

# Lynfield College

## Annual Report for the year ended 31 December 2018

<b>Ministry Number:</b>	0075
<b>Principal:</b>	Cath Knell
<b>School Address:</b>	191 White Swan Road, Mt Roskill, Auckland 1041
<b>School Postal Address:</b>	191 White Swan Road, Mt Roskill, Auckland 1041
<b>School Phone:</b>	09 627 0600
<b>School Email:</b>	ngovind@lynfield.school.nz
<b>Service Provider:</b>	Edtech Financial Services Ltd

# Members of the Board of Trustees

For the year ended 31 December 2018

<b>Name</b>	<b>Position</b>	<b>How position on Board gained</b>	<b>Occupation</b>	<b>Term expired/expires</b>
Mrs Kristine Mellor	Chairperson	Elected 20 May 2016	Secretary	May 2019
Ms Cath Knell	Principal	Appointed Principal (2017)	Principal	Ongoing
Mr Clive Hudson	Deputy Chairperson	Elected 20 May 2016	Accountant	May 2019
Mr Steve Taylor	Parent Trustee	Elected 20 May 2016	Plumber/Management	May 2019
Mr Mark Hewett	Parent Trustee	Elected 20 May 2016	Builder/Management	May 2019
Mr Ray Gilbert	Parent Trustee	Elected 20 May 2016	Lab Technician	May 2019
Ms Hinekura Laveaina	Parent Trustee	Co-opted June 2016	student	May 2019
Mr Robert Skeen	Staff Trustee	Elected 20 May 2016	Property Manager	May 2019
Mr Raymond Feng	Staff Trustee	Elected 20 May 2018	Student	Sept 2019

# Lynfield College

## Annual Report

For the year ended 31 December 2018

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**Lynfield College**  
**Statement of Responsibility**  
For the year ended 31 December 2018

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 2018 fairly reflects the financial position and operations of the school.

The School's 2018 financial statements are authorised for issue by the Board.

\_\_\_\_\_  
Full Name of Board Chairperson

\_\_\_\_\_  
Full Name of Principal

\_\_\_\_\_  
Signature of Board Chairperson

\_\_\_\_\_  
Signature of Principal

\_\_\_\_\_  
Date:

\_\_\_\_\_  
Date:

## Lynfield College

# Statement of Comprehensive Revenue and Expense

For the year ended 31 December 2018

		2018	2018	2017
	Notes	Actual	Budget	Actual
		\$	(Unaudited)	\$
			\$	
<b>Revenue</b>				
Government Grants	2	16,445,915	15,618,511	16,388,227
Locally Raised Funds	3	1,425,772	1,274,975	1,218,618
Interest Earned		89,377	84,000	87,075
Gain on Sale of Property, Plant and Equipment		-	-	780
International Students	4	1,363,834	1,193,367	1,162,905
Other Revenue		26,081	24,000	21,895
		<u>19,350,979</u>	<u>18,194,853</u>	<u>18,879,500</u>
<b>Expenses</b>				
Locally Raised Funds	3	513,967	215,521	293,151
International Students	4	770,541	762,595	739,320
Learning Resources	5	12,053,658	11,694,656	11,978,594
Administration	6	593,042	644,558	598,421
Finance Costs		12,271	11,000	11,159
Property	7	4,929,545	4,460,784	4,720,547
Depreciation	8	587,631	626,702	523,480
Loss on Disposal of Property, Plant and Equipment		4,365	-	7,994
		<u>19,465,020</u>	<u>18,415,816</u>	<u>18,872,666</u>
<b>Net Surplus / (Deficit) for the year</b>		(114,041)	(220,963)	6,834
Other Comprehensive Revenue and Expenses		-	-	-
<b>Total Comprehensive Revenue and Expense for the Year</b>		<u>(114,041)</u>	<u>(220,963)</u>	<u>6,834</u>

The above Statement of Comprehensive Revenue and Expense should be read in conjunction with the accompanying notes.

## Lynfield College

# Statement of Changes in Net Assets/Equity

For the year ended 31 December 2018

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
<b>Balance at 1 January</b>	<u>9,535,425</u>	<u>9,535,065</u>	<u>9,528,591</u>
Total comprehensive revenue and expense for the year	(114,041)	(220,963)	6,834
Capital Contributions from the Ministry of Education Contribution - Furniture and Equipment Grant	34,312	-	-
<b>Equity at 31 December</b>	<u>9,455,696</u>	<u>9,314,102</u>	<u>9,535,425</u>
Retained Earnings	9,455,696	9,314,102	9,535,425
<b>Equity at 31 December</b>	<u>9,455,696</u>	<u>9,314,102</u>	<u>9,535,425</u>

The above Statement of Changes in Net Assets/Equity should be read in conjunction with the accompanying notes.

# Lynfield College

## Statement of Financial Position

As at 31 December 2018

		2018	2018	2017
	Notes	Actual	Budget	Actual
		\$	(Unaudited)	\$
			\$	
<b>Current Assets</b>				
Cash and Cash Equivalents	9	1,353,132	807,869	898,296
Accounts Receivable	10	745,591	725,800	736,123
GST Receivable		15,090	15,000	17,338
Prepayments		102,129	47,000	55,797
Inventories	11	196,755	200,000	206,786
Investments	12	1,398,468	1,800,000	1,731,091
		<hr/>	<hr/>	<hr/>
		3,811,165	3,595,669	3,645,431
<b>Current Liabilities</b>				
Accounts Payable	14	1,078,007	861,250	864,066
Revenue Received in Advance	15	761,462	790,000	772,975
Provision for Cyclical Maintenance	16	92,032	98,950	71,772
Finance Lease Liability - Current Portion	17	77,885	56,071	57,424
Funds Held in Trust	18	765,161	472,000	570,589
Funds Held for Capital Works Projects	19	18,159	-	-
		<hr/>	<hr/>	<hr/>
		2,792,706	2,278,271	2,336,826
<b>Working Capital Surplus/(Deficit)</b>		1,018,459	1,317,398	1,308,605
<b>Non-current Assets</b>				
Property, Plant and Equipment	13	8,400,487	8,125,759	8,389,564
Capital Works in Progress		216,146	14,838	14,838
		<hr/>	<hr/>	<hr/>
		8,616,633	8,140,597	8,404,402
<b>Non-current Liabilities</b>				
Provision for Cyclical Maintenance	16	137,110	134,276	111,893
Finance Lease Liability	17	42,286	9,617	65,689
		<hr/>	<hr/>	<hr/>
		179,396	143,893	177,582
<b>Net Assets</b>		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
		9,455,696	9,314,102	9,535,425
<b>Equity</b>		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
		9,455,696	9,314,102	9,535,425

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

# Lynfield College

## Statement of Cash Flows

For the year ended 31 December 2018

	2018	2018	2017
Note	Actual \$	Budget (Unaudited) \$	Actual \$
<b>Cash flows from Operating Activities</b>			
Government Grants	3,505,917	3,258,210	3,526,446
Locally Raised Funds	1,493,723	1,256,475	1,201,065
International Students	1,332,217	1,323,367	1,292,114
Goods and Services Tax (net)	2,248	(3,000)	(6,241)
Payments to Employees	(2,368,529)	(2,098,431)	(2,254,155)
Payments to Suppliers	(3,396,435)	(3,436,869)	(3,311,684)
Cyclical Maintenance Payments in the year	45,477	-	(11,159)
Interest Paid	(12,271)	(11,000)	85,441
Interest Received	79,739	82,700	(46,556)
Net cash from / (to) the Operating Activities	<u>682,086</u>	<u>371,452</u>	<u>475,271</u>
<b>Cash flows from Investing Activities</b>			
Proceeds from Sale of PPE (and Intangibles)	(4,365)	(8,304)	(7,214)
Purchase of PPE (and Intangibles)	(732,020)	(1,055,977)	(344,564)
Purchase of Investments	332,623	(1,080,000)	(1,011,781)
Net cash from / (to) the Investing Activities	<u>(403,762)</u>	<u>(2,144,281)</u>	<u>(1,363,559)</u>
<b>Cash flows from Financing Activities</b>			
Furniture and Equipment Grant	34,312	-	-
Finance Lease Payments	(70,531)	(37,120)	(44,911)
Funds Administered on Behalf of Third Parties	194,572	(38,000)	53,692
Funds Held for Capital Works Projects	18,159	(100,000)	(24,459)
Net cash from / (to) Financing Activities	<u>176,512</u>	<u>(175,120)</u>	<u>(15,678)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<u><u>454,836</u></u>	<u><u>(1,947,949)</u></u>	<u><u>(903,966)</u></u>
Cash and cash equivalents at the beginning of the year	9 898,296	2,755,818	1,802,262
<b>Cash and cash equivalents at the end of the year</b>	9 <u><u>1,353,132</u></u>	<u><u>807,869</u></u>	<u><u>898,296</u></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 omitted.

The above Cash Flow Statement should be read in conjunction with the accompanying notes.



# Notes to the Financial Statements

For the year ended 31 December 2018

## 1. Statement of Accounting Policies

### Reporting Entity

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

### Basis of Preparation

#### Reporting Period

The financial reports have been prepared for the period 1 January 2018 to 31 December 2018 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".

The School has early adopted PBE IFRS 9 Financial Instruments from the year ended 31 December 2018 (although not mandatory until periods beginning on or after 1 January 2022). This accounting standard introduces new requirements for the classification and measurement of financial assets and financial liabilities, impairment of assets, and rules for hedge accounting. The Board of Trustees is of the view that there is no material impact to the recognition or measurement of financial instruments and disclosure of the school's financial assets and liabilities for the current period and each prior period presented.

#### 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.

## Notes to the Financial Statements (cont.)

For the year ended 31 December 2018

### ***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.

### **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.

#### **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.

#### **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.

## Notes to the Financial Statements (cont.)

For the year ended 31 December 2018

### 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.

### Accounts Receivable

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 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 \$500 are not capitalised, they are recognised as an expense in the Statement of Comprehensive Revenue and Expense.

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

## Notes to the Financial Statements (cont.)

For the year ended 31 December 2018

### **Leased Assets**

Leases where the School assumes substantially all the risks and rewards of ownership are classified as finance leases. The assets acquired by way of finance lease are measured at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and impairment losses. Leased assets and corresponding liability are recognised in the Statement of Financial Position and leased assets are depreciated over the period the School is expected to benefit from their use or over the term of the lease.

### **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	10 years
Buildings - School	50 years
Furniture and equipment	5-10 years
Information and communication technology	4-10 years
Motor vehicles	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 are 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 2018

### *Long-term employee entitlements*

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

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

### **Revenue Received in Advance**

Revenue received in advance relates to fees received from international students and student funds 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.

### **Funds Held in Trust**

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

### **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 2018

### 2 Government Grants

	2018	2018	2017
	Actual	Budget	Actual
	\$	(Unaudited) \$	\$
Operational grants	2,999,663	2,990,962	3,044,543
Teachers' salaries grants	9,135,167	8,813,133	9,068,255
Use of Land and Buildings grants	3,822,517	3,504,868	3,740,727
Resource teachers learning and behaviour grants	29,316	30,834	22,533
Other MoE Grants	335,130	243,000	439,978
Other government grants	124,122	35,714	72,191
	<u>16,445,915</u>	<u>15,618,511</u>	<u>16,388,227</u>

### 3 Locally Raised Funds

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

	2018	2018	2017
	Actual	Budget	Actual
	\$	(Unaudited) \$	\$
<b>Revenue</b>			
Donations	199,038	207,500	207,996
Other Revenue	405,282	760,999	448,190
Trading	243,214	245,000	242,298
Activities	578,238	61,476	320,134
	<u>1,425,772</u>	<u>1,274,975</u>	<u>1,218,618</u>
<b>Expenses</b>			
Activities	288,991	-	61,224
Trading	224,976	215,521	231,927
	<u>513,967</u>	<u>215,521</u>	<u>293,151</u>
<i>Surplus/ (Deficit) for the year Locally Raised Funds</i>	<u>911,805</u>	<u>1,059,454</u>	<u>925,467</u>

China Trip - This is a bi-annual trip to China for a cultural exchange which included 20 students and 2 teachers. This trip is entirely funded by the students. The revenue for this trip was \$46,693 and the expenses were \$46,693. These expenses related to flights, accommodation, transport, and activities while the group were in China. This is sitting within the Activities line above.

Shingawa (Japan) Trip - This is a bi-annual trip to Japan for a cultural exchange which included 15 students and 2 teachers. This trip is entirely funded by the students. The revenue for this trip was \$56,119 and the expenses were \$54,583. These expenses related to flights, accommodation, transport, and activities while the group were in Japan. This is sitting within the Activities line above.

Rarotonga Trip - This was a one off trip to Rarotonga for a cultural exchange which included 10 students and 2 teachers. This trip is entirely funded by the students. The revenue for this trip was \$25,714 and the expenses were \$23,318. These expenses related to flights, accommodation, transport, and activities while the group were in Rarotonga. This is sitting within the Activities line above.

### 4 International Student Revenue and Expenses

	2018	2018	2017
	Actual	Budget	Actual
	Number	(Unaudited) Number	Number
International Student Roll	84	85	70
	<u>2018</u>	<u>2018</u>	<u>2017</u>
	Actual	Budget	Actual
	\$	(Unaudited) \$	\$
<b>Revenue</b>			
International student fees	1,363,834	1,193,367	1,162,905
<b>Expenses</b>			
Advertising	42,255	48,000	38,320
Commissions	133,007	160,000	129,163
International student levy	17,294	31,705	30,437
Employee Benefit - Salaries	519,769	453,000	478,889
Other Expenses	58,216	69,890	62,511
	<u>770,541</u>	<u>762,595</u>	<u>739,320</u>
<i>Surplus/ (Deficit) for the year International Students</i>	<u>593,293</u>	<u>430,772</u>	<u>423,585</u>

## Notes to the Financial Statements (cont.)

For the year ended 31 December 2018

## 5 Learning Resources

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Curricular	890,444	1,036,371	952,669
Information and communication technology	271,804	288,487	339,884
Extra-curricular activities	267,580	310,007	251,989
Library resources	8,001	9,300	9,739
Employee benefits - salaries	10,535,405	9,960,941	10,345,078
Staff development	80,424	89,550	79,235
	<u>12,053,658</u>	<u>11,694,656</u>	<u>11,978,594</u>

## 6 Administration

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Audit Fee	10,020	9,728	9,728
Board of Trustees Fees	3,975	3,800	3,735
Board of Trustees Expenses	32,847	50,300	47,742
Communication	15,250	20,600	21,202
Consumables	34,940	40,500	29,762
Operating Lease	-	20,235	-
Other	76,552	89,470	88,736
Employee Benefits - Salaries	356,649	347,725	338,522
Insurance	46,599	46,000	43,106
Service Providers, Contractors and Consultancy	16,210	16,200	15,888
	<u>593,042</u>	<u>644,558</u>	<u>598,421</u>

## 7 Property

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Caretaking and Cleaning Consumables	22,691	24,400	22,394
Consultancy and Contract Services	169,530	169,530	163,680
Cyclical Maintenance Expense	61,612	48,000	17,757
Grounds	116,214	78,680	90,113
Heat, Light and Water	179,762	168,000	166,501
Rates	193	200	189
Repairs and Maintenance	394,891	302,958	337,970
Use of Land and Buildings	3,822,517	3,504,868	3,740,727
Security	9,738	17,000	16,886
Employee Benefits - Salaries	152,397	147,148	164,330
	<u>4,929,545</u>	<u>4,460,784</u>	<u>4,720,547</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.

## Notes to the Financial Statements (cont.)

For the year ended 31 December 2018

**8 Depreciation**

	2018	2018 Budget	2017
	Actual	(Unaudited)	Actual
	\$	\$	\$
Buildings	103,178	163,999	45,565
Building Improvements	139,915	34,965	139,916
Furniture and Equipment	101,769	110,311	99,190
Information and Communication Technology	177,342	231,581	174,258
Motor Vehicles	7,774	8,304	8,304
Leased Assets	46,757	66,870	45,034
Library Resources	10,896	10,672	11,213
	<u>587,631</u>	<u>626,702</u>	<u>523,480</u>

**9 Cash and Cash Equivalents**

	2018	2018 Budget	2017
	Actual	(Unaudited)	Actual
	\$	\$	\$
Cash on Hand	750	750	750
Bank Current Account	552,382	807,119	897,546
Short-term Bank Deposits	800,000	-	-
Cash and cash equivalents for Cash Flow Statement	<u>1,353,132</u>	<u>807,869</u>	<u>898,296</u>

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

Of the \$1,353,132 Cash and Cash Equivalents, \$18,159 is held by the School on behalf of the Ministry of Education. These funds are required to be spent in 2019 on Crown owned school buildings under the School's Five Year Property Plan.

**10 Accounts Receivable**

	2018	2018 Budget	2017
	Actual	(Unaudited)	Actual
	\$	\$	\$
Receivables	43,587	62,500	64,202
Receivables from the Ministry of Education	32,895	40,000	50,580
Interest Receivable	15,320	5,300	5,682
Teacher Salaries Grant Receivable	653,789	618,000	615,659
	<u>745,591</u>	<u>725,800</u>	<u>736,123</u>
Receivables from Exchange Transactions	58,907	67,800	69,883
Receivables from Non-Exchange Transactions	686,684	658,000	666,240
	<u>745,591</u>	<u>725,800</u>	<u>736,123</u>

**11 Inventories**

	2018	2018 Budget	2017
	Actual	(Unaudited)	Actual
	\$	\$	\$
Stationery	19,013	25,000	17,927
School Uniforms	177,742	175,000	188,859
	<u>196,755</u>	<u>200,000</u>	<u>206,786</u>

**12 Investments**

The School's investment activities are classified as follows:

	2018	2018 Budget	2017
	Actual	(Unaudited)	Actual
	\$	\$	\$
Current Asset			
Short-term Bank Deposits	1,398,468	1,800,000	1,731,091
	<u>1,398,468</u>	<u>1,800,000</u>	<u>1,731,091</u>



## Notes to the Financial Statements (cont.)

For the year ended 31 December 2018

## 13 Property, Plant and Equipment

	Opening Balance (NBV)	Additions	Disposals	Impairment	Depreciation	Total (NBV)
	\$	\$	\$	\$	\$	\$
<b>2018</b>						
Buildings	908,270	162,509	-	-	(103,178)	967,601
Building improvements	5,574,262	-	-	-	(139,915)	5,434,347
Furniture and equipment	888,980	83,825	-	-	(101,769)	871,036
Information and communication technology	794,298	242,037	-	-	(177,342)	858,993
Motor vehicles	33,218	33,913	-	-	(7,774)	59,357
Leased assets	112,045	67,589	-	-	(46,757)	132,877
Library resources	78,491	13,046	(4,365)	-	(10,896)	76,276
<b>Balance at 31 December 2018</b>	<b>8,389,564</b>	<b>602,919</b>	<b>(4,365)</b>	<b>-</b>	<b>(587,631)</b>	<b>8,400,487</b>

	Cost or Valuation	Accumulated Depreciation	Net Book Value
	\$	\$	\$
<b>2018</b>			
Buildings	1,582,105	(614,504)	967,601
Building improvements	6,995,788	(1,561,441)	5,434,347
Furniture and equipment	2,350,050	(1,479,014)	871,036
Information and communication technology	2,935,687	(2,076,694)	858,993
Motor vehicles	143,365	(84,008)	59,357
Leased assets	240,709	(107,832)	132,877
Library resources	243,086	(166,810)	76,276
<b>Balance at 31 December 2018</b>	<b>14,490,790</b>	<b>(6,090,303)</b>	<b>8,400,487</b>

The net carrying value of equipment held under a finance lease is \$132,877 (2017: \$112,045).

	Opening Balance (NBV)	Additions	Disposals	Impairment	Depreciation	Total (NBV)
	\$	\$	\$	\$	\$	\$
<b>2017</b>						
Buildings	271,563	682,272	-	-	(45,565)	908,270
Building improvements	5,714,178	-	-	-	(139,916)	5,574,262
Furniture and equipment	905,856	82,314	-	-	(99,190)	888,980
Information and communication technology	769,553	199,003	-	-	(174,258)	794,298
Motor vehicles	41,522	-	-	-	(8,304)	33,218
Leased assets	119,716	37,363	-	-	(45,034)	112,045
Library resources	85,378	12,320	(7,994)	-	(11,213)	78,491
<b>Balance at 31 December 2017</b>	<b>7,907,766</b>	<b>1,013,272</b>	<b>(7,994)</b>	<b>-</b>	<b>(523,480)</b>	<b>8,389,564</b>

	Cost or Valuation	Accumulated Depreciation	Net Book Value
	\$	\$	\$
<b>2017</b>			
Buildings	1,447,482	(539,212)	908,270
Building improvements	6,995,788	(1,421,526)	5,574,262
Furniture and equipment	2,238,339	(1,349,359)	888,980
Information and communication technology	2,693,650	(1,899,352)	794,298
Motor vehicles	109,452	(76,234)	33,218
Leased assets	173,120	(61,075)	112,045
Library resources	243,585	(165,094)	78,491
<b>Balance at 31 December 2017</b>	<b>13,901,416</b>	<b>(5,511,852)</b>	<b>8,389,564</b>

## Notes to the Financial Statements (cont.)

For the year ended 31 December 2018

### 14 Accounts Payable

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Operating creditors	291,372	178,000	178,376
Accruals	10,020	10,000	7,727
Employee Entitlements - salaries	687,495	618,000	623,577
Employee Entitlements - leave accrual	89,120	55,250	54,384
	<u>1,078,007</u>	<u>861,250</u>	<u>864,066</u>
Payables for Exchange Transactions	1,078,007	861,250	864,066
	<u>1,078,007</u>	<u>861,250</u>	<u>864,066</u>

The carrying value of payables approximates their fair value.

### 15 Revenue Received in Advance

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
International Student Fees	649,045	700,000	680,662
Other	112,417	90,000	92,313
	<u>761,462</u>	<u>790,000</u>	<u>772,975</u>

### 16 Provision for Cyclical Maintenance

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Provision at the Start of the Year	183,665	183,665	230,221
Increase to the Provision During the Year	61,612	48,000	17,757
Use of the Provision During the Year	(16,135)	1,561	(64,313)
Provision at the End of the Year	<u>229,142</u>	<u>233,226</u>	<u>183,665</u>
Cyclical Maintenance - Current	92,032	98,950	71,772
Cyclical Maintenance - Term	137,110	134,276	111,893
	<u>229,142</u>	<u>233,226</u>	<u>183,665</u>

### 17 Finance Lease Liability

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

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
No Later than One Year	85,500	56,071	66,228
Later than One Year and no Later than Five Years	44,995	9,617	69,784
	<u>130,495</u>	<u>65,688</u>	<u>136,012</u>

### 18 Funds held in Trust

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Funds Held in Trust on Behalf of Third Parties - Current	765,161	472,000	570,589
	<u>765,161</u>	<u>472,000</u>	<u>570,589</u>

These funds relate to arrangements where the school is acting as an agent. These amounts are not revenue or expenditure of the school and therefore are not included in the Statement of Comprehensive Revenue and Expense.

## Notes to the Financial Statements (cont.)

For the year ended 31 December 2018

**19 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:

	2018	Opening Balances	Receipts from MoE	Payments	BOT Contribution/ (Write-off to R&M)	Closing Balances
		\$	\$	\$		\$
Toilet upgrades	<i>In progress</i>	-	101,900	83,741	-	18,159
Totals		-	101,900	83,741	-	18,159

**Represented by:**

Funds Held on Behalf of the Ministry of Education

Funds Due from the Ministry of Education

(14,736)

32,895

18,159

	2017	Opening Balances	Receipts from MoE	Payments	BOT Contribution/ (Write-off to R&M)	Closing Balances
		\$	\$	\$	\$	\$
D7 Floor Replacement	<i>completed</i>	1,000	1,294	900	1,394	-
Science Lab	<i>completed</i>	228	-	-	228	-
Music Hall Upgrade	<i>completed</i>	24,021	-	24,000	21	-
Fire Panel	<i>completed</i>	(4,400)	6,000	1,600	-	-
Gate 2 Retaining Wall	<i>completed</i>	3,610	-	3,625	15	-
Roofing B & D	<i>completed</i>	-	90,000	90,000	-	-
E Block Roof Repair	<i>completed</i>	-	109,695	109,695	-	-
Lower Gym Lighting	<i>completed</i>	-	23,850	23,850	-	-
Library Boiler	<i>completed</i>	-	15,000	15,000	-	-
Music HVAC	<i>completed</i>	-	15,000	15,000	-	-
Recharges	<i>in progress</i>	-	17,536	17,536	-	-
Totals		24,459	278,375	301,206	1,658	-

**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.

## Notes to the Financial Statements (cont.)

For the year ended 31 December 2018

### 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.

	2018 Actual \$	2017 Actual \$
<i>Board Members</i>		
Remuneration	3,975	3,735
Full-time equivalent members	0.35	0.27
<i>Leadership Team</i>		
Remuneration	655,721	530,589
Full-time equivalent members	6.00	5.00
Total key management personnel remuneration	659,696	534,324
Total full-time equivalent personnel	6.35	5.27

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:

	2018 Actual \$000	2017 Actual \$000
Salaries and Other Short-term Employee Benefits:		
Salary and Other Payments	170-180	120-130
Benefits and Other Emoluments	5-10	0-5
Termination Benefits	-	-

#### Other Employees

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

Remuneration \$000	2018 FTE Number	2017 FTE Number
110-120	3	2
100-110	3	2
	6	4

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

### 22 Compensation and Other Benefits Upon Leaving

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

## Notes to the Financial Statements (cont.)

For the year ended 31 December 2018

### 23 Contingencies

There are no contingent liabilities and no contingent assets as at 31 December 2018.

(Contingent liabilities and assets as at 31 December 2017: 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, however the potential impact on any specific school or individual and any associated historical liability will not be known until further detailed analysis has been completed.

To the extent that any obligation cannot reasonably be quantified at 31 December 2018, a contingent liability for the school may exist.

### 24 Commitments

#### (a) Capital Commitments

As at 31 December 2018 the Board has entered into contract agreements for capital works as follows:

(a) A contract for toilet upgrades to be completed in 2019 which will be fully funded by the Ministry of Education. \$101,900 has been received of which \$83,741 has been spent on the project to date.

(Capital commitments as at 31 December 2017: nil)

#### (b) Operating Commitments

As at 31 December 2018 the Board has entered into the following contracts:

- operating leases for TELA computer leases

No later than One Year

2018 Actual \$	2017 Actual \$
-	8,716
-	8,716

### 25 Managing Capital

The School's capital is its equity and comprises capital contributions from the Ministry of Education for property, plant and equipment and accumulated surpluses and deficits. The School does not actively manage capital but "attempts" to ensure that income exceeds spending in most years. Although deficits can arise as planned in particular years, they are offset by planned surpluses in previous years or ensuing years.

### 26 Financial Instruments

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

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
<b>Loans and Receivables</b>			
Cash and Cash Equivalents	1,353,132	807,869	898,296
Receivables	745,591	725,800	736,123
Investments - Term Deposits	1,398,468	1,800,000	1,731,091
Total Loans and Receivables	<u>3,497,191</u>	<u>3,333,669</u>	<u>3,365,510</u>
<b>Financial liabilities measured at amortised cost</b>			
Payables	1,078,007	861,250	864,066
Finance Leases	120,171	65,688	123,113
Total Financial Liabilities Measured at Amortised Cost	<u>1,198,178</u>	<u>926,938</u>	<u>987,179</u>

### 27 Events After Balance Date

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

### 28 Comparatives

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



## INDEPENDENT AUDITOR'S REPORT

### TO THE READERS OF LYNFIELD COLLEGE'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

The Auditor-General is the auditor of Lynfield College (the College). 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 College on his behalf.

#### Opinion

We have audited the financial statements of the College on pages 2 to 18 that comprise the statement of financial position as at 31 December 2018, 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 College:

- present fairly, in all material respects:
  - its financial position as at 31 December 2018; 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 31 May 2019. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Board of Trustees and our responsibilities relating to the financial statements, we comment on other information, and we explain our independence.

#### 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 College 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 College for assessing the College'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 College, 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 College'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 College'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 College'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 College 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 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 College in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1 (Revised): *Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board.

Other than the audit, we have no relationship with or interests in the College.

A handwritten signature in black ink, appearing to read "M. Youngson".

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