

Statement of Responsibility

For the year ended 31 December 2007

The Board of Trustees (the Board) has pleasure in presenting the annual report of Raphael House Rudolf Steiner School (the School), incorporating the financial statements and the auditor's report, for the year ended 31 December 2007.

The management of the School, that is the Board, accepts responsibility for the preparation of the annual financial statements and the judgements used in these statements.

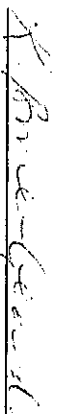
The Board's management accepts responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of the School's financial reporting.

In the opinion of the Board's management, the annual financial statements for the financial year fairly reflect the financial position and operations of the School.

The School's 2007 financial statements are authorised for issue by the Board Chairperson and Principal.



Chairperson



Principal

30/4/2008

Date

30/4/2008

Date

**Raphael House
Rudolf Steiner School
Income Statement
2007**

	Note	2007 <u>Actual</u> \$	2007 <u>Budget</u> \$	2006 <u>Actual</u> \$
<u>Revenue</u>				
Government grants	3	2,463,272	2,360,986	2,368,614
Investment income		725	250	1,787
Other income				123,612
Locally raised funds	4	671,445	671,892	382,434
Total Revenue		<u>3,135,443</u>	<u>3,033,128</u>	<u>2,876,427</u>
<u>Expenses</u>				
Administration	6	260,589	174,334	184,514
Depreciation	8	14,603	12,000	14,494
Learning resources	5	2,391,525	2,372,336	2,116,345
Locally raised funds	4	970	0	0
Counselling				6,426
Civil defense				529
Publicity				1,444
Rent				4,440
Property management	7	490,118	488,637	470,171
Total Expenses		<u>3,157,804</u>	<u>3,047,307</u>	<u>2,798,363</u>
Net surplus / (deficit) for year		<u>(22,361)</u>	<u>(14,179)</u>	<u>78,064</u>



**Raphael House
Rudolf Steiner School
Statement of Movements in Public Equity
2007**

	2007 <u>Actual</u> \$	2007 <u>Budget</u> \$	2006 <u>Actual</u> \$
Equity at the start of the year	60,519	60,521	(17,543)
Net surplus / (deficit) for year	<u>(22,361)</u>	<u>(14,179)</u>	<u>78,064</u>
Total recognised revenues and expenses	(22,361)	(14,179)	78,064
Equity at the end of the year	<u><u>38,158</u></u>	<u><u>46,342</u></u>	<u><u>60,521</u></u>



Notes to the Financial Statements

For the year ended 31 December 2007

1. Statement of Significant Accounting Policies

a) Reporting Entity

Raphael House Rudolf Steiner 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 is of the view the School is a public benefit entity for financial reporting purposes.

b) Basis of Preparation

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 New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) as appropriate to public benefit entities that qualify for differential reporting.

Differential reporting

The School qualifies for differential reporting exemptions because it is not publicly accountable as defined in the Framework for Differential Reporting (the Framework) and it is not large. Many of the reporting exemptions available under the Framework have been applied.

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.

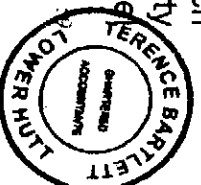
Specific accounting policies

The accounting policies used in the preparation of these financial statements are set out below. The policies have been consistently applied to all the years presented.

c) Revenue Recognition

Government grants

Operational grants are recorded as income as received. Teachers' salaries grants are not received in cash by the school but are paid directly to teachers by the Ministry of Education (the Ministry). They are recorded as income in the salary period they relate to. 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 Rudolf Steiner School Trust. The responsibility for property management is shared between the Rudolf Steiner School Trust and the Raphael



House Rudolf Steiner School Board of Trustees. Use of land and building grants are recorded as income in the period the school uses the land and buildings. Other grants are recorded as income as received unless there are unfulfilled conditions attaching to the grant, in which case the amount relating to the unfulfilled conditions is recognised as a liability and released to income as the conditions are fulfilled.

Donations

Donations are recorded as revenue when their receipt is formally acknowledged by the School.

Interest income

Interest income 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 value of land and buildings as used for rating purposes. This is a non-cash expense that is offset by the grant received from the Proprietor.

e) Operating Lease Payments

Payments made under operating leases are recognised in the income statement 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 three months or less, and bank overdrafts.

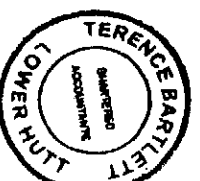
The School has met the requirements under section 73 of the Education Act 1989 in relation to the acquisition of securities.

h) Debtors

'Debtors' represents items that the School has issued invoices for, but has not received payment for at year end. They are initially recorded at fair value and subsequently recorded at the amount the School realistically expects to receive. A provision for impairment of Debtors is established where there is objective evidence the School will not be able to collect all amounts due according to the original terms of the debt.

i) Inventories

Inventories are consumable items held for sale, for example stationery and school uniforms. They are stated at the lower of cost and net realisable value. Cost is determined on weighted average. Net realisable value is the estimated selling price in the ordinary course of activities less the estimated costs necessary to make the



sale. The write down from cost to net realisable value is recorded as an expense in the income statement.

j) Investments

Short term deposits have maturities between three months and one year. Investments in deposits are measured at amortised cost using the effective interest method.

At balance sheet date the School assesses whether there is any objective evidence that an investment is impaired. Any impairment loss is recorded as an expense in the income statement.

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 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 acquired on or before 1 October 1989 is recorded at deemed cost based on fair value as at that date, less accumulated depreciation and impairment losses.

Property, plant and equipment acquired after 1 October 1989 are recorded at cost or, in the case of donated assets, fair value at the date of receipt, less accumulated depreciation and impairment losses. Cost or fair value as the case may be, includes those costs that relate directly to bringing the asset to the location where it will be used and making sure it is in the appropriate condition for its intended use.

Property, plant and equipment acquired with individual values under \$250 are not capitalised, they are recognised as an expense in the income statement.

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).

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. The leased assets and corresponding liability are recognised in the balance sheet and leased assets are depreciated over the period the School is expected to benefit from their use.



Depreciation

Depreciation is charged for all property, plant and equipment. Except for library resources, depreciation is charged to the income statement so as to spread the cost of an asset over the useful life of the asset on a straight line basis. Library resources are depreciated on a diminishing value basis.

The estimated useful lives of the assets are:

Furniture and equipment	4 - 20 years
Plant and machinery	4 - 10 years
Information and communication technology	3 - 5 years
Library resources	5 years
Motor vehicle	5 years

l) Intangible Assets

Software

Software acquired by the School is capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Costs associated with maintaining software are recognised as an expense in the income statement when incurred.

Software with individual values under \$250 are not capitalised, they are recognised as an expense in the income statement when incurred.

Software is amortised on a straight line basis over its estimated useful life of 3 years. The amortisation charge for each period is recognised in the income statement.

m) Creditors

'Creditors' represents liabilities for goods and services provided to the School prior to the end of the financial year which are unpaid. Creditors 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 - Salary Accruals

Salary accruals mainly reflect annual leave owing to teachers and support staff and are recognised in respect of employees' services to balance date and are measured at the amounts expected to be paid when the liabilities are settled. There is a corresponding teacher's salaries grant receivable from the Ministry to fund the liability.

Sick leave is accumulated by teaching staff within a school's staffing entitlement but the majority of their leave taken is grant funded by the Ministry of Education, and therefore has not been accrued. There is a potential liability for sick leave of staff outside a school's staffing entitlement, but that has not been possible to quantify that for inclusion within salary accruals at balance date.



o) Income Received in Advance

Income received in advance relates to fees received from international 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.

The School guarantees to hold 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) Provision for Cyclical Maintenance

The property from which the School operates is owned by the Proprietor. 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 the 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 10-year property plan.

q) Financial Assets and Liabilities

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

The School's financial liabilities comprise creditors, funds held on behalf of the Ministry of Education, provision for cyclical maintenance and GST payable. 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 exclusive of GST, with the exception of debtors and creditors.

s) Budget figures

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

2. Explanation of transition to New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS)

The School's financial statements for the year ended 31 December 2007 are the first annual financial statements that comply with NZ IFRS. The School's transition date is 1 January 2006 and the NZ IFRS balance sheet has been prepared at that date. The School's NZ IFRS adoption date is 1 January 2007.

The financial statements have been prepared in accordance with NZ IFRS 1.



Reconciliation of equity

The transition from previous New Zealand Generally Accepted Accounting Practice (NZ GAAP) to NZ IFRS has had the following changes in School equity as at 1 January 2006 and 31 December 2006:

Cash and cash equivalents and investments

Those term deposits with maturities less than three months previously classified as investments have been reclassified as cash and cash equivalents.

Property, plant and equipment and intangible assets

Significant computer software previously classified as property, plant and equipment has been reclassified as an intangible asset.

	1 January 2006		31 December 2006			
	Previous NZ GAAP	Transition effect	NZ IFRS	Previous NZ GAAP	Transition effect	NZ IFRS
Current Assets						
Cash and cash equivalents	33,736	-	33,736	28,539	-	28,539
Investments	-	-	-	-	-	-
Other current assets	254,611	-	254,611	307,145	-	307,145
	288,347	-	288,347	335,684	-	335,684
Non Current Assets						
Property, plant and equipment	52,005	-	52,005	55,193	-	55,193
Intangible assets	-	-	-	-	-	-
	52,005	-	52,005	55,193	-	55,193
Total Liabilities	357,895	-	357,895	330,357	-	330,357
Equity	(17,543)	(17,543)	(17,543)	60,520	60,520	60,520

Reconciliation of net surplus

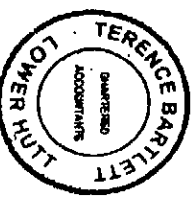
The transition from previous NZ GAAP to NZ IFRS has had the following changes in the School surplus for the year ended 31 December 2006:



Use of land and buildings

A grant and corresponding expense has been recorded to reflect the use of land and buildings by the School that are owned by the proprietors.

	31 December 2006		
	Previous NZ GAAP	Transition effect	NZ IFRS
Income			
Government Grants	2,019,864		2,019,864
Other income	507,813	348,750	856,563
	2,527,677	348,750	2,876,427
Expenses			
Property	121,421	348,750	470,171
Other expenses	2,328,193		2,328,193
	2,449,614	348,750	2,798,364
Net Deficit	(78,063)		(78,063)



NOTES

3 Government Grants

Government grants are made up of:			
	2007	2007	2006
	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>
	\$	\$	\$
Operations grants	453,417	437,236	473,448
Teacher Salaries Grant	1,599,701	1,575,000	1,546,416
ORRS grant	61,404	0	
Other government grants	348,750	348,750	348,750
	<u>2,463,272</u>	<u>2,360,986</u>	<u>2,368,614</u>

4 Local Funds

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

	2007	2007	2006
	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>
	\$	\$	\$
Activities			
Curriculum and sports recoveries	121,854	99,075	3,324
Hire of facilities	3,954	889	
Laptop lease recoveries	8,144	0	
SPARC funding			3,120
Waiting list fees	1,222	1,333	1,067
Other activities	10,870	3,620	3,882
Total Activities	<u>146,043</u>	<u>104,917</u>	<u>11,393</u>

International students

Revenue	49,908	30,000	58,036
Expenses	(970)	0	
Net	<u>48,939</u>	<u>30,000</u>	<u>58,036</u>
Donations	5,494	3,000	3,005
	<u>5,494</u>	<u>3,000</u>	<u>3,005</u>

Fundraising

Proprietor's contribution	470,000	533,975	310,000
	<u>470,000</u>	<u>533,975</u>	<u>310,000</u>

Summary Local Funds

<i>Income</i>			
Activities	146,043	104,917	11,393
International students	49,908	30,000	58,036
Donations	5,494	3,000	3,005
Fundraising	470,000	533,975	310,000
	<u>671,445</u>	<u>671,892</u>	<u>382,434</u>
<i>Expenditure</i>			
International students	(970)	0	0
	<u>(970)</u>	<u>0</u>	<u>0</u>
Net surplus for the year	<u>670,476</u>	<u>671,892</u>	<u>382,434</u>



5 Learning Resources

	2007 <u>Actual</u>	2007 <u>Budget</u>	2006 <u>Actual</u>
Curricular	\$ 241,645	\$ 195,533	\$ 74,372
Employee benefits - salaries	2,072,839	2,098,137	1,922,850
Extra curricula activities	6,069	0	
Information and communication technology	4,893	3,111	
Library resources	1,378	1,778	1,499
Staff development	34,176	52,444	57,625
Other expenses	30,525	21,333	
	<u>2,391,525</u>	<u>2,372,336</u>	<u>2,056,346</u>

6 Administration

	2007 <u>Actual</u>	2007 <u>Budget</u>	2006 <u>Actual</u>
ACC premiums	\$ 3,898	\$ 0	\$ 4,292
Audit	3,700	3,556	3,074
Board of Trustees expenses	8,294	7,719	
Board of Trustees fees	30	0	
College & US coordinator	13,160	17,777	10,133
Communications			12,911
Computer related	9,958	8,889	12,746
Consumables	180,901	123,950	9,927
Employee benefits - salaries	9,294	3,555	104,791
Insurance	8,820	0	1,616
Operating lease	4,301	0	
Postage			
Service providers, contractors & consultancy	8,147	0	18,980
Subscriptions & levies	10,087	8,888	6,044
Other expenses	<u>260,589</u>	<u>174,334</u>	<u>184,514</u>

7 Property

	2007 <u>Actual</u>	2007 <u>Budget</u>	2006 <u>Actual</u>
Caretaking and cleaning consumables	\$ 11,398	\$ 29,333	\$ 34,835
Consultancy and contract services	25,974	0	
Cyclical maintenance provision	(5,526)	0	
Employee benefits - salaries and wages	67,988	35,000	34,647
Heat, light and water	18,417	13,333	15,943
Repairs and maintenance	18,676	57,777	29,264
Use of land and buildings	348,750	348,750	348,750
Other expenses	4,440	4,444	6,732
	<u>490,118</u>	<u>488,637</u>	<u>470,171</u>

8 Depreciation

	2007 <u>Actual</u>	2007 <u>Budget</u>	2006 <u>Actual</u>
Depreciation on assets	\$ 5,095	\$ 5,000	\$ 7,010
Curriculum equipment	2,076	2,000	1,255
Furniture	3,988	2,000	3,125
IT equipment	1,267	1,000	1,440
Library	711	700	474
Motor vehicle	878	800	825
Office equipment	588	500	365
Plant and machinery	0	0	0
Textbooks	14,603	12,000	14,494
	<u>0</u>	<u>0</u>	<u>0</u>



9 Cash and Cash Equivalents

Cash on hand
 Current account
 Short term deposits with a maturity less than
 three months

	2007	2007	2006
	Actual	Budget	Actual
	\$	\$	\$
	1,690	0	28,539
	22,176	26,360	
	24,373	0	
	<u>48,239</u>	<u>26,360</u>	<u>28,539</u>

10 Accounts Receivable

GST receivable
 Prepayments
 Salaries accrual
 Sundry debtors

	2007	2007	2006
	Actual	Budget	Actual
	\$	\$	\$
	13,803	1,343	1,343
	120,513	8,714	8,714
	136,423	0	
	<u>270,739</u>	<u>297,088</u>	<u>297,088</u>
		<u>307,145</u>	<u>307,145</u>

11 Property, Plant & Equipment

2007
 Fixed Assets
 Curriculum Equipment
 Furniture
 IT Equipment
 Library
 Motor Vehicle
 Office Equipment
 Plant and Machinery
 Textbooks

	Cost	Accumulated Depreciation	Net Book Value
	\$	\$	\$
	84,873	53,128	31,745
	47,695	24,942	22,753
	20,289	12,960	7,329
	43,913	34,622	9,291
	3,555	1,185	2,370
	14,658	12,051	2,607
	32,908	29,778	3,130
	0	0	
	<u>247,891</u>	<u>168,666</u>	<u>79,225</u>

2006
 Curriculum Equipment
 Furniture
 IT Equipment
 Library
 Motor Vehicle
 Office Equipment
 Plant and Machinery
 Textbooks

	Cost	Accumulated Depreciation	Net Book Value
	\$	\$	\$
	72,053	48,033	24,020
	29,530	22,866	6,664
	15,802	8,972	6,830
	43,913	33,356	10,557
	3,555	474	3,081
	12,557	11,173	1,384
	31,846	29,190	2,656
	0	0	0
	<u>209,256</u>	<u>154,063</u>	<u>55,192</u>

13 Accounts Payable

Sundry creditors

	2007	2007	2006
	Actual	Budget	Actual
	\$	\$	\$
	39,120	0	

14 Income received in advance

International students' fees in advance

	2007	2007	2006
	Actual	Budget	Actual
	\$	\$	\$
	12,804	0	
	<u>12,804</u>	<u>0</u>	<u>0</u>



15 Provision for Cyclical Maintenance

	2007 <u>Actual</u>	2007 <u>Budget</u>	2006 <u>Actual</u>
Provision at the start of the year	\$ 135,000	\$ 0	\$ 165,484
Increase in the provision during the year	0	0	0
Use of the provision during the year	(52,643)	0	(30,484)
Provision at the end of the year	<u>82,357</u>	<u>0</u>	<u>135,000</u>
Current portion	55,000		46,592
Term portion	27,357	0	118,892

17 Other Current Liabilities

	2007 <u>Actual</u>	2007 <u>Budget</u>	2006 <u>Actual</u>
ACC payable	\$ 8,750	\$ 7,940	\$ 7,940
Audit accrual	3,700	3,825	3,825
GST payable	26,592	0	0
Salary accruals	160,388	111,782	111,782
Other	12,615	71,810	71,810
	<u>212,045</u>	<u>195,357</u>	<u>195,357</u>

18 Related Party

There were no related party transactions during the year

19 Remuneration

	2007 <u>Actual</u>	2006 <u>Actual</u>
	\$	\$

Board of Trustees

The total value of the remuneration payable to trustees of the Board are as follows:

Board of Trustees	2,755	1,530
Committee members	0	0

Principal

The total value of remuneration paid or payable to the principal is in the following bands:

	2007 <u>Actual</u>	2006 <u>Actual</u>
Salaries and other short term employee benefits	\$	\$
Salary and other payments	\$100-\$110	\$85-\$95
Benefits and other emoluments		
Termination benefits		

Other Employees

No other employee received total remuneration over \$1000,000 (2006: nil).



**AUDIT REPORT TO THE READERS OF
RAPHAEL HOUSE RUDOLF STEINER SCHOOL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007**

The Auditor-General is the auditor of Raphael House Rudolf Steiner School (the School). The Auditor-General has appointed me, Terence Bartlett, using the staff and resources of Terence Bartlett Chartered Accountants, to carry out the audit of the financial statements of the School, on his behalf, for the year ended 31 December 2007.

Unqualified Opinion

In our opinion:

- The financial statements of the School on pages 56 to 59:
 - comply with generally accepted accounting practice in New Zealand; and
 - fairly reflect:
 - the School's financial position as at 31 December 2007; and
 - the results of its operations for the year ended on that date.

The audit was completed on 30 May 2008, and is the date at which our opinion is expressed.

The basis of the opinion is explained below. In addition, we outline the responsibilities of the Board of Trustees and the Auditor, and explain our independence.

Basis of Opinion

We carried out the audit in accordance with the Auditor-General's Auditing Standards, which incorporate the New Zealand Auditing Standards.

We planned and performed our audit to obtain all the information and explanations we considered necessary in order to obtain reasonable assurance that the financial statements did not have material misstatements whether caused by fraud or error.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements. If we had found material misstatements that were not corrected, we would have referred to them in the opinion.

Our audit involved performing procedures to test the information presented in the financial statements. We assessed the results of those procedures in forming our opinion.

Audit procedures generally include:

- determining whether significant financial and management controls are working and can be relied on to produce complete and accurate data;

- verifying samples of transactions and account balances;
- performing analyses to identify anomalies in the reported data;
- reviewing significant estimates and judgements made by the Board of Trustees;
- confirming year-end balances;
- determining whether accounting policies are appropriate and consistently applied; and
- determining whether all financial statement disclosures are adequate.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements.

We evaluated the overall adequacy of the presentation of information in the financial statements. We obtained all the information and explanations we required to support the opinion above.

Responsibilities of the Board of Trustees and the Auditor

The Board of Trustees is responsible for preparing financial statements in accordance with generally accepted accounting practice in New Zealand. Those financial statements must fairly reflect the financial position of the School as at 31 December 2007. They must also fairly reflect the results of its operations for the year ended on that date. This responsibility is specified in the Education Act 1989.

We are responsible for expressing an independent opinion on the financial statements and reporting that opinion to you. This responsibility is specified in section 15 of the Public Audit Act 2001 and the Education Act 1989.

Independence

When carrying out the audit we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the New Zealand Institute of Chartered Accountants.

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



Terence Bartlett
Terence Bartlett Chartered Accountant
On behalf of the Auditor-General
Lower Hutt, New Zealand