

MASSEY HIGH SCHOOL

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

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:	64 09 831 0500
School Email:	office@masseyhigh.school.nz

Members of the Board of Trustees

Name	Position	How Position Gained	Term Expired/ Expires
Glen Denham	Principal	Principal	
Catherine Clark	Deputy Chair	Re-elected June 2019	1 June 2022
Daniel Crawford	Student Rep	Re-elected September 2019	1 September 2020
Robyn Dangen	Parent Rep	Elected June 2019	1 June 2022
John Garelja	Chairperson	Re-elected June 2019	1 June 2022
Karl Goddard	Staff Rep	Re-elected June 2019	1 June 2022
Lana Hammond	Parent Rep	Elected June 2019	Resigned 9 March 2020
Wade Hansen	Parent Rep	Re-elected June 2019	1 June 2022
Ella Shepherd	Parent Rep	Elected June 2019	1 June 2022
Desiree Tukutamu	Parent Rep	Elected June 2019	1 June 2022

Accountant / Service Provider:

M & M Accounting and Business Consultants Limited

MASSEY HIGH SCHOOL

Annual Report - For the year ended 31 December 2019

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Massey High School

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 reflects the financial position and operations of the school.

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

Full Name of Board Chairperson

Full Name of Principal

Signature of Board Chairperson

Signature of Principal

Date:

Date:

Massey High School

Statement of Comprehensive Revenue and Expense

For the year ended 31 December 2019

		2019	2019	2018
	Notes	Actual	Budget	Actual
		\$	(Unaudited)	\$
Revenue				
Government Grants	2	17,342,821	16,362,786	16,877,552
Locally Raised Funds	3	1,555,741	1,740,650	1,575,193
Interest income		45,969	35,000	44,392
International Students	4	329,817	614,818	426,846
		<hr/>	<hr/>	<hr/>
		19,274,348	18,753,254	18,923,983
Expenses				
Locally Raised Funds	3	869,526	1,004,804	951,572
International Students	4	176,631	240,667	197,570
Learning Resources	5	12,829,515	11,870,865	12,117,520
Administration	6	958,375	1,008,149	1,016,850
Finance		62,778	50,000	37,573
Property	7	4,236,288	3,972,072	3,822,890
Depreciation	8	592,805	570,000	502,043
Loss on Disposal of Property, Plant and Equipment		1,607	-	2,852
		<hr/>	<hr/>	<hr/>
		19,727,525	18,716,557	18,648,870
Net Surplus / (Deficit) for the year		(453,177)	36,697	275,113
Other Comprehensive Revenue and Expenses		-	-	-
Total Comprehensive Revenue and Expense for the Year		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
		(453,177)	36,697	275,113

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

Massey High School

Statement of Changes in Net Assets/Equity

For the year ended 31 December 2019

	Notes	Actual 2019 \$	Budget (Unaudited) 2019 \$	Actual 2018 \$
Balance at 1 January		<u>3,535,779</u>	<u>3,535,606</u>	<u>3,260,666</u>
Total comprehensive revenue and expense for the year		(453,177)	36,697	275,113
Capital Contributions from the Ministry of Education				
Contribution - Furniture and Equipment Grant		50,549	-	-
Adjustment to Accumulated surplus/(deficit) from adoption of PBE IFRS 9				
Equity at 31 December		<u>3,132,978</u>	<u>3,572,303</u>	<u>3,535,779</u>
Retained Earnings		3,132,978	3,572,303	3,535,779
Reserves		-	-	-
Equity at 31 December		<u>3,132,978</u>	<u>3,572,303</u>	<u>3,535,779</u>

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.

Massey High School

Statement of Financial Position

As at 31 December 2019

	Notes	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Current Assets				
Cash and Cash Equivalents	9	355,238	535,277	1,313,504
Accounts Receivable	10	977,604	680,100	638,797
GST Receivable		79,265	10,000	75,725
Prepayments		15,000	10,000	8,986
Inventories	11	396,522	165,000	196,330
Investments	12	625,953	1,000,000	610,096
Funds Held for Capital Work Projects		-	-	159,763
		<u>2,449,582</u>	<u>2,400,377</u>	<u>3,003,201</u>
Current Liabilities				
Accounts Payable	14	1,483,331	1,489,590	1,238,910
Borrowings - Due in one year	15	240,410	240,410	700,386
Revenue Received in Advance	16	565,734	265,000	485,530
Provision for Cyclical Maintenance	17	160,073	161,000	164,320
Finance Lease Liability - Current Portion	18	316,264	217,000	192,130
Funds held in Trust	19	334,588	320,000	335,568
Funds held for Capital Works Projects	20	141,171	-	-
		<u>3,241,571</u>	<u>2,693,000</u>	<u>3,116,844</u>
Working Capital Surplus/(Deficit)		(791,989)	(292,623)	(113,643)
Non-current Assets				
Funds held in Trust	19	2,121	2,121	2,121
Property, Plant and Equipment	13	4,886,264	4,539,926	4,372,926
		<u>4,888,385</u>	<u>4,542,047</u>	<u>4,375,047</u>
Non-current Liabilities				
Borrowings	15	-	-	173,743
Provision for Cyclical Maintenance	17	463,318	310,000	395,568
Finance Lease Liability	18	497,979	365,000	154,193
Funds held in Trust	19	2,121	2,121	2,121
		<u>963,418</u>	<u>677,121</u>	<u>725,625</u>
Net Assets		<u><u>3,132,978</u></u>	<u><u>3,572,303</u></u>	<u><u>3,535,779</u></u>
Equity		<u><u>3,132,978</u></u>	<u><u>3,572,303</u></u>	<u><u>3,535,779</u></u>

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

Massey High School
Statement of Cash Flows
For the year ended 31 December 2019

		2019	2019	2018
	Note	Actual	Budget	Actual
		\$	(Unaudited)	\$
		\$	\$	\$
Cash flows from Operating Activities				
Government Grants		6,118,985	6,065,899	6,213,733
Locally Raised Funds		1,565,977	1,499,568	1,714,911
International Students		377,926	597,517	392,146
Goods and Services Tax (net)		(3,540)	65,725	(68,837)
Payments to Employees		(4,118,833)	(3,376,671)	(3,265,442)
Payments to Suppliers		(3,887,677)	(4,045,250)	(3,818,005)
Cyclical Maintenance Payments in the year		-	(138,888)	-
Interest Paid		(62,778)	(50,000)	(37,573)
Interest Received		41,699	35,746	43,646
Net cash from Operating Activities		31,759	653,646	1,174,579
Cash flows from Investing Activities				
Purchase of PPE (and Intangibles)		(366,935)	(283,122)	(107,061)
Purchase of Investments		(15,857)	(389,904)	(610,096)
Net cash from Investing Activities		(382,792)	(673,026)	(717,157)
Cash flows from Financing Activities				
Furniture and Equipment Grant		50,549	-	-
Finance Lease Payments		(324,017)	(269,323)	(220,007)
Loans Received/ Repayment of Loans		(633,719)	(633,719)	(170,877)
Funds Administered on Behalf of Third Parties		(980)	(15,568)	(21,179)
Funds Held for Capital Works Projects		300,934	159,763	178,253
Net cash from Financing Activities		(607,233)	(758,847)	(233,810)
Net increase/(decrease) in cash and cash equivalents		(958,266)	(778,227)	223,612
Cash and cash equivalents at the beginning of the year	9	1,313,504	1,313,504	1,089,892
Cash and cash equivalents at the end of the year	9	355,238	535,277	1,313,504

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 which form part of these financial statements..

Massey High School

Notes to the Financial Statements

For the year ended 31 December 2019

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 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 30.

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

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 carry forward amounts unspent. The School believes all grants received have been appropriately recognised as a liability if required. Government grants are disclosed at note 2.

c) Revenue Recognition

Government Grants

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

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

i) Inventories

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

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.

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 to Crown Owned Assets	10–50 years
Furniture and equipment	05–20 years
Information and communication technology	03–05 years
Motor vehicles	5 years
Textbooks	3 years
Leased assets held under a Finance Lease	03-05 years
Library resources	12.5% Diminishing value

i) 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.

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.

o) Revenue Received in Advance

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

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

p) Funds Held in Trust

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

The School's financial liabilities comprise accounts payable, borrowings 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.

s) 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.

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

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Operational Grants	2,399,094	2,474,586	2,515,673
Teachers' Salaries Grants	7,735,359	7,296,714	7,726,169
Use of Land and Buildings Grants	3,192,116	3,000,000	2,946,666
Resource Teachers Learning and Behaviour Grants	29,360	22,685	22,684
Other MoE Grants	3,981,367	3,562,710	3,659,998
Other Government Grants	5,525	6,091	6,362
	<u>17,342,821</u>	<u>16,362,786</u>	<u>16,877,552</u>

3. Locally Raised Funds

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

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Revenue			
Donations	407,640	302,500	163,182
Transport Revenue	40,883	60,000	45,135
Activities	474,485	658,191	597,056
Trading	356,375	536,000	162,987
Fundraising	22,873	11,258	14,526
Other Revenue	253,485	172,701	592,307
	<u>1,555,741</u>	<u>1,740,650</u>	<u>1,575,193</u>
Expenses			
Activities	699,357	804,804	764,743
Trading	15,430	21,000	23,080
Fundraising (Costs of Raising Funds)	21,168	8,000	10,187
Transport (Local)	120,053	151,000	145,880
Other Locally Raised Funds Expenditure	13,518	20,000	7,682
	<u>869,526</u>	<u>1,004,804</u>	<u>951,572</u>
<i>Surplus/ (Deficit) for the year Locally raised funds</i>	<u>686,215</u>	<u>735,846</u>	<u>623,621</u>

4. International Student Revenue and Expenses

	2019	2019	2018
	Actual	Budget	Actual
	Number	(Unaudited)	Number
International Student Roll	23	40	30
	2019	2019	2018
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Revenue			
International Student Fees	329,817	614,818	426,846
Expenses			
Advertising	2,813	10,667	9,743
Commissions	62,458	80,000	71,110
International Student Levy	7,129	20,000	25,185
Employee Benefit - Salaries	86,352	65,000	49,577
Other Expenses	17,879	65,000	41,955
	176,631	240,667	197,570
<i>Surplus/ (Deficit) for the year International Students'</i>	153,186	374,151	229,276

5. Learning Resources

	2019	2019	2018
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Curricular	1,436,202	1,442,557	1,364,598
Equipment Repairs	14,345	5,001	7,189
Other Programmes	12,314	23,241	36,557
Library Resources	2,766	6,600	5,086
Employee Benefits - Salaries	11,115,256	10,248,866	10,520,936
Staff Development	248,632	144,600	183,154
	12,829,515	11,870,865	12,117,520

6. Administration

	2019	2019	2018
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Audit Fee	15,050	15,000	15,577
Board of Trustees Fees	4,120	3,500	3,845
Board of Trustees Expenses	11,540	19,050	4,408
Communication	34,944	30,000	33,626
Consumables	72,933	54,750	59,335
Operating Lease	85,277	170,000	192,596
Legal Fees	13,761	25,000	5,521
Other	97,557	97,675	107,023
Employee Benefits - Salaries	548,692	518,000	520,085
Insurance	39,619	45,174	40,064
Service Providers, Contractors and Consultancy	34,882	30,000	34,770
	958,375	1,008,149	1,016,850

7. Property

	2019	2019	2018
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Caretaking and Cleaning Consumables	278,165	284,000	277,473
Cyclical Maintenance Provision	63,503	50,000	45,715
Grounds	30,955	41,500	39,033
Heat, Light and Water	223,362	192,166	225,893
Rates	-	177	265
Repairs and Maintenance	254,540	229,229	128,997
Use of Land and Buildings	3,192,116	3,000,000	2,946,666
Security	38,589	35,000	23,591
Employee Benefits - Salaries	155,058	140,000	135,257
	<u>4,236,288</u>	<u>3,972,072</u>	<u>3,822,890</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

	2019	2019	2018
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Buildings - School	83,038	80,000	90,746
Furniture and Equipment	131,568	130,000	133,193
Information and Communication Technology	30,312	30,000	20,880
Motor Vehicles	11,549	11,000	25,595
Textbooks	1,396	1,000	5,114
Leased Assets	330,543	314,000	221,551
Library Resources	4,399	4,000	4,964
	<u>592,805</u>	<u>570,000</u>	<u>502,043</u>

9. Cash and Cash Equivalents

	2019	2019	2018
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Cash on Hand	756	2,000	2,000
Bank Current Account	354,482	533,277	809,614
Short-term Bank Deposits	-	-	501,890
Cash and cash equivalents for Cash Flow Statement	<u>355,238</u>	<u>535,277</u>	<u>1,313,504</u>

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

10. Accounts Receivable

	2019	2019	2018
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Receivables	34,106	50,100	12,247
Receivables from the Ministry of Education	287,500	-	-
Interest Receivable	5,016	-	746
Banking Staffing Underuse	8,688	-	-
Teacher Salaries Grant Receivable	642,294	630,000	625,804
	<u>977,604</u>	<u>680,100</u>	<u>638,797</u>
Receivables from Exchange Transactions	39,122	50,100	12,993
Receivables from Non-Exchange Transactions	938,482	630,000	625,804
	<u>977,604</u>	<u>680,100</u>	<u>638,797</u>

11. Inventories

	2019	2019	2018
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Academy House	379,851	150,000	184,657
Resource Room	16,671	15,000	11,673
	<u>396,522</u>	<u>165,000</u>	<u>196,330</u>

12. Investments

The School's investment activities are classified as follows:

	2019	2019	2018
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Current Asset			
Short-term Bank Deposits	<u>625,953</u>	<u>1,000,000</u>	<u>610,096</u>

13. Property, Plant and Equipment

	Opening Balance (NBV)	Additions	Disposals	Impairment	Depreciation	Total (NBV)
2019	\$	\$	\$	\$	\$	\$
Work In Progress Mind Lab	35,600	250,594	-	-	-	286,194
Buildings	2,883,962	22,641	-	-	(83,038)	2,823,565
Furniture and Equipment	977,431	29,597	-	-	(131,568)	875,460
Information and Communication	95,921	10,815	-	-	(30,312)	76,424
Motor Vehicles	12,369	-	-	-	(11,549)	820
Textbooks	2,131	115	-	-	(1,396)	850
Leased Assets	330,766	791,937	-	-	(330,543)	792,160
Library Resources	34,746	2,049	(1,605)	-	(4,399)	30,791
Balance at 31 December 2019	4,372,926	1,107,748	(1,605)	-	(592,805)	4,886,264

	Cost or Valuation	Accumulated Depreciation	Net Book Value
2019	\$	\$	\$
Work In Progress Mind Lab	286,194	-	286,194
Buildings	4,211,677	(1,388,112)	2,823,565
Furniture and Equipment	3,847,936	(2,972,476)	875,460
Information and Communication	3,225,291	(3,148,867)	76,424
Motor Vehicles	296,077	(295,257)	820
Textbooks	53,915	(53,065)	850
Leased Assets	1,627,453	(835,293)	792,160
Library Resources	163,862	(133,071)	30,791
Balance at 31 December 2019	13,712,405	(8,826,141)	4,886,264

	Opening Balance (NBV)	Additions	Disposals	Impairment	Depreciation	Total (NBV)
2018	\$	\$	\$	\$	\$	\$
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	37,741	79,060	-	-	(20,880)	95,921
Technology	-	-	-	-	-	-
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
Balance at 31 December 2018	4,434,372	443,451	(2,854)	-	(502,043)	4,372,926

2018	Cost or Valuation \$	Accumulated Depreciation \$	Net Book Value \$
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
Balance at 31 December 2018	12,688,774	(8,315,848)	4,372,926

14. Accounts Payable

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Operating Creditors	458,762	230,000	260,761
Accruals	80,050	80,050	50,164
Capital Accruals for PPE items	-	-	51,122
Employee Entitlements - Salaries	887,287	1,124,540	834,819
Employee Entitlements - Leave Accrual	57,232	55,000	42,044
	1,483,331	1,489,590	1,238,910
Payables for Exchange Transactions	1,483,331	1,489,590	1,238,910
Payables for Non-exchange Transactions - Taxes Payable (PAYE and Rates)	-	-	-
Payables for Non-exchange Transactions - Other	-	-	-
	1,483,331	1,489,590	1,238,910

The carrying value of payables approximates their fair value.

15. Borrowings

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Due in One Year	240,410	240,410	700,386
Due Beyond One Year	-	-	173,743
	240,410	240,410	874,129

The school has borrowings at 31 December 2019 of \$240,410 (31 December 2018 \$874,129). This loan is from the Ministry of Education for financial Assistance. The loan is unsecured, interest free.

16. Revenue Received in Advance

	2019	2019	2018
	Actual	Budget (Unaudited)	Actual
	\$	\$	\$
International Student Fees	280,410	215,000	232,301
Other	285,324	50,000	253,229
	<u>565,734</u>	<u>265,000</u>	<u>485,530</u>

17. Provision for Cyclical Maintenance

	2019	2019	2018
	Actual	Budget (Unaudited)	Actual
	\$	\$	\$
Provision at the Start of the Year	559,888	559,888	514,173
Increase/ (decrease) to the Provision During the Year	63,503	50,000	45,715
Use of the Provision During the Year	-	(138,888)	-
Provision at the End of the Year	<u>623,391</u>	<u>471,000</u>	<u>559,888</u>
Cyclical Maintenance - Current	160,073	161,000	164,320
Cyclical Maintenance - Term	463,318	310,000	395,568
	<u>623,391</u>	<u>471,000</u>	<u>559,888</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:

	2019	2019	2018
	Actual	Budget (Unaudited)	Actual
	\$	\$	\$
No Later than One Year	(316,264)	(217,000)	192,130
Later than One Year and no Later than Five Years	(497,979)	(365,000)	154,193
Later than Five Years	-	-	-
	<u>(814,243)</u>	<u>(582,000)</u>	<u>346,323</u>

19. Funds held in Trust

	2019 Actual \$	2019 Budget \$	2018 Actual \$
Funds Held in Trust on Behalf of Third Parties - Current	334,588	320,000	335,568
Funds Held in Trust on Behalf of Third Parties - Non-current	2,121	2,121	2,121
	<u>336,709</u>	<u>322,121</u>	<u>337,689</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 projects:

	2019	Opening Balances \$	Receipts from MoE \$	Payments \$	Write Off \$	Closing Balances \$
Arohanui Project <i>in progress</i>		-	1,124,634	(919,110)	-	205,524
Refurbish Old Art Block <i>in progress</i>		-	52,904	(3,677)	-	49,227
Roof Replacement - A,E,G,T & F <i>in progress</i>		-	33,200	(3,677)	-	29,523
Front Boundary Project <i>in progress</i>		(1,120)	-	-	-	(1,120)
Nelson Block D <i>in progress</i>		(2,880)	-	-	-	(2,880)
Site Access Project D <i>completed</i>		3,864	-	-	-	3,864
Art/Drama <i>completed</i>		(109,551)	-	-	11,254	(98,297)
Re-siting Music Project <i>in progress</i>		(25,185)	-	-	-	(25,185)
Heat Pump Project <i>in progress</i>		-	8,348	(2,942)	-	5,406
Gym Sewerage Pump Project <i>in progress</i>		(24,891)	-	-	-	(24,891)
Totals		<u>(159,763)</u>	<u>1,219,086</u>	<u>(929,406)</u>	<u>11,254</u>	<u>141,171</u>

Represented by:

Funds Held on Behalf of the Ministry of Education	141,171
Funds Due from the Ministry of Education	-
	<u>141,171</u>

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

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.

	2019 Actual \$	2018 Actual \$
<i>Board Members</i>		
Remuneration	4,120	3,845
Full-time equivalent members	0.46	0.46
<i>Leadership Team</i>		
Remuneration	1,169,439	1,454,001
Full-time equivalent members	12	15
Total key management personnel remuneration	<u>1,173,559</u>	<u>1,457,846</u>
Total full-time equivalent personnel	<u>12.46</u>	<u>15.46</u>

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	200 - 210	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:

Remuneration \$000	2019 FTE Number	2018 FTE Number
100 - 110	-	-
110 - 120	3	3
120 - 130	2	2
	<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:

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

24. Contingencies

There are no contingent liabilities and no contingent assets as at **31 December 2019** (Contingent liabilities and assets at **31 December 2018**: 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. 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.

25. Commitments

(a) Capital Commitments

There are no Capital Commitments as 31 December 2019 (2018-nil)

(b) Operating Commitments

As at 31 December 2019 the Board entered into the following periodic agreements with New Era Ltd;

- to provide ongoing Cloud Application Services for a cost of \$2,400 per month;
- and to provide ongoing Network Support for a cost of \$11,000 per month.

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:

Financial assets measured at amortised cost (2018: Loans and receivables)

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Cash and Cash Equivalents	355,238	535,277	1,313,504
Receivables	977,604	680,100	638,797
Investments - Term Deposits	628,074	1,002,121	612,217
Total Financial assets measured at amortised cost	<u>1,960,916</u>	<u>2,217,498</u>	<u>2,564,518</u>

Financial liabilities measured at amortised cost

Payables	1,483,331	1,489,590	1,238,910
Borrowings - Loans	240,410	240,410	874,129
Finance Leases	814,243	582,000	346,323
Total Financial Liabilities Measured at Amortised Cost	<u>2,537,984</u>	<u>2,312,000</u>	<u>2,459,362</u>

28. Events After Balance Date

On March 11, 2020, the World Health Organisation declared the outbreak of COVID-19 (a novel Coronavirus) a pandemic. Two weeks later, on 26 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. Subsequently all schools and kura reopened on the 18th of 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, but it is not expected to be significant to the school. The school will continue to receive funding from the Ministry of Education, even while closed.

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

29. Comparatives

There have been a number of prior period comparatives which have been reclassified to make disclosure consistent with the current year.

30. 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:

- Note 10 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.
- Note 12 Investments:

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.

31. Failure to comply with section 87 of the Education Act 1989

The Board of Trustees has failed to comply with Section 87 of the Education Act 1989, as the Board were unable to provide their audited financial statements to the Ministry of Education by 31 May 2020. 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.