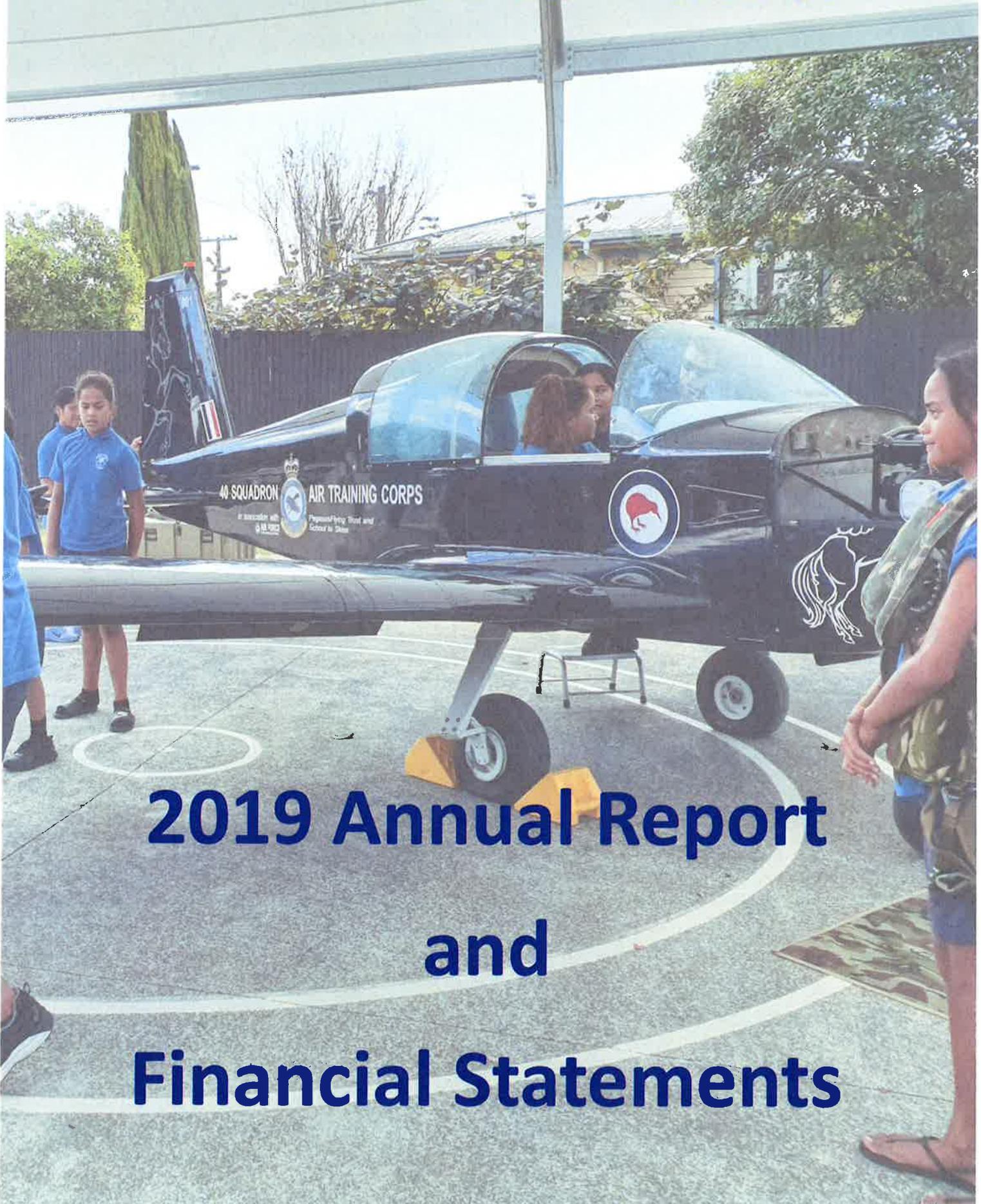


# Kelvin Road School



## 2019 Annual Report and Financial Statements

# **Kelvin Road School**

## **Annual Report for the year ended 31 December 2019**

<b>Ministry Number:</b>	1332
<b>Principal:</b>	Heather Tanner
<b>School Address:</b>	74 Kelvin Road, Papakura
<b>School Postal Address:</b>	74 Kelvin Road, Papakura
<b>School Phone:</b>	09 298 8417
<b>School Email:</b>	exec@krs.school.nz
<b>Service Provider:</b>	Edtech Financial Services Ltd

**Kelvin Road School**

**Members of the Board of Trustees**

For the year ended 31 December 2019

<b>Name</b>	<b>Position</b>	<b>How position on Board gained</b>	<b>Occupation</b>	<b>Term expired/expires</b>
Heather Tanner	Principal		Sch Principal	
Roland Olago	Chair	elected	Operations Manager	June 2022
Rangimaria Makara	Member	appointed	Mother	June 2022
Melanie Harpur	Staff Rep	elected	Teacher	December 2019
Joanna Harris	Member	elected	Customer Service Rep	June 2022
Joyce Yuhoi	Member	elected	Accounts Manager	March 2019
Julie Hyland	Member	elected	Social Worker	June 2022
Rose Te where	Member	elected	Mother	June 2022

# Kelvin Road School

## Annual Report

For the year ended 31 December 2019

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# Kelvin Road School Statement of Responsibility

For the year ended 31 December 2019

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

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

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

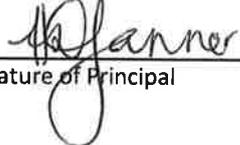
The School's 2019 financial statements are authorised for issue by the Board.

Roland Olago  
Full Name of Board Chairperson

  
Signature of Board Chairperson

4 June 2020  
Date:

Heather Tanner  
Full Name of Principal

  
Signature of Principal

4 June 2020  
Date:

## Kelvin Road 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	4,031,793	5,235,746	3,873,098
Locally Raised Funds	3	44,451	50,950	89,245
Interest Income		48,532	35,000	53,521
Gain on Sale of Property, Plant and Equipment		-	-	431
		<u>4,124,776</u>	<u>5,321,696</u>	<u>4,016,295</u>
<b>Expenses</b>				
Locally Raised Funds	3	21,914	17,800	28,194
Learning Resources	4	2,536,914	3,846,638	2,411,603
Administration	5	233,262	231,050	219,950
Finance		1,318	-	1,618
Property	6	1,058,908	1,168,158	1,209,544
Depreciation	7	122,696	150,000	121,414
		<u>3,975,012</u>	<u>5,413,646</u>	<u>3,992,323</u>
<b>Net Surplus / (Deficit) for the year</b>		149,764	(91,950)	23,972
Other Comprehensive Revenue and Expenses		-	-	-
<b>Total Comprehensive Revenue and Expense for the Year</b>		<u>149,764</u>	<u>(91,950)</u>	<u>23,972</u>

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

## Kelvin Road School

# Statement of Changes in Net Assets/Equity

For the year ended 31 December 2019

	Notes	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
<b>Balance at 1 January</b>		<u>2,174,822</u>	<u>2,174,822</u>	<u>2,139,730</u>
Total comprehensive revenue and expense for the year		149,764	(91,950)	23,972
Capital Contributions from the Ministry of Education Contribution - Furniture and Equipment Grant		-	-	11,120
<b>Equity at 31 December</b>	23	<u>2,324,586</u>	<u>2,082,872</u>	<u>2,174,822</u>
Retained Earnings		2,324,586	2,082,872	2,174,822
<b>Equity at 31 December</b>		<u>2,324,586</u>	<u>2,082,872</u>	<u>2,174,822</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.

# Kelvin Road 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	407,804	379,700	479,384
Accounts Receivable	9	165,274	140,000	134,884
GST Receivable		17,090	5,000	25,231
Prepayments		884	-	-
Inventories	10	1,398	700	685
Investments	11	1,315,212	1,000,000	503,700
		<u>1,907,662</u>	<u>1,525,400</u>	<u>1,143,884</u>
<b>Current Liabilities</b>				
Accounts Payable	13	197,968	181,000	233,630
Revenue Received in Advance	14	87,909	-	6,232
Provision for Cyclical Maintenance	15	27,413	27,413	7,080
Finance Lease Liability - Current Portion	16	3,936	5,000	3,773
Funds Held for Capital Works Projects	17	34,651	-	-
		<u>351,877</u>	<u>213,413</u>	<u>250,715</u>
<b>Working Capital Surplus/(Deficit)</b>		<b>1,555,785</b>	<b>1,311,987</b>	<b>893,169</b>
<b>Non-current Assets</b>				
Investments	11	-	-	450,000
Property, Plant and Equipment	12	787,904	857,832	857,832
Capital Works in Progress		63,888	-	63,888
		<u>851,792</u>	<u>857,832</u>	<u>1,371,720</u>
<b>Non-current Liabilities</b>				
Provision for Cyclical Maintenance	15	81,947	81,947	85,087
Finance Lease Liability	16	1,044	5,000	4,980
		<u>82,991</u>	<u>86,947</u>	<u>90,067</u>
<b>Net Assets</b>		<u><u>2,324,586</u></u>	<u><u>2,082,872</u></u>	<u><u>2,174,822</u></u>
<b>Equity</b>	23	<u><u>2,324,586</u></u>	<u><u>2,082,872</u></u>	<u><u>2,174,822</u></u>

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

# Kelvin Road School

## Statement of Cash Flows

For the year ended 31 December 2019

	2019	2019	2018
Note	Actual \$	Budget (Unaudited) \$	Actual \$
<b>Cash flows from Operating Activities</b>			
Government Grants	1,149,279	1,124,419	1,251,458
Locally Raised Funds	125,876	44,718	97,775
Goods and Services Tax (net)	8,141	20,231	(5,685)
Payments to Employees	(631,724)	(717,723)	(643,024)
Payments to Suppliers	(387,991)	(474,303)	(436,495)
Interest Paid	(1,318)	-	(1,618)
Interest Received	47,413	34,139	54,637
Net cash from Operating Activities	<u>309,676</u>	<u>31,481</u>	<u>317,048</u>
<b>Cash flows from Investing Activities</b>			
Proceeds from Sale of PPE (and Intangibles)	-	-	431
Purchase of PPE (and Intangibles)	(52,768)	(97,698)	(354,159)
Purchase of Investments	(361,512)	-	(63,700)
Proceeds from Sale of Investments	-	(46,300)	-
Net cash from Investing Activities	<u>(414,280)</u>	<u>(143,998)</u>	<u>(417,428)</u>
<b>Cash flows from Financing Activities</b>			
Furniture and Equipment Grant	-	-	11,120
Finance Lease Payments	(1,627)	12,833	1,352
Funds Held for Capital Works Projects	34,651	-	-
Net cash from Financing Activities	<u>33,024</u>	<u>12,833</u>	<u>12,472</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<u>(71,580)</u>	<u>(99,684)</u>	<u>(87,908)</u>
Cash and cash equivalents at the beginning of the year	8 479,384	479,384	567,292
<b>Cash and cash equivalents at the end of the year</b>	8 <u>407,804</u>	<u>379,700</u>	<u>479,384</u>

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.

# Notes to the Financial Statements

For the year ended 31 December 2019

## 1. Statement of Accounting Policies

### Reporting Entity

Kelvin Road 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.

### 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.

## **Notes to the Financial Statements (cont.)**

For the year ended 31 December 2019

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

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

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

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

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

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

### **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.

#### ***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.

#### ***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.

#### ***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.

## **Notes to the Financial Statements (cont.)**

For the year ended 31 December 2019

### **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.

### **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.

### **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 under Schedule 6 Section 28 of the Education Act 1989 in relation to the acquisition of investment securities.

### **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.

## Notes to the Financial Statements (cont.)

For the year ended 31 December 2019

### **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 - Crown	40 years
Furniture and equipment	5-10 years
Information and communication technology	5 years
Leased assets held under a Finance Lease	3 years
Library resources	12.5% Diminishing value

### **Impairment of property, plant, and equipment**

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 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.

### **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.

### **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.

## **Notes to the Financial Statements (cont.)**

For the year ended 31 December 2019

### **Revenue Received in Advance**

Revenue received in advance relates to fees received from 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 this revenue received in advance, should the School be unable to provide the services to which they relate.

### **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).

### **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.

### **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 Statement of Cash Flows.

Commitments and contingencies are disclosed exclusive of GST.

### **Budget Figures**

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

### **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.

## Notes to the Financial Statements (cont.)

For the year ended 31 December 2019

**2 Government Grants**

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Operational Grants	1,095,270	1,069,419	1,062,658
Teachers' Salaries Grants	2,044,928	3,228,209	1,864,666
Use of Land and Buildings Grants	825,792	883,118	823,653
Other MoE Grants	65,803	50,000	122,121
Other Government Grants	-	5,000	-
	<u>4,031,793</u>	<u>5,235,746</u>	<u>3,873,098</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	13,583	27,500	48,967
Activities	19,240	20,450	25,709
Trading	10,984	(500)	13,171
Fundraising	644	3,500	1,398
	<u>44,451</u>	<u>50,950</u>	<u>89,245</u>
<b>Expenses</b>			
Activities	10,351	15,800	16,363
Trading	11,072	-	11,348
Fundraising (Costs of Raising Funds)	491	2,000	483
	<u>21,914</u>	<u>17,800</u>	<u>28,194</u>
<i>Surplus/ (Deficit) for the year Locally Raised Funds</i>	<u>22,537</u>	<u>33,150</u>	<u>61,051</u>

2019: Singapore Trip - This was a trip to Singapore made by the Principal, Heather Tanner, to attend the World Edulead Conference. The expenses for this trip totalled \$4,769 and related to flights (\$1,550), conference fee (\$1,492), food and accommodation (\$1,727). Melbourne Trip - This was a trip to Melbourne made by the Deputy Principal Sarah Davis and Deputy Principal Bruce Mcmillan to attend a National Education Summit. The expenses for this trip totalled \$4,901 and related to flights (\$1,157), conference fee (\$1,281), parking, meals and accommodation (\$2,463).

**4 Learning Resources**

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Curricular	62,096	124,300	102,114
Equipment Repairs	1,518	2,000	667
Information and Communication Technology	24,995	34,000	35,168
Extra-Curricular Activities	3,177	9,529	3,035
Library Resources	1,223	5,500	1,326
Employee Benefits - Salaries	2,402,968	3,635,209	2,245,713
Staff Development	40,937	36,100	23,580
	<u>2,536,914</u>	<u>3,846,638</u>	<u>2,411,603</u>

**Notes to the Financial Statements (cont.)**

For the year ended 31 December 2019

**5 Administration**

	2019	2019	2018
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Audit Fee	6,000	6,000	5,250
Board of Trustees Fees	2,745	4,500	3,115
Board of Trustees Expenses	11,452	23,000	15,434
Communication	5,510	6,000	4,951
Consumables	8,148	8,200	6,583
Legal Fees	339	-	-
Other	12,936	17,800	11,398
Employee Benefits - Salaries	175,530	154,500	162,856
Insurance	4,566	5,000	4,447
Service Providers, Contractors and Consultancy	6,036	6,050	5,916
	<u>233,262</u>	<u>231,050</u>	<u>219,950</u>

**6 Property**

	2019	2019	2018
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Caretaking and Cleaning Consumables	20,948	22,500	22,733
Cyclical Maintenance Expense	17,193	18,000	17,691
Grounds	15,687	18,700	6,526
Heat, Light and Water	36,433	35,000	32,828
Rates	-	500	-
Repairs and Maintenance	35,345	34,340	166,158
Use of Land and Buildings	825,792	883,118	823,653
Security	7,924	15,000	15,841
Employee Benefits - Salaries	99,586	141,000	124,114
	<u>1,058,908</u>	<u>1,168,158</u>	<u>1,209,544</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 nationwide 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 - School	14,760	15,955	10,827
Furniture and Equipment	32,921	39,603	33,443
Information and Communication Technology	67,292	89,457	74,286
Leased Assets	3,862	4,175	2,858
Library Resources	3,861	810	-
	<u>122,696</u>	<u>150,000</u>	<u>121,414</u>

## Notes to the Financial Statements (cont.)

For the year ended 31 December 2019

### 8 Cash and Cash Equivalents

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Cash on Hand	200	200	200
Bank Current Account	407,604	29,500	319,184
Short-term Bank Deposits	-	350,000	160,000
Cash and cash equivalents for Cash Flow Statement	<u>407,804</u>	<u>379,700</u>	<u>479,384</u>

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	252	-	-
Interest Receivable	10,258	10,000	9,139
Bank Staffing Underuse	9,648	-	-
Teacher Salaries Grant Receivable	145,116	130,000	125,745
	<u>165,274</u>	<u>140,000</u>	<u>134,884</u>
Receivables from Exchange Transactions	10,510	10,000	9,139
Receivables from Non-Exchange Transactions	154,764	130,000	125,745
	<u>165,274</u>	<u>140,000</u>	<u>134,884</u>

### 10 Inventories

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Stationery	1,398	700	685
	<u>1,398</u>	<u>700</u>	<u>685</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	1,315,212	1,000,000	503,700
Non-current Asset			
Long-term Bank Deposits	-	-	450,000
Total Investments	<u>1,315,212</u>	<u>1,000,000</u>	<u>953,700</u>

## Notes to the Financial Statements (cont.)

For the year ended 31 December 2019

## 12 Property, Plant and Equipment

	Opening Balance (NBV)	Additions	Disposals	Impairment	Depreciation	Total (NBV)
	\$	\$	\$	\$	\$	\$
2019						
Buildings	493,801	-	-	-	(14,761)	479,040
Furniture and Equipment	164,157	22,389	-	-	(32,922)	153,624
Information and Communication Technology	162,311	28,924	-	-	(67,292)	123,943
Leased Assets	8,135	-	-	-	(3,861)	4,274
Library Resources	29,428	1,455	-	-	(3,860)	27,023
<b>Balance at 31 December 2019</b>	<b>857,832</b>	<b>52,768</b>	<b>-</b>	<b>-</b>	<b>(122,696)</b>	<b>787,904</b>

	Cost or Valuation	Accumulated Depreciation	Net Book Value
	\$	\$	\$
2019			
Buildings	590,389	(111,349)	479,040
Furniture and Equipment	821,108	(667,484)	153,624
Information and Communication Technology	1,040,211	(916,268)	123,943
Leased Assets	11,586	(7,312)	4,274
Library Resources	80,643	(53,620)	27,023
<b>Balance at 31 December 2019</b>	<b>2,543,937</b>	<b>(1,756,033)</b>	<b>787,904</b>

The net carrying value of equipment held under a finance lease is \$4,274 (2018: \$8,135).

	Opening Balance (NBV)	Additions	Disposals	Impairment	Depreciation	Total (NBV)
	\$	\$	\$	\$	\$	\$
2018						
Buildings	315,848	188,780	-	-	(10,827)	493,801
Furniture and Equipment	146,035	55,114	(3,549)	-	(33,443)	164,157
Information and Communication Technology	188,753	47,844	-	-	(74,286)	162,311
Leased Assets	4,968	6,025	-	-	(2,858)	8,135
Library Resources	27,346	2,082	-	-	-	29,428
<b>Balance at 31 December 2018</b>	<b>682,950</b>	<b>299,845</b>	<b>(3,549)</b>	<b>-</b>	<b>(121,414)</b>	<b>857,832</b>

	Cost or Valuation	Accumulated Depreciation	Net Book Value
	\$	\$	\$
2018			
Buildings	590,389	(96,588)	493,801
Furniture and Equipment	798,718	(634,561)	164,157
Information and Communication Technology	1,011,287	(848,976)	162,311
Leased Assets	11,586	(3,451)	8,135
Library Resources	79,188	(49,760)	29,428
<b>Balance at 31 December 2018</b>	<b>2,491,168</b>	<b>(1,633,336)</b>	<b>857,832</b>

## Notes to the Financial Statements (cont.)

For the year ended 31 December 2019

### 13 Accounts Payable

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Operating Creditors	10,197	25,000	67,136
Accruals	6,000	6,000	5,526
Employee Entitlements - Salaries	147,171	130,000	143,824
Employee Entitlements - Leave Accrual	34,600	20,000	17,144
	<u>197,968</u>	<u>181,000</u>	<u>233,630</u>
Payables for Exchange Transactions	<u>197,968</u>	<u>181,000</u>	<u>233,630</u>
	<u>197,968</u>	<u>181,000</u>	<u>233,630</u>

The carrying value of payables approximates their fair value.

### 14 Revenue Received in Advance

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Other	87,909	-	6,232
	<u>87,909</u>	<u>-</u>	<u>6,232</u>

### 15 Provision for Cyclical Maintenance

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Provision at the Start of the Year	92,167	92,167	74,476
Increase/(decrease) to the Provision During the Year	17,193	18,000	17,691
Use of the Provision During the Year	-	(807)	-
Provision at the End of the Year	<u>109,360</u>	<u>109,360</u>	<u>92,167</u>
Cyclical Maintenance - Current	27,413	27,413	7,080
Cyclical Maintenance - Term	81,947	81,947	85,087
	<u>109,360</u>	<u>109,360</u>	<u>92,167</u>

### 16 Finance Lease Liability

The school has entered into a number of finance lease agreements for Tela Laptops.  
Minimum lease payments payable (includes interest portion):

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
No Later than One Year	4,544	5,000	5,132
Later than One Year and no Later than Five Years	1,077	5,000	5,621
	<u>5,621</u>	<u>10,000</u>	<u>10,753</u>

## Notes to the Financial Statements (cont.)

For the year ended 31 December 2019

## 17 Funds Held for Capital Works Projects

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

	2019	Opening Balances	Receipts from MoE	Payments	BOT Contribution/ (Write-off to R&M)	Closing Balances
		\$	\$	\$		\$
Carving Project	<i>In progress</i>	-	-	37,795	-	(37,795)
Shade Project & Roofing	<i>In progress</i>	-	34,770	141,397	-	(106,627)
Heat Pump	<i>In progress</i>	-	99,466	106,283	-	(6,817)
Project R7-12 & 16-19	<i>In progress</i>	-	250,000	67,950	-	182,050
R3 Deck & Refurb	<i>In progress</i>	-	32,215	28,375	-	3,840
Totals		-	416,451	381,800	-	34,651

## Represented by:

Funds Held on Behalf of the Ministry of Education	185,890
Funds Due from the Ministry of Education	(151,239)
	<u>34,651</u>

	2018	Opening Balances	Receipts from MoE	Payments	BOT Contribution/ (Write-off to R&M)	Closing Balances
		\$	\$	\$	\$	\$
New Kitchen in staffroom	<i>Completed</i>	(20,246)	-	1,295	21,541	-
Drainage	<i>Completed</i>	(22,715)	-	-	22,715	-
MOE LED Sign Project	<i>Completed</i>	(8,230)	-	-	8,230	-
MOE Rm 1-6 Class refurbishment	<i>Completed</i>	(9,500)	-	-	9,500	-
Carving Project	<i>In progress</i>	-	-	3,102	3,102	-
Shade Project	<i>In progress</i>	-	-	52,194	52,194	-
Totals		(60,691)	-	56,591	117,282	-

## 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.

## Notes to the Financial Statements (cont.)

For the year ended 31 December 2019

### 19 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	2,745	3,115
Full-time equivalent members	0.09	-
<i>Leadership Team</i>		
Remuneration	375,738	336,514
Full-time equivalent members	3.00	3.00
Total key management personnel remuneration	378,483	339,629
Total full-time equivalent personnel	3.09	3.00

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
<i>Salaries and Other Short-term Employee Benefits:</i>		
Salary and Other Payments	160-170	140-150
Benefits and Other Emoluments	1-5	1-5
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	2	1
	2	1

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

### 20 Compensation and Other Benefits Upon Leaving

There were no compensation or other benefits paid or payable to persons upon leaving.

### 21 Contingencies

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

(Contingent liabilities and assets as 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.

## Notes to the Financial Statements (cont.)

For the year ended 31 December 2019

### 22 Commitments

#### (a) Capital Commitments

As at 31 December 2019 the Board has entered into no contract agreements for capital works.

(Capital commitments as at 31 December 2018: nil)

### 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:

	2019	2019	2018
	Actual	Budget (Unaudited)	Actual
	\$	\$	\$
<b>Financial assets measured at amortised cost (2018: Loans and receivables)</b>			
Cash and Cash Equivalents	407,804	379,700	479,384
Receivables	165,274	140,000	134,884
Investments - Term Deposits	1,315,212	1,000,000	953,700
Total Financial assets measured at amortised cost	<u>1,888,290</u>	<u>1,519,700</u>	<u>1,567,968</u>
<b>Financial liabilities measured at amortised cost</b>			
Payables	197,968	181,000	233,630
Finance Leases	4,980	10,000	8,753
Total Financial Liabilities Measured at Amortised Cost	<u>202,948</u>	<u>191,000</u>	<u>242,383</u>

### 25 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.

### 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:

- 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

### 27 Failure to comply with section 87C of the Education Act 1989

The Board of Trustees has failed to comply with Section 87C of the Education Act 1989, as the Board were unable to provide their audited financial statements to the Ministry of Education by 31 May 2020. The disruption caused by the COVID-19 restrictions, including the closure of the School, meant that the audit could not progress as planned. This resulted in the School missing the statutory deadline.



## INDEPENDENT AUDITOR'S REPORT

### TO THE READERS OF KELVIN ROAD SCHOOL'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

The Auditor-General is the auditor of Kelvin Road School (the School). The Auditor-General has appointed me, Melissa Youngson, using the staff and resources of Deloitte Limited, 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 18, 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 4 June 2020. This is the date at which our opinion is expressed.

The basis for our opinion is explained below and we draw your attention to other matters. 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 18 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.

# Deloitte.

- 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 arises from the Public Audit Act 2001.

## **Other information**

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

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

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

## **Independence**

We are independent of the School in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: *International 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.



## **Melissa Youngson**

Partner  
for Deloitte Limited  
On behalf of the Auditor-General  
Hamilton, New Zealand