regulations which has materially impacted the financial position or performance of the School.

PROBITY, WASTE AND PERFORMANCE

We are required to consider whether any approved payments could be considered extravagant or wasteful, or show a lack of probity or financial prudence. We did not identify any issues of concern with respect to probity, waste and performance.

OVERALL RESULT

There are no significant or material weaknesses arising from our audit.

Our audit work is complete. We have issued an unmodified audit report on the financial statements of the School for the year ended 31 December 2016.

To enable management to set priorities on their action plans we have assessed our findings on the following basis, namely, critical, high, moderate, and low based on our assessment of the importance of each finding. Classifications of findings are detailed in Appendix 2 of this report.

These findings and recommendations are discussed and agreed with the School's management and those charged with governance.

	Critical	High	Moderate	Low
Number of findings	-	-	-	1

Provided below is a summary of key findings:

ITEM NO	FINDINGS AND RECOMMENDATIONS	RATING
1	Staff member took more than 5 days discretionary leave without BoT approval	Low

SUMMARY OF FINDINGS

1.		Rating of finding: Low
Background		
During our interim visit we noted that although the application for discretionary leave was signed by the Principal and agreed to the Novopay leave booking entry it was not approved by a BoT representative.		
Implications		
When discretionary leave is not approved by a BoT representative, this has the potential to lead to a situation where leave has been inappropriately given.		
Recommendation		
We recommend that discretionary leave over five days is approved by a BoT representative as well as the principal.		
Management comments and actions		
Responsibility		Target date

APPENDIX 1 – ADJUSTED AND UNADJUSTED DIFFERENCES

Adjusted differences

There were no significant audit adjustments identified.

Unadjusted differences

There were no errors left uncorrected at the conclusion of the audit.

APPENDIX 2 – FINDINGS RATING

The following framework for ratings has been developed to facilitate discussion with the School's management in order to prioritise issues according to their relative significance.

Rating	Definition
Critical	Issue represents a control weakness, which could cause or is causing severe disruption of the process or severe adverse effect on the ability to achieve process objectives.
High	Issue represents a control weakness, which could have or is having major adverse effect on the ability to achieve process objectives.
Moderate	Issue represents a control weakness, which could have or is having significant adverse effect on the ability to achieve process objectives.
Low	Issue represents a minor control weakness, with minimal but reportable impact on the ability to achieve process objectives.

APPENDIX 3 – UPDATE ON FINDINGS FROM PREVIOUS YEAR

TOPIC / ISSUES	DESCRIPTION	UPDATE	MANAGEMENT COMMENT
<p>Large cash reserves in Low interest accounts</p> <p><i>2014 Management report</i></p>	<p>We noted that the school has a large amount of cash and cash equivalents held in low interest in cheque accounts. We recommend that cash is actively managed to take advantage of interest income that could be earned.</p> <p>We recommended consideration is given to a treasury policy to manage cash in excess of what is needed for day to day working capital. For example some funds could be placed in bank term deposit accounts.</p>	<p>IN PROGRESS - From our discussions with the principal, we note that this is being worked through by one of the board members.</p>	
<p>Budgeting</p> <p><i>2013 Management Report</i></p>	<p>We recommended that a budgeted Statement of Financial Position and Capital Expenditure Budget be produced at the start of each year as part of the budget-setting routine. We encouraged the Board to implement the appropriate budget processes that reflect all revenue and costs. This should improve the decision-making process as the budget provides a more comprehensive picture of the school's resources.</p>	<p>CLEARED</p>	

Kiwi Sport Statement

Kiwi Sport Grant

Ridgway School Usage 2016

Kiwisport is a Government funding initiative to support students' participation in organised sport. In 2016 Ridgway received \$2,770.17 in Kiwisport funding.

This money was spent in accordance with the intent of this funding, namely to increase participation in organised sport. Ridgway students are encouraged to participate in a range of different sporting activities each year.

In 2016 netball and basketball teams were subsidised to ensure that all students who wanted to play were able to. The school also sent large groups of children to participate in zone and interzone tournaments (e.g. cricket, football) and arranged for every child to be involved in the Festival of Sport organised by Primary Sport Wellington and the Wellington City Council. Kiwisport funding ensured that every child could attend these events. A total of \$954 of Kiwisport funding was spent in this way.

Kiwisport funding also subsidised our school swimming programme (\$1,707) ensuring that all children participated in a learn to swim programme.

Sporting activities were further encouraged through the purchase of sports equipment for all classes to use during PE lessons as well as during break times.

List of Board Members

Ridgway School Board of Trustees

(June 2016)

Name	Duties on Board	Occupation	Member type	Date term expires
Richard Ngatai	Chair	Government Worker	Elected 2016	10/6/2019
Sarah Wood	Finance	Head of Marketing and Development	Elected 2016	10/6/2019
Kamaea Tukaki	Finance	Teacher/Mum	Elected 2016	10/6/2019
Barbara Dean	Property	Lawyer	Elected 2016	10/6/2019
Rachel Young	Property	Teacher	Elected 2016	10/6/2019
Kathryn Smith	Principal	Principal	Appointed July 2013	
Julie Hanify	Staff Trustee	Teacher	Re-elected 2016	10/6/2019