

CORNERSTONE CHRISTIAN SCHOOL

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

School Directory

Ministry Number:	1172
Principal:	Peter Ferrar
School Address:	119 Mihaere Drive, Kelvin Grove
School Postal Address:	Palmerston North
School Phone:	(06) 356 7326
School Email:	office@cornerstone.ac.nz

Members of the Board of Trustees

Name	Position	Elected/Co-opted	Term Expired/Resigned
Richard Woodmass	Chair Person	Elected	May-19
Peter Ferrar	Principal		
Jo Auer	Parent Rep	Elected	May-19
Rachael Burn	Parent Rep	Elected	May-19
Braden Simpson	Parent Rep	Elected	May-19
Rocky Ruihi-Lewis	Parent Rep	Elected	May-19
Richard Tankersley	Proprietor Rep	Elected	May-19
Glenn de Groot	Proprietor Rep	Elected	May-19
Simon McCracken	Proprietor Rep	Elected	May-19
Erika Snedden	Staff Rep	Elected	May-19
Olivia de Groot	Student Rep	Elected	Sep-18
Ben Rauzi	Student Rep	Elected	Sep-19

Accountant / Service Provider:

Angela Richards - In house

CORNERSTONE CHRISTIAN SCHOOL

Annual Report - For the year ended 31 December 2018

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Cornerstone Christian School

Statement of Responsibility

For the year ended 31 December 2018

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

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

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

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

Richard Wootton

Full Name of Board Chairperson

[Signature]

Signature of Board Chairperson

Date:

28-5-19

Peter Hartley Ferrar

Full Name of Principal

[Signature]

Signature of Principal

Date:

30/5/19

Cornerstone Christian School
Statement of Comprehensive Revenue and Expense
For the year ended 31 December 2018

		2018	2018	2017
	Notes	Actual	Budget	Actual
		\$	(Unaudited)	\$
			\$	
Revenue				
Government Grants	2	4,270,939	3,424,500	3,729,890
Locally Raised Funds	3	217,452	79,900	113,964
Use of Land and Buildings Integrated		984,228	828,135	828,135
Interest Earned		5,793	7,677	7,335
		5,478,412	4,340,212	4,679,324
Expenses				
Locally Raised Funds	3	172,523	75,650	86,500
Learning Resources	4	3,671,430	2,785,295	3,042,043
Administration	5	217,739	236,239	182,464
Finance		6,864	-	5,168
Property	6	1,205,018	1,019,145	1,001,173
Depreciation	7	174,384	170,077	176,700
Amortisation of Intangible Assets	12	1,618	1,618	1,610
		5,449,576	4,288,024	4,495,658
Net Surplus / (Deficit) for the year		28,836	52,188	183,666
Other Comprehensive Revenue and Expenses		-	-	-
Total Comprehensive Revenue and Expense for the Year		28,836	52,188	183,666

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



Cornerstone Christian School
Statement of Changes in Net Assets/Equity
For the year ended 31 December 2018

	Notes	Actual 2018 \$	Budget (Unaudited) 2018 \$	Actual 2017 \$
Balance at 1 January		747,650	747,650	563,984
Total comprehensive revenue and expense for the year		28,836	52,188	183,666
Equity at 31 December		776,486	799,838	747,650
Retained Earnings		775,655	799,838	742,950
Reserves	17	831	-	4,700
Equity at 31 December		776,486	799,838	747,650

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



Cornerstone Christian School
Statement of Financial Position
As at 31 December 2018

	Notes	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Current Assets				
Cash and Cash Equivalents	8	201,500	290,173	288,267
Accounts Receivable	9	374,071	50,000	183,197
GST Receivable		-	9,500	12,607
Prepayments		24,365	7,000	43,963
Inventories	10	40,963	35,000	43,821
		<u>640,899</u>	<u>391,673</u>	<u>571,855</u>
Current Liabilities				
GST Payable		14,036	-	-
Accounts Payable	13	275,182	40,000	239,140
Revenue Received in Advance	14	17,889	-	1,445
Provision for Cyclical Maintenance	15	9,167	15,000	14,795
Finance Lease Liability - Current Portion	16	27,168	29,400	18,484
		<u>343,441</u>	<u>84,400</u>	<u>273,864</u>
Working Capital Surplus/(Deficit)		297,458	307,273	297,991
Non-current Assets				
Property, Plant and Equipment	11	609,785	625,164	559,599
Equitable Leasehold Interest	12	38,838	38,000	40,456
		<u>648,623</u>	<u>663,164</u>	<u>600,055</u>
Non-current Liabilities				
Provision for Cyclical Maintenance	15	131,454	130,000	102,169
Finance Lease Liability	16	38,139	40,600	48,228
		<u>169,593</u>	<u>170,600</u>	<u>150,397</u>
Net Assets		<u>776,486</u>	<u>799,838</u>	<u>747,650</u>
Equity		<u>776,486</u>	<u>799,838</u>	<u>747,650</u>

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



Cornerstone Christian School
Statement of Cash Flows
For the year ended 31 December 2018

		2018	2018	2017
	Note	Actual	Budget	Actual
		\$	(Unaudited)	\$
Cash flows from Operating Activities				
Government Grants		1,088,931	1,213,386	1,170,091
Locally Raised Funds		217,452	50,256	105,456
Goods and Services Tax (net)		26,639	(9,500)	(2,956)
Payments to Employees		(492,041)	(385,838)	(352,723)
Payments to Suppliers		(707,648)	(516,924)	(458,650)
Cyclical Maintenance Payments in the year		-	-	(12,894)
Interest Paid		(6,864)	(5,500)	(5,168)
Interest Received		5,793	7,677	7,335
Net cash from / (to) the Operating Activities		132,263	353,557	450,491
Cash flows from Investing Activities				
Proceeds from Sale of PPE (and Intangibles)		-	-	-
Purchase of PPE (and Intangibles)		(202,297)	(331,650)	(379,580)
Net cash from / (to) the Investing Activities		(202,297)	(331,650)	(379,580)
Cash flows from Financing Activities				
Furniture and Equipment Grant		-	-	-
Finance Lease Payments		(16,733)	(20,000)	(11,285)
Net cash from Financing Activities		(16,733)	(20,000)	(11,285)
Net increase/(decrease) in cash and cash equivalents		(86,767)	1,907	59,626
Cash and cash equivalents at the beginning of the year	8	288,267	288,266	228,641
Cash and cash equivalents at the end of the year	8	201,500	290,173	288,267

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

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



Cornerstone Christian School

Notes to the Financial Statements

For the year ended 31 December 2018

1. Statement of Accounting Policies

a) Reporting Entity

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

Basis of Preparation

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

Financial Reporting Standards Applied

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

PBE Accounting Standards Reduced Disclosure Regime

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

Measurement Base

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

Presentation Currency

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

Specific Accounting Policies

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

Critical Accounting Estimates And Assumptions

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

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

Useful lives of property, plant and equipment

The School reviews the estimated useful lives of property, plant and equipment at the end of each reporting date. The School believes that the estimated useful lives of the property, plant and equipment as disclosed in the Significant Accounting Policies are appropriate to the nature of the property, plant and equipment at reporting date. Property, plant and equipment is disclosed at note 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 16.

Recognition of grants

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

c) Revenue Recognition

Government Grants

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

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

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

Other Grants

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

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

Donations, Gifts and Bequests

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

Interest Revenue

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

d) Use of Land and Buildings Expense

The property from which the School operates is owned by the Proprietor. The expense is based on an assumed market rental yield on the land and buildings as used for rating purposes. This is a non-cash expense that is offset by a non-cash grant from the Proprietor.

e) Operating Lease Payments

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

f) Finance Lease Payments

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

g) Cash and Cash Equivalents

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

h) Accounts Receivable

Accounts Receivable represents items that the School has issued invoices for or accrued for, but has not received payment for at



year end. Receivables are initially recorded at fair value and subsequently recorded at the amount the School realistically expects to receive. A receivable is considered uncollectable where there is objective evidence the School will not be able to collect all amounts due. The amount that is uncollectable (the provision for uncollectibility) is the difference between the amount due and the present value of the amounts expected to be collected.

i) 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) Property, Plant and Equipment

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

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

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

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

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

Leased Assets

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

Depreciation

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

The estimated useful lives of the assets are:

Building improvements to Crown Owned Assets	10–75 years
Furniture and equipment	10–15 years
Information and communication technology	4–5 years
Motor vehicles	21% Straight Line
Textbooks	20% Straight Line
Leased assets held under a Finance Lease	Over the term of the lease
Library resources	12.5% Straight Line

k) Intangible Assets

Software costs

Computer software acquired by the School are 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. Its 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.

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

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

Non cash generating assets

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

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

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

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

m) Accounts Payable

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

n) Employee Entitlements

Short-term employee entitlements

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

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

o) Revenue Received in Advance

Revenue received in advance relates to a 2019 Vanuatu Missions Trip received from students 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.

p) Provision for Cyclical Maintenance

The property from which the school operates is owned by the Proprietor. The Board is responsible for maintaining the land, building and other facilities on the School site in a state of good order and repair.

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

q) Financial Assets and Liabilities

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



accordance with financial reporting standards.

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

r) Goods and Services Tax (GST)

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

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

Commitments and contingencies are disclosed exclusive of GST.

s) Budget Figures

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

t) Services received in-kind

From time to time the School receives services in-kind, including the time of volunteers. The School has elected not to recognise services received in kind in the Statement of Comprehensive Revenue and Expense.



2. Government Grants

	2018	2018	2017
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Operational grants	857,896	842,562	779,562
STAR Funding	34,475	34,000	29,882
Teachers' salaries grants	3,054,008	2,209,380	2,563,584
Resource teachers learning and behaviour grants	123,722	95,261	95,726
Other MoE Grants	15,517	9,000	73,075
Other Government Grants	32,237	31,467	35,911
Furniture & Equipment Grant	153,084	202,830	152,150
	4,270,939	3,424,500	3,729,890

3. Locally Raised Funds

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

	2018	2018	2017
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Revenue			
Donations	14,208	500	5,000
Activities	74,978	35,900	45,404
Trading	50,296	41,500	49,940
Other Revenue	27,200	2,000	13,620
Overseas Trip - Mission	50,770	-	-
	217,452	79,900	113,964
Expenses			
Activities	80,020	36,150	44,063
Trading	41,857	39,500	42,437
Overseas Trip - Mission	50,646	-	-
	172,523	75,650	86,500
Surplus/ (Deficit) for the year Locally raised funds	44,929	4,250	27,464

In 2018 Cornerstone Christian School sent 21 students with 3 accompanying staff members to Vanuatu on a field Mission Trip. The purpose of this trip was for students to learn a new culture, learn to lead and coordinate activities in a Pacific context and to experience life in the islands, both on the outskirts of civilisation and in a semi urban setting. Service to others is part of our school motto - students also serviced in this Pacific community. All 21 students committed paid their own way for this mission trip. Accompanying staff members trip was paid for using Crown Funds.

4. Learning Resources

	2018	2018	2017
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Curricular	222,661	225,707	138,393
Information and communication technology	32,333	46,900	58,552
Employee benefits - salaries	3,391,329	2,478,906	2,809,934
Staff development	25,107	33,782	35,164
	3,671,430	2,785,295	3,042,043

5. Administration

	2018	2018	2017
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Audit Fee	5,578	5,061	5,061
Board of Trustees Fees	4,975	6,820	4,465
Board of Trustees Expenses	6,338	6,237	7,415
Communication	3,908	13,320	3,991
Consumables	3,919	15,300	13,545
Operating Lease	1,792	18,436	2,996
Other	26,804	17,100	18,863
Employee Benefits - Salaries	159,105	148,965	120,332
Insurance	5,320	5,000	5,796
	217,739	236,239	182,464

6. Property

	2018	2018	2017
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Caretaking and Cleaning Consumables	4,657	4,000	3,659
Consultancy and Contract Services	62,758	72,800	51,274
Cyclical Maintenance Expense	23,657	-	19,899
Grounds	17,474	18,800	16,985
Heat, Light and Water	31,711	34,563	27,633
Rates	5,290	6,000	5,226
Repairs and Maintenance	53,462	34,500	28,037
Use of Land and Buildings	984,228	828,135	828,135
Security	1,238	3,000	2,477
Employee Benefits - Salaries	20,543	17,347	17,848
	1,205,018	1,019,145	1,001,173

The use of land and buildings figure represents 8% of the school's total property value. Property values are provided by the Proprietor based on cost or Quotable Values.

7. Depreciation

	2018	2018	2017
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Furniture and Equipment	74,065	66,567	66,587
Information and Communication Technology	47,880	80,568	79,546
Motor Vehicles	11,934	10,265	12,343
Textbooks	8,355	6,851	7,035
Leased Assets	27,665	-	5,974
Library Resources	4,485	5,826	5,215
	174,384	170,077	176,700

8. Cash and Cash Equivalents

	2018	2018	2017
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Cash on Hand	46	-	4

Bank Current Account	25,031	6,000	2,421
Bank Call Account	201	20,000	1,087
Short-term Bank Deposits	176,222	264,173	284,755
Cash and cash equivalents for Cash Flow Statement	201,500	290,173	288,267

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

9. Accounts Receivable

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Receivables	163,509	50,000	10,121
Receivables from the Ministry of Education	423	-	1,080
Teacher Salaries Grant Receivable	210,139	-	171,996
	374,071	50,000	183,197
Receivables from Exchange Transactions	4,522	50,000	3,635
Receivables from Non-Exchange Transactions	369,550	-	179,562
	374,071	50,000	183,197

10. Inventories

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
School Uniforms	40,963	35,000	43,821
	40,963	35,000	43,821

11. Property, Plant and Equipment

	Opening Balance (NBV) \$	Additions \$	Disposals \$	Impairment \$	Depreciation \$	Total (NBV) \$
2018						
Furniture and Equipment	295,962	164,574	-	-	(74,065)	386,471
Information and Communication	104,755	35,013	-	-	(47,880)	91,888
Motor Vehicles	44,484	-	-	-	(11,933)	32,551
Textbooks	28,380	4,236	-	-	(8,355)	24,261
Leased Assets	70,279	16,877	-	-	(27,665)	59,491
Library Resources	15,739	3,869	-	-	(4,485)	15,123
Balance at 31 December 2018	559,599	224,569	-	-	(174,383)	609,785

	Cost or Valuation \$	Accumulated Depreciation \$	Net Book Value \$
2018			
Furniture and Equipment	803,103	(416,632)	386,471
Information and Communication	385,671	(296,896)	88,775
Motor Vehicles	56,827	(24,276)	32,551

Textbooks	96,905	(72,644)	24,261
Leased Assets	120,661	(58,057)	62,604
Library Resources	57,370	(42,247)	15,123
Balance at 31 December 2018	1,520,537	(910,752)	609,785

2017	Opening Balance (NBV) \$	Additions \$	Disposals \$	Impairment \$	Depreciation \$	Total (NBV) \$
Furniture and Equipment	240,656	121,889	-	-	(66,587)	295,958
Information and Communication Technology	79,041	105,264	-	-	(79,546)	104,759
Motor Vehicles	-	56,827	-	-	(12,343)	44,484
Textbooks	9,795	25,620	-	-	(7,035)	28,380
Leased Assets	25,214	51,039	-	-	(5,974)	70,279
Library Resources	20,954	-	-	-	(5,215)	15,739
Balance at 31 December 2017	375,660	360,639	-	-	(176,700)	559,599

2017	Cost or Valuation \$	Accumulated Depreciation \$	Net Book Value \$
Furniture and Equipment	638,529	(342,567)	295,962
Information and Communication Technology	350,227	(245,472)	104,755
Motor Vehicles	56,827	(12,343)	44,484
Textbooks	92,669	(64,289)	28,380
Leased Assets	104,214	(33,935)	70,279
Library Resources	53,501	(37,762)	15,739
Balance at 31 December 2017	1,295,967	(736,368)	559,599

12. Equitable Leasehold Interest

An equitable leasehold interest recognises an interest in an asset without transferring ownership or creating a charge of the asset. This equitable leasehold interest represents the Boards Interest in capital works assets owned by the Proprietor but paid for in whole or part by the Board of Trustees, either from Government funding or community raised funds.

A lease between the Board and the Proprietor records the terms of the equitable leasehold interest and includes a detailed schedule of capital works assets. The equitable leasehold interest is amortised over the remaining economic life of the capital works assets involved. The interest may be realised on the sale of the capital works by the Proprietor or the closure of the school.

The major capital works assets included in the equitable leasehold interests are:

2018	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Senior Playground			
Cost	56,618	56,618	56,618
Balance at 31 December 2018	56,618	56,618	56,618
Less			
Accumulated Amortisation	17,780	17,780	16,162



Balance at 31 December 2018

38,838	38,838	40,456
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Annual Amortisation for the year	1,618	1,618	1,618
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13. Accounts Payable

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Operating creditors	31,904	40,000	61,974
Accruals	6,415	-	5,820
Employee Entitlements - salaries	233,752	-	168,098
Employee Entitlements - leave accrual	3,111	-	3,248
	275,182	40,000	239,140
Payables for Exchange Transactions	275,182	40,000	239,140
	275,182	40,000	239,140

The carrying value of payables approximates their fair value.

14. Revenue Received in Advance

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Student Overpayments	1,719	-	-
Other - Vanuatu Mission Trip	16,170	-	1,445
	17,889	-	1,445

15. Provision for Cyclical Maintenance

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Provision at the Start of the Year	116,964	116,964	109,960
Increase/ (decrease) to the Provision During the Year	23,657	28,036	19,899
Use of the Provision During the Year	-	-	(12,895)
Provision at the End of the Year	140,621	145,000	116,964
Cyclical Maintenance - Current	9,167	15,000	14,795
Cyclical Maintenance - Term	131,454	130,000	102,169
	140,621	145,000	116,964

16. Finance Lease Liability

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

2018	2018	2017
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	Actual	Budget (Unaudited)	Actual
	\$	\$	\$
No Later than One Year	32,188	29,400	24,563
Later than One Year and no Later than Five Years	42,851	40,600	56,750
Later than Five Years	-	-	-
Less Interest	(9,732)	-	(14,602)
	<u>65,307</u>	<u>70,000</u>	<u>66,711</u>

17. Library Grant Reserve

	2018 Actual	2018 Budget (Unaudited)	2017 Actual
	\$	\$	\$
Iplex	700	-	700
T McCarthy Trust Reserve	131	-	4,000
	<u>831</u>	<u>-</u>	<u>4,700</u>

18. Related Party Transactions

The School is a controlled entity of the Crown, and the Crown provides the major source of revenue to the school. The school enters into transactions with other entities also controlled by the Crown, such as government departments, state-owned enterprises and other Crown entities. Transactions with these entities are not disclosed as they occur on terms and conditions no more or less favourable than those that it is reasonable to expect the school would have adopted if dealing with that entity at arm's length.

Related party disclosures have not been made for transactions with related parties that are within a normal supplier or client/recipient relationship on terms and condition no more or less favourable than those that it is reasonable to expect the school would have adopted in dealing with the party at arm's length in the same circumstances. Further, transactions with other government agencies (for example, Government departments and Crown entities) are not disclosed as related party transactions when they are consistent with the normal operating arrangements between government agencies and undertaken on the normal terms and conditions for such transactions.

The Proprietor of the School (Cornerstone Christian Education Trust) is a related party of the Board because the proprietor appoints representatives to the Board, giving the proprietor significant influence over the Board. Any services or contributions between the Board and Proprietor have been disclosed appropriately, if the proprietor collects fund on behalf of the school (or vice versa) the amounts are disclosed.

The Proprietor provides land and buildings free of charge for use by the Board as noted in Note 1(c). The estimated value of this use during the current period is included in the Statement of Comprehensive Revenue and Expense as "Use of land and buildings".

Richard Tankersley is a Proprietor of the school and also owns ICONA Limited. During the year the School contracted ICONA Limited to maintain and service the School's IT Systems software/hardware and VOIP phone lines. The school also contracted ICONA to supply and install an audio system and video projector system into our new Gym worth \$16,800 and \$11,981 respectively - these were one off projects. The total value of all transactions for the year (including the one off project) was \$39,369.66 (2017: \$25,849.) with \$911.26 outstanding as at balance date (Prior Period: \$243). Section 103A requires approval to be gained from the Secretary for the Ministry of Education for any work undertaken by a BOT Member that exceeds the \$25,000 threshold, being the limit set in legislation. The School did not obtain this approval as it was understood that the \$25,000 threshold related to each project singularly rather than all projects for the year. The School is now aware of this interpretation and will ensure approvals are gained in the future.

19. Remuneration

Key management personnel compensation

Key management personnel of the School include all trustees of the Board, Principal, Deputy Principals and Heads of Departments.

2018 Actual	2017 Actual
\$	\$

<i>Board Members</i>		
Remuneration	4,975	4,465
Full-time equivalent members	0.43	0.15
<i>Leadership Team</i>		
Remuneration	573,042	781,658
Full-time equivalent members	5	8
Total key management personnel remuneration	578,017	786,123
Total full-time equivalent personnel	5.43	8.15

The full time equivalent for Board members has been determined based on attendance at Board meetings, Committee meetings and for other obligations of the Board, such as stand downs and suspensions, plus the estimated time for Board members to prepare for meetings.

Principal

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

	2018 Actual \$000	2017 Actual \$000
Salaries and Other Short-term Employee Benefits:		
Salary and Other Payments	170 - 190	150 - 170
Benefits and Other Emoluments	5 - 6	0 - 5
Termination Benefits	-	-

Other Employees

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

Remuneration \$000	2018 FTE Number	2017 FTE Number
212	2.00	1.00
	2.00	1.00

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

20. Compensation and Other Benefits Upon Leaving

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

	2018 Actual	2017 Actual
Total	\$11,724	-
Number of People	1	-

21. Contingencies

Holidays Act Compliance – schools payroll

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

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

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



22. Commitments

(a) Capital Commitments

As at 31 December 2018 the Board has not entered into contract agreements for capital works.

(Capital commitments at 31 December 2017: nil)

(b) Operating Commitments

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

	2018 Actual	2017 Actual
(a) photocopier service charge		
No later than One Year	\$ 11,964	\$ 12,465
Later than One Year and No Later than Five Years	31,904	43,871
Later than Five Years	-	-
	<u>43,868</u>	<u>56,336</u>

23. Managing Capital

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

24. Financial Instruments

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

Loans and receivables

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Cash and Cash Equivalents	201,500	290,173	288,267
Receivables	374,071	50,000	183,197
Total Loans and Receivables	<u>575,571</u>	<u>340,173</u>	<u>471,464</u>

Financial liabilities measured at amortised cost

Payables	275,182	40,000	239,140
Finance Leases	65,307	70,000	66,712
Total Financial Liabilities Measured at Amortised Cost	<u>340,489</u>	<u>110,000</u>	<u>305,852</u>

25. Events After Balance Date

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



Cornerstone Christian School

Kiwisport Report

Kiwisport is a Government funding initiative to support students' participation in organised sport. In 2018, Cornerstone Christian School received a total Kiwisport funding of \$8,713.44 (excluding GST).

The funding was spent on the employment of a part time sports coordinator, subsidising some student sports fees, athletics venue hire and purchase of resources.

The number of students participating in organised sport was in excess of 50% of the school population over the course of the year.

INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF CORNERSTONE CHRISTIAN SCHOOL'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

The Auditor-General is the auditor of Cornerstone Christian School (the School). The Auditor-General has appointed me, Vivien Cotton, using the staff and resources of Cotton Kelly Smit Limited (CKS Audit), to carry out the audit of the financial statements of the School on his behalf.

Opinion

We have audited the financial statements of the School on pages 2 to 18, that comprise the statement of financial position as at 31 December 2018 the statement of comprehensive revenue and expense, statement of changes in net assets/equity and statement of cash flows for the year ended on that date, and the notes to the financial statements that include accounting policies and other explanatory information.

In our opinion the financial statements of the School:

- present fairly, in all material respects:
 - its financial position as at 31 December 2018; and
 - its financial performance and cash flows for the year then ended; and
- comply with generally accepted accounting practice in New Zealand in accordance with Public Sector Public Benefit Entity Standards, Reduced Disclosure Regime.

Our audit was completed on 30 May 2019. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Board of Trustees and our responsibilities relating to the financial statements, we comment on other information, and we explain our independence.

Basis for our opinion

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

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

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

Responsibilities of the Board of Trustees for the financial statements

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

In preparing the financial statements, the Board of Trustees is responsible on behalf of the School for assessing the School's ability to continue as a going concern. The Board of Trustees is also responsible

for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to close or merge the School, or there is no realistic alternative but to do so.

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

Responsibilities of the auditor for the audit of the financial statements

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

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

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

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

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

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

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

Our responsibilities arise from the Public Audit Act 2001.

Other information

The Board of Trustees is responsible for the other information. The other information comprises the information included in the Analysis of Variance, the Kiwi Sport Statement, the List of Trustees and the Statement of Responsibility which form part of the Annual 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.

In addition to the audit, we are responsible for the audit of the Proprietor, Cornerstone Christian Education Trust. This audit is compatible with independence requirements. Other than this audit and the audit of Cornerstone Christian Education Trust, we have no relationship with, or interests in the School.

Vivien Cotton
CKS Audit
On behalf of the Auditor-General
Palmerston North, New Zealand