



# Kaikorai Valley College

OPPORTUNITY AND SUCCESS FOR ALL

## ANNUAL REPORT

**FOR THE YEAR ENDED 31 DECEMBER 2019**

Ministry Number:	381
Principal:	Rick Geerlofs
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# KAIKORAI VALLEY COLLEGE

Annual Report - For the year ended 31 December 2019

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# Kaikorai Valley College

## Statement of Responsibility

For the year ended 31 December 2019

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 2019 fairly reflect the financial position and operations of the school.

The School's 2019 financial statements are authorised for issue by the Board.

Mark James Rogers

Full Name of Board Chairperson

*m. Rogers*

Signature of Board Chairperson

18/6/2020

Date:

*Richard Williams*

Full Name of Principal

*R. Williams*

Signature of Principal

18/6/20

Date:

# Kaikorai Valley College

## Members of the Board of Trustees

For the year ended 31 December 2019

Name	Position	How Position Gained	Held Until	Occupation
Mark Rogers	Chairperson	Elected	May 2022	
Gail Arthur	Parent Rep	Elected	May 2022	
Rick Geerlofs	Principal	ex Officio		
Duane Donovan	Parent Rep	Elected	May 2022	
Wendy Ellis	Parent Rep	Elected	May 2022	
Sefton Vuli	Parent Rep	Elected	May 2022	
Michele Bennett	Staff Rep	Elected	May 2022	
Campbell Ward	Student Rep	Elected	Sep 2019	
Jayden Rumpler	Student Rep	Elected	Sep 2020	
Jeanette Aitken	Parent Rep	Elected	May 2019	
Ruth Harrison	Parent Rep	Elected	May 2019	



# Kaikorai Valley College

## Statement of Comprehensive Revenue and Expense

For the year ended 31 December 2019

		2019	2019	2018
	Notes	Actual	Budget	Actual
		\$	(Unaudited)	\$
			\$	
<b>Revenue</b>				
Government Grants	2	5,970,535	1,422,040	5,731,771
Locally Raised Funds	3	579,230	617,050	594,406
Interest Income		4,083	600	2,080
International Students	4	612,631	541,800	470,766
		<u>7,166,479</u>	<u>2,581,490</u>	<u>6,799,023</u>
<b>Expenses</b>				
Locally Raised Funds	3	142,005	145,450	213,297
International Students	4	388,246	405,900	328,669
Learning Resources	5	4,700,576	1,136,245	4,381,311
Administration	6	368,862	395,415	356,744
Finance Costs		10,031	12,000	16,949
Property	7	1,401,534	442,480	1,344,235
Depreciation	8	115,084	72,000	103,846
Loss on Disposal of Property, Plant and Equipment		6,357	-	-
		<u>7,132,695</u>	<u>2,609,490</u>	<u>6,745,051</u>
<b>Net Surplus / (Deficit)</b>		33,784	(28,000)	53,972
Other Comprehensive Revenue and Expenses		-	-	-
<b>Total Comprehensive Revenue and Expense for the Year</b>		<u>33,784</u>	<u>(28,000)</u>	<u>53,972</u>

The above Statement of Comprehensive Revenue and Expense should be read in conjunction with the accompanying notes which form part of these financial statements.

**Kaikorai Valley College****Statement of Changes in Net Assets/Equity**

For the year ended 31 December 2019

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
<b>Balance at 1 January</b>	419,069	419,069	349,682
Total comprehensive revenue and expense for the year	33,784	(28,000)	53,972
Capital Contributions from the Ministry of Education			
Contribution - Furniture and Equipment Grant	31,815	-	15,415
<b>Equity at 31 December</b>	484,668	391,069	419,069
Retained Earnings	484,668	391,069	419,069
<b>Equity at 31 December</b>	484,668	391,069	419,069

The above Statement of Changes in Net Assets/Equity should be read in conjunction with the accompanying notes which form part of these financial statements.

**Kaikorai Valley College**  
**Statement of Financial Position**  
As at 31 December 2019

	Notes	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
<b>Current Assets</b>				
Cash and Cash Equivalents	9	1,139,855	787,144	743,144
Accounts Receivable	10	333,894	234,823	234,823
Prepayments		15,626	10,497	10,497
Inventories	11	3,422	12,599	12,599
Investments	12	234,249	18,657	18,657
Funds owing for Capital Works Projects	21	-	17,207	17,207
		<u>1,727,046</u>	<u>1,080,927</u>	<u>1,036,927</u>
<b>Current Liabilities</b>				
GST Payable		89,577	67,949	67,949
Accounts Payable	14	379,944	345,687	345,687
Borrowings - Due in one year	15	-	33,000	33,000
Revenue Received in Advance	16	374,809	304,309	304,309
Provision for Cyclical Maintenance	17	42,160	95,362	95,362
Painting Contract Liability - Current Portion	18	39,982	39,982	39,982
Finance Lease Liability - Current Portion	19	28,150	26,611	26,611
Funds held in Trust	20	310,310	265,160	265,160
Funds held for Capital Works Projects	21	648,607	102,816	102,816
		<u>1,913,539</u>	<u>1,280,876</u>	<u>1,280,876</u>
<b>Working Capital (Deficit) / Surplus</b>		(186,493)	(199,949)	(243,949)
<b>Non-current Assets</b>				
Investments (more than 12 months)	12	198	198	198
Property, Plant and Equipment	13	1,010,871	992,443	1,064,443
		<u>1,011,069</u>	<u>992,641</u>	<u>1,064,641</u>
<b>Non-current Liabilities</b>				
Borrowings - Due beyond one year	15	-	147,585	147,585
Provision for Cyclical Maintenance	17	327,427	210,443	210,443
Painting Contract Liability	18	-	16,305	16,305
Finance Lease Liability	19	12,481	27,290	27,290
		<u>339,908</u>	<u>401,623</u>	<u>401,623</u>
<b>Net Assets</b>		<u>484,668</u>	<u>391,069</u>	<u>419,069</u>
<b>Equity</b>		<u>484,668</u>	<u>391,069</u>	<u>419,069</u>

The above Statement of Financial Position should be read in conjunction with the accompanying notes which form part of these financial statements.

**Kaikorai Valley College**  
**Statement of Cash Flows**  
For the year ended 31 December 2019

		2019	2019	2018
	Note	Actual	Budget	Actual
		\$	(Unaudited)	\$
<b>Cash flows from Operating Activities</b>				
Government Grants		1,451,891	1,370,037	1,412,357
Locally Raised Funds		495,530	617,050	588,900
International Students		676,503	541,800	554,234
Goods and Services Tax (net)		21,628	-	29,738
Payments to Employees		(1,272,436)	(1,224,527)	(1,162,623)
Payments to Suppliers		(1,104,960)	(1,228,960)	(1,129,918)
Cyclical Maintenance payments in the Year		(11,839)	(20,000)	(11,838)
Interest Received		4,083	600	2,080
Net cash from / (to) the Operating Activities		260,400	56,000	282,930
<b>Cash flows from Investing Activities</b>				
Purchase of PPE (and Intangibles)		(77,271)	-	(38,380)
Purchase of Investments		(215,592)	-	(18,657)
Net cash from the Investing Activities		(292,863)	-	(57,037)
<b>Cash flows from Financing Activities</b>				
Furniture and Equipment Grant		31,815	-	15,415
Finance Lease Payments		(13,899)	(12,000)	(38,569)
Painting contract payments		(16,305)	-	(28,143)
Loans Received/ Repayment of Loans		(180,585)	-	(62,877)
Funds Administered on Behalf of Third Parties		45,150	-	(31,175)
Funds held for Capital Works Projects		562,998	-	64,315
Net cash from Financing Activities		429,174	(12,000)	(81,034)
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>396,711</b>	<b>44,000</b>	<b>144,859</b>
Cash and cash equivalents at the beginning of the year	9	743,144	743,144	598,285
<b>Cash and cash equivalents at the end of the year</b>	<b>9</b>	<b>1,139,855</b>	<b>787,144</b>	<b>743,144</b>

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 which form part of these financial statements.

# Kaikorai Valley College

## Notes to the Financial Statements

### 1. Statement of Accounting Policies

For the year ended 31 December 2019

#### 1.1. Reporting Entity

Kaikorai Valley College (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.

#### 1.2. Basis of Preparation

##### *Reporting Period*

The financial reports have been prepared for the period 1 January 2019 to 31 December 2019 and in accordance with the requirements of the Public Finance Act 1989.

##### *Basis of Preparation*

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

##### *Financial Reporting Standards Applied*

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

##### *Standard early adopted*

In line with the Financial Statements of the Government, the School has elected to early adopt PBE IFRS 9 Financial Instruments. PBE IFRS 9 replaces PBE IPSAS 29 Financial Instruments: Recognition and Measurement. Information about the adoption of PBE IFRS 9 is provided in Note 31.

##### *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 13.

#### *Cyclical Maintenance*

A school recognises its obligation to maintain the Ministry's buildings in a good state of repair as a provision for cyclical maintenance. This provision relates mainly to the painting of the school buildings. The estimate is based on the school's long term maintenance plan which is prepared as part of its 10 Year Property Planning process. During the year, the Board assesses the reasonableness of its 10 Year Property Plan on which the provision is based. Cyclical maintenance is disclosed at note 17.

#### **Critical Judgements in applying accounting policies**

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

##### *Classification of leases*

Determining whether a lease is a finance lease or an operating lease requires judgement as to whether the lease transfers substantially all the risks and rewards of ownership to the school. Judgement is required on various aspects that include, but are not limited to, the fair value of the leased asset, the economic life of the leased asset, whether or not to include renewal options in the lease term, and determining an appropriate discount rate to calculate the present value of the minimum lease payments. Classification as a finance lease means the asset is recognised in the statement of financial position as property, plant, and equipment, whereas for an operating lease no such asset is recognised.

##### *Recognition of grants*

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

### **1.3. Revenue Recognition**

#### **Government Grants**

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

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

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

Use of land and buildings grants are recorded as revenue in the period the School uses the land and buildings. These are not received in cash by the School as they equate to the deemed expense for using the land and buildings which are owned by the Crown.

#### **Other Grants**

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

#### **Donations, Gifts and Bequests**

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

#### **Interest Revenue**

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

### **1.4. 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.

### **1.5. 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.

### **1.6. 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.

### **1.7. Accounts Receivable**

Short-term receivables are recorded at the amount due, less an allowance for credit losses. The school applies the simplified expected credit loss model of recognising lifetime expected credit losses for receivables. In measuring expected credit losses, short-term receivables have been assessed on a collective basis as they possess shared credit risk characteristics. They have been grouped based on the days past due. Short-term receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include the debtor being in liquidation.

#### ***Prior Year Policy***

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 uncollectability) is the difference between the amount due and the present value of the amounts expected to be collected.

### **1.8. Inventories**

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

### **1.9. Investments**

Bank term deposits are initially measured at the amount invested. Interest is subsequently accrued and added to the investment balance. A loss allowance for expected credit losses is recognised if the estimated loss allowance is not trivial.

#### ***Prior Year Policy***

Bank term deposits for periods exceeding 90 days are classified as investments and are initially measured at the amount invested. Interest is subsequently accrued and added to the investment balance. After initial recognition bank term deposits are measured at amortised cost using the effective interest method less impairment.

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 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 of Schedule 6 para 28 of the Education Act 1989 in relation to the acquisition of investment securities.

### **1.10. 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.

### **Finance Leases**

A finance lease transfers to the lessee substantially all the risks and rewards incidental to ownership of an asset, whether or not title is eventually transferred. At the start of the lease term, finance leases are recognised as assets and liabilities in the statement of financial position at the lower of the fair value of the leased asset or the present value of the minimum lease payments. The finance charge is charged to the surplus or deficit over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability. The amount recognised as an asset is depreciated over its useful life. If there is no reasonable certainty whether the school will obtain ownership at the end of the lease term, the asset is fully depreciated over the shorter of the lease term and its useful life.

### **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	15-50 years
Furniture and equipment	3-20 years
Information and communication technology	4-5 years
Motor vehicles	5 years
Leased assets held under a Finance Lease	3 years
Library resources	12.5% Diminishing value

#### **1.11. Impairment of property, plant and equipment and intangible assets**

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

##### *Non cash generating assets*

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

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

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

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

#### **1.12. 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.

#### **1.13. Employment Entitlements**

##### *Short-term employee entitlements*

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

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

##### *Long-term employee entitlements*

Employee benefits that are due to be settled beyond 12 months after the end of the period in which the employee renders the related service, such as long service leave and retirement gratuities, have been calculated on an actuarial basis. The calculations are based on:

- likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement, and contractual entitlement information; and
- the present value of the estimated future cash flows



#### **1.14. Revenue Received in Advance**

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

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

#### **1.15. Funds Held in Trust**

Funds are held in trust where they have been received by the School for a specified purpose, or are being held on behalf of a third party and these transactions are not recorded in the Statement of Revenue and Expense. The School holds sufficient funds to enable the funds to be used for their intended purpose at any time.

#### **1.16. 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).

#### **1.17. 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, and finance lease liability. All of these financial liabilities are categorised as "financial liabilities measured at amortised cost" for accounting purposes in accordance with financial reporting standards.

#### **1.18. Borrowings**

Borrowings on normal commercial terms are initially recognised at the amount borrowed plus transaction costs. Interest due on the borrowings is subsequently accrued and added to the borrowings balance. 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 balance date.

Grants determined by the Minister of Education for operational activities includes all items (core components) included in the Operational Funding notice.

Borrowings include but not limited to bank overdrafts, operating leases, finance leases, painting contracts and term loans.

#### **1.19. Goods and Services Tax (GST)**

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

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

Commitments and contingencies are disclosed exclusive of GST.

#### **1.20. Budget Figures**

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

#### **1.21. 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

	2019	2019 Budget (Unaudited)	2018
	Actual		Actual
	\$	\$	\$
Operational grants	1,198,546	1,162,200	1,128,315
Teachers' salaries grants	3,532,472	-	3,394,027
Use of Land and Buildings grants	934,169	-	898,068
Other MoE Grants	44,297	16,000	22,550
Other government grants	261,051	243,840	288,811
	<u>5,970,535</u>	<u>1,422,040</u>	<u>5,731,771</u>

## 3. Locally Raised Funds

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

	2019	2019 Budget (Unaudited)	2018
	Actual		Actual
	\$	\$	\$
<b>Revenue</b>			
Donations	125,081	152,800	111,771
Fundraising	54,381	55,500	45,251
Other revenue	296,173	277,000	253,367
Transport Revenue	13,828	14,000	13,919
Trading	15,085	17,500	17,286
Activities	74,682	100,250	152,812
	<u>579,230</u>	<u>617,050</u>	<u>594,406</u>
<b>Expenses</b>			
Activities	108,926	105,950	179,327
Trading	3,115	6,500	2,631
Fundraising (costs of raising funds)	832	2,000	1,499
Transport (local)	29,132	31,000	29,840
	<u>142,005</u>	<u>145,450</u>	<u>213,297</u>
<i>Surplus for the year Locally raised funds</i>	<u>437,225</u>	<u>471,600</u>	<u>381,109</u>

## 4. International Student Revenue and Expenses

	2019	2019 Budget (Unaudited)	2018
	Actual Number	Number	Actual Number
International Student Roll	36	32	32
	2019	2019 Budget (Unaudited)	2018
	Actual		Actual
	\$	\$	\$
<b>Revenue</b>			
International student fees	612,631	541,800	470,766
<b>Expenses</b>			
Advertising	42,640	60,000	54,522
Commissions	50,750	56,400	31,408
Recruitment - Overseas Travel	59,614	-	-
International student levy	16,236	12,000	8,159
Employee Benefit - Salaries	168,349	158,500	187,099
Other Expenses	50,657	119,000	47,481
	<u>388,246</u>	<u>405,900</u>	<u>328,669</u>
<i>Surplus for the year International Students</i>	<u>224,385</u>	<u>135,900</u>	<u>142,097</u>

During the year ended December 2019 the director of International Students and other staff members travelled to Italy, Germany, Hong Kong, China, Thailand, Vietnam, Belgium, Japan, France at a cost of \$59,614 for the purpose of recruiting new students for the school. The travel was funded from the net surplus from international student fees revenue.

## 5. Learning Resources

	2019	2019	2018
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Curricular	321,997	353,410	284,764
Equipment repairs	5,471	5,000	5,930
Information and communication technology	18,375	13,200	14,752
Employee benefits - salaries	4,346,529	754,635	4,069,301
Staff development	8,204	10,000	6,564
	<u>4,700,576</u>	<u>1,136,245</u>	<u>4,381,311</u>

## 6. Administration

	2019	2019	2018
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Audit Fee	5,987	8,000	7,825
Board of Trustees Fees	4,500	4,800	5,225
Board of Trustees Expenses	10,167	6,350	5,613
Communication	10,770	13,520	10,073
Consumables	67,179	58,500	60,077
Operating Lease	8,849	30,800	17,611
Other	81,660	86,200	68,421
Employee Benefits - Salaries	158,737	159,945	155,271
Insurance	13,713	18,900	19,550
Service Providers, Contractors and Consultancy	7,300	8,400	7,078
	<u>368,862</u>	<u>395,415</u>	<u>356,744</u>

## 7. Property

	2019	2019	2018
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Caretaking and Cleaning Consumables	5,899	6,600	6,646
Cyclical Maintenance Provision	75,621	20,000	77,006
Grounds	8,454	8,000	8,380
Heat, Light and Water	79,562	76,700	73,358
Rates	32,485	34,700	31,959
Repairs and Maintenance	58,718	93,030	46,187
Use of Land and Buildings	934,169	-	898,068
Employee Benefits - Salaries	206,626	203,450	202,631
	<u>1,401,534</u>	<u>442,480</u>	<u>1,344,235</u>

The use of land and buildings figure represents 8% of the school's total property value. 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.

## 8. Depreciation of Property, Plant and Equipment

	2019	2019	2018
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Building Improvements	23,351	12,000	23,261
Furniture and Equipment	36,450	30,000	34,994
Information and Communication Technology	10,950	7,500	8,283
Motor Vehicles	11,012	7,500	11,012
Leased Assets	29,751	12,000	22,278
Library Resources	3,570	3,000	4,018
	<u>115,084</u>	<u>72,000</u>	<u>103,846</u>

## 9. Cash and Cash Equivalents

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Bank Current Account			
Bank Call Account	13,410	787,144	-
Bank Overdraft	1,126,445	-	769,637
Net cash and cash equivalents and bank overdraft for Cash Flow Statement	-	-	(26,493)
	<u>1,139,855</u>	<u>787,144</u>	<u>743,144</u>

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

Of the \$1,139,855 Cash and Cash Equivalents, \$648,607 is held by the School on behalf of the Ministry of Education. These funds are required to be spent in 2020 on Crown owned school buildings under the School's Five Year Property Plan.

## 10. Accounts Receivable

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Receivables			
Teacher Salaries Grant Receivable	106,080	15,752	15,752
	<u>227,814</u>	<u>219,071</u>	<u>219,071</u>
	<u>333,894</u>	<u>234,823</u>	<u>234,823</u>
Receivables from Exchange Transactions	106,080	15,752	15,752
Receivables from Non-Exchange Transactions	<u>227,814</u>	<u>219,071</u>	<u>219,071</u>
	<u>333,894</u>	<u>234,823</u>	<u>234,823</u>

## 11. Inventories

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Stationery			
School Uniforms	3,422	3,422	3,422
	-	9,177	9,177
	<u>3,422</u>	<u>12,599</u>	<u>12,599</u>

## 12. Investments

The School's investment activities are classified as follows:

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Current Asset			
Short-term Bank Deposits	234,249	18,657	18,657
Non-current Asset			
Long-term Bank Deposits	198	198	198
Total Investments	<u>234,447</u>	<u>18,855</u>	<u>18,855</u>

### 13. Property, Plant and Equipment

	Opening Balance (NBV)	Additions	Disposals	Impairment	Depreciation	Total (NBV)
2019	\$	\$	\$	\$	\$	\$
Building Improvements	777,655	-	-	-	(23,351)	754,304
Furniture and Equipment	150,169	11,878	-	-	(36,450)	125,597
Information and Communication	17,130	36,980	-	-	(10,950)	43,160
Motor Vehicles	36,161	-	-	-	(11,012)	25,149
Leased Assets	55,199	12,220	-	-	(29,751)	37,668
Library Resources	28,129	6,791	(6,357)	-	(3,570)	24,993
<b>Balance at 31 December 2019</b>	<b>1,064,443</b>	<b>67,869</b>	<b>(6,357)</b>	<b>-</b>	<b>(115,084)</b>	<b>1,010,871</b>

	Cost or Valuation	Accumulated Depreciation	Net Book Value
2019	\$	\$	\$
Building Improvements	1,167,572	(413,268)	754,304
Furniture and Equipment	780,857	(655,260)	125,597
Information and Communication	288,595	(245,435)	43,160
Motor Vehicles	211,401	(186,252)	25,149
Leased Assets	79,581	(41,913)	37,668
Library Resources	98,480	(73,487)	24,993
<b>Balance at 31 December 2019</b>	<b>2,626,486</b>	<b>(1,615,615)</b>	<b>1,010,871</b>

The net carrying value of equipment held under a finance lease is \$37,668 (2018: \$55,199)

	Opening Balance (NBV)	Additions	Disposals	Impairment	Depreciation	Total (NBV)
2018	\$	\$	\$	\$	\$	\$
Building Improvements	789,540	11,376	-	-	(23,261)	777,655
Furniture and Equipment	173,434	11,729	-	-	(34,994)	150,169
Information and Communication	14,360	11,053	-	-	(8,283)	17,130
Motor Vehicles	47,173	-	-	-	(11,012)	36,161
Leased Assets	22,501	54,976	-	-	(22,278)	55,199
Library Resources	27,925	4,222	-	-	(4,018)	28,129
<b>Balance at 31 December 2018</b>	<b>1,074,933</b>	<b>93,356</b>	<b>-</b>	<b>-</b>	<b>(103,846)</b>	<b>1,064,443</b>

	Cost or Valuation	Accumulated Depreciation	Net Book Value
2018	\$	\$	\$
Building Improvements	1,167,571	(389,916)	777,655
Furniture and Equipment	768,980	(618,811)	150,169
Information and Communication	251,615	(234,485)	17,130
Motor Vehicles	211,401	(175,240)	36,161
Leased Assets	88,983	(33,784)	55,199
Library Resources	118,461	(90,332)	28,129
<b>Balance at 31 December 2018</b>	<b>2,607,011</b>	<b>(1,542,568)</b>	<b>1,064,443</b>

### 14. Accounts Payable

	2019 Actual	2019 Budget (Unaudited)	2018 Actual
	\$	\$	\$
Operating creditors	16,497	15,445	15,445
Accruals	10,934	9,802	9,802
Banking staffing overuse	43,807	52,003	52,003
Employee Entitlements - salaries	257,998	219,071	219,071
Employee Entitlements - leave accrual	50,708	49,366	49,366
	<b>379,944</b>	<b>345,687</b>	<b>345,687</b>
Payables for Exchange Transactions	379,944	345,687	345,687
	<b>379,944</b>	<b>345,687</b>	<b>345,687</b>

The carrying value of payables approximates their fair value.

## 15. Borrowings

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Due in One Year	-	33,000	33,000
Due Beyond One Year	-	147,585	147,585
	-	180,585	180,585

The school received a loan from Westpac Bank for the purpose of capital works between two gymnasiums. The total loan as of 31 December 2018 was \$180,585 (31 December 2017: \$231,452). This loan was repayable at \$6,052 per month (interest and principal) with a maturity date 6 September 2021. The loan was unsecured with interest at 5.55% per annum. This has been repaid in full.

## 16. Revenue Received in Advance

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
International Student Fees	355,571	291,699	291,699
Other	19,238	12,610	12,610
	374,809	304,309	304,309

## 17. Provision for Cyclical Maintenance

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Provision at the Start of the Year	305,805	305,805	240,637
Increase/ (decrease) to the Provision During the Year	75,621	-	77,006
Use of the Provision During the Year	(11,839)	-	(11,838)
Provision at the End of the Year	369,587	305,805	305,805
Cyclical Maintenance - Current	42,160	95,362	95,362
Cyclical Maintenance - Term	327,427	210,443	210,443
	369,587	305,805	305,805

## 18. Painting Contract Liability

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Current Liability	39,982	39,982	39,982
Non Current Liability	-	16,305	16,305
	39,982	56,287	56,287

In 2013 the Board signed an agreement with Scheduled Maintenance Services Ltd (the contractor) for an agreed programme of work covering a ten year period. The programme provides for an interior and exterior repaint of the nominated areas in 2014, with regular maintenance in subsequent years. The agreement has an annual commitment of \$39,982. The liability is the best estimate of the actual amount of work performed by the contractor for which the contractor has not been paid at balance sheet date. The liability has not been adjusted for inflation and the effect of the time value of money.

## 19. Finance Lease Liability

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

	2019 Actual	2019 Budget (Unaudited)	2018 Actual
	\$	\$	\$
No Later than One Year	30,803	30,007	30,007
Later than One Year and no Later than Five Years	13,164	29,514	29,514
	<u>43,967</u>	<u>59,521</u>	<u>59,521</u>

## 20. Funds Held in Trust

	2019 Actual	2019 Budget (Unaudited)	2018 Actual
	\$	\$	\$
Funds Held in Trust on Behalf of Third Parties - Current	310,310	265,160	265,160
	<u>310,310</u>	<u>265,160</u>	<u>265,160</u>

These funds relate to arrangements where the school is acting as an agent. These amounts are not revenue or expenditure of the school and therefore are not included in the Statement of Comprehensive Revenue and Expense.

## 21. Funds Held for Capital Works

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

	2019	Opening Balances	Receipts from MoE	Payments	BOT Contribution	Closing Balances
		\$	\$	\$		\$
Music Block Rationalisation	In Progress	20,633	47,001	23,947	(13,228)	30,459
Library and Toilet Refurbish	In Progress	(2,345)	633,512	27,473	10,367	614,061
Boiler Emissions Rebuild	Completed	49,291	2,424	51,715	-	-
Boiler System Refurbishment	In Progress	17,082	8,996	23,528	-	2,550
D & F Block Refurbishment	Completed	15,810	315	12,777	(3,348)	-
Replace Underground Cabling	Completed	(14,862)	16,046	4,045	2,861	-
Special Needs Refurbishment	In Progress	-	324,219	322,682	-	1,537
Totals		<u>85,609</u>	<u>1,032,513</u>	<u>466,167</u>	<u>(3,348)</u>	<u>648,607</u>

### Represented by:

Funds Held on Behalf of the Ministry of Education

648,607
<u>648,607</u>

	2018	Opening Balances	Receipts from MoE	Payments	BOT Contribution	Closing Balances
		\$	\$	\$		\$
Music Block Rationalisation	In Progress	98,149	-	77,516	-	20,633
Female Dressing Rooms	Completed	12,865	-	12,865	-	-
E Block Refurbish	Completed	9,918	102	10,020	-	-
Library and Toilet Refurbish	In Progress	(5,445)	22,061	18,961	-	(2,345)
F Block Stairwell Refurbish	Completed	1,297	203	1,500	-	-
Boiler Emissions rebuild	In Progress	-	49,500	209	-	49,291
Boiler System Refurbishment	In Progress	-	19,557	2,475	-	17,082
D & F Block Refurbishment	In Progress	-	64,863	49,053	-	15,810
Replace Underground Cabling	In Progress	-	-	14,862	-	(14,862)
Totals		<u>116,784</u>	<u>156,286</u>	<u>187,461</u>	<u>-</u>	<u>85,609</u>

## 22. Related Party Transactions

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

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

## 23. Remuneration

### Key management personnel compensation

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

	2019 Actual \$	2018 Actual \$
<i>Board Members</i>		
Remuneration		
Full-time equivalent members	4,500 0.50	5,225 0.50
<i>Leadership Team</i>		
Remuneration		
Full-time equivalent members	464,016 4.00	449,473 4.00
Total key management personnel remuneration	468,516	454,698
Total full-time equivalent personnel	4.50	4.50

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

### Principal

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

	2019 Actual \$000	2018 Actual \$000
Salaries and Other Short-term Employee Benefits:		
Salary and Other Payments	160 - 170	150 - 160
Benefits and Other Emoluments	0 - 10	0 - 10
Termination Benefits	0 - 0	0 - 0

### Other Employees

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

Remuneration \$000	2019 FTE Number	2018 FTE Number
100 - 110	2.00	1.00
	2.00	1.00

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

	2019 Actual	2018 Actual
Total		
Number of People	\$ -	\$ -

## 25. Contingencies

There are no contingent liabilities (except as noted below) and no contingent assets as at 31 December 2019 (Contingent liabilities and assets at 31 December 2018: nil).

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

The Ministry has commenced a review of the schools sector payroll to ensure compliance with the Holidays Act 2003. The initial phase of this review has identified areas of non-compliance. The Ministry has recognised an estimated provision based on the analysis of sample data, which may not be wholly representative of the total dataset for Teacher and Support Staff Entitlements. A more accurate estimate will be possible after further analysis of non-compliance has been completed, and this work is ongoing. Final calculations and potential impact on any specific individual will not be known until further detailed analysis has been completed.

To the extent that any obligation cannot reasonably be quantified at 31 December 2019, a contingent liability for the school may exist.

## 26. Commitments

### (a) Capital Commitments

As at 31 December 2019 the Board has not entered into any contract agreements for capital works.  
(Capital commitments at 31 December 2018: nil)

### (b) Operating Commitments

As at 31 December 2019 the Board has entered into the following contracts:

## 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 instrument categories are as follows:

### Financial assets measured at amortised cost

	2019 Actual	2019 Budget (Unaudited)	2018 Actual
Cash and Cash Equivalents	\$ 1,139,855	\$ 787,144	\$ 743,144
Receivables	333,894	234,823	234,823
Investments - Term Deposits	234,447	18,855	18,855
Total Financial assets measured at amortised cost	1,708,196	1,040,822	996,822

### Financial liabilities measured at amortised cost

Payables	379,944	345,687	345,687
Borrowings - Loans	-	180,585	180,585
Finance Leases	40,631	53,901	53,901
Painting Contract Liability	39,982	56,287	56,287
Total Financial liabilities measured at amortised Cost	460,557	636,460	636,460

## **29. Events After Balance Date**

### **Impact from COVID-19**

On the 11th March 2020, the World Health Organisation declared the outbreak of COVID-19 (a novel Coronavirus) a pandemic. Two weeks later, on the 26th March, New Zealand increased its' COVID-19 alert level to level 4 and a nationwide lockdown commenced. As part of this lockdown all schools were closed until 18 May 2020.

At the date of issuing the financial statements, the school has been able to absorb the majority of the impact from the nationwide lockdown as it was decided to start the annual Easter School holidays early. In the periods the school is open for tuition, the school has switched to alternative methods of delivering the curriculum, so students can learn remotely.

At this time the full financial impact of the COVID-19 pandemic is not able to be determined. The school will continue to receive funding from the Ministry of Education, even while closed. However, economic uncertainties have arisen which are likely to negatively affect the operations and services of the school. We describe below the possible effects on the school that we have identified, resulting from the COVID-19 pandemic:

- A reduction in revenue from student fees & charges from International students, including the potential loss of current and prospective students due to the disruption and/or pressures created by COVID-19.

### **30. Working Capital Deficit**

The School is experiencing financial difficulties, at balance date the School has a working capital deficit of \$186,493. The financial difficulties have arisen mainly because the School has incurred numerous deficits over recent years. The School is managing this by tighter budgetary control to reduce future deficits. These financial statements are prepared on a going concern basis. The going concern assumption is dependent on the continuing support from the Ministry of Education. The Ministry of Education has confirmed it will continue to provide the School with resources, so it may meet its obligations as they fall due.

### **31. Adoption of PBE IFRS 9 Financial Instruments**

In accordance with the transitional provisions of PBE IFRS 9, the school has elected not to restate the information for previous years to comply with PBE IFRS 9. Adjustments arising from the adoption of PBE IFRS 9 are recognised in opening equity at 1 January 2019. Accounting policies have been updated to comply with PBE IFRS 9. The main updates are:

Receivables: This policy has been updated to reflect that the impairment of short-term receivables is now determined by applying an expected credit loss model.

Term deposits: This policy has been updated to explain that a loss allowance for expected credit losses is recognised only if the estimated loss allowance is not trivial.

Upon transition to PBE IFRS9 there were no material adjustments to these financial statements.

### **32. Annual Reporting Deadline**

The Board of Trustees did not comply with section 87 of the Education Act 1989 in that the Board was unable to provide their audited financial statements to the Ministry of Education by 31 May 2019. The disruption caused by the Covid-19 restrictions, including the closure of the school, meant that the audit could not progress as planned. This resulted in the school missing the statutory deadline.