

# TE KAUWHATA COLLEGE

## ANNUAL REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2019

#### School Directory

<b>Ministry Number:</b>	115
<b>Principal:</b>	Deborah Hohneck
<b>School Address:</b>	50-64 Waerenga Road, Te Kauwhata
<b>School Postal Address:</b>	P O Box 24, Te Kauwhata, 3741
<b>School Phone:</b>	07 826 3715
<b>School Email:</b>	<a href="mailto:louise.andrews@tkcoll.school.nz">louise.andrews@tkcoll.school.nz</a>

#### Members of the Board of Trustees

<b>Name</b>	<b>Position</b>	<b>How Position Gained</b>	<b>Occupation</b>	<b>Term Expires/ Expired</b>
Mike Peters	Chairperson	Elected	Farmer	May 2022
Deborah Hohneck	Principal	ex Officio		
Glen Whitaker	Parent Rep	Elected	Mechanic	May 2019
Kim Bredenbeck	Parent Rep	Elected	Administrator	May 2019
Kiri Pengelly	Parent Rep	Elected	Teacher	May 2019
Peter Ellmers	Parent Rep	Elected	Contractor/Engineer	May 2019
Tarina Moorfield	Parent Rep	Elected	Childcare Centre Owner	May 2019
Emma Adams	Parent Rep	Elected	Administrator	May 2022
Michael Bird	Parent Rep	Elected	Surveyor	May 2022
Sarah Gardiner	Parent Rep	Elected	Stay at home Mother	May 2022
Alfred Rico	Parent Rep	Elected	Dentist	May 2022
Jo Gurnell	Staff Rep	Appointed	Community Worker	Jun 2019
Neill Grant	Staff Rep	Elected	Teacher	Jun 2020
Oleeche Ahu-Watkins	Student Rep	Elected	Student	Sep 2019
Karol Puchalski	Student Rep	Elected	Student	Sep 2020

<b>Accountant / Service Provider:</b>	Education Services Ltd
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# TE KAUWHATA COLLEGE

Annual Report - For the year ended 31 December 2019

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# Te Kauwhata College

## Statement of Responsibility

For the year ended 31 December 2019

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

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

It is the opinion of the Board and management that the annual financial statements for the financial year ended 31 December 2019 fairly reflects the financial position and operations of the school.

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

Michael Joseph Peters  
Full Name of Board Chairperson

[Signature]  
Signature of Board Chairperson

29/05/20  
Date:

Deborah Hohnock  
Full Name of Principal

[Signature]  
Signature of Principal

29/05/20  
Date:

**Te Kauwhata College**

**Statement of Comprehensive Revenue and Expense**

For the year ended 31 December 2019

		2019	2019	2018
	Notes	Actual	Budget	Actual
		\$	(Unaudited)	\$
<b>Revenue</b>				
Government Grants	2	5,710,187	5,278,384	5,218,792
Locally Raised Funds	3	424,379	156,462	517,275
Interest income		10,679	10,000	8,324
Gain on Sale of Property, Plant and Equipment		33,425	-	-
		<u>6,178,670</u>	<u>5,444,846</u>	<u>5,744,391</u>
<b>Expenses</b>				
Locally Raised Funds	3	309,912	39,500	240,393
Learning Resources	4	4,017,735	3,588,533	3,540,754
Administration	5	382,993	341,449	354,471
Finance		4,099	1,447	2,062
Property	6	1,288,997	1,257,990	1,259,844
Depreciation	7	260,537	215,469	234,161
Loss on Disposal of Property, Plant and Equipment		18,333	-	1,976
		<u>6,282,606</u>	<u>5,444,388</u>	<u>5,633,661</u>
<b>Net Surplus / (Deficit) for the year</b>		<u>(103,936)</u>	<u>458</u>	<u>110,730</u>
Other Comprehensive Revenue and Expenses		-	-	-
<b>Total Comprehensive Revenue and Expense for the Year</b>		<u><u>(103,936)</u></u>	<u><u>458</u></u>	<u><u>110,730</u></u>

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

**Te Kauwhata College**

**Statement of Changes in Net Assets/Equity**

For the year ended 31 December 2019

	Notes	Actual 2019 \$	Budget (Unaudited) 2019 \$	Actual 2018 \$
<b>Balance at 1 January</b>		<u>2,452,479</u>	<u>2,292,560</u>	<u>2,327,270</u>
Total comprehensive revenue and expense for the year		(103,936)	458	110,730
Capital Contributions from the Ministry of Education				
Contribution - Furniture and Equipment Grant		-	-	14,479
Adjustment to Accumulated surplus/(deficit) from adoption of PBE IFRS 9		-	-	-
<b>Equity at 31 December</b>	25	<u>2,348,543</u>	<u>2,293,018</u>	<u>2,452,479</u>
Retained Earnings		2,348,543	2,293,018	2,452,479
<b>Equity at 31 December</b>		<u>2,348,543</u>	<u>2,293,018</u>	<u>2,452,479</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.

**Te Kauwhata College**  
**Statement of Financial Position**  
As at 31 December 2019

	Notes	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
<b>Current Assets</b>				
Cash and Cash Equivalents	8	556,629	821,270	623,133
Accounts Receivable	9	243,524	253,941	231,745
GST Receivable		40,142	32,120	23,517
Prepayments		30,368	22,365	17,726
Inventories	10	2,997	4,199	1,457
Investments	11	-	20,000	100,000
Funds owed for Capital Works Projects	18	17,541	-	26,500
		891,201	1,153,895	1,024,078
<b>Current Liabilities</b>				
Accounts Payable	13	276,689	329,617	248,143
Revenue Received in Advance	14	23,051	33,149	29,319
Provision for Cyclical Maintenance	15	54,253	70,334	45,058
Finance Lease Liability - Current Portion	16	25,596	24,420	28,200
Funds held in Trust	17	-	20,000	23,586
Funds held on behalf of Transport Cluster	19	35,779	355,669	152,551
		415,368	833,189	526,857
<b>Working Capital Surplus/(Deficit)</b>		475,833	320,706	497,221
<b>Non-current Assets</b>				
Investments (more than 12 months)	11	-	-	23,586
Property, Plant and Equipment	12	2,040,371	1,826,094	1,988,984
Investment in Transport Network		22,873	227,347	97,494
		2,063,244	2,053,441	2,110,064
<b>Non-current Liabilities</b>				
Provision for Cyclical Maintenance	15	118,832	73,185	111,435
Finance Lease Liability	16	71,702	7,944	43,371
		190,534	81,129	154,806
<b>Net Assets</b>		2,348,543	2,293,018	2,452,479
<b>Equity</b>		2,348,543	2,293,018	2,452,479

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



**Te Kauwhata College**  
**Statement of Cash Flows**  
For the year ended 31 December 2019

		2019	2019	2018
	Note	Actual	Budget	Actual
		\$	(Unaudited)	\$
			\$	
<b>Cash flows from Operating Activities</b>				
Government Grants		1,511,204	1,206,146	1,188,187
Locally Raised Funds		427,280	9,000	503,866
Goods and Services Tax (net)		(16,625)	-	8,603
Payments to Employees		(757,431)	(485,600)	(465,962)
Payments to Suppliers		(951,549)	(401,872)	(821,624)
Cyclical Maintenance Payments in the year		(27,113)	(16,000)	(23,835)
Interest Paid		(4,099)	(1,447)	(2,062)
Interest Received		11,752	10,000	7,339
Net cash from Operating Activities		193,419	320,227	394,512
<b>Cash flows from Investing Activities</b>				
Proceeds from Sale of PPE (and Intangibles)		1,647	-	-
Purchase of PPE (and Intangibles)		(244,354)	(185,503)	(179,934)
Purchase of Investments		-	-	(100,000)
Proceeds from Sale of Investments		100,000	-	-
Net cash from Investing Activities		(142,707)	(185,503)	(279,934)
<b>Cash flows from Financing Activities</b>				
Furniture and Equipment Grant		-	-	14,479
Finance Lease Payments		(8,790)	(27,495)	(4,338)
Funds Administered on Behalf of Third Parties		(117,385)	-	(202,505)
Funds Held for Capital Works Projects		8,959	-	(13,122)
Net cash from Financing Activities		(117,216)	(27,495)	(205,486)
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(66,504)</b>	<b>107,229</b>	<b>(90,908)</b>
Cash and cash equivalents at the beginning of the year	8	623,133	714,041	714,041
<b>Cash and cash equivalents at the end of the year</b>	<b>8</b>	<b>556,629</b>	<b>821,270</b>	<b>623,133</b>

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

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

# **Te Kauwhata College**

## **Notes to the Financial Statements**

### **For the year ended 31 December 2019**

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

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

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

##### **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 29.

###### ***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 12.

#### ***Cyclical Maintenance Provision***

A school recognises its obligation to maintain the Ministry's buildings in a good state of repair as a provision for cyclical maintenance. This provision relates mainly to the painting of the school buildings. The estimate is based on the school's long term maintenance plan which is prepared as part of its 10 Year Property Planning process. During the year, the Board assesses the reasonableness of its 10 Year Property Plan on which the provision is based. Cyclical maintenance is disclosed at Note 15.

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

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

#### ***Classification of leases***

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

#### ***Recognition of grants***

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

## **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 \$800 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:

Buildings	40 Years
Furniture and Equipment	5-10 Years
Information and Communication	3 Years
Motor Vehicles	5 Years
Textbooks	4 Years
Leased Assets	4 Years
Library Resources	12.5 DV

Leased assets are depreciated over the life of the lease.

### **l) Intangible Assets**

#### *Software costs*

Computer software acquired by the School are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Costs associated with subsequent maintenance or licensing of software are recognised as an expense in the Statement of Comprehensive Revenue and Expense when incurred.

Computer software licences with individual values under \$1,000 are not capitalised, they are recognised as an expense in the Statement of Comprehensive Revenue and Expense when incurred.

Computer software that the school receives from the Ministry of Education is normally acquired through a non-exchange transaction and is not of a material amount. It's fair value can be assessed at time of acquisition if no other methods lead to a fair value determination. Computer software purchased directly from suppliers at market rates are considered exchange transactions and the fair value is the amount paid for the software.

The carrying value of software is amortised on a straight line basis over its useful life. The useful life of software is estimated as three years. The amortisation charge for each period and any impairment loss is recorded in the Statement of Comprehensive Revenue and Expense.

### **m) 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.



#### **n) 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.

#### **o) 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.

#### **p) Revenue Received in Advance**

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

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

#### **q) 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.

#### **r) Shared Funds**

Shared Funds are held on behalf of a cluster of participating schools as agreed with the Ministry of Education. The cluster of schools operate activities outside of school control. These amounts 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.

#### **s) 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).

**t) 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.

**u) 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.

**v) 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.

**w) Budget Figures**

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

**x) 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	1,101,160	1,085,605	1,063,441
Teachers' Salaries Grants	3,253,177	3,121,833	3,033,141
Use of Land and Buildings Grants	934,746	941,635	939,986
Resource Teachers Learning and Behaviour Grants	8,553	-	10,103
Secondary tertiary alignment resource grants	46,038	49,171	47,963
Other MoE Grants	147,089	31,490	49,658
Transport grants	86,458	-	-
Other Government Grants	132,966	48,650	74,500
	<u>5,710,187</u>	<u>5,278,384</u>	<u>5,218,792</u>

## 3. Locally Raised Funds

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

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
<b>Revenue</b>			
Donations	8,986	7,000	21,939
Bequests & Grants	22,697	-	10,412
Activities	301,784	126,268	304,485
Trading	13,347	10,000	41,379
Fundraising	13,132	3,600	31,485
Other Revenue	64,157	9,594	51,766
Transport Cluster	276	-	55,809
	<u>424,379</u>	<u>156,462</u>	<u>517,275</u>
<b>Expenses</b>			
Activities	264,438	30,000	170,506
Trading	12,985	7,500	34,844
Fundraising (Costs of Raising Funds)	21,041	-	31,417
Other Locally Raised Funds Expenditure	11,622	2,000	3,626
Transport Cluster	(174)	-	-
	<u>309,912</u>	<u>39,500</u>	<u>240,393</u>
<i>Surplus for the year Locally raised funds</i>	<u>114,467</u>	<u>116,962</u>	<u>276,882</u>

## 4. Learning Resources

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Curricular	313,046	245,800	265,132
Library Resources	3,435	3,500	2,958
Employee Benefits - Salaries	3,674,616	3,312,433	3,241,219
Staff Development	26,638	26,800	31,445
	<u>4,017,735</u>	<u>3,588,533</u>	<u>3,540,754</u>

## 5. Administration

	2019	2019	2018
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Audit Fee	7,694	7,369	7,369
Board of Trustees Fees	5,335	6,000	4,180
Board of Trustees Expenses	5,351	4,300	3,672
Communication	9,970	6,000	9,097
Consumables	73,303	68,500	74,171
Operating Lease	-	-	765
Legal Fees	500	1,000	300
Other	34,241	27,280	30,712
Employee Benefits - Salaries	213,723	190,000	191,763
Insurance	11,540	10,000	11,466
Service Providers, Contractors and Consultancy	21,336	21,000	20,976
	<u>382,993</u>	<u>341,449</u>	<u>354,471</u>

## 6. Property

	2019	2019	2018
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Caretaking and Cleaning Consumables	17,360	22,600	23,236
Cyclical Maintenance Expense	43,705	32,925	21,894
Grounds	10,721	8,500	10,326
Heat, Light and Water	74,780	62,500	65,521
Rates	4,579	3,000	2,851
Repairs and Maintenance	95,760	81,330	82,126
Use of Land and Buildings	934,746	941,635	939,986
Security	1,780	500	1,285
Employee Benefits - Salaries	105,566	105,000	112,619
	<u>1,288,997</u>	<u>1,257,990</u>	<u>1,259,844</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.

## 7. Depreciation

	2019	2019	2018
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Buildings	27,376	24,989	27,157
Building Improvements	8,608	7,419	8,063
Furniture and Equipment	81,074	73,463	79,835
Information and Communication Technology	60,639	57,770	62,782
Motor Vehicles	37,257	12,848	13,963
Textbooks	6,256	4,820	5,238
Leased Assets	33,965	29,423	31,975
Library Resources	5,362	4,737	5,148
	<u>260,537</u>	<u>215,469</u>	<u>234,161</u>

## 8. Cash and Cash Equivalents

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Cash on Hand	500	-	500
Bank Current Account	556,129	817,721	472,633
Bank Call Account	-	3,549	150,000
Cash equivalents for Cash Flow Statement	556,629	821,270	623,133

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

## 9. Accounts Receivable

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Receivables	1,378	24,199	10,547
Receivables from the Ministry of Education	15,306	-	16,383
Interest Receivable	-	88	1,073
Teacher Salaries Grant Receivable	226,840	229,654	203,742
	243,524	253,941	231,745
Receivables from Exchange Transactions	1,378	24,287	11,620
Receivables from Non-Exchange Transactions	242,146	229,654	220,125
	243,524	253,941	231,745

## 10. Inventories

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Stationery	807	3,405	1,457
Uniforms	2,190	794	-
	2,997	4,199	1,457

## 11. Investments

The School's investment activities are classified as follows:

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Current Asset			
Short-term Bank Deposits	-	20,000	100,000
Non-current Asset			
Long-term Bank Deposits	-	-	23,586
Total Investments	-	20,000	123,586

## 12. Property, Plant and Equipment

	Opening Balance (NBV)	Additions	Disposals	Impairment	Depreciation	Total (NBV)
	\$	\$	\$	\$	\$	\$
<b>2019</b>						
Land	456,250	-	-	-	-	456,250
Buildings	736,427	-	-	-	(27,376)	709,051
Building Improvements	105,317	64,664	-	-	(8,608)	161,373
Furniture and Equipment	421,447	55,945	(1,836)	-	(81,074)	394,482
Information and Communication Tech	101,065	60,188	-	-	(60,639)	100,615
Motor Vehicles	44,156	48,541	-	-	(37,257)	55,440
Textbooks	26,359	5,294	-	-	(6,256)	25,397
Leased Assets	61,809	90,599	(18,333)	-	(33,965)	100,110
Library Resources	36,153	6,863	-	-	(5,362)	37,653
<b>Balance at 31 December 2019</b>	<b>1,988,983</b>	<b>332,094</b>	<b>(20,169)</b>	<b>-</b>	<b>(260,537)</b>	<b>2,040,371</b>

	Cost or Valuation	Accumulated Depreciation	Net Book Value
	\$	\$	\$
<b>2019</b>			
Land	456,250	-	456,250
Buildings	1,104,503	(395,452)	709,051
Building Improvements	273,187	(111,814)	161,373
Furniture and Equipment	1,213,612	(819,130)	394,482
Information and Communication	635,413	(534,798)	100,615
Motor Vehicles	138,282	(82,842)	55,440
Textbooks	208,549	(183,152)	25,397
Leased Assets	119,551	(19,441)	100,110
Library Resources	82,601	(44,948)	37,653
<b>Balance at 31 December 2019</b>	<b>4,231,948</b>	<b>(2,191,577)</b>	<b>2,040,371</b>

	Opening Balance (NBV)	Additions	Disposals	Impairment	Depreciation	Total (NBV)
	\$	\$	\$	\$	\$	\$
<b>2018</b>						
Land	456,250	-	-	-	-	456,250
Buildings	725,308	38,276	-	-	(27,157)	736,427
Building Improvements	109,044	4,336	-	-	(8,063)	105,317
Furniture and Equipment	453,280	48,002	-	-	(79,835)	421,447
Information and Communication Technology	120,979	42,867	-	-	(62,782)	101,065
Motor Vehicles	28,460	31,636	(1,976)	-	(13,963)	44,156
Textbooks	20,940	10,657	-	-	(5,238)	26,359
Leased Assets	72,958	20,826	-	-	(31,975)	61,809
Library Resources	34,284	7,018	-	-	(5,148)	36,154
<b>Balance at 31 December 2018</b>	<b>2,021,503</b>	<b>203,618</b>	<b>(1,976)</b>	<b>-</b>	<b>(234,161)</b>	<b>1,988,984</b>

2018	Cost or Valuation \$	Accumulated Depreciation \$	Net Book Value \$
Land	456,250	-	456,250
Buildings	1,104,503	(368,076)	736,427
Building Improvements	208,523	(103,206)	105,317
Furniture and Equipment	1,159,807	(738,360)	421,447
Information and Communication	575,225	(474,160)	101,065
Motor Vehicles	89,741	(45,585)	44,156
Textbooks	203,255	(176,896)	26,359
Leased Assets	126,653	(64,844)	61,809
Library Resources	80,620	(44,466)	36,154
<b>Balance at 31 December 2018</b>	<b>4,004,577</b>	<b>(2,015,593)</b>	<b>1,988,984</b>

### 13. Accounts Payable

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Operating Creditors	37,405	55,657	20,370
Accruals	6,590	6,924	7,266
Capital Accruals for PPE items	-	-	2,858
Banking Staffing Overuse	-	23,444	-
Employee Entitlements - Salaries	226,840	229,654	203,742
Employee Entitlements - Leave Accrual	5,854	13,938	13,907
	<b>276,689</b>	<b>329,617</b>	<b>248,143</b>
Payables for Exchange Transactions	276,689	329,617	248,143
Payables for Non-exchange Transactions - Taxes Payable (PAYE and Rates)	-	-	-
Payables for Non-exchange Transactions - Other	-	-	-
	<b>276,689</b>	<b>329,617</b>	<b>248,143</b>

The carrying value of payables approximates their fair value.

### 14. Revenue Received in Advance

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Income in Advance	12,000	650	-
Local Grants in Advance	-	13,174	16,588
Student In Advance	9,465	18,533	11,732
Suspense	1,585	792	998
Funds In Advance Sport	1	-	1
	<b>23,051</b>	<b>33,149</b>	<b>29,319</b>



#### 15. Provision for Cyclical Maintenance

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Provision at the Start of the Year	156,493	110,594	164,002
Increase to the Provision During the Year	43,705	32,925	21,894
Use of the Provision During the Year	(27,113)	-	(29,403)
Provision at the End of the Year	<u>173,085</u>	<u>143,519</u>	<u>156,493</u>
Cyclical Maintenance - Current	54,253	70,334	45,058
Cyclical Maintenance - Term	118,832	73,185	111,435
	<u>173,085</u>	<u>143,519</u>	<u>156,493</u>

#### 16. Finance Lease Liability

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

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
No Later than One Year	34,168	24,420	28,200
Later than One Year and no Later than Five Years	86,410	7,944	43,371
	<u>120,578</u>	<u>32,364</u>	<u>71,571</u>

#### 17. Funds held in Trust

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Funds Held in Trust on Behalf of Third Parties - Current	-	20,000	23,586
Funds Held in Trust on Behalf of Third Parties - Non-current	-	-	-
	<u>-</u>	<u>20,000</u>	<u>23,586</u>

These funds are held where the school is agent for representative amounts and therefore these are not included in the Statement of Comprehensive Revenue and Expense.



# 18. Funds Owed (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:

		Opening Balances	Receipts from MoE	Payments	BOT Contribution/ (Write-off to R&M)	Closing Balances
	2019	\$	\$	\$		\$
Electrical Upgrade	<i>completed</i>	-	18,373	18,373	-	-
10 Yr Maintenance	<i>completed</i>	17,381	(732)	(18,113)	-	-
Hospitality Upgrade	<i>completed</i>	2,437	-	(2,437)	-	-
Music Room Alterations	<i>in progress</i>	9,198	-	-	-	9,198
Staff Toilet Upgrade	<i>completed</i>	(4,824)	-	4,824	-	-
Staff Room Upgrade	<i>in progress</i>	2,308	-	6,035	-	8,343
Totals		26,500	17,641	8,682	-	17,541

## Represented by:

Funds Held on Behalf of the Ministry of Education

Funds Due from the Ministry of Education

-

17,541

17,541

		Opening Balances	Receipts from MoE	Payments	BOT Contribution/ (Write-off to R&M)	Closing Balances
	2018	\$	\$	\$		\$
10 Yr Maintenance	<i>in progress</i>	4,258	15,924	29,047	-	17,381
Hospitality Upgrade	<i>in progress</i>	2,437	-	-	-	2,437
Music Room Alterations	<i>in progress</i>	9,197	-	1	-	9,198
Staff Toilet Upgrade	<i>in progress</i>	(4,824)	-	-	-	(4,824)
Staff Room Upgrade	<i>in progress</i>	2,308	-	-	-	2,308
Totals		13,376	15,924	29,048	-	26,500

## 19. Funds held on behalf of Transport Cluster

Te Kauwhata College is the lead school and hold funds on behalf of the Waikare Transport Network, a group of schools funded by the Ministry of Education

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Funds Held at Beginning of the Year	152,552	-	355,669
Funds Received from Cluster Members	529,438	355,669	503,646
Funds Spent on Behalf of the Cluster	(423,116)	-	(417,764)
Funds returned to Cluster members	(223,095)		(289,000)
Funds Held at Year End	35,779	355,669	152,551

These assets and liabilities form part of the school's assets and liabilities and are presented on the school's statement of financial position.

### Current Assets

Cash at bank	35,779	152,551
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### Non Current Assets

Property Plant and Equipment	-	-
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### Current Liabilities

Operating Creditors	-	-
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### Non Current Liabilities

Borrowings	-	-
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### Equity

35,779	152,551
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## 20. 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.

## 21. 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	5,335	4,180
Full-time equivalent members	0.13	0.09
<i>Leadership Team</i>		
Remuneration	1,257,036	446,366
Full-time equivalent members	12.33	4.00
Total key management personnel remuneration	1,262,371	450,546
Total full-time equivalent personnel	12.46	4.09

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	150 - 160	140 - 150
Benefits and Other Emoluments	4 - 5	4 - 5
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	4.00	1.00
	4.00	1.00

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

## 22. 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	-	-

## 23. Contingencies

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

### 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.

## 24. Commitments

### (a) Capital Commitments

There are no capital commitments as at 31 December 2019 (Capital commitments at 31 December 2018: nil).

### (b) Operating Commitments

There are no operating commitments as at 31 December 2019 (Operating commitments at 31 December 2018: nil).

## 25. 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.



## 26. 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	2019	2018
	Actual	Budget (Unaudited)	Actual
	\$	\$	\$
Cash and Cash Equivalents	556,629	821,270	623,133
Receivables	243,524	253,941	231,745
Investments - Term Deposits	-	20,000	123,586

Total Financial assets measured at amortised cost	800,153	1,095,211	978,464
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### Financial liabilities measured at amortised cost

Payables	276,689	329,617	248,143
Borrowings - Loans	-	-	-
Finance Leases	97,298	32,364	71,571
Painting Contract Liability	-	-	-

Total Financial Liabilities Measured at Amortised Cost	373,987	361,981	319,714
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## 27. 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.

## 28. Comparatives

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

## 29. 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 9 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 11 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.

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

**INDEPENDENT AUDITOR'S REPORT****TO THE READERS OF TE KAUWHATA COLLEGE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

The Auditor-General is the auditor of Te Kauwhata College (the School). The Auditor-General has appointed me, Bernard Lamusse, using the staff and resources of PKF Hamilton Audit Ltd, 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 23, that comprise the statement of financial position as at 31 December 2019, 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 2019; and
  - its financial performance and cash flows for the year then ended; and
- comply with generally accepted accounting practice in New Zealand in accordance with Public Sector – Public Benefit Entity Standards, Reduced Disclosure Regime.

Our audit was completed on 29 May 2020 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.

**Emphasis of Matter – COVID-19**

Without modifying our opinion, we draw attention to the disclosures in note 27 on page 23 which outline the possible effects of the Alert Level 4 lockdown as a result of the COVID-19 pandemic.

**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.

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 information included on pages 24 to 56, 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.



Bernard Lamusse  
Director  
PKF Hamilton Audit Ltd  
On behalf of the Auditor-General  
Hamilton, New Zealand