

5 May 2020

**PRIVATE AND CONFIDENTIAL**

The Chairperson,  
Board of Trustees,  
Witherlea School  
216 Weld Street  
**BLLENHEIM 7201**

Dear Trustees

**Audit of Witherlea School**  
**For The Year Ended 31 December 2019**

**1. Introduction**

We have concluded our audit of your school's financial statements for the year ended 31 December 2019. It has been a pleasure continuing our involvement with your school.

The school has operated at a small deficit of \$537. This compares to an operating deficit in the previous year of \$31,414. It should be remembered that the 2018 deficit included the Board's \$34,000 contribution toward a property project. Without this, the 2018 result would have been closer to a breakeven situation.

Factors influencing the 2019 result include:

- Student roll numbers have increased, as has the level of Ministry operations funding by \$36,000.
- The school has been generously supported by the local community, with donation and fundraising income increasing by \$9,000
- The Board employed an additional \$59,000 of teaching resource.
- The Board has kept a tight rein on general overhead expenditure, with total costs down slightly on the previous year.

The Board and management should be commended for their efforts. The school remains in good heart and in a strong financial position with year-end working capital of \$126,609. This is after taking into account the Board's \$100,000 improvement to the outdoor play area and its \$108,000 investment in new furniture and computer gear.

This letter provides you with the following:

- Our summary assessment of your school's overall financial management;
- Appendix 1 – A summary of your school's key financial indicators;
- Appendix 2 – Matters for the Board's consideration.

We hope that the Board find our comments helpful and informative. Please do not interpret the matters raised as a criticism of the school or the people involved. We welcome your feedback and are prepared to amend this letter to include your response.

**2. Assessment Of Overall Financial Management**

In auditing your school we are required to make an overall assessment of the school's financial management. We provide this assessment for your information.

<b>Financial Aspect</b>	<b>Assessment</b>	<b>Comment</b>
Financial Reporting	Of a High Standard	<p>The school uses Xero accounting software to capture accounting information.</p> <p>The school employs a recognised accounting service provider to assist with the preparation of the year-end financial statements, and to provide accounting support.</p> <p>Office duties are handled competently by experienced staff. Records kept at the school are complete and are filed in an orderly fashion.</p>
Financial Management	Of a High Standard	<p>The school is in a strong financial position.</p> <p>Student numbers are near capacity.</p> <p>The school is well resourced.</p> <p>The Board is actively involved in managing the school's finances. The Board closely monitors the school's financial performance against budget.</p> <p>The school has a formal financial policy and documented financial procedures.</p> <p>The school is heading into its fourth year of its 5-year property programme.</p>

### 3. Legislative Requirements for Financial Statements

The school is to enter a pdf file of its annual report (including the analysis of variance report, the financial statements, a list of Board members and a Kiwisport report) into the school data portal by 31 May. Paper copies and emails are no longer required. The school is also required to post a copy of the above on its website.

### 4. Conclusion

We would like to thank everyone at the school for the assistance and courtesies extended to us during the course of the audit. In particular, we thank Jen Sim and Andrea Harnett for the high standard of the financial reporting.

You are welcome to contact our office should you have any queries or concerns regarding the audit or its findings.

Yours faithfully

**JOHN HOOPER**

## ***APPENDIX 1 – Key Financial Indicators***

During the course of our audit we analysed your school's financial results as compared to other schools of a similar size and nature. We include below a number of key financial indicators for your information. Although we appreciate there may be particular reasons for the results achieved the Board may find these comparisons useful in assessing the allocation of its financial resources.

<b>Financial Indicators</b>	<b>Your School 2019</b>	<b>Your School 2018</b>	<b>Your School 2017</b>	<b>Your School 2016</b>	<b>Your School 2015</b>	<b>Expected Range, if applicable</b>
Funding Roll	420	407	413	432	417	-
Operating surplus (deficit)	(\$537)	(\$31,414)	\$12,817	\$25,459	\$2,535	
Percentage of Locally Raised Funds	25%	26%	23%	21%	23%	18% - 30%
Learning Resource Expenditure per Child (excluding teacher salaries)	\$929	\$791	\$898	\$731	\$820	\$800 – 1,000
Learning Resource Expense to Total Available Income	47%	41%	45%	42%	45%	37% - 50%
Administration Expenditure per Child	\$383	\$437	\$416	\$407	\$405	\$300 - \$470
Property Expense versus Property Funding (excluding use of land levy and school house expense)	275%	364%	297%	298%	320%	250% - 325%
Ministry Funded Wages per Child	\$4,136	\$4,071	\$4,414	\$4,035	\$3,758	-
Board Funded Wages per Child	\$981	\$867	\$937	\$711	\$748	\$700 - \$1000
Board Funded Wages to Total Available Income	49%	44%	47%	40%	41%	35% - 50%
Total Fixed Assets	\$692,767	\$614,589	\$572,992	\$536,191	\$507,423	-
Working Capital (Current Assets less Current Liabilities)	\$126,609	\$225,298	\$279,683	\$272,717	\$254,437	-

Total Available Income = Total Income less Teacher Salary and Use of Land Income

In recent years the Board has invested heavily in new computer technology, furnishings and outdoor play area.

The 2019 figures are very similar to the successful pattern established in previous years. The school is sitting within the expected range for each of the above indicators.

## ***APPENDIX 2- Matters for Board Consideration***

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### **Budgeting for Covid-19**

Many businesses in New Zealand have been adversely affected financially by the Covid-19 pandemic, and certainly schools have not been immune to this crisis.

Your school will be working hard to adapt to its new circumstances. This will include all aspects of the school's operations including curriculum delivery, staffing and support, capital projects and fundraising.

It will be imperative that the Board re-examine its 2020 budgeted targets. The budget will need to be amended to take into account the school's changing situation. The revised budget must be achievable, sustainable and affordable. It must take into account all factors likely to impact on the school's financial operations.

A revised budget will help the Board to plan and react appropriately toward achieving its educational goals for the year.

### **Covid-19 Funding**

How the Ministry is adapting to the Covid-19 pandemic is evolving rapidly. This includes how schools will be funded in 2020. It will be important for your school to keep its eyes and ears open to opportunities to apply for further funding. An example of this is in regards to staff wage reimbursements during the lock-down period. Funding will be available to those schools that incur additional costs resulting from the changes to the term dates, changes to employment terms for timesheet staff, and meeting additional reliever costs.

There may also be opportunities to apply for external grants for such things as additional student computer devices

### **Furniture and Equipment Funding**

The school is entitled to furniture and equipment funding as part of its 5-year capital works programme.

In relation to its 5-year term that commenced 2017, the school received two-thirds of its furniture and equipment funding in July 2017 being \$13,000. It is now in a position to apply for the last one-third portion being approximately \$6,500.

You may wish to have this matter clarified with your Ministry property adviser.

W I T H E R L E A



S C H O O L

'Be Kind, Be Safe, Be Fair'  
'Kia atawhai, kia ora, kia tika'

## ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

Ministry Number:	3075
Principal:	Andrea Harnett
School Address	Upper Weld Street, Witherlea, Blenheim
School Postal Address:	Upper Weld Street, Witherlea, Blenheim, 7201
School Phone:	03 578 5568
School Email:	<a href="mailto:office@witherlea.school.nz">office@witherlea.school.nz</a>

# WITHERLEA SCHOOL

Annual Report - For the year ended 31 December 2019

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# Witherlea School

## Statement of Responsibility

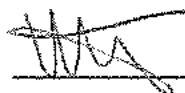
For the year ended 31 December 2019

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

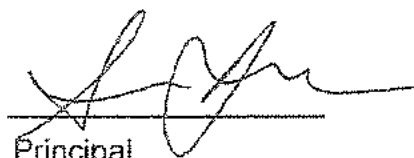
The management (including the principal and others as directed by the Board) accepts responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of the School's financial reporting.

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

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



Chairperson



Principal

4 / 5 / 2020

Date

4 / 5 / 2020

Date

# Witherlea School

## Members of the Board of Trustees

For the year ended 31 December 2019

<b>Name</b>	<b>Position</b>	<b>How Position Gained</b>	<b>Held Until</b>
Mark Elkington	Chairperson	Elected Member	May 2022
Sarina Ibbotson	Parent Rep	Elected Member	May 2022
Anna Straker	Parent Rep	Elected Member	May 2022
Peter Crowe	Parent Rep	Elected Member	May 2022
Christian Johnson	Parent Rep	Co-opted Member	May 2019
Maree Turbitt	Staff Rep	Elected	May 2019
Andrea Harnett	Principal	ex Officio	
Khalid Suleiman	Parent Rep	Co-opted Member Elected Member	May 2019 May 2022
Phoebe Meyrick	Staff Rep	Elected Member	May 2022
Emma Morrow	Parent Rep	Co-opted Member	May 2022
<b>In Attendance</b>			
Jen Sim	Secretary		May 2022



**Witherlea School****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	2,943,965	2,879,630	2,781,027
Locally Raised Funds	3	211,521	102,275	207,948
Interest Income		10,936	7,000	14,333
		<u>3,166,422</u>	<u>2,988,905</u>	<u>3,003,308</u>
<b>Expenses</b>				
Locally Raised Funds	3	24,253	300	27,830
Learning Resources	4	2,149,621	2,053,784	1,973,088
Administration	5	160,855	179,825	178,139
Finance Costs		1,541	600	2,360
Property	6	722,768	729,599	749,519
Depreciation	7	107,463	95,000	103,052
Loss on Disposal of Property, Plant and Equipment		458	-	734
		<u>3,166,959</u>	<u>3,059,108</u>	<u>3,034,722</u>
<b>Net (Deficit) / Surplus</b>		(537)	(70,203)	(31,414)
Other Comprehensive Revenue and Expenses		-	-	-
<b>Total Comprehensive Revenue and Expense for the Year</b>		<u>(537)</u>	<u>(70,203)</u>	<u>(31,414)</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.

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

For the year ended 31 December 2019

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
<b>Balance at 1 January</b>	<u>757,120</u>	<u>757,120</u>	<u>767,034</u>
Total comprehensive revenue and expense for the year	(537)	(70,203)	(31,414)
Capital Contributions from the Ministry of Education Contribution - Furniture and Equipment Grant	-	-	21,500
<b>Equity at 31 December</b>	<u>756,583</u>	<u>686,917</u>	<u>757,120</u>
Retained Earnings	756,583	686,917	757,120
<b>Equity at 31 December</b>	<u>756,583</u>	<u>686,917</u>	<u>757,120</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.

**Witherlea School**  
**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	290,778	145,836	121,039
Accounts Receivable	9	122,134	109,335	109,335
GST Receivable		64,153	25,485	25,485
Prepayments		4,122	4,265	4,265
Inventories	10	2,020	1,623	1,623
Investments	11	126,617	273,659	273,659
Funds owing for Capital Works Projects	17	6,323	17,620	17,620
		<u>616,147</u>	<u>577,823</u>	<u>553,026</u>
<b>Current Liabilities</b>				
Accounts Payable	13	381,948	221,591	221,591
Revenue Received in Advance	14	6,524	11,309	11,309
Provision for Cyclical Maintenance	15	22,500	21,241	21,241
Finance Lease Liability - Current Portion	16	12,677	14,264	14,264
Funds held for Capital Works Projects	17	65,889	71,292	71,292
		<u>489,538</u>	<u>339,697</u>	<u>339,697</u>
<b>Working Capital Surplus/(Deficit)</b>		126,609	238,126	213,329
<b>Non-current Assets</b>				
Property, Plant and Equipment	12	692,767	519,589	614,589
		<u>692,767</u>	<u>519,589</u>	<u>614,589</u>
<b>Non-current Liabilities</b>				
Provision for Cyclical Maintenance	15	50,290	59,725	59,725
Finance Lease Liability	16	12,503	11,073	11,073
		<u>62,793</u>	<u>70,798</u>	<u>70,798</u>
<b>Net Assets</b>		<u>756,583</u>	<u>686,917</u>	<u>757,120</u>
<b>Equity</b>		<u>756,583</u>	<u>686,917</u>	<u>757,120</u>

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

**Witherlea School**  
**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		626,784	562,455	573,150
Locally Raised Funds		209,989	102,275	212,690
Goods and Services Tax (net)		(38,668)	-	8,877
Payments to Employees		(384,812)	(340,428)	(348,652)
Payments to Suppliers		(208,761)	(305,905)	(311,147)
Cyclical Maintenance payments in the Year		(12,250)	-	(5,800)
Interest Received		12,318	7,000	15,317
<b>Net cash from Operating Activities</b>		<b>204,600</b>	<b>25,397</b>	<b>144,435</b>
<b>Cash flows from Investing Activities</b>				
Proceeds from Sale of PPE (and Intangibles)		(458)	-	-
Purchase of PPE (and Intangibles)		(189,847)	-	(145,383)
Purchase of Investments		147,042	-	-
Proceeds from Sale of Investments		-	-	144,556
<b>Net cash from Investing Activities</b>		<b>(43,263)</b>	<b>-</b>	<b>(827)</b>
<b>Cash flows from Financing Activities</b>				
Furniture and Equipment Grant		-	-	21,500
Finance Lease Payments		2,508	(600)	(17,797)
Funds held for Capital Works Projects		5,894	-	(88,725)
<b>Net cash from Financing Activities</b>		<b>8,402</b>	<b>(600)</b>	<b>(85,022)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>169,739</b>	<b>24,797</b>	<b>58,586</b>
Cash and cash equivalents at the beginning of the year	8	121,039	121,039	62,453
<b>Cash and cash equivalents at the end of the year</b>	<b>8</b>	<b>290,778</b>	<b>145,836</b>	<b>121,039</b>

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

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

# Witherlea School

## Notes to the Financial Statements

### 1. Statement of Accounting Policies

For the year ended 31 December 2019

#### 1.1. Reporting Entity

Witherlea 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.

#### 1.2. Basis of Preparation

##### *Reporting Period*

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

##### *Basis of Preparation*

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

##### *Financial Reporting Standards Applied*

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

##### *Standard early adopted*

In line with the Financial Statements of the Government, the School has elected to early adopt PBE IFRS 9 Financial Instruments. PBE IFRS 9 replaces PBE IPSAS 29 Financial Instruments: Recognition and Measurement. Information about the adoption of PBE IFRS 9 is provided in Note 26.

##### *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.

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

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

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

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

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

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

### **1.3. Revenue Recognition**

#### ***Government Grants***

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

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

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

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

#### ***Other Grants***

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

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

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

#### ***Interest Revenue***

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

### **1.4. Use of Land and Buildings Expense**

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

### **1.5. 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.

### **1.6. Finance Lease Payments**

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

### **1.7. Cash and Cash Equivalents**

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

### **1.8. 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.

### **1.9. Inventories**

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

### **1.10. Investments**

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

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

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

Investments that are shares are categorised as "available for sale" for accounting purposes in accordance with financial reporting standards. Share investments are recognised initially by the School at fair value plus transaction costs. At balance date the School has assessed whether there is any evidence that an investment is impaired. Any impairment, gains or losses are recognised in the Statement of Comprehensive Revenue and Expense.

After initial recognition any investments categorised as available for sale are measured at their fair value without any deduction for transaction costs the school may incur on sale or other disposal.

The School has met the requirements of Schedule 6 para 28 of the Education Act 1989 in relation to the acquisition of investment securities.

### **1.11. Property, Plant and Equipment**

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

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

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

Property, plant and equipment acquired with individual values under \$500 are not capitalised, they are recognised as an expense in the Statement of Comprehensive Revenue and Expense.

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

### **Finance Leases**

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

### **Depreciation**

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

The estimated useful lives of the assets are:

Building improvements	10–75 years
Furniture and equipment	10–15 years
Information and communication technology	4–5 years
Motor vehicles	5 years
Textbooks	3 years
Leased assets held under a Finance Lease	3-4 years
Library resources	12.5% Diminishing value

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

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

#### *Non cash generating assets*

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

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

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

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

### **1.13. Accounts Payable**

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

### **1.14. Employment Entitlements**

#### *Short-term employee entitlements*

Employee benefits that are due to be settled within 12 months after the end of the period in which the employee renders the related service are measured based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date, annual leave earned to but not yet taken at balance date.

#### *Long-term employee entitlements*

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

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

### **1.15. 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.



#### **1.16. Funds Held in Trust**

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

#### **1.17. Provision for Cyclical Maintenance**

The property from which the School operates is owned by the Crown, and is vested in the Ministry. The Ministry has gazetted a property occupancy document that sets out the Board's property maintenance responsibilities. The Board is responsible for maintaining the land, buildings and other facilities on the School site in a state of good order and repair.

Cyclical maintenance, which involves painting the interior and exterior of the School, makes up the most significant part of the Board's responsibilities outside day-to-day maintenance. The provision for cyclical maintenance represents the obligation the Board has to the Ministry and is based on the Board's ten year property plan (10YPP).

#### **1.18. Financial Assets and Liabilities**

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

Investments that are shares are categorised as "available for sale" for accounting purposes in accordance with financial reporting standards.

The School's financial liabilities comprise accounts payable, and finance lease liability. All of these financial liabilities are categorised as "financial liabilities measured at amortised cost" for accounting purposes in accordance with financial reporting standards.

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

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

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

Commitments and contingencies are disclosed exclusive of GST.

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

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

#### **1.21. Services received in-kind**

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

## 2. Government Grants

	2019	2019	2018
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Operational grants	535,440	511,072	506,571
Teachers' salaries grants	1,769,796	1,769,796	1,662,630
Use of Land and Buildings grants	546,719	546,719	526,876
Other MoE Grants	92,010	52,043	84,950
	<u>2,943,965</u>	<u>2,879,630</u>	<u>2,781,027</u>

## 3. Locally Raised Funds

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

	2019	2019	2018
	Actual	Budget	Actual
	\$	(Unaudited)	\$
<b>Revenue</b>			
Donations	107,423	42,375	94,987
Fundraising	71,216	36,500	63,331
Bequests & Grants	16,082	20,000	27,500
Other revenue	520	100	1,301
Trading	1,656	-	1,836
Activities	14,624	3,300	18,993
	<u>211,521</u>	<u>102,275</u>	<u>207,948</u>
<b>Expenses</b>			
Activities	9,946	300	11,587
Trading	536	-	1,287
Fundraising (costs of raising funds)	13,771	-	14,956
	<u>24,253</u>	<u>300</u>	<u>27,830</u>
<i>Surplus for the year Locally raised funds</i>	<u>187,268</u>	<u>101,975</u>	<u>180,118</u>

## 4. Learning Resources

	2019	2019	2018
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Curricular	92,928	40,950	99,122
Equipment repairs	3,708	9,500	7,542
Information and communication technology	5,828	9,000	2,209
Library resources	2,872	5,500	2,453
Employee benefits - salaries	2,019,704	1,962,584	1,842,998
Staff development	24,581	26,250	18,764
	<u>2,149,621</u>	<u>2,053,784</u>	<u>1,973,088</u>

## 5. Administration

	2019	2019	2018
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Audit Fee	4,250	4,250	4,100
Board of Trustees Fees	3,590	5,000	3,480
Board of Trustees Expenses	3,018	6,750	1,903
Communication	4,008	5,000	4,427
Consumables	12,027	14,500	9,028
Operating Lease	-	7,500	-
Legal Fees	-	700	-
Other	19,653	25,325	30,203
Employee Benefits - Salaries	106,908	102,000	117,031
Insurance	4,769	6,000	5,408
Service Providers, Contractors and Consultancy	2,632	2,800	2,559
	<u>160,855</u>	<u>179,825</u>	<u>178,139</u>

## 6. Property

	2019	2019	2018
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Caretaking and Cleaning Consumables	5,539	7,000	6,093
Consultancy and Contract Services	49,959	49,180	49,180
Cyclical Maintenance Provision	4,074	15,000	14,227
Grounds	12,200	16,000	16,544
Heat, Light and Water	29,358	32,500	30,558
Rates	813	900	754
Repairs and Maintenance	20,018	13,500	50,892
Use of Land and Buildings	546,719	546,719	526,876
Security	2,515	2,500	2,271
Employee Benefits - Salaries	51,573	46,300	52,124
	<u>722,768</u>	<u>729,599</u>	<u>749,519</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 of Property, Plant and Equipment

	2019	2019	2018
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Building Improvements	13,864	15,000	8,435
Furniture and Equipment	18,144	15,000	17,242
Information and Communication Technology	55,905	50,000	57,660
Leased Assets	15,053	10,000	15,701
Library Resources	4,497	5,000	4,014
	<u>107,463</u>	<u>95,000</u>	<u>103,052</u>

### 8. Cash and Cash Equivalents

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Bank Current Account	290,755	145,836	118,218
Bank Call Account	23	-	2,821
Net cash and cash equivalents and bank overdraft for Cash Flow Statement	<u>290,778</u>	<u>145,836</u>	<u>121,039</u>

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

Of the \$290,778 Cash and Cash Equivalents, \$65,889 is held by the School on behalf of the Ministry of Education. These funds are required to be spent in 2020 on Crown owned school buildings under the School's Five Year Property Plan.

Of the \$290,778 Cash and Cash Equivalents, \$2,163 of unspent grant funding is held by the School. This funding is subject to restrictions which specify how the grant is required to be spent in providing specified deliverables of the grant arrangement.

### 9. Accounts Receivable

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Receivables	-	3,247	3,247
Interest Receivable	515	1,897	1,897
Teacher Salaries Grant Receivable	121,619	104,191	104,191
	<u>122,134</u>	<u>109,335</u>	<u>109,335</u>
Receivables from Exchange Transactions	515	5,144	5,144
Receivables from Non-Exchange Transactions	121,619	104,191	104,191
	<u>122,134</u>	<u>109,335</u>	<u>109,335</u>

### 10. Inventories

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Stationery	478	473	473
School Uniforms	1,542	1,150	1,150
	<u>2,020</u>	<u>1,623</u>	<u>1,623</u>

### 11. Investments

The School's investment activities are classified as follows:

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Current Asset			
Short-term Bank Deposits	126,617	273,659	273,659
Total Investments	<u>126,617</u>	<u>273,659</u>	<u>273,659</u>

## 12. Property, Plant and Equipment

	Opening Balance (NBV)	Additions	Disposals	Impairment	Depreciation	Total (NBV)
2019	\$	\$	\$	\$	\$	\$
Building Improvements	282,716	105,767	(30,484)	-	(13,864)	344,135
Furniture and Equipment	133,922	41,814	(15,566)	-	(18,144)	142,026
Information and Communication	137,936	65,700	(193)	-	(55,905)	147,538
Leased Assets	24,310	15,335	-	-	(15,053)	24,592
Library Resources	35,705	3,268	-	-	(4,497)	34,476
<b>Balance at 31 December 2019</b>	<b>614,589</b>	<b>231,884</b>	<b>(46,243)</b>	<b>-</b>	<b>(107,463)</b>	<b>692,767</b>

	Cost or Valuation	Accumulated Depreciation	Net Book Value
2019	\$	\$	\$
Buildings	615,915	(271,780)	344,135
Furniture and Equipment	390,452	(248,426)	142,026
Information and Communication	504,349	(356,811)	147,538
Leased Assets	48,309	(23,717)	24,592
Library Resources	92,309	(57,833)	34,476
<b>Balance at 31 December 2019</b>	<b>1,651,334</b>	<b>(958,567)</b>	<b>692,767</b>

The net carrying value of equipment held under a finance lease is \$24,592 (2018: \$24,310)

	Opening Balance (NBV)	Additions	Disposals	Impairment	Depreciation	Total (NBV)
2018	\$	\$	\$	\$	\$	\$
Building Improvements	234,173	56,978	-	-	(8,435)	282,716
Furniture and Equipment	113,003	38,161	-	-	(17,242)	133,922
Information and Communication	154,385	41,945	(734)	-	(57,660)	137,936
Leased Assets	40,011	-	-	-	(15,701)	24,310
Library Resources	31,420	8,299	-	-	(4,014)	35,705
<b>Balance at 31 December 2018</b>	<b>572,992</b>	<b>145,383</b>	<b>(734)</b>	<b>-</b>	<b>(103,052)</b>	<b>614,589</b>

	Cost or Valuation	Accumulated Depreciation	Net Book Value
2018	\$	\$	\$
Building Improvements	540,632	(257,916)	282,716
Furniture and Equipment	365,389	(231,467)	133,922
Information and Communication	523,583	(386,647)	137,936
Leased Assets	52,515	(28,205)	24,310
Library Resources	89,041	(53,336)	35,705
<b>Balance at 31 December 2018</b>	<b>1,571,160</b>	<b>(956,571)</b>	<b>614,589</b>

## 13. Accounts Payable

	2019 Actual	2019 Budget (Unaudited)	2018 Actual
	\$	\$	\$
Operating creditors	209,657	89,904	89,904
Accruals	5,057	4,798	4,798
Banking staffing overuse	26,713	660	660
Employee Entitlements - salaries	135,399	123,309	123,309
Employee Entitlements - leave accrual	5,122	2,920	2,920
	<b>381,948</b>	<b>221,591</b>	<b>221,591</b>
Payables for Exchange Transactions	381,948	221,591	221,591
	<b>381,948</b>	<b>221,591</b>	<b>221,591</b>

The carrying value of payables approximates their fair value.

#### 14. Revenue Received in Advance

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Grants in Advance - Ministry of Education	2,163	2,169	2,169
Other	4,361	9,140	9,140
	<u>6,524</u>	<u>11,309</u>	<u>11,309</u>

#### 15. Provision for Cyclical Maintenance

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Provision at the Start of the Year	80,966	80,966	72,539
Increase/ (decrease) to the Provision During the Year	4,074	-	14,227
Use of the Provision During the Year	(12,250)	-	(5,800)
Provision at the End of the Year	<u>72,790</u>	<u>80,966</u>	<u>80,966</u>
Cyclical Maintenance - Current	22,500	21,241	21,241
Cyclical Maintenance - Term	50,290	59,725	59,725
	<u>72,790</u>	<u>80,966</u>	<u>80,966</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	14,095	15,508	15,508
Later than One Year and no Later than Five Years	13,402	11,319	11,319
	<u>27,497</u>	<u>26,827</u>	<u>26,827</u>

## 17. Funds Held for Capital Works

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

	2019	Opening Balances	Receipts from MoE	Payments	BOT Contribution	Closing Balances
		\$	\$	\$		\$
Sp Needs Modifications	Completed	(13,125)	48,397	35,272	-	-
Electrical System	In Progress	59,292	500,000	538,379	-	20,913
ILE Modifications	In Progress	12,000	149,568	116,592	-	44,976
Stormwater Drain	In Progress	(4,495)	28,800	27,258	-	(2,953)
Boiler House	In Progress	-	-	3,050	-	(3,050)
Cloakroom (10 & 11)	In Progress	-	-	320	-	(320)
Totals		53,672	726,765	720,871	-	59,566

### Represented by:

Funds Held on Behalf of the Ministry of Education	65,889
Funds Due from the Ministry of Education	(6,323)
	<u>59,566</u>

	2018	Opening Balances	Receipts from MoE	Payments	BOT Contribution	Closing Balances
		\$	\$	\$		\$
New Library & Resource Room	Completed	142,397	50,000	219,100	26,703	-
Sp Needs Modifications	In Progress	-	351,000	364,125	-	(13,125)
Electrical System	In Progress	-	68,400	9,108	-	59,292
ILE Modifications	In Progress	-	12,000	-	-	12,000
Stormwater Drain	In Progress	-	-	4,495	-	(4,495)
Totals		142,397	481,400	596,828	26,703	53,672

## 18. 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.

**19. Remuneration**

*Key management personnel compensation*

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

	<b>2019 Actual \$</b>	<b>2018 Actual \$</b>
<i>Board Members</i>		
Remuneration	3,590	3,480
Full-time equivalent members	0.17	0.17
<i>Leadership Team</i>		
Remuneration	320,384	246,033
Full-time equivalent members	3.00	2.25
Total key management personnel remuneration	<u>323,974</u>	<u>249,513</u>
Total full-time equivalent personnel	<u>3.17</u>	<u>2.42</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:

	<b>2019 Actual \$000</b>	<b>2018 Actual \$000</b>
Salaries and Other Short-term Employee Benefits:		
Salary and Other Payments	130 - 140	130 - 140
Benefits and Other Emoluments	4 - 5	3 - 4
Termination Benefits	0 - 0	0 - 0

*Other Employees*

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

Remuneration \$000	<b>2019 FTE Number</b>	<b>2018 FTE Number</b>
100 - 110	1.00	-
	<u>1.00</u>	<u>-</u>

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

**20. Compensation and Other Benefits Upon Leaving**

The total value of compensation or other benefits paid or payable to persons who ceased to be trustees, committee member, or employees during the financial year in relation to that cessation and number of persons to whom all or part of that total was payable was as follows:

	<b>2019 Actual \$</b>	<b>2018 Actual \$</b>
Total	-	-
Number of People	-	-



## 21. 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.

## 22. Commitments

### (a) Capital Commitments

As at 31 December 2019 the Board has not entered into any contract agreements for capital works.

(Capital commitments at 31 December 2018: nil)

### (b) Operating Commitments

As at 31 December 2019 the Board has not entered into any operating contracts:

(a) operating lease of a photocopier and laptops;

No later than One Year

2019 Actual \$	2018 Actual \$
-	350
-	350

## 23. 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.

## 24. Financial Instruments

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

### Financial assets measured at amortised cost

	2019	2019	2018
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Cash and Cash Equivalents	290,778	145,836	121,039
Receivables	122,134	109,335	109,335
Investments - Term Deposits	126,617	273,659	273,659
Funds Owing for Capital Works	6,323	17,620	17,620
Total Financial assets measured at amortised cost	<u>545,852</u>	<u>546,450</u>	<u>521,653</u>

### Financial liabilities measured at amortised cost

Payables	381,948	221,591	221,591
Finance Leases	25,180	25,337	25,337
Funds Held for Capital Works	65,889	71,292	71,292
Total Financial liabilities measured at amortised Cost	<u>473,017</u>	<u>318,220</u>	<u>318,220</u>

## 25. Events After Balance Date

### Impact from COVID-19

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. While the disruption is currently expected to be temporary, there is a level of uncertainty around the duration of the closure.

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.

## 26. Adoption of PBE IFRS 9 Financial Instruments

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

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

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

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

**INDEPENDENT AUDITOR'S REPORT  
TO THE READERS OF WITHERLEA SCHOOL'S FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

The Auditor-General is the auditor of Witherlea School (the School). The Auditor-General has appointed me, John Hooper, using the staff and resources of John Hooper & Co, 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 3 to 20, that comprise the statement of financial position as at 31 December 2019, the statements of comprehensive revenue and expense, changes in net assets / equity and 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 5 May 2020. This is the date at which our opinion is expressed.

The basis of 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 25 on page 20 which outline the possible effects of the Alert Level 4 lockdown as a result of the COVID-19 pandemic.

**Basis of 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**

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 other information. The other information obtained at the date of our report is the list of board of trustee members, the analysis of variance report and Kiwisport statement.

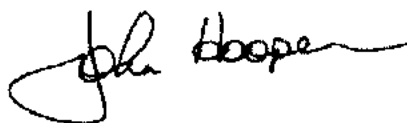
Our opinion on the financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

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



#### **JOHN HOOPER**

John Hooper & Co

On behalf of the Auditor-General

Nelson, New Zealand