

# MASSEY HIGH SCHOOL

## ANNUAL REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2018

#### School Directory

**Ministry Number:** 43

**Principal:** Glen Denham

**School Address:** 274 Don Buck Road, Massey, Auckland, 6014

**School Postal Address:** 274 Don Buck Road, Massey, Auckland, 6014

**School Phone:** 09 831 0500

**School Email:** office@masseyhigh.school.nz

#### Members of the Board of Trustees

Name	Position	How Position Gained	Term Expires
John Gareija	Chairperson	Re-elected June 2016	June 2019
Glen Denham	Principal	ex Officio	
Kurt Jarrett	Parent Rep	Elected June 2016	June 2019
Wade Hansen	Parent Rep	Re-elected June 2016	June 2019
Wane Wharerau	Parent Rep	Elected June 2016	June 2019
Karl Goddard	Parent Rep	Re-elected June 2016	June 2019
Hinekura Smith	Parent Rep	Elected June 2016	June 2019
Catherine Clark	Parent Rep	Re-elected June 2016	June 2019
Ruby Jenkins	Student Rep	Elected September 2017	September 2018
Fa'amalus Titi	Parent Rep	Elected June 2016	Resigned June 2018
Caroline Clark	Staff Rep	Elected June 2016	Resigned November 2018
Daniel Crawford	Student Rep	Elected September 2018	September 2019
Lila Taulapin	Parent Rep	Co-opted March 2019	June 2019
John Filipo	Parent Rep	Co-opted March 2019	June 2019

#### Accountant / Service Provider:

M & M Accounting and Business Consultants Limited

# MASSEY HIGH SCHOOL

Annual Report - For the year ended 31 December 2018

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# Massey High School

## Statement of Responsibility

For the year ended 31 December 2018

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

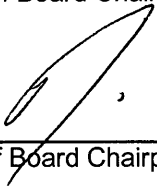
The management (including the principal and others as directed by the Board) accepts responsibility for establishing and maintaining a system of internal controls designed to provide reasonable assurance as to the integrity and reliability of the school's financial reporting.

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

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

JOHN KEVIN GARELSA

Full Name of Board Chairperson



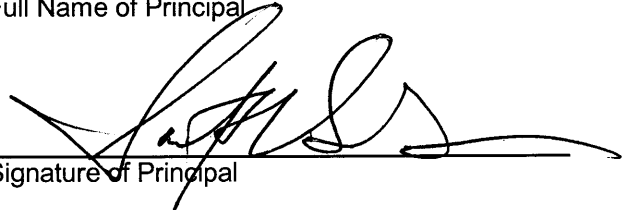
Signature of Board Chairperson

28-5-19

Date:

SAMANTHA SMITH

Full Name of Principal



Signature of Principal

28/5/19

Date:

**Massey High School****Statement of Comprehensive Revenue and Expense**

For the year ended 31 December 2018

		2018	2018	2017
	Notes	Actual \$	Budget (Unaudited) \$	Actual \$
<b>Revenue</b>				
Government Grants	2	16,877,552	16,106,308	17,996,050
Locally Raised Funds	3	1,575,193	2,937,487	1,463,331
Interest Earned		44,392	16,000	29,136
International Students	4	426,846	424,250	943,574
		<hr/>	<hr/>	<hr/>
		18,923,983	19,484,045	20,432,091
<b>Expenses</b>				
Locally Raised Funds	3	527,036	614,000	553,094
International Students	4	197,570	204,700	309,815
Learning Resources	5	12,542,056	12,779,018	12,959,382
Administration	6	1,016,850	922,056	1,116,034
Finance		37,573	46,000	48,974
Property	7	3,822,890	4,278,500	4,293,556
Depreciation	8	502,043	536,000	488,981
Loss on Disposal of Property, Plant and Equipment		2,852	-	2,341
		<hr/>	<hr/>	<hr/>
		18,648,870	19,380,274	19,772,177
<b>Net Surplus for the year</b>		275,113	103,771	659,914
Other Comprehensive Revenue and Expenses		-	-	-
<b>Total Comprehensive Revenue and Expense for the Year</b>		<hr/>	<hr/>	<hr/>
		275,113	103,771	659,914



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

# Massey High School

## Statement of Changes in Net Assets/Equity

For the year ended 31 December 2018

	Actual 2018 \$	Budget (Unaudited) 2018 \$	Actual 2017 \$
<b>Balance at 1 January</b>	<u>3,260,666</u>	<u>3,260,666</u>	<u>2,600,752</u>
Total comprehensive revenue and expense for the year	275,113	103,771	659,914
Capital Contributions from the Ministry of Education			
Contribution - Furniture and Equipment Grant	-	-	-
<b>Equity at 31 December</b>	<u>3,535,779</u>	<u>3,364,437</u>	<u>3,260,666</u>
Retained Earnings	3,535,779	3,364,437	3,260,666
Reserves	-	-	-
<b>Equity at 31 December</b>	<u>3,535,779</u>	<u>3,364,437</u>	<u>3,260,666</u>



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

**Massey High School**  
**Statement of Financial Position**  
As at 31 December 2018

		2018	2018	2017
	Notes	Actual	Budget	Actual
		\$	(Unaudited)	\$
			\$	
<b>Current Assets</b>				
Cash and Cash Equivalents	9	1,313,504	1,860,381	1,089,892
Accounts Receivable	10	638,797	720,200	716,204
GST Receivable		75,725	10,000	6,888
Prepayments		8,986	20,173	12,727
Inventories	11	196,330	157,000	293,226
Investments	12	610,096	-	-
Funds held for Capital Works Projects	20	159,763	-	338,016
		<u>3,003,201</u>	<u>2,767,754</u>	<u>2,456,953</u>
<b>Current Liabilities</b>				
Accounts Payable	14	1,238,910	1,365,000	1,025,951
Borrowings - Due in one year	15	700,386	300,000	404,708
Revenue Received in Advance	16	485,530	362,800	407,718
Provision for Cyclical Maintenance	17	164,320	164,320	38,946
Finance Lease Liability - Current Portion	18	192,130	190,000	177,182
Funds held in Trust	19	335,568	356,000	356,747
		<u>3,116,844</u>	<u>2,738,120</u>	<u>2,411,252</u>
<b>Working Capital Surplus/(Deficit)</b>		(113,643)	29,634	45,701
<b>Non-current Assets</b>				
Funds Held in Trust	19	2,121	2,121	2,121
Property, Plant and Equipment	13	4,372,926	4,055,371	4,434,372
		<u>4,375,047</u>	<u>4,057,492</u>	<u>4,436,493</u>
<b>Non-current Liabilities</b>				
Borrowings	15	173,743	175,000	640,298
Provision for Cyclical Maintenance	17	395,568	395,568	475,227
Finance Lease Liability	18	154,193	150,000	103,882
Funds held in Trust	19	2,121	2,121	2,121
		<u>725,625</u>	<u>722,689</u>	<u>1,221,528</u>
<b>Net Assets</b>		<u>3,535,779</u>	<u>3,364,437</u>	<u>3,260,666</u>
<b>Equity</b>		<u>3,535,779</u>	<u>3,364,437</u>	<u>3,260,666</u>

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



**Massey High School**  
**Statement of Cash Flows**  
For the year ended 31 December 2018

		2018	2018	2017
	Note	Actual	Budget	Actual
		\$	(Unaudited)	\$
			\$	
<b>Cash flows from Operating Activities</b>				
Government Grants		6,213,733	5,125,931	6,406,797
Locally Raised Funds		1,714,911	3,244,823	1,411,521
International Students		392,146	407,249	193,091
Goods and Services Tax (net)		(68,837)	(3,112)	1,045
Payments to Employees		(3,265,442)	(3,490,398)	(3,788,262)
Payments to Suppliers		(3,818,005)	(3,792,919)	(4,101,132)
Cyclical Maintenance Payments in the year		-	(4,285)	-
Interest Paid		(37,573)	(46,000)	(48,974)
Interest Received		43,646	16,000	29,136
Net cash from / (to) the Operating Activities		1,174,579	1,457,289	103,222
<b>Cash flows from Investing Activities</b>				
Purchase of PPE (and Intangibles)		(107,061)	(156,999)	(180,849)
Purchase of Investments		(610,096)	-	-
Net cash from / (to) the Investing Activities		(717,157)	(156,999)	(180,849)
<b>Cash flows from Financing Activities</b>				
Finance Lease Payments		(220,007)	58,936	(173,763)
Loans Received/ Repayment of Loans		(170,877)	(570,006)	(58,560)
Funds Held for Capital Works Projects		178,253	338,016	(465,589)
Net cash from Financing Activities		(233,810)	(529,801)	(697,912)
<b>Net increase/(decrease) in cash and cash equivalents</b>		223,612	770,489	(775,539)
Cash and cash equivalents at the beginning of the year	9	1,089,892	1,089,892	1,865,431
<b>Cash and cash equivalents at the end of the year</b>	9	1,313,504	1,860,381	1,089,892



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

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

# **Massey High School**

## **Notes to the Financial Statements**

### **For the year ended 31 December 2018**

#### **1. Statement of Accounting Policies**

##### **a) Reporting Entity**

Massey High School (the School) is a Crown entity as specified in the Crown Entities Act 2004 and a school as described in the Education Act 1989. The Board of Trustees (the Board) is of the view that the School is a public benefit entity for financial reporting purposes.

##### **b) Basis of Preparation**

###### ***Reporting Period***

The financial reports have been prepared for the period 1 January 2018 to 31 December 2018 and in accordance with the requirements of the Public Finance Act 1989.

###### ***Basis of Preparation***

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

###### ***Financial Reporting Standards Applied***

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

###### ***PBE Accounting Standards Reduced Disclosure Regime***

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

###### ***Measurement Base***

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

###### ***Presentation Currency***

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

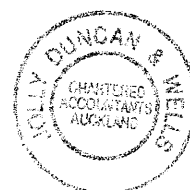
###### ***Specific Accounting Policies***

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

###### ***Critical Accounting Estimates And Assumptions***

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

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





#### *Useful lives of property, plant and equipment*

The School reviews the estimated useful lives of property, plant and equipment at the end of each reporting date. The School believes that the estimated useful lives of the property, plant and equipment as disclosed in the Significant Accounting Policies are appropriate to the nature of the property, plant and equipment at reporting date. Property, plant and equipment is disclosed at note 13.

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

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

#### *Classification of leases*

The School reviews the details of lease agreements at the end of each reporting date. The School believes the classification of each lease as either operation or finance is appropriate and reflects the nature of the agreement in place. Finance leases are disclosed at note 18.

#### *Recognition of grants*

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

### **c) Revenue Recognition**

#### **Government Grants**

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

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

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

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.

### **d) Use of Land and Buildings Expense**

The property from which the School operates is owned by the Crown and managed by the Ministry of Education on behalf of the Crown. The School's use of the land and buildings as occupant is based on a property occupancy document as gazetted by the Ministry. The expense is based on an assumed market rental yield on the value of land and buildings as used for rating purposes. This is a non-cash expense that is offset by a non-cash grant from the Ministry.

### **e) Operating Lease Payments**

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



**f) Finance Lease Payments**

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

**g) Cash and Cash Equivalents**

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

**h) Accounts Receivable**

Accounts Receivable represents items that the School has issued invoices for or accrued for, but has not received payment for at year end. Receivables are initially recorded at fair value and subsequently recorded at the amount the School realistically expects to receive. A receivable is considered uncollectable where there is objective evidence the School will not be able to collect all amounts due. The amount that is uncollectable (the provision for uncollectibility) is the difference between the amount due and the present value of the amounts expected to be collected.

**i) Inventories**

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

**j) Investments**

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.

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.

**k) Property, Plant and Equipment**

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

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

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

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

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



### **Leased Assets**

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

### **Depreciation**

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

The estimated useful lives of the assets are:

Building improvements to Crown Owned Assets	10–50 years
Furniture and equipment	5–20 years
Information and communication technology	3–5 years
Motor vehicles	5 years
Textbooks	3 years
Leased assets held under a Finance Lease	3–5 years
Library resources	12.5% Diminishing value

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

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

#### *Non cash generating assets*

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

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

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

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

### **m) Accounts Payable**

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

### **n) Employee Entitlements**

#### *Short-term employee entitlements*

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

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



**o) Revenue Received in Advance**

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

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

**p) Funds Held in Trust**

Funds are held in trust where they have been received by the School for a specified purpose, 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.

**q) 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).

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

**s) Borrowings**

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

**t) 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.

**u) Budget Figures**

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

**v) Services received in-kind**

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



## 2. Government Grants

	2018	2018	2017
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Operational grants	2,515,673	2,509,532	2,583,290
Teachers' salaries grants	7,726,169	7,689,393	8,306,231
Use of Land and Buildings grants	2,946,666	3,300,000	3,274,006
Resource teachers learning and behaviour grants	22,684	26,087	26,239
Other MoE Grants	3,659,998	2,571,300	3,797,204
Other government grants	6,362	9,996	9,080
	<u>16,877,552</u>	<u>16,106,308</u>	<u>17,996,050</u>

## 3. Locally Raised Funds

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

	2018	2018	2017
	Actual	Budget	Actual
	\$	(Unaudited)	\$
<b>Revenue</b>			
Donations	163,182	195,000	263,335
Transport Revenue	45,135	70,000	65,303
Activities	335,001	358,000	327,678
Trading	162,987	172,000	64,854
Other Revenue	868,888	2,142,487	742,161
	<u>1,575,193</u>	<u>2,937,487</u>	<u>1,463,331</u>
<b>Expenses</b>			
Activities	350,394	378,500	349,755
Trading	23,080	14,000	30,978
Transport (local)	145,880	151,500	145,392
Other Locally Raised Funds Expenditure	7,682	70,000	26,969
	<u>527,036</u>	<u>614,000</u>	<u>553,094</u>
<i>Surplus/ (Deficit) for the year Locally raised funds</i>	<u>1,048,157</u>	<u>2,323,487</u>	<u>910,237</u>



#### 4. International Student Revenue and Expenses

	2018 Actual Number	2018 Budget (Unaudited) Number	2017 Actual Number
International Student Roll	30	30	70
	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
<b>Revenue</b>			
International student fees	426,846	424,250	943,574
<b>Expenses</b>			
Advertising	9,743	8,000	4,255
Commissions	71,110	57,204	184,507
Recruitment	-	-	-
International student levy	25,185	14,400	26,744
Employee Benefit - Salaries	49,577	50,000	51,223
Other Expenses	41,955	75,096	43,086
	197,570	204,700	309,815
<i>Surplus/ (Deficit) for the year International Students'</i>	229,276	219,550	633,759

#### 5. Learning Resources

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Curricular	1,789,134	2,083,302	1,481,379
Equipment repairs	7,189	15,200	16,064
Extra-curricular activities	36,557	34,544	28,567
Library resources	5,086	6,996	3,834
Employee benefits - salaries	10,520,936	10,453,976	11,318,949
Staff development	183,154	185,000	110,589
	12,542,056	12,779,018	12,959,382

#### 6. Administration

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Audit Fee	15,577	15,000	14,580
Board of Trustees Fees	3,845	3,500	4,525
Board of Trustees Expenses	4,408	5,300	3,114
Communication	33,626	30,000	39,878
Consumables	59,335	63,756	57,357
Operating Lease	192,596	60,000	257,781
Legal Fees	5,521	30,000	36,707
Other	107,023	110,500	86,047
Employee Benefits - Salaries	520,085	539,000	520,861
Insurance	40,064	40,000	44,190
Service Providers, Contractors and Consultancy	34,770	25,000	50,994
	1,016,850	922,056	1,116,034



## 7. Property

	2018	2018	2017
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Caretaking and Cleaning Consumables	277,473	286,000	293,184
Cyclical Maintenance Expense	45,715	50,000	86,642
Grounds	39,033	35,500	28,529
Heat, Light and Water	225,893	204,500	221,886
Rates	265	-	133
Repairs and Maintenance	128,997	197,500	179,091
Use of Land and Buildings	2,946,666	3,300,000	3,274,006
Security	23,591	35,000	33,206
Employee Benefits - Salaries	135,257	170,000	176,879
	<u>3,822,890</u>	<u>4,278,500</u>	<u>4,293,556</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

	2018	2018	2017
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Buildings	90,746	97,000	88,254
Furniture and Equipment	133,193	142,000	133,409
Information and Communication Technology	20,880	22,000	34,692
Motor Vehicles	25,595	27,000	32,037
Textbooks	5,114	5,000	17,160
Leased Assets	221,551	238,000	177,750
Library Resources	4,964	5,000	5,679
	<u>502,043</u>	<u>536,000</u>	<u>488,981</u>

## 9. Cash and Cash Equivalents

	2018	2018	2017
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Cash on Hand	2,000	2,000	48,583
Bank Current Account	809,614	1,850,881	1,033,800
Short-term Bank Deposits	501,890	7,500	7,509
Cash and cash equivalents for Cash Flow Statement	<u>1,313,504</u>	<u>1,860,381</u>	<u>1,089,892</u>

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



## 10. Accounts Receivable

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Receivables	12,247	60,200	59,453
Receivables from the Ministry of Education	-	-	9,016
Provision for Uncollectibility	-	-	(20,000)
Interest Receivable	746	-	-
Teacher Salaries Grant Receivable	625,804	660,000	667,735
	<u>638,797</u>	<u>720,200</u>	<u>716,204</u>
Receivables from Exchange Transactions	12,993	60,200	39,453
Receivables from Non-Exchange Transactions	625,804	660,000	676,751
	<u>638,797</u>	<u>720,200</u>	<u>716,204</u>

## 11. Inventories

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Academy House	184,657	140,000	276,704
Resource Room	11,673	17,000	16,522
	<u>196,330</u>	<u>157,000</u>	<u>293,226</u>

## 12. Investments

The School's investment activities are classified as follows:

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Current Asset			
Short-term Bank Deposits	610,096	-	-

## 13. Property, Plant and Equipment

	Opening Balance (NBV) \$	Additions \$	Disposals \$	Impairment \$	Depreciation \$	Total (NBV) \$
<b>2018</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Work in Progress - Mind Lab	-	35,600	-	-	-	35,600
Buildings	2,959,157	15,552	-	-	(90,746)	2,883,963
Furniture and Equipment	1,087,782	22,842	-	-	(133,193)	977,431
Information and Communication Technology	37,741	79,060	-	-	(20,880)	95,921
Motor Vehicles	37,963	-	-	-	(25,595)	12,368
Textbooks	4,927	2,318	-	-	(5,114)	2,131
Leased Assets	267,051	285,266	-	-	(221,551)	330,766
Library Resources	39,751	2,813	(2,854)	-	(4,964)	34,746
<b>Balance at 31 December 2018</b>	<u>4,434,372</u>	<u>443,451</u>	<u>(2,854)</u>	<u>-</u>	<u>(502,043)</u>	<u>4,372,926</u>

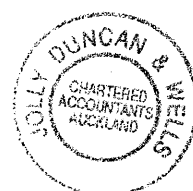




	Cost or Valuation	Accumulated Depreciation	Net Book Value
	\$	\$	\$
<b>2018</b>			
Work in Progress - Mind Lab	35,600	-	35,600
Buildings	4,189,036	(1,305,074)	2,883,962
Furniture and Equipment	3,818,340	(2,840,909)	977,431
Information and Communication Technology	3,215,222	(3,119,301)	95,921
Motor Vehicles	296,077	(283,708)	12,369
Textbooks	77,494	(75,363)	2,131
Leased Assets	884,824	(554,058)	330,766
Library Resources	172,181	(137,435)	34,746
<b>Balance at 31 December 2018</b>	<b>12,688,774</b>	<b>(8,315,848)</b>	<b>4,372,926</b>

	Opening Balance (NBV)	Additions	Disposals	Impairment	Depreciation	Total (NBV)
	\$	\$	\$	\$	\$	\$
<b>2017</b>						
Buildings	2,932,908	114,503	-	-	(88,254)	2,959,157
Furniture and Equipment	1,170,081	51,109	-	-	(133,409)	1,087,781
Information and Communication Technology	64,471	7,962	-	-	(34,692)	37,741
Motor Vehicles	70,001	-	-	-	(32,037)	37,964
Textbooks	20,331	1,756	-	-	(17,160)	4,927
Leased Assets	328,153	116,648	-	-	(177,750)	267,051
Library Resources	42,252	5,518	(2,340)	-	(5,679)	39,751
<b>Balance at 31 December 2017</b>	<b>4,628,197</b>	<b>297,496</b>	<b>(2,340)</b>	<b>-</b>	<b>(488,981)</b>	<b>4,434,372</b>

	Cost or Valuation	Accumulated Depreciation	Net Book Value
	\$	\$	\$
<b>2017</b>			
Buildings	4,173,485	(1,214,328)	2,959,157
Furniture and Equipment	3,795,498	(2,707,716)	1,087,782
Information and Communication Technology	3,136,746	(3,099,005)	37,741
Motor Vehicles	296,077	(258,114)	37,963
Textbooks	104,125	(99,198)	4,927
Leased Assets	599,558	(332,507)	267,051
Library Resources	181,657	(141,906)	39,751
<b>Balance at 31 December 2017</b>	<b>12,287,146</b>	<b>(7,852,774)</b>	<b>4,434,372</b>



#### 14. Accounts Payable

	2018	2018	2017
	Actual	Budget (Unaudited)	Actual
	\$	\$	\$
Operating creditors	260,761	100,000	230,198
Accruals	50,164	555,000	111,203
Capital accruals for PPE items	51,122	-	-
Employee Entitlements - salaries	834,819	660,000	643,308
Employee Entitlements - leave accrual	42,044	50,000	41,242
	<u>1,238,910</u>	<u>1,365,000</u>	<u>1,025,951</u>

Payables for Exchange Transactions	1,238,910	1,365,000	1,025,951
	<u>1,238,910</u>	<u>1,365,000</u>	<u>1,025,951</u>

The carrying value of payables approximates their fair value.

#### 15. Borrowings

	2018	2018	2017
	Actual	Budget (Unaudited)	Actual
	\$	\$	\$
Due in One Year	700,386	300,000	404,708
Due Beyond One Year	173,743	175,000	640,298
	<u>874,129</u>	<u>475,000</u>	<u>1,045,006</u>

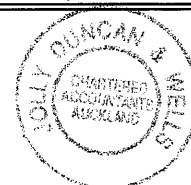
The school has borrowings at 31 December 2018 of \$874,129 (31 December 2017 \$1,045,006). This loan is from the Ministry of Education for financial Assistance. The loan is unsecured, interest free and the loan is payable in equal instalments of \$16,667 per month.

#### 16. Revenue Received in Advance

	2018	2018	2017
	Actual	Budget (Unaudited)	Actual
	\$	\$	\$
International Student Fees	232,301	250,000	267,001
Other	253,229	112,800	140,717
	<u>485,530</u>	<u>362,800</u>	<u>407,718</u>

#### 17. Provision for Cyclical Maintenance

	2018	2018	2017
	Actual	Budget (Unaudited)	Actual
	\$	\$	\$
Provision at the Start of the Year	514,173	514,173	427,531
Increase/ (decrease) to the Provision During the Year	45,715	50,000	86,642
Use of the Provision During the Year	-	(4,285)	-
Provision at the End of the Year	<u>559,888</u>	<u>559,888</u>	<u>514,173</u>
Cyclical Maintenance - Current	164,320	164,320	38,946
Cyclical Maintenance - Term	395,568	395,568	475,227
	<u>559,888</u>	<u>559,888</u>	<u>514,173</u>



## 18. Finance Lease Liability

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

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
No Later than One Year	192,130	190,000	177,182
Later than One Year and no Later than Five Years	154,193	150,000	103,882
Later than Five Years	-	-	-
	<u>346,323</u>	<u>340,000</u>	<u>281,064</u>

## 19. Funds held in Trust

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Funds Held in Trust on Behalf of Third Parties - Current	335,568	356,000	356,747
Funds Held in Trust on Behalf of Third Parties - Non-current	2,121	2,121	2,121
	<u>337,689</u>	<u>358,121</u>	<u>358,868</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.

## 20. Funds Held for Capital Works Projects

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

	2018	Opening Balances \$	Receipts from MoE \$	Payments \$	BOT Contributions	Closing Balances \$
Front Boundary Project	in progress	(1,120)	-	-	-	(1,120)
Demolition Relocatable Rooms P1	completed	32,190	-	(32,190)	-	-
Nelson Block D	in progress	(2,880)	-	-	-	(2,880)
Site Access Project D	completed	3,864	-	-	-	3,864
Art/Drama	completed	(307,844)	250,000	(51,707)	-	(109,551)
Re-siting Music Project	in progress	(25,185)	-	-	-	(25,185)
Hall Project	completed	(15,000)	15,000	-	-	-
Gym Sewerage Pump Project	in progress	(22,041)	-	(2,850)	-	(24,891)
Totals		<u>(338,016)</u>	<u>265,000</u>	<u>(86,747)</u>	<u>-</u>	<u>(159,763)</u>

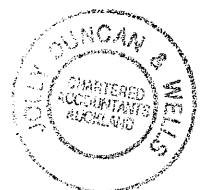
### Represented by:

Funds Held on Behalf of the Ministry of Education

Funds Due from the Ministry of Education

(159,763)

159,763



	2017	Opening Balances	Receipts from MoE	Payments	BOT Contributions	Closing Balances
		\$	\$	\$		\$
Front Boundary Project	<i>completed</i>	(1,120)	-	-	-	(1,120)
Demolition Relocatable Rooms P1	<i>in progress</i>	73,968	-	(41,778)	-	32,190
Nelson Block D	<i>in progress</i>	(2,480)	-	(400)	-	(2,880)
Site Access Project D	<i>completed</i>	3,864	-	-	-	3,864
Art/Drama	<i>completed</i>	78,526	146,695	(533,065)	-	(307,844)
Re-siting Music Project	<i>completed</i>	(25,185)	-	-	-	(25,185)
Hall Project	<i>in progress</i>	-	135,000	(150,000)	-	(15,000)
Gym Sewerage Pump Project	<i>in progress</i>	-	-	(22,041)	-	(22,041)
Totals		127,573	281,695	(747,284)	-	(338,016)

## 21. 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.

## 22. Remuneration

### Key management personnel compensation

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

	2018 Actual \$	2017 Actual \$
<i>Board Members</i>		
Remuneration	3,845	3,410
Full-time equivalent members	0.46	0.44
<i>Leadership Team</i>		
Remuneration	1,454,001	1,547,091
Full-time equivalent members	15	15
Total key management personnel remuneration	1,457,846	1,550,501
Total full-time equivalent personnel	15.46	15.44

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:

	<b>2018 Actual \$000</b>	<b>2017 Actual \$000</b>
Salaries and Other Short-term Employee Benefits:		
Salary and Other Payments	190 - 200	190 - 200
Benefits and Other Emoluments	5 - 6	5 - 6
Termination Benefits	-	-

### Other Employees

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

<b>Remuneration \$000</b>	<b>2018 FTE Number</b>	<b>2017 FTE Number</b>
100-110	0.00	2.00
110-120	3.00	1.00
120-130	2.00	2.00
	<u>5.00</u>	<u>5.00</u>

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

## 23. 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:

	<b>2018 Actual</b>	<b>2017 Actual</b>
Total	\$0	\$16,000
Number of People	0	2

## 24. Contingencies

There are no contingent liabilities and no contingent assets as at **31 December 2018** (Contingent liabilities and assets at **31 December 2017**: nil).

### Holidays Act Compliance – schools payroll

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

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

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



## 25. Commitments

### (a) Capital Commitments

There are no capital commitments at 31 December 2018 (2017: nil).

### (b) Operating Commitments

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

(a) operating lease of computer equipment

	2018 Actual \$	2017 Actual \$
No later than One Year	-	54,086
Later than One Year and No Later than Five Years	-	-
Later than Five Years	-	-
	<u>-</u>	<u>54,086</u>

## 26. 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.

## 27. Financial Instruments

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

### Loans and receivables

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Cash and Cash Equivalents	1,313,504	1,860,381	1,089,892
Receivables	638,797	720,200	716,204
Investments - Term Deposits	612,217	2,121	2,121
Total Loans and Receivables	<u>2,564,518</u>	<u>2,582,702</u>	<u>1,808,217</u>

### Financial liabilities measured at amortised cost

Payables	1,238,910	1,365,000	1,025,951
Borrowings - Loans	874,129	475,000	1,045,006
Finance Leases	346,323	340,000	281,064
Total Financial Liabilities Measured at Amortised Cost	<u>2,459,362</u>	<u>2,180,000</u>	<u>2,352,021</u>

## 28. Breach of Legislation - borrowing

The Board of Trustees is allowed to borrow funds to the extent that their repayments in any financial year do not exceed 10% of the school's operations grant. The repayments on computer leases and Ministry debt results in the school having borrowings above this limit, which is a breach of Regulation 12 of the Crown Entities (Financial Powers) Regulations 2005.

## 29. Events After Balance Date

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



**JOLLY DUNCAN & WELLS**  
**CHARTERED ACCOUNTANTS | BUSINESS ADVISORS**  
**INDEPENDENT AUDITOR'S REPORT**

**TO THE READERS OF MASSEY HIGH SCHOOL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

The Auditor-General is the auditor of Massey High School (the School). The Auditor-General has appointed me, Brian Sheridan, using the staff and resources of Jolly Duncan & Wells, to carry out the audit of the financial statements of the School on his behalf.

**Opinion**

We have audited the financial statements of the School on pages 2 to 20, that comprise the statement of financial position as at 31 December 2018, the statement of comprehensive revenue and expense, statement of changes in net assets/equity and statement of cash flows for the year ended on that date, and the notes to the financial statements that include accounting policies and other explanatory information.

In our opinion the financial statements of the School:

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

Our audit was completed on 31 May 2019. This is the date at which our opinion is expressed.

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

**Basis for our opinion**

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

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

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

**Responsibilities of the Board of Trustees for the financial statements**

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

In preparing the financial statements, the Board of Trustees is responsible on behalf of the School for assessing the School's ability to continue as a going concern. The Board of Trustees is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to close or merge the School, or there is no realistic alternative but to do so.

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

**Responsibilities of the auditor for the audit of the financial statements**

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

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

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

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

**Partners**

Brian Sheridan  
Murray Wells

B.Com CA  
B.Com CA CMA

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

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

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

Our responsibilities arise from the Public Audit Act 2001.

#### **Other information**

The Board of Trustees is responsible for the other information. The other information comprises the Statement of Responsibility, the List of Trustees, Analysis of Variance and the Kiwisport Note, which form part of the Annual Report, but does not include the financial statements, and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### **Independence**

We are independent of the School in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1 (Revised): *Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board.

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



Brian Sheridan  
**JOLLY DUNCAN & WELLS**  
On behalf of the Auditor-General  
Auckland, New Zealand