

Blind and Low Vision Education Network NZ

Statement of Responsibility

For the year ended 31 December 2016

The Board of Trustees (the Board) has pleasure in presenting the annual report of Blind and Low Vision Education Network NZ incorporating the financial statements and the auditor's report, 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.

Nathanial Robson
Full Name of Board Chairperson (Acting)


Signature of Board Chairperson

26/5/2017
Date:

Karen Stobbs
Full Name of Principal


Signature of Principal

29/5/2017
Date:

Blind and Low Vision Education Network NZ
Statement of Comprehensive Revenue and Expenses
For the year ended 31 December 2016

	Notes	2016 Actual \$	2016 Budget (Unaudited) \$	2015 Actual \$
Revenue				
Government Grants	2	17,823,279	16,915,912	17,417,695
Locally raised funds	3	234,527	198,019	789,982
Interest Earned		229,862	140,000	248,671
Gain on sale of plant & equipment		-	-	-
		<u>18,287,669</u>	<u>17,253,931</u>	<u>18,456,348</u>
Expenses				
Locally raised funds	3	313,696	98,539	270,621
Learning resources	4	8,941,827	8,797,171	8,645,487
Administration	5	772,422	860,880	743,822
Property	6	2,200,576	2,072,419	2,125,415
Finance Costs		3,668	-	-
Visual Resource Centres	7	2,470,965	3,126,344	2,368,819
National Assessment Service	8	582,985	646,414	591,483
Ongoing Resourcing Scheme	9	388,134	479,270	462,639
Residential	10	1,344,864	1,517,466	1,117,557
Depreciation	11	372,620	313,000	324,794
Loss on sale of asset		7,200	-	2,137
		<u>17,398,957</u>	<u>17,911,504</u>	<u>16,652,773</u>
Net Surplus (Deficit)		<u>888,711</u>	<u>(657,573)</u>	<u>1,803,575</u>
Other comprehensive revenue & expenses		-	-	-
Total comprehensive revenue & expenses for the year		<u>888,711</u>	<u>(657,573)</u>	<u>1,803,575</u>

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Blind and Low Vision Education Network NZ
Statement of Changes in Net Assets/Equity
For the year ended 31 December 2016

Notes	2016 Actual \$	2016 Budget (Unaudited) \$	2015 Actual \$
Balance at 1 January	<u>8,851,248</u>	<u>8,851,248</u>	<u>7,047,674</u>
Total comprehensive revenue and expenses for the year	888,711	(657,573)	1,803,575
Owner transactions	-	-	-
Contribution - Furniture and Equipment grant	63,649	-	-
Transfer (to)/from restricted Equity	-	-	-
Equity at 31 December	<u>9,803,608</u>	<u>8,193,675</u>	<u>8,851,248</u>
Retained Earnings	<u>9,803,608</u>	<u>8,193,675</u>	<u>8,851,248</u>
Reserves			
Restricted Equity at start of the year	214,528		216,028
Transfer Homai Special Funds	(5,000)		(1,500)
Restricted Equity at the end of the year	<u>209,528</u>	<u>214,528</u>	<u>214,528</u>
Equity at 31 December 2016	<u>10,013,136</u>	<u>8,408,203</u>	<u>9,065,776</u>

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

Blind and Low Vision Education Network NZ
Statement of Financial Position
As at 31 December 2016

	Notes	2016 Actual	2016 Budget	2015 Actual
		\$	(Unaudited) \$	\$
Current Assets				
Cash and cash equivalents	12	601,775	1,836,642	2,716,934
Accounts receivable	13	949,194	1,105,201	1,105,201
GST Receivable		81,157	75,759	75,759
Prepayments		75,226	63,485	63,485
Inventories	14	3,535	3,727	3,727
Investments	15	6,852,768	2,854,693	2,854,693
		<u>8,563,656</u>	<u>5,939,507</u>	<u>6,819,799</u>
Current Liabilities				
Accounts payable	17	782,569	984,716	984,716
Revenue received in advance	18	25,416	62,592	62,592
Provision for cyclical maintenance	19	-	-	-
Lease liability	20	33,451	-	-
		<u>841,436</u>	<u>1,047,308</u>	<u>1,047,308</u>
Working Capital Surplus or (Deficit)		7,722,220	4,892,199	5,772,491
Non-current Assets				
Work in progress		-	-	-
Property, plant and equipment	16	2,464,308	2,495,665	2,257,134
Investments (more than 12 months)	15	-	1,118,650	1,118,651
		<u>2,464,308</u>	<u>3,614,315</u>	<u>3,375,785</u>
Non-current Liabilities				
Finance Lease term liability	20	75,081	-	-
Provision for cyclical maintenance	19	98,311	98,311	82,500
		<u>173,392</u>	<u>98,311</u>	<u>82,500</u>
Net Assets		<u><u>10,013,136</u></u>	<u><u>8,408,203</u></u>	<u><u>9,065,776</u></u>
Equity		<u><u>10,013,136</u></u>	<u><u>8,408,203</u></u>	<u><u>9,065,776</u></u>

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

Blind and Low Vision Education Network NZ
Statement of Cash Flows
For the year ended 31 December 2016

	2016	2016	2015
Note	Actual \$	Budget (Unaudited) \$	Actual \$
Cash flows from Operating Activities			
Government Grants	7,141,888	6,694,440	7,200,046
Locally Raised Funds	194,835	272,057	861,244
Goods and Services Tax (net)	(5,398)		(13,044)
Payments to Employees	(3,255,123)	(3,997,792)	(3,380,036)
Payments to Suppliers	(3,124,328)	(3,559,607)	(2,778,009)
Interest Paid	-	-	-
Interest Received	222,195	140,000	284,129
Net cash from / (to) the Operating Activities	1,174,070	(450,902)	2,174,330
Cash flows from Investing Activities			
Proceeds from Sale of PPE (and Intangibles)	-	-	(2,137)
Purchase of PPE (and Intangibles)	(468,453)	(429,390)	(991,413)
Purchase of Investments	(2,879,424)	-	(16,090)
Proceeds from Sale of Investments	-	-	-
Net cash from / (to) the Investing Activities	(3,347,877)	(429,390)	(1,009,640)
Cash flows from Financing Activities			
Furniture and Equipment Grant	63,849	-	-
Transfer to Homai	(5,000)	-	-
Painting contract payments	-	-	-
Loans Received/ Repayment of Loans	-	-	-
Net cash from Financing Activities	58,849	-	-
Net increase/(decrease) in cash and cash equivalents	(2,115,158)	(880,292)	1,164,690
Cash and cash equivalents at the beginning of the year	2,716,934	2,716,934	1,552,244
Cash and cash equivalents at the end of the year	601,775	1,836,642	2,716,934

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.

Blind and Low Vision Education Network NZ

Notes to the Financial Statements

1. Statement of Accounting Policies For the year ended 31 December 2016

a) Reporting Entity

Blind and Low Vision Education Network NZ (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 PBE Accounting standards (PBE IPSAS) 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 16.

Blind and Low Vision Education Network NZ

Notes to the Financial Statements

Critical Judgements in applying accounting policies

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

Classification of leases

The School reviews the details of lease agreements at the end of each reporting date. The School believes the classification of each lease as either operation or finance is appropriate and reflects the nature of the agreement in place. Finance leases are disclosed at note 20.

Recognition of grants

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

c) Revenue recognition

Government grants schools

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 building 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.

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

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.

Blind and Low Vision Education Network NZ

Notes to the Financial Statements

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. Thus the fair value of the inventory is determined based on the cost at time of purchase. The 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.

Blind and Low Vision Education Network NZ

Notes to the Financial Statements

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 \$500 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.

Blind and Low Vision Education Network NZ

Notes to the Financial Statements

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 – Crown	10-75 years
Furniture and equipment	10-15 years
Information and communication technology	4-5 years
Motor vehicles	5 years
Textbooks	3 years
Leased assets held under a Finance Lease	4 years
Library resources	12.5% Diminishing value

l) Impairment of property, plant, and equipment

Blind and Low Vision Education Network NZ (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.

Blind and Low Vision Education Network NZ

Notes to the Financial Statements

o) Revenue Received in Advance

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

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

p) Funds Held in Trust

Funds are held in trust where they have been received by the school for a specified purpose. The school holds sufficient funds to enable the funds to be used for their intended purpose at any time.

q) 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.

r) Provision for Cyclical Maintenance

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

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

s) Financial Assets and Liabilities

The school's financial assets comprise cash and cash equivalents, accounts receivable, and investments. All of these financial assets, 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, funds held on behalf of the Ministry of Education, and painting contract liability. All of these financial liabilities are categorised as "financial liabilities measured at amortised cost" for accounting purposes in accordance with financial reporting standards.

t) Borrowings

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

u) Goods and Services Tax (GST)

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

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

Blind and Low Vision Education Network NZ

Notes to the Financial Statements

v) Budget Figures

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

w) 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 Actual	2016 Budget (Unaudited)	2015 Actual
	\$	\$	\$
Operational grants	1,122,689	810,392	1,075,174
MOE Residential grant	1,767,770	1,767,768	1,760,268
MOE Resource Teachers of Vision Impairment grant	783,327	783,328	775,573
MOE Vision & Sensory Resource Centre grant	644,602	644,601	638,220
MOE Teachers salaries grant	8,632,084	8,370,000	8,392,900
Special Education Grants/ORS	1,031,473	1,051,581	1,013,502
MOE Document of Accountability Board Support	15,283	15,281	15,131
MOE Document of Accountability Assessment/Training	797,666	797,655	789,770
Regional Specialist Services	1,055,028	1,085,578	1,055,026
Use of land and buildings grant	1,686,984	1,581,057	1,687,005
Other government grants	276,085	28,883	245,126
	<u>17,823,279</u>	<u>16,915,912</u>	<u>17,417,695</u>

3 Local Fundraising

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

	2016 Actual	2016 Budget (Unaudited)	2015 Actual
	\$	\$	\$
Revenue			
Donations	22,450	800	10,887
Donations - Playground	0		500,000
Fundraising	40,132	40,150	65,786
Activities	23,497	38,230	49,605
Trading	148,448	118,839	163,705
	<u>234,527</u>	<u>198,019</u>	<u>789,982</u>
Expenses			
Fundraising (costs of raising funds)	-	-	645
ECC grant payments (Note 22)	170,972		151,297
Trading	142,724	98,539	118,678
	<u>313,696</u>	<u>98,539</u>	<u>270,621</u>
Net Surplus (deficit) for the year Locally raised funds	<u>(79,169)</u>	<u>99,480</u>	<u>519,362</u>

4 Learning Resources

	2016 Actual	2016 Budget (Unaudited)	2015 Actual
	\$	\$	\$
Curricular	25,562	37,799	24,147
Equipment repairs	4,394	4,000	4,326
PD Project Expenses	123,627	200,500	62,635
Satellite Class - James Cook High	1,109	5,100	1,692
Kickstart	40,161	51,900	61,753
General expenses	3,425	5,000	3,159
Employee benefits - salaries	8,737,986	8,488,872	8,484,856
Staff development	5,573	4,000	2,920
	<u>8,941,827</u>	<u>8,797,171</u>	<u>8,645,487</u>

5 Administration

	2016 Actual	2016 Budget (Unaudited)	2015 Actual
	\$	\$	\$
Service providers, Contractors, and Consultancy	25,440	26,555	24,804
Audit Fees	8,592	8,570	8,570
Board of Trustees fees	4,010	7,500	4,175
Board of Trustees expenses	63,242	66,055	50,858
Communication	12,292	6,000	26,046
Consumables	15,788	15,350	15,153
Postage	6,815	7,100	6,684
General Expenses	72,769	141,550	98,263
Operating Leases	80,493	31,800	80,132
ICT	211,058	239,421	228,760
Motor Vehicle	2,464	2,650	2,279
Employee benefits - salaries	289,457	307,879	218,098
Insurance	-	450	-
	<u>772,422</u>	<u>860,880</u>	<u>743,822</u>

6 Property

	2016 Actual	2016 Budget (Unaudited)	2015 Actual
	\$	\$	\$
Caretaking and cleaning consumables	22,884	23,700	24,164
Consulting and contract services	23,657	23,400	22,651
Cyclical maintenance	15,811	8,994	19,542
Grounds	49,682	78,100	32,408
Heat, light and water	149,506	130,000	129,604
Repairs and Maintenance	37,300	21,000	38,782
Use of land and buildings	1,696,984	1,681,057	1,667,005
Security	8,966	8,000	8,607
Employee benefits - salaries	195,685	198,168	182,652
	<u>2,200,576</u>	<u>2,072,419</u>	<u>2,125,415</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 Vision Resource Centres

	2016 Actual	2016 Budget (Unaudited)	2015 Actual
	\$	\$	\$
Communications	107,105	121,280	96,004
Motor Vehicle	2,609	4,872	4,955
Consumables	53,061	57,000	62,775
General Expenses	106,856	127,820	115,112
Property Rental	46,757	56,374	42,308
Employee benefits - salaries	473,270	544,216	485,498
Professional Development	13,207	35,400	18,650
Staff Travel	171,583	178,450	175,026
Itinerant Music Teacher	73,675	83,209	71,527
Regional Network Costs	1,422,843	1,916,113	1,296,963
	<u>2,470,965</u>	<u>3,126,344</u>	<u>2,368,819</u>

8 National Assessment Services

	2016 Actual	2016 Budget (Unaudited)	2015 Actual
	\$	\$	\$
Professional Services	115,597	155,460	139,241
Client Travel	33,806	23,500	23,371
Communications	4,124	3,600	3,385
General Expenses	12,403	13,100	14,386
Motor Vehicle	5,098	5,658	3,686
Employee benefits - salaries	357,484	346,041	350,406
Professional Development	5,051	7,500	549
Staff Travel	29,515	69,997	38,457
Catering Costs	19,908	21,558	18,000
	<u>582,985</u>	<u>646,414</u>	<u>581,483</u>

9 Ongoing Resourcing Scheme

	2016 Actual	2016 Budget (Unaudited)	2015 Actual
	\$	\$	\$
Employee benefits - salaries	220,831	280,778	263,752
Professional Development	439	750	190
General Expenses	3,227	5,150	3,570
Professional Services	98,839	108,520	112,517
Consumables	1,665	2,000	1,194
Orientation & Mobility	49,581	65,388	77,289
Motor Vehicle	12,552	16,684	14,186
	<u>388,134</u>	<u>479,270</u>	<u>462,639</u>

10 Residential

	2016 Actual	2016 Budget (Unaudited)	2015 Actual
	\$	\$	\$
Communications	2,625	3,100	2,819
General Expenses	1,164	1,350	1,136
Consumables	3,115	3,000	2,846
Student Travel	5,319	15,000	9,015
Motor Vehicle	13,479	16,230	18,280
Employee benefits - salaries	798,072	738,078	595,817
Professional Development	5,293	4,000	2,614
Operational Costs	59,739	58,250	39,049
Catering	68,651	83,484	71,335
Immersion Courses	389,408	595,976	376,546
	<u>1,344,864</u>	<u>1,517,466</u>	<u>1,117,557</u>

11 Depreciation

	2016 Actual	2016 Budget (Unaudited)	2015 Actual
	\$	\$	\$
Building improvements - Crown only	60,164	22,379	22,379
Furniture and equipment	205,828	209,516	221,310
Information and communication technology	93,415	74,688	74,888
Leased assets	8,265	-	-
Motor vehicles	4,848	6,217	6,217
	<u>372,620</u>	<u>313,000</u>	<u>324,794</u>

12 Cash and Cash Equivalents

	2016 Actual	2016 Budget (Unaudited)	2015 Actual
	\$	\$	\$
Cash on hand	1,913	1,913	1,913
Bank Current account	361,620	615,031	576,673
Bank Call account	238,243	883,765	883,765
Short-term bank deposits with a maturity of three months or less	-	135,933	1,254,584
Net cash and cash equivalents for cash flow statement	<u>601,775</u>	<u>1,836,642</u>	<u>2,716,934</u>

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

Of the \$601,775 in the School's funds, \$209,528 is held on behalf of Homal Special Funds (2015: \$214,528)

13 Accounts Receivable

	2016 Actual	2016 Budget (Unaudited)	2015 Actual
	\$	\$	\$
Debtors	44,385	59,188	59,188
Receivables from the Ministry of Education:	51,601	-	0
Interest accrued	35,443	27,776	27,776
Staffing Banking underusage	288,850	259,659	259,659
Teacher salaries grant	528,914	758,578	758,578
	<u>949,194</u>	<u>1,105,201</u>	<u>1,105,201</u>
Receivables from Exchange transactions	35,443	27,776	27,776
Receivables from non-exchange transactions	913,751	1,077,425	1,077,425
	<u>949,194</u>	<u>1,105,201</u>	<u>1,105,201</u>

14 Inventories

	2016 Actual	2016 Budget (Unaudited)	2015 Actual
	\$	\$	\$
Assessment Stock	3,535	3,727	3,727

15 Investments

The school's investment activities are classified as follows

	2016 Actual	2016 Budget (Unaudited)	2015 Actual
	\$	\$	\$
Current Assets			
Short-term bank deposits with maturities greater than three months and no greater than one year	6,852,768	2,854,693	2,854,693
Non-current Asset			
Long-term bank deposits with maturities greater than one year	-	-	1,118,651

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

16 Property, Plant and Equipment

	Opening Balance(NBV)	Additions	Disposals	Impairment	Depreciation	Total(NBV)
	\$	\$	\$	\$	\$	\$
2016						
Building improvements	1,053,056	155,838	2,325	-	60,164	1,146,505
Furniture and equipment	1,001,283	82,558	2,406	-	205,828	875,607
Information and communication technology	171,247	229,957	2,774	-	93,415	305,015
Leased assets	-	118,846	-	-	8,265	110,581
Motor Vehicles	31,548	-	-	-	4,948	26,600
Balance at 31 December 2016	2,257,134	587,299	7,505	-	372,620	2,464,308

2015

	Cost or Valuation	Accumulated Depreciation	Net Book Value
	\$	\$	\$
Building improvements	1,264,484	117,979	1,146,505
Furniture and equipment	2,295,480	1,419,873	875,607
Information and communication technology	725,918	420,903	305,015
Leased Assets	118,846	8,265	110,581
Motor Vehicles	74,628	48,028	26,600
Balance at 31 December 2016	4,479,356	2,015,048	2,464,308

	Opening Balance(NBV)	Additions	Disposals	Impairment	Depreciation	Total(NBV)
	\$	\$	\$	\$	\$	\$
2015						
Building improvements	151,386	924,049	-	-	22,379	1,053,056
Furniture and equipment	1,122,639	101,385	1,431	-	221,910	1,001,283
Information and communication technology	168,562	78,323	750	-	74,888	171,247
Motor Vehicles	37,785	-	-	-	6,217	31,548
Balance at 31 December 2015	1,480,352	1,103,757	2,181	-	324,784	2,257,134

2016

	Cost or Valuation	Accumulated Depreciation	Net Book Value
	\$	\$	\$
Building Improvements	1,110,871	57,815	1,053,056
Furniture and equipment	2,215,328	1,214,045	1,001,283
Information and communication technology	498,735	327,488	171,247
Motor Vehicles	74,628	43,080	31,548
Balance at 31 December 2015	3,899,562	1,642,428	2,257,134

17 Accounts Payable

	2016 Actual	2016 Budget (Unaudited)	2015 Actual
	\$	\$	\$
Operating Creditors	128,884	134,004	134,004
Accruals	7,145	7,558	7,556
Creditors and Accruals for PPE Items	16,747	4,389	4,389
Employee benefits - salaries accrual	528,814	758,578	758,578
Employee benefits - leave accrual	100,878	80,180	80,180
	782,569	984,716	884,716
Payable for exchange transactions	152,776	145,958	145,858
Payable for non-exchange transactions - Taxes payable	-	-	-
Payables for non-exchange transactions - other	626,792	838,758	838,758
	782,569	984,716	884,716

The carrying value of payables approximates their fair value.

18 Revenue received in advance

	2016 Actual	2016 Budget (Unaudited)	2015 Actual
	\$	\$	\$
Doherty Fund	97	97	97
Other fees received in advance	25,320	62,495	62,495
	<u>25,416</u>	<u>62,592</u>	<u>62,592</u>

19 Cyclical Maintenance

	2016 Actual	2016 Budget (Unaudited)	2015 Actual
	\$	\$	\$
Provision as the start of the year	82,500	82,500	62,958
Increase to the provision during the year	15,811	15,811	19,542
Adjustment to the provision	-	-	-
Use of the provision during the year	-	-	-
Provision as the end of the year	<u>98,311</u>	<u>98,311</u>	<u>82,500</u>
Cyclical maintenance - Current	-	-	-
Cyclical maintenance - Term	<u>98,311</u>	<u>98,311</u>	<u>82,500</u>
	<u>98,311</u>	<u>98,311</u>	<u>82,500</u>

The board has a cash management plan to ensure that sufficient cash is available to meet all maintenance obligations as they fall due over the next 10 years. The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligations as at 31 December 2016. Present obligations are identified in the school's current 10 year property plan approved by the Ministry of Education. The provision has not been adjusted for inflation and the effect of the time value of money.

20 Finance Lease Liability

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

	2016 Actual	2016 Budget (Unaudited)	2015 Actual
	\$	\$	\$
No Later than One Year	33,451	-	-
Later than One Year and no Later than Five Years	76,081	-	-
Later than Five Years	-	-	-
	<u>109,531</u>	<u>-</u>	<u>-</u>

21 Funds Held for Capital Works Projects

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

	2016	Opening Balances	Receipts from MoE	Payments	BOT Contribution/ (Write-off to R&M)	Closing Balances
		\$	\$	\$		\$
Tauranga	<i>in progress</i>	-	25,256	25,256	-	-
Totals		<u>-</u>	<u>25,256</u>	<u>25,256</u>	<u>-</u>	<u>-</u>

Represented by:
Funds Held on Behalf of the Ministry of Education
Funds Due from the Ministry of Education

22 Related Party Transactions

The School have a contract with Homai Early Childhood Education Centre to provide services. The value of this contract is \$18,830 excl GST (2015: \$21,656 excl GST)

The School receive the grant for Homai Early Childhood Education Centre, and pay it out to the Centre when received. The school paid out \$170,972 during 2016.(2015: \$161,297)

The school is an entity controlled by 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 with 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.

23 Remuneration

Key management personnel compensation

Key management personnel of the school include all trustees of the board, principal, deputy principals and head of departments

	2016 Actual	2015 Actual
	\$	\$
<i>Board members</i>		
Remuneration	4,010	4,175
Full-time Equivalent members	0.20	0.29
<i>Leadership team</i>		
Remuneration	441,771	434,683
Full-time equivalent members	3.90	3.90
	<u>4.10</u>	<u>4.19</u>
	<u>445,781</u>	<u>438,868</u>

The full time equivalent of 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	2015 Actual
	\$000	\$000
Salaries and other short term employee benefits:		
Salary and other payments	150-160	150-160
Benefits and other emoluments		
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	3	3
	<u>3</u>	<u>3</u>

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

24 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 members, or employees during the financial year in relation to that cessation and number of persons to whom all or part of that total was as follows:

	2016 Actual	2015 Actual
Total value	-	\$5,000
Number of people	-	1
Other Compensation		
Total value	\$139,605	-
Number of people	9	-

During the year sleep-over settlements were paid to affected staff at the conclusion of the employment court case. There are no further compensation payments expected.

25 Contingencies

There were no contingent assets or liabilities as at 31 December 2016

2015

The School have a contingent liability with the Union to pay a residential Staff pending the outcome of a possible court case re sleepovers in residential settings. This could be up to \$300,000 excluding GST.

26 Commitments

(a) Capital Commitments

As at 31 December 2016 the school did not have any capital commitments.

(Capital commitments at 31 December 2015: Nil)

(b) Operating Commitments

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

	2016 Actual	2015 Actual
(a) Teacher laptops		
(b) Vehicles	\$	\$
No later than one year	296,112	252,062
Later than one year and no later than five years	242,362	186,708
	<u>538,474</u>	<u>438,770</u>

27 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.

28 Financial Instruments

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

Cash and receivables

	2016 Actual	2016 Budget (Unaudited)	2015 Actual
	\$	\$	\$
Cash and cash equivalents	801,775	932,250	2,716,934
Receivables	949,194	845,542	845,542
Investments - Term deposits	6,852,768	3,973,344	3,973,344
Total Cash and Receivables	<u>8,403,737</u>	<u>5,751,136</u>	<u>7,535,820</u>

Financial liabilities measured at amortised cost

Payables	782,569	984,716	984,716
Borrowings - Loans	-	-	-
Finance leases	-	-	-
Total financial liabilities measured at amortised cost	<u>782,569</u>	<u>984,716</u>	<u>984,716</u>

29 Events after balance date

There have been no subsequent events since balance date that would materially affect these financial statements. (2015: Nil)

Independent Auditor's Report

To the Readers of Blind and Low Vision Education Network NZ's

Financial Statements

For the Year Ended 31 December 2016

The Auditor-General is the auditor of Blind and Low Vision Education Network NZ (the Network). The Auditor-General has appointed me, Darren Wright, using the staff and resources of William Buck Christmas Gowland, to carry out the audit of the financial statements of the Network on his behalf.

Opinion

We have audited the financial statements of the Network on pages 2 to 21, that comprise the statement of financial position as at 31 December 2016, the statement of comprehensive revenue and expense, statement of changes in net assets/equity and statement of cash flows for the year ended on that date, and the notes to the financial statements that include accounting policies and other explanatory information.

In our opinion the financial statements of the Network:

- present fairly, in all material respects:
 - its financial position as at 31 December 2016; and
 - its financial performance and cash flows for the year then ended; and
- comply with generally accepted accounting practice in New Zealand and have been prepared in accordance with PBE Accounting Standards (PBE IPSAS) Reduced Disclosure Regime.

Our audit was completed on 26 May 2017. This is the date at which our opinion is expressed.

The basis of 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.

**CHARTERED ACCOUNTANTS
& ADVISORS**

Level 4, 21 Queen Street
Auckland 1010, New Zealand
PO Box 106 090
Auckland 1143, New Zealand
Telephone: +64 9 366 5000
wbcg.co.nz

William Buck Christmas Gowland
Audit Limited

Basis of opinion

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

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

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

Responsibilities of the Board of Trustees for the financial statements

The Board of Trustees is responsible on behalf of the Network 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 Network for assessing the Network'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 Network, 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 Network'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 Network'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 Network'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 Network to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We assess the risk of material misstatement arising from the Novopay payroll system, which may still contain errors. As a result, we carried out procedures to minimise the risk of material errors arising from the system that, in our judgement, would likely influence readers' overall understanding of the financial statements.

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

Our responsibilities arises from the Public Audit Act 2001.

Other information

The Board of Trustees is responsible for the other information. The other information comprises the Statement of Responsibility and information included on the attached pages (Members of the Board of Trustees, Kiwisport, Analysis of Variance), 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 Network in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1 (Revised): *Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board.

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



Darren Wright
William Buck Christmas Gouwland Audit Limited
On behalf of the Auditor-General
Auckland, New Zealand