

TE ARATIKA ACADEMY
FINANCIAL STATEMENTS
FOR THE 9 MONTHS ENDED 31 DECEMBER 2017

Te Aratika Academy

Financial Statements

For the 9 months ended 31 December 2017

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Entity Information

Te Aratika Academy

For the 9 months ended 31 December 2017

Legal Name of Entity

Te Aratika Charitable Trust of which Te Aratika Academy is a division

Entity Type and Legal Basis

Incorporated Charitable Trust

Registration Number

CC52775

Entity's Purpose or Mission

Te Aratika Charitable Trust arises out of a passion to provide a platform for change in our "youth at risk" or as we refer to them our "Atypical Stars."

It is a means to take a holistic, kinesthetic approach to education that is tailored, but not limited to Māori and Pasifika who are currently unsuccessful in mainstream education and therefore limited in their future options to be a productive and effective member of society.

Te Aratika Charitable Trust is the governing body and sponsor of Te Aratika Academy. The Charitable Trust, established on 12 September 2015, is committed to advancing the cultural, academic, physical, spiritual and social needs of Māori and Pasifika youth through educational, cultural and work related programmes and projects. Through this commitment, the Trust proposes to re-engage Māori and Pasifika youth and improve outcomes for them individually, their families and their communities.

Entity Structure

Te Aratika Charitable Trust is governed by a Board of Trustees. The Board comprises of not less than two Trustees and no more than five Trustees. Currently there are four Trustees.

Main Sources of Entity's Cash and Resources

Funding from Ministry of Education

Main Methods Used by Entity to Raise Funds

The Academy relies primarily on funding from Ministry of Education. It also receives donations and fee contributions from parents.

The Academy also conducts fundraising events to help raising funds.

Physical Address

314 State Highway 2 Mangateretere
Hastings 4180

Postal Address

P O Box 73
Whakatu 4161
Hawkes Bay

Approval of Financial Report

Te Aratika Academy

For the 9 months ended 31 December 2017

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

The management accepts responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of the Academy's financial reporting.

In the opinion of the Board and management, the financial statements for the financial period fairly reflect the financial position and operations of the school.

The Board is pleased to present the approved financial report including the historical financial statements of Te Aratika Academy for the period ended 31 December 2017.

APPROVED

Ronwyn Rochel



Chairperson

Date 31/5/18

Markus Rochel



Treasurer

Date 31/5/18

Statement of Service Performance

Te Aratika Academy

For the 9 months ended 31 December 2017

Description of Entity's Outcomes

Te Aratika Charitable Trust is the governing body and sponsor of Te Aratika Academy. The Charitable Trust was established on 12 September 2015.

Te Aratika Academy is the first Partnership School Kura Hourua in Hawkes Bay and also the first school of its kind in Hawkes Bay, with its distinctive characteristics including a male, senior level roll, and a learning environment that acknowledges and celebrates Māori and Pasifika, and an industry training focus.

Te Aratika Academy's vision is to create a positive platform for change that is globally recognised, firmly supports and encourages one person, one community at a time, to find their path and journey to success.

The Right Path involves enriching our rangatahi through Maori based values and innovative and modern technologies to enable them to achieve their potential, to contribute to their families and communities and to aspire to a future that is positive, fulfilling and beneficial both for them and for the society.

The focus of the Academy is to prepare students to be Life and Career Ready - with an emphasis on literacy, numeracy, health and wellbeing, robotics, coding and vocational pathways. The curriculum provides opportunities for students to study for NCEA up to level 3 and University Entrance, as well as studying towards industry qualifications in Civil Construction.

Account	9 months to Dec 2017	Year to Mar 2017
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Description and Quantification of the Entity's Outputs

School Roll	38	19
Registered Teachers	2	2
Attendance (%)	86	92
Priority Learners (%)	100	100

Additional Output Measures

Graduates who have a positive sense of wellbeing, who are confident, competent and culturally connected.

Statement of Financial Performance

Te Aratika Academy

For the 9 months ended 31 December 2017

Account	Notes	9 Months to Dec 2017	Unaudited Year to Mar 2017
Revenue			
Donations, fundraising and other similar revenue	1	306,796	818,673
Revenue from providing goods or services	1	11,140	0
Interest, dividends and other investment revenue	1	1,996	3,421
Total Revenue		319,932	822,094
Expenses			
Volunteer and employee related costs	2	510,091	142,983
Costs related to providing goods or service	2	289,521	82,852
Grants and donations made	2	7,750	0
Other expenses	2	69,541	14,101
Total Expenses		876,903	239,935
Surplus/(Deficit) for the Year		(556,971)	582,159

Statement of Financial Position

Te Aratika Academy

As at 31 December 2017

Account	Notes	31 Dec 2017	Unaudited 31 Mar 2017
Assets			
Current Assets			
Bank accounts and cash	3	3,513	534,483
Debtors and prepayments	3	10,581	99,672
Other Current Assets	3	21,488	1,825
Total Current Assets		35,583	635,780
Non-Current Assets			
Property, Plant and Equipment	5	149,443	74,227
Total Non-Current Assets		149,443	74,227
Total Assets		185,026	710,007
Liabilities			
Current Liabilities			
Creditors and accrued expenses	4	67,701	89,669
Employee costs payable	4	51,511	19,273
Loans - Current Portion	4	16,344	5,807
Total Current Liabilities		135,555	114,749
Non-Current Liabilities			
Loans	4	24,280	13,097
Total Non-Current Liabilities		24,280	13,097
Total Liabilities		159,835	127,846
Total Assets less Total Liabilities (Net Assets)		25,190	582,161
Trust Equity			
Accumulated Trustee Equity		25,190	582,161
Total Trust Equity		25,190	582,161

Statement of Cash Flows

Te Aratika Academy

For the 9 months ended 31 December 2017

Account	9 months to Dec 2017	Unaudited Year to Mar 2017
Cash Flows from Operating Activities		
Donations, fundraising and other similar receipts	307,936	817,533
Receipts from providing goods or services	8,568	-
GST	(10,178)	(9,789)
Payments to suppliers and employees	(766,194)	(202,234)
Total Cash Flows from Operating Activities	(459,868)	605,511
Cash Flows from Investing and Financing Activities		
Interest, dividends and other investment receipts	1,994	3,421
Proceeds from loans borrowed from other parties	36,191	23,233
Payments to acquire property, plant and equipment	(88,541)	(74,621)
Repayments of loans borrowed from other parties	(20,737)	(5,413)
Cash Flows from Other Investing and Financing Activities	(10)	(17,648)
Total Cash Flows from Investing and Financing Activities	(71,102)	(71,028)
Net Increase/ (Decrease) in Cash	(530,970)	534,483
Cash Balances		
Cash and cash equivalents at beginning of period	534,483	-
Cash and cash equivalents at end of period	3,513	534,483
Net change in cash for period	(530,970)	534,483

Statement of Accounting Policies

Te Aratika Academy

For the 9 months ended 31 December 2017

Reporting Entity

Te Aratika Academy (the Academy) is a division of Te Aratika Charitable Trust (the Trust), a Charitable Trust established under the Charitable Trusts Act 1957. The Trust became the sponsor of the Academy, a Partnership School established under the Education Act 1989, on 24 August 2016. These financial statements are for the Academy only and do not include the operation of other divisions of the Trust. The Board is of the view that the Academy is a not-for-profit entity for financial reporting purposes.

Basis of Preparation

The Academy is a public benefit entity for the purpose of financial reporting. It has elected to apply PBE SFR-A (NFP) Public Benefit Entity Simple Format Reporting - Accrual (Not-For-Profit) on the basis that it does not have public accountability and has total annual expenses equal to or less than \$2,000,000. All transactions in the Performance Report are reported using the accrual basis of accounting.

Going Concern

On 8 February 2018 the Ministry of Education announced the model of Partnership Schools will be removed and options for establishment as a new school will be implemented. As such, within 12 months (expected to be in December 2018), the Academy is not anticipated to continue operating as a division of the Trust. The Academy will however continue under a new structure as enacted by Government, and it is anticipated assets will be purchased by the new school at their carrying value. Given the expected discontinuation of the Academy as a division of the Trust, these financial statements have been prepared on a realisation basis. However, given the current assets and liabilities are expected to be settled before the end of the year and the non-current assets and non-current liabilities are expected to be purchased by the new school at carrying value, the use of the realisation basis does not impact these financial statements.

Depreciation

Depreciation has been charged in the Financial Statements calculated using a straight line basis.

Fixed Assets

Fixed assets are recorded at cost less accumulated depreciation.

Income Tax

The Trust is wholly exempt from New Zealand income tax having fully complied with all statutory conditions for these exemptions.

Bank Accounts and Cash

Bank accounts and cash in the Statement of Cash Flows comprise cash balances and bank balances (including short term deposits) with original maturities of 90 days or less.

Finance Charges

Finance Charges on Hire Purchase and Specified Lease Agreements are charged against income according to the Actuarial Method.

Operating Lease Payments

Leases that are not finance leases are classified as operating leases. Operating lease payments are recognised as an expense in the periods amounts are payable.

Statement of Accounting Policies

Te Aratika Academy

For the 9 months ended 31 December 2017

Goods and Services Tax (GST)

The Financial Statements have been prepared on a GST exclusive basis, except that all receivables and all payables are shown GST inclusive to the extent that GST is payable or receivable on the transaction that gave rise to the payable or receivable. Where GST is not recoverable, it is recognised as part of asset cost or expensed as appropriate.

Government Grants

Operational grants are recorded as revenue when the Academy 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 are recorded as revenue upon receipt.

Operational Funding Received in Advance

Revenue received in advance relates to amounts received from Ministry of Education where there are unfulfilled obligations for the Academy to provide services in the future. These items are recorded as revenue as the obligations are fulfilled and the fees earned.

Accounts Receivable

Accounts receivable represents items that the Academy has issued invoices for or accrued for, but has not received payment for at year end.

Accounts Payable

Accounts payable represents liabilities for goods and services provided to the Academy 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.

Balance Date

The balance date of the Trust has changed from 31 March to 31 December to align with the Partnership School's calendar year basis. This performance report covers the nine months ended 31 December 2017 and it will subsequently be prepared on an annual basis.

Comparative Figures

The comparative figures in the Performance Report relate to a period of 12 months.

Changes in Accounting Policies

The accounting policies of the Academy have been consistently applied and are consistent with those of the previous year.

Notes to the Financial Statements

Te Aratika Academy

For the 9 months ended 31 December 2017

	31 Dec 2017	Unaudited 31 Mar 2017
1. Analysis of Revenue		
Donations, fundraising and other similar revenue		
Donations Received	2,570	7,150
MoE Funding	303,169	811,523
Fundraising	1,057	-
Total Donations, fundraising and other similar revenue	306,796	818,673
Revenue from providing goods or services		
Fees Recovered	2,368	-
Programmes and Workshops	8,772	-
Total Revenue from providing goods or services	11,140	-
Interest, dividends and other investment revenue		
Interest Income	1,996	3,421
Total Interest, dividends and other investment revenue	1,996	3,421

	31 Dec 2017	Unaudited 31 Mar 2017
2. Analysis of Expenses		
Volunteer and employee related costs		
Accident Compensation Levy	746	-
Kiwisaver	8,646	1,637
Staff Development	9,110	1,797
Other Administrative & Teaching Staff	40,873	9,638
Wages - Administration	450,716	129,911
Total Volunteer and employee related costs	510,091	142,983
Costs related to providing goods or services		
Bank Charges	55	34
Board Meetings	2,144	423
Prizegiving & Graduation	9,104	-
Curriculum	23,002	1,230
Hospitality, Food & Catering	24,848	7,575
Insurance	3,795	3,078
Marketing & Advertising	3,198	3,117
Operational Costs	86,782	11,192
Plant Hire & Leasing	23,055	9,283
Fees & Resources	6,597	6,598
Rent & Outgoings	41,891	9,879
Repair & Maintenance	24,152	4,555
Service Providers and Consulting Fees	40,897	25,887
Total Costs related to providing goods or services	289,521	82,852
Grants and donations made		
Donations	7,750	-
Total Grants and donations made	7,750	-
Other expenses		
Accounting	30,766	5,431
Depreciation	30,973	6,394
Interest Expense	7,803	1,708
Legal Expenses	-	567
Total Other expenses	69,541	14,101

Notes to the Financial Statements

Te Aratika Academy

For the 9 months ended 31 December 2017

	31 Dec 2017	Unaudited 31 Mar 2017
3. Analysis of Assets		
Bank accounts and cash		
Kiwibank - 00 (TAA)	2,431	532,173
Kiwibank - 01 (TAA)	14	232
Kiwibank - 02 (TAA)	57	2,078
Kiwibank - 06 (TAA)	1,011	-
Total Bank accounts and cash	3,513	534,483
Debtors and prepayments		
Accounts Receivables	2,958	82,022
Prepayments	4,136	17,648
Sundry Debtors	3,488	2
Total Debtors and prepayments	10,581	99,672
Other current assets		
GST	21,488	1,625
Total Other current assets	21,488	1,625
	31 Dec 2017	Unaudited 31 Mar 2017
4. Analysis of Liabilities		
Creditors and accrued expenses		
Accounts Payable	54,642	-
Operational Funding - In Advance	-	70,184
Sundry Accruals	13,058	19,485
Total Creditors and accrued expenses	67,701	89,669
Employee costs payable		
Holiday Pay Payable	7,684	420
Salary Payable	1,712	-
PAYE Payable	42,115	18,853
Total Employee costs payable	51,511	19,273
Loans - Current Portion		
Current Portion	16,344	5,807
Total Loans - Current Portion	16,344	5,807
Loans - Non Current Portion		
Term Liabilities		
Equico Lease A314376M	17,888	24,596
Equico Lease A314527M	11,704	-
Equico Lease A322495M	6,427	-
Equico Lease A325750M	8,349	-
Equico Lease A327198M	6,274	-
Total Term Liabilities	50,642	24,596
Less: Interest Not Yet Due	10,018	5,692
Total	40,624	18,904
Less Current Portion (Repayable less than One Year)	16,344	5,807
Net Amount (Repayable greater than One Year)	24,280	13,097

Notes to the Financial Statements

Te Aratika Academy

For the 9 months ended 31 December 2017

	31 Dec 2017	Unaudited 31 Mar 2017
5. Property, Plant and Equipment		
Buildings		
Buildings at cost	24,655	-
Accumulated depreciation - buildings	(5,431)	-
Total Buildings	19,224	-
Computer Equipment		
Computer Equipment	136,942	78,352
Accumulated depreciation - computer equipment	(30,413)	(6,348)
Total Computer Equipment	106,530	72,004
Office Equipment		
Office Equipment	4,932	779
Accumulated depreciation - office equipment	(229)	(9)
Total Office Equipment	4,703	770
Furniture and Fittings		
Furniture and fittings	18,663	1,490
Accumulated depreciation - furniture and fittings	(1,240)	(37)
Total Furniture and Fittings	17,423	1,453
Plant & Equipment		
Plant & Equipment	1,617	-
Accumulated depreciation - Plant & Equipment	(54)	-
Total Plant & Equipment	1,563	-
Total Property, Plant and Equipment	149,443	74,227

6. Contingent Liabilities

There are no contingent liabilities that are known to exist at balance date.

7. Capital Liabilities

There are no commitments for capital expenditure at balance date (2017: \$0).

8. Events Subsequent to Balance Date

There have been no events subsequent to balance date that are material except as noted in the going concern paragraph of the Statement of Accounting Policies.

9. Related Parties

There have been related party transactions required to be disclosed (other than those already separately disclosed) in the Financial Statements including:

(a) Donation income of \$3,000 received from Casey Tapara.
Casey Tapara is the Principal of Te Aratika Academy.

(b) Donation of \$4,500 paid to Ronwyn Rochel and \$3,150 to Te Aratika Creative Limited.
Ronwyn Rochel is the Chairperson of Te Aratika Charitable Trust and a Director of Te Aratika Creative Limited.

Notes to the Financial Statements

Te Aratika Academy

For the 9 months ended 31 December 2017

10. Goods or Services in Kind

Participation of Board Members - Chairperson 5 hours per week and other Board Members 15 hours per term.

Provision of expertise in the delivery of programmes - 200 hours

11. Restriction Use or Disposal of Assets

The Academy has the following assets which are restricted as to use, disposal, or title:

(a) Apple MacBooks and iPads - under lease contract with Equico

12. Operating Lease Commitments

	31 Dec 2017	Unaudited 31 Mar 2017
Amounts were payable under operating leases as follows:		
In less than 1 year	70,192	44,384
Between 1-5 years	40,708	41,737
After 5 years	-	-
Total operating lease commitments	110,899	86,121

The Academy has a heads of agreement dated 2 December 2017 for the exclusive use of land and buildings in rural Hawkes Bay for 21 years. The Academy also has a memorandum of understanding for the use of a building in Whakatu and a van, and rent is reviewable every 12 months, along with a memorandum of understanding for the provision of expertise and equipment for the delivery of its Infrastructure Works programme.

INDEPENDENT AUDITOR'S REPORT

To the Trustees of Te Aratika Academy

Report on the Audit of the Performance Report

Opinion

We have audited the performance report of Te Aratika Academy ('the Academy') on pages 3 to 14, which comprises the statement of financial position as at 31 December 2017, and the entity information, the statement of service performance, statement of financial performance and statement of cash flows for the nine months then ended, and the statement of accounting policies and other explanatory information.

In our opinion, the reported outcomes and outputs, and quantification of the outputs to the extent practicable, in the statement of service performance are suitable, and the accompanying performance report presents fairly, in all material respects, the entity information and the service performance for the nine months ended 31 December 2017, the financial position of the Academy as at 31 December 2017, and its financial performance and its cash flows for the [Custom Text] then ended in accordance with Public Benefit Entity simple format reporting standards for accrual accounting by not-for-profit public benefit entities ('PBE SFR-A (NFP)').

Our report is made solely to the Trustees of Te Aratika Academy, in accordance with the clause 11.4 of the Trust Deed. Our audit work has been undertaken so that we might state those matters which we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trustees of Te Aratika Academy, for our audit work, for our report or for the opinions we have formed.

Basis for Opinion

We conducted our audit of the statement of financial position, statement of financial performance, statement of cash flows, statement of accounting policies and notes to the performance report in accordance with International Standards on Auditing (New Zealand) ('ISAs (NZ)'), and the audit of the entity information and statement of service performance in accordance with the International Standard on Assurance Engagements (New Zealand) ISAE (NZ) 3000 (Revised). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Performance Report* section of our report. We are independent of the Academy in accordance with Professional and Ethical Standard 1 (Revised) *Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ('IESBA Code'), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other than in our capacity as auditor we have no relationship with, or interests in, Te Aratika Academy.

Emphasis of Matters

We draw attention to the Reporting Entity paragraph of the Statement of Accounting Policies in the performance report, which states that the performance report relates to Te Aratika Academy which is a division of the Te Aratika Charitable Trust and that the other divisions of the Te Aratika Charitable Trust are not included in the performance report. Our opinion is not modified in respect of this matter.

We also draw attention to the Going Concern paragraph of the Statement of Accounting Policies in the performance report, which states that the Te Aratika Academy is not anticipated to continue operating as a division of the Te Aratika Charitable Trust due to a policy decision of the Ministry of Education. Our opinion is not modified in respect of this matter.

Other Matter

The performance report of Te Aratika Academy for the year ended 31 March 2017 was not audited.

Responsibilities of the Trustees for the Performance Report

The Trustees are responsible for:

- Identifying outcomes and outputs, and quantifying the outputs to the extent practicable, that are relevant, reliable, comparable and understandable, to report in the statement of service performance;
- The preparation and fair presentation of the performance report on behalf of the Academy, which comprises the statement of financial position as at 31 December 2017, and the entity information, the statement of service performance, statement of financial performance and statement of cash flows for the nine months then ended, and the statement of accounting policies and other explanatory information, in accordance with PBE SFR-A (NFP), and
- Such internal control as the Trustees determine is necessary to enable the preparation of the performance report that is free from material misstatement, whether due to fraud or error.

In preparing the performance report, the Trustees are responsible on behalf of the Academy for assessing the Academy's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Academy or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Performance Report

Our objectives are to obtain reasonable assurance about whether the performance report as a whole is 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 conducted in accordance with ISAs (NZ) and ISAE (NZ) 3000 (Revised) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the

aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this performance report.

A further description of the auditor's responsibilities for the audit of the performance report is located at the External Reporting Board's website at:

<https://xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-8/>

A handwritten signature in blue ink that reads 'Staples Rodway'.

STAPLES RODWAY AUDIT LIMITED

Hastings, New Zealand

31 May 2018