

OREWA PRIMARY SCHOOL

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

School Directory

Ministry Number: 1407
Principal: Diane Lambert
School Address: 86 Maire Road, Orewa
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Members of the Board of Trustees

Name	How Position Gained	Position	Occupation	Term Expires
A Cotterell	Elected	Chairperson	Support Staff Red Beach School	2022
D Lambert	Appointed	Principal	Principal Orewa Primary School	2022
A Heath	Elected	Staff Representative	Deputy Principal Orewa Primary School	2022
D Hilton	Elected	Parent Representative	Lawyer	2022
S Pickering	Elected	Parent Representative	Technical Food Consultant	2022
A Locking	Elected	Parent Representative	Project Manager Datacom	2022
W Hope	Elected	Parent Representative	Retired	2022

Accountant/service Provider: Top Class Financial Management Services

OREWA PRIMARY SCHOOL

Annual Report - For the year ended 31 December 2019

Index

Page	Statement
	Financial Statements
<u>1</u>	Statement of Responsibility
<u>2</u>	Statement of Comprehensive Revenue and Expense
<u>3</u>	Statement of Changes in Net Assets/Equity
<u>4</u>	Statement of Financial Position
<u>5</u>	Statement of Cash Flows
<u>6 - 10</u>	Statement of Accounting Policies
<u>11- 20</u>	Notes to the Financial Statements
	Other Information
	Analysis of Variance
	Kiwisport
	Independent Auditor Report

Orewa Primary 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.

Amanda Eleanor Cottrell

Full Name of Board Chairperson

Diane Carol Lambert

Full Name of Principal

[Signature]

Signature of Board Chairperson

DC Lambert

Signature of Principal

28/05/2020

Date:

28/05/2020

Date:

Orewa Primary School
Statement of Comprehensive Revenue and Expense
For the year ended 31 December 2019

	Notes	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Revenue				
Government Grants	2	4,171,977	3,652,201	3,616,574
Locally Raised Funds	3	219,770	168,100	221,418
Interest Earned		36,029	28,000	33,164
International Students	4	27,308	19,101	35,006
		<u>4,455,084</u>	<u>3,867,402</u>	<u>3,906,162</u>
Expenses				
Locally Raised Funds	3	96,614	108,365	119,395
International Students	4	327	1,000	7,814
Learning Resources	5	2,526,012	2,339,052	2,188,300
Administration	6	154,448	160,645	143,229
Finance		4,632	5,475	4,047
Property	7	1,467,552	1,260,404	1,199,390
Depreciation	8	102,241	90,000	111,077
Loss on Disposal of Property, Plant and Equipment		16,743	-	2,335
		<u>4,368,569</u>	<u>3,964,941</u>	<u>3,775,587</u>
Net Surplus / (Deficit) for the year		86,515	(97,539)	130,575
Other Comprehensive Revenue and Expenses		-	-	-
Total Comprehensive Revenue and Expense for the Year		<u><u>86,515</u></u>	<u><u>(97,539)</u></u>	<u><u>130,575</u></u>

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

Orewa Primary School
Statement of Changes in Net Assets/Equity
For the year ended 31 December 2019

	Actual 2019 \$	Budget (Unaudited) 2019 \$	Actual 2018 \$
Balance at 1 January	<u>1,564,689</u>	<u>1,564,689</u>	<u>1,434,114</u>
Total comprehensive revenue and expense for the year	86,515	(97,539)	130,575
Capital Contributions from the Ministry of Education			
Contribution - Furniture and Equipment Grant	4,360	-	-
Equity at 31 December	<u>1,655,564</u>	<u>1,467,150</u>	<u>1,564,689</u>
Retained Earnings	1,655,564	1,467,150	1,564,689
Reserves	-	-	-
Equity at 31 December	<u>1,655,564</u>	<u>1,467,150</u>	<u>1,564,689</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.

Orewa Primary School
Statement of Financial Position
As at 31 December 2019

	Notes	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Current Assets				
Cash and Cash Equivalents	9	163,959	92,851	120,614
Accounts Receivable	10	187,939	173,930	173,930
GST Receivable		-	1,151	1,151
Prepayments		10,128	9,329	9,329
Inventories	11	21,408	18,499	18,499
Investments	12	1,027,698	768,492	1,041,492
		<u>1,411,132</u>	<u>1,064,252</u>	<u>1,365,015</u>
Current Liabilities				
GST Payable		373	-	-
Accounts Payable	14	188,969	170,643	170,643
Revenue Received in Advance	15	11,305	19,101	19,101
Finance Lease Liability - Current Portion	17	15,317	10,780	10,780
Funds held for Capital Works Projects	18	118,695	14,225	14,225
Funds for RTLB services	19	2,076	2,837	2,837
		<u>336,735</u>	<u>217,586</u>	<u>217,586</u>
Working Capital Surplus/(Deficit)		1,074,397	846,666	1,147,429
Non-current Assets				
Investments	12	-	-	-
Property, Plant and Equipment	13	681,111	713,994	488,918
		<u>681,111</u>	<u>713,994</u>	<u>488,918</u>
Non-current Liabilities				
Provision for Cyclical Maintenance	16	72,907	70,615	48,763
Finance Lease Liability	17	27,037	22,895	22,895
		<u>99,944</u>	<u>93,510</u>	<u>71,658</u>
Net Assets		<u>1,655,564</u>	<u>1,467,150</u>	<u>1,564,689</u>
Equity		<u>1,655,564</u>	<u>1,467,150</u>	<u>1,564,689</u>

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

Orewa Primary School
Statement of Cash Flows
For the year ended 31 December 2019

		2019	2019	2018
	Note	Actual	Budget	Actual
		\$	(Unaudited)	\$
		\$	\$	\$
Cash flows from Operating Activities				
Government Grants		753,370	715,527	700,466
Locally Raised Funds		222,080	168,100	230,496
International Students		19,512	19,101	28,055
Goods and Services Tax (net)		1,524	-	3,773
Payments to Employees		(450,795)	(467,197)	(378,564)
Payments to Suppliers		(353,582)	(443,743)	(318,914)
Interest Paid		(4,632)	(5,475)	(4,047)
Interest Received		36,503	28,000	23,233
Net cash from / (to) the Operating Activities		223,980	14,313	284,498
Cash flows from Investing Activities				
Proceeds from Sale of PPE (and Intangibles)		-	-	2,668
Purchase of PPE (and Intangibles)		(308,570)	(265,076)	(152,604)
Purchase of Investments		13,794	273,000	(184,596)
Net cash from / (to) the Investing Activities		(294,776)	7,924	(334,532)
Cash flows from Financing Activities				
Furniture and Equipment Grant		4,360	-	-
Finance Lease Payments		6,072	(50,000)	(9,925)
Funds Administered on Behalf of Third Parties		(761)	-	(304)
Funds Held for Capital Works Projects		104,470	-	14,225
Net cash from Financing Activities		114,141	(50,000)	3,996
Net increase/(decrease) in cash and cash equivalents		43,345	(27,763)	(46,038)
Cash and cash equivalents at the beginning of the year	9	120,614	120,614	166,652
Cash and cash equivalents at the end of the year	9	163,959	92,851	120,614

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.

Orewa Primary School

Notes to the Financial Statements

For the year ended 31 December 2019

1. Statement of Accounting Policies

a) Reporting Entity

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

b) Basis of Preparation

Reporting Period

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

Basis of Preparation

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

Financial Reporting Standards Applied

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

Standard early adopted

In line with the Financial Statements of the Government, the School has elected to early adopt PBE IFRS 9 Financial Instruments. PBE IFRS 9 replaces PBE IPSAS 29 Financial Instruments: Recognition and Measurement. Information about the adoption of PBE IFRS 9 is provided in Note 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 13.

Critical Judgements in applying accounting policies

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

Classification of leases

The School reviews the details of lease agreements at the end of each reporting date. The School believes the classification of each lease as either operation or finance is appropriate and reflects the nature of the agreement in place. Finance leases are disclosed at note 17.

Recognition of grants

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

c) Revenue Recognition

Government Grants

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

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

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

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

Other Grants

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

Donations, Gifts and Bequests

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

Interest Revenue

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

d) Use of Land and Buildings Expense

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

e) Operating Lease Payments

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

f) Finance Lease Payments

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

g) Cash and Cash Equivalents

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

h) Accounts Receivable

Short-term receivables are recorded at the amount due, less an allowance for credit losses. The school applies the simplified expected credit loss model of recognising lifetime expected credit losses for receivables. In measuring expected credit losses, short-term receivables have been assessed on a collective basis as they possess shared credit risk characteristics. They have been grouped based on the days past due. Short-term receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include the debtor being in liquidation.

i) Inventories

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

j) Investments

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

k) Property, Plant and Equipment

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

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

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

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

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

Finance Leases

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

Depreciation

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

The estimated useful lives of the assets are:

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

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

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

Non cash generating assets

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

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

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

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

m) Accounts Payable

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

n) Employee Entitlements

Short-term employee entitlements

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

o) Revenue Received in Advance

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

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

p) Shared Funds

Shared Funds are held on behalf of a cluster of participating schools as agreed with the Ministry of Education. The cluster of schools operate activities outside of school control. These amounts are not recorded in the Statement of Revenue and Expense. The School holds sufficient funds to enable the funds to be used for their intended purpose.

q) Provision for Cyclical Maintenance

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

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

r) Financial Assets and Liabilities

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

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

s) 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.

t) Budget Figures

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

u) Services received in-kind

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

2. Government Grants

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Operational grants	594,703	578,230	558,426
Teachers' salaries grants	2,144,893	1,900,000	1,868,117
Use of Land and Buildings grants	1,285,030	1,036,674	1,036,674
Resource teachers learning and behaviour grants	13,485	15,561	12,829
Other MoE Grants	133,866	121,736	140,528
	<u>4,171,977</u>	<u>3,652,201</u>	<u>3,616,574</u>

3. Locally Raised Funds

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

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Revenue			
Donations	78,899	46,500	64,051
Activities	76,977	73,300	95,675
Trading	37,074	35,800	40,466
Fundraising	26,820	12,500	21,226
	<u>219,770</u>	<u>168,100</u>	<u>221,418</u>
Expenses			
Activities	58,278	70,865	80,368
Trading	29,590	32,500	33,711
Fundraising costs	8,746	5,000	5,316
	<u>96,614</u>	<u>108,365</u>	<u>119,395</u>
<i>Surplus/ (Deficit) for the year Locally raised funds</i>	<u>123,156</u>	<u>59,735</u>	<u>102,023</u>

4. International Student Revenue and Expenses

	2019 Actual Number	2019 Budget (Unaudited) Number	2018 Actual Number
International Student Roll	3	3	5
Revenue			
International student fees	27,308	19,101	35,006
Expenses			
Other Expenses	327	1,000	7,814
	<u>327</u>	<u>1,000</u>	<u>7,814</u>
<i>Surplus/ (Deficit) for the year International Students'</i>	<u>26,981</u>	<u>18,101</u>	<u>27,192</u>

5. Learning Resources

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Curricular	54,845	72,133	50,219
Equipment repairs	3,171	10,710	4,725
Information and communication technology	6,243	6,500	4,294
Other expenses	1,499	2,000	1,669
Library resources	364	600	398
Employee benefits - salaries	2,425,604	2,202,848	2,103,727
Resource/attached teacher costs	13,485	15,561	12,829
Staff development	20,801	28,700	10,439
	<u>2,526,012</u>	<u>2,339,052</u>	<u>2,188,300</u>

6. Administration

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Audit Fee	6,370	6,184	5,867
Board of Trustees Fees	4,225	4,500	4,065
Board of Trustees Expenses	13,708	17,469	6,663
Communication	1,669	3,000	2,429
Consumables	6,271	7,800	6,114
Operating Lease	472	433	2,393
Information and communication technology	21,732	23,000	17,673
Other	6,738	9,950	7,295
Employee Benefits - Salaries	79,810	74,887	76,466
Insurance	7,653	7,622	8,464
Service Providers, Contractors and Consultancy	5,800	5,800	5,800
	<u>154,448</u>	<u>160,645</u>	<u>143,229</u>

7. Property

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Caretaking and Cleaning Consumables	11,590	13,000	7,797
Consultancy and Contract Services	-	1,000	-
Cyclical Maintenance Expense	24,144	21,852	5,670
Grounds	16,067	49,930	22,490
Heat, Light and Water	27,349	32,718	27,372
Rates	193	192	176
Repairs and Maintenance	11,790	14,057	12,274
Use of Land and Buildings	1,285,030	1,036,674	1,036,674
Security	1,505	1,519	1,149
Employee Benefits - Salaries	89,884	89,462	85,788
	<u>1,467,552</u>	<u>1,260,404</u>	<u>1,199,390</u>

The use of land and buildings figure represents 8% of the school's total property value. Property values are established as part of the nation-wide revaluation exercise that is conducted every 30 June for the Ministry of Education's year-end reporting purposes.

8. Depreciation

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Building Improvements	7,556	4,153	5,125
Furniture and Equipment	51,864	48,640	60,031
Information and Communication Technology	26,794	25,422	31,376
Leased Assets	12,572	9,519	11,748
Library Resources	3,455	2,266	2,797
	<u>102,241</u>	<u>90,000</u>	<u>111,077</u>

9. Cash and Cash Equivalents

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Cash on Hand	200	200	200
Bank Current Account	12,097	45,146	73,909
Bank Call Account	151,662	47,505	46,505
Cash and cash equivalents for Cash Flow Statement	<u>163,959</u>	<u>92,851</u>	<u>120,614</u>

Of the **\$163,959** Cash and Cash Equivalents, **\$118,695** 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.

10. Accounts Receivable

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Receivables	4,470	6,780	6,780
Receivables from the Ministry of Education bank staffing	-	11,317	11,317
Interest Receivable	25,846	26,320	26,320
Teacher Salaries Grant Receivable	157,623	129,513	129,513
	<u>187,939</u>	<u>173,930</u>	<u>173,930</u>
Receivables from Exchange Transactions	30,316	33,100	33,100
Receivables from Non-Exchange Transactions	157,623	140,830	140,830
	<u>187,939</u>	<u>173,930</u>	<u>173,930</u>

11. Inventories

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Stationery	1,601	1,974	1,974
School Uniforms	19,807	16,525	16,525
	<u>21,408</u>	<u>18,499</u>	<u>18,499</u>

12. Investments

The School's investment activities are classified as follows:

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Current Asset			
Short-term Bank Deposits	1,027,698	768,492	1,041,492

13. Property, Plant and Equipment

2019	Opening Balance (NBV) \$	Additions \$	Disposals \$	Impairment \$	Depreciation \$	Total (NBV) \$
Building Improvements	201,698	149,391	-	-	(7,556)	343,533
Furniture and Equipment	192,760	101,829	(11,478)	-	(51,864)	231,247
Information and Communication	37,775	32,496	(4,162)	-	(26,794)	39,315
Leased Assets	31,090	22,608	(3,683)	-	(12,572)	37,443
Library Resources	25,595	7,529	(96)	-	(3,455)	29,573
Balance at 31 December 2019	488,918	313,853	(19,419)	-	(102,241)	681,111

The net carrying value of equipment held under a finance lease is \$37,443 (2018: \$31,090)

2019	Cost or Valuation \$	Accumulated Depreciation \$	Net Book Value \$
Building Improvements	410,435	(86,902)	343,533
Furniture and Equipment	785,003	(553,756)	231,247
Information and Communication Technology	358,495	(319,180)	39,315
Leased Assets	58,396	(18,953)	37,443
Library Resources	66,492	(36,919)	29,573
Balance at 31 December 2019	1,676,821	(995,710)	681,111

2018	Opening \$	Additions \$	Disposals \$	Impairment \$	Depreciation \$	Total (NBV) \$
Building Improvements	125,779	81,044	-	-	(5,125)	201,698
Furniture and Equipment	213,044	39,747	-	-	(60,031)	192,760
Information and Communication	47,123	22,290	(262)	-	(31,376)	37,775
Leased Assets	12,122	30,716	-	-	(11,748)	31,090
Library Resources	23,607	6,858	(2,073)	-	(2,797)	25,595
Balance at 31 December 2018	421,675	180,655	(2,335)	-	(111,077)	488,918

The net carrying value of equipment held under a finance lease is \$31,090 (2017: \$26,373).

2018	Cost or Valuation \$	Accumulated Depreciation \$	Net Book Value \$
Building Improvements	261,044	(59,346)	201,698
Furniture and Equipment	704,185	(511,425)	192,760
Information and Communication Technology	341,501	(303,726)	37,775
Leased Assets	51,111	(20,021)	31,090
Library Resources	59,571	(33,976)	25,595
Balance at 31 December 2018	1,417,412	(928,494)	488,918

14. Accounts Payable

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Operating creditors	9,593	25,356	25,356
Accruals	6,370	-	-
Employee Entitlements - salaries	157,623	129,513	129,513
Employee Entitlements - leave accrual	15,383	15,774	15,774
	<u>188,969</u>	<u>170,643</u>	<u>170,643</u>
Payables for Exchange Transactions	188,969	170,643	170,643
Payables for Non-exchange Transactions - Taxes Payable (PAYE and Rates)	-	-	-
Payables for Non-exchange Transactions - Other	-	-	-
	<u>188,969</u>	<u>170,643</u>	<u>170,643</u>

The carrying value of payables approximates their fair value.

15. Revenue Received in Advance

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
International Student Fees	11,305	19,101	19,101
	<u>11,305</u>	<u>19,101</u>	<u>19,101</u>

16. Provision for Cyclical Maintenance

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Provision at the Start of the Year	48,763	48,763	43,093
Increase/ (decrease) to the Provision During the Year	24,144	21,852	5,670
Provision at the End of the Year	<u>72,907</u>	<u>70,615</u>	<u>48,763</u>
Cyclical Maintenance - Current	-	-	-
Cyclical Maintenance - Term	72,907	70,615	48,763
	<u>72,907</u>	<u>70,615</u>	<u>48,763</u>

17. 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	15,317	19,101	13,919
Later than One Year and no Later than Five Years	27,037	22,895	28,523
Later than Five Years	-	-	-
	<u>42,354</u>	<u>41,996</u>	<u>42,442</u>

18. 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 Contributions	Closing Balances \$
Roofing	<i>in progress</i>	15,225	210,000	(113,566)	-	111,659
Drainage	<i>in progress</i>	(1,000)	47,800	(39,764)	-	7,036
Totals		<u>14,225</u>	<u>257,800</u>	<u>(153,330)</u>	<u>-</u>	<u>118,695</u>

Represented by:

Funds Held on Behalf of the Ministry of Education	118,695
Funds Due from the Ministry of Education	-
	<u>118,695</u>

	2018	Opening Balances \$	Receipts from MoE \$	Payments \$	BOT Contributions	Closing Balances \$
Roofing	<i>in progress</i>	-	17,200	(1,975)	-	15,225
Drainage	<i>in progress</i>	-	-	(1,000)	-	(1,000)
Electrical	<i>completed</i>	-	34,958	(34,958)	-	-
Totals		<u>-</u>	<u>52,158</u>	<u>(37,933)</u>	<u>-</u>	<u>14,225</u>

19. Funds for RTLIT Services

Orewa Primary School is the lead school funded by the Ministry of Education to provide the services of Resource Teachers: Literacy to its cluster of schools.

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Funds held at beginning of the year	2,837	2,837	3,141
<i>Revenue</i>			
Administration Grant	12,724	15,561	3,296
Travel Grant	-	-	9,229
	<u>12,724</u>	<u>15,561</u>	<u>12,525</u>
Total funds available	<u>15,561</u>	<u>18,398</u>	<u>15,666</u>
<i>Expenses</i>			
Administration	4,286	4,185	3,130
Staff Development	890	2,000	1,725
Travel	8,309	9,376	7,974
	<u>13,485</u>	<u>15,561</u>	<u>12,829</u>
Funds Held at Year End	<u>2,076</u>	<u>2,837</u>	<u>2,837</u>

20. Related Party Transactions

The School is a controlled entity of the Crown, and the Crown provides the major source of revenue to the school. The school enters into transactions with other entities also controlled by the Crown, such as government departments, state-owned enterprises and other Crown entities. Transactions with these entities are not disclosed as they occur on terms and conditions no more or less favourable than those that it is reasonable to expect the school would have adopted if dealing with that entity at arm's length.

Related party disclosures have not been made for transactions with related parties that are within a normal supplier or client/recipient relationship on terms and condition no more or less favourable than those that it is reasonable to expect the school would have adopted in dealing with the party at arm's length in the same circumstances. Further, transactions with other government agencies (for example, Government departments and Crown entities) are not disclosed as related party transactions when they are consistent with the normal operating arrangements between government agencies and undertaken on the normal terms and conditions for such transactions.

21. Remuneration

Key management personnel compensation

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

	2019 Actual \$	2018 Actual \$
<i>Board Members</i>		
Remuneration	4,225	4,065
Full-time equivalent members	0.46	0.31
<i>Leadership Team</i>		
Remuneration	244,672	242,485
Full-time equivalent members	2	2
Total key management personnel remuneration	248,897	246,550
Total full-time equivalent personnel	2.46	2.31

The full time equivalent for Board members has been determined based on attendance at Board meetings, Committee meetings and for other obligations of the Board, such as stand downs and suspensions, plus the estimated time for Board members to prepare for meetings.

Principal

The total value of remuneration paid or payable to the Principal was in the following bands:

	2019 Actual \$000	2018 Actual \$000
Salaries and Other Short-term Employee Benefits:		
Salary and Other Payments	140 - 150	140 - 150
Benefits and Other Emoluments	-	-
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
	1	0
	1.00	0.00

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

22. Contingencies

There are no contingent liabilities and no contingent assets as at **31 December 2019** (Contingent liabilities at **31 December 2018**: nil).
(Contingent assets at 31 December 2018: \$16,965)

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.

23. Commitments

(a) Capital Commitments

As at 31 December 2019 there were no capital commitments.
(Capital commitments at 31 December 2018: nil)

(b) Operating Commitments

As at 31 December 2019 the Board has entered into the following contracts:

- (a) operating lease of a vehicle
- (b) operating lease of an eftpos terminal

	2019 Actual \$	2018 Actual \$
No later than One Year	4,993	3,503
Later than One Year and No Later than Five Years	6,133	-
Later than Five Years	-	-
	<u>11,126</u>	<u>3,503</u>

24. 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.

25. Financial Instruments

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

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

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Cash and Cash Equivalents	163,959	92,851	120,614
Receivables	187,939	173,930	173,930
Investments - Term Deposits	1,027,698	768,492	1,041,492
Total Loans and Receivables	<u>1,379,596</u>	<u>1,035,273</u>	<u>1,336,036</u>

Financial liabilities measured at amortised cost

Payables	188,969	170,643	170,643
Finance Leases	42,354	33,675	33,675
Total Financial Liabilities Measured at Amortised Cost	<u>231,323</u>	<u>204,318</u>	<u>204,318</u>

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

- Note 12 Investments:

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

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

27. Events After Balance Date

On March 11, 2020, the World Health Organisation declared the outbreak of COVID-19 (a novel Coronavirus) a pandemic. Two weeks later, on 26 March, New Zealand increased its' COVID-19 alert level to level 4 and a nationwide lockdown commenced. As part of this lockdown all schools were closed. Subsequently all schools and kura reopened on 18 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.

Orewa Primary School

Report on Special and Contestable Funding

Kiwisport is a Government funding initiative to support students' participation in organised sport. In 2019, the school received total Kiwisport funding of \$6,461 (excluding GST).

The funding was spent on athletic days, a swimming programme, 'Have a Go' surfing day, coaching and teaching staff.



INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF OREWA SCHOOL'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

The Auditor-General is the auditor of Orewa (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 20, 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 28 May 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 27 on page 20 which outline the possible effects of the Alert Level 4 lockdown as a result of the COVID-19 pandemic.

Basis for our opinion

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

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

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



Responsibilities of the Board of Trustees for the financial statements

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

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

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

Responsibilities of the auditor for the audit of the financial statements

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

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

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

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

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

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

- We assess the risk of material misstatement arising from the Novopay payroll system, which may still contain errors. As a result, we carried out procedures to minimise the risk of material errors arising from the system that, in our judgement, would likely influence readers' overall understanding of the financial statements.

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

Our responsibilities 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