

# Lynfield College

## Annual Report for the year ended 31 December 2019

<b>Ministry Number:</b>	0075
<b>Principal:</b>	Cath Knell
<b>School Address:</b>	191 White Swan Road, Mr Roskill, Auckland 1041
<b>School Postal Address:</b>	191 White Swan Road, Mr 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

## Lynfield College

# Members of the Board of Trustees

For the year ended 31 December 2019

<b>Name</b>	<b>Position</b>	<b>How position on Board gained</b>	<b>Occupation</b>	<b>Term expired/expires</b>
<b>Pre- Election</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
Raymond Feng	Staff Trustee	Elected 20 May 2018	Student	Sept 2019
<b>Post Election</b>				
Mark Hewett	Chairperson	Elected 7 June 2019	Secretary	Jun 2022
Cath Knell	Principal	Appointed Principal (2017)	Principal	Ongoing
David Barrett	Elected Trustee	Elected 7 June 2019	Design Manager	Jun 2022
Jonathan Subritzky	Elected Trustee	Elected 7 June 2019	Law Student	Jun 2022
Bella Tahu	Elected Trustee	Elected 7 June 2019	Lab Technician	Jun 2022
Kristelle Varney	Elected Trustee	Elected 7 June 2019	Teacher	Jun 2022
Tess Morrison	Staff Trustee	Elected 7 June 2019	Teacher	Jun 2022
Simote Funganitao	Student Trustee	Elected 24 September 2019	Student	Sept 2020

# Lynfield College

## Annual Report

For the year ended 31 December 2019

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**Lynfield College**  
**Statement of Responsibility**  
For the year ended 31 December 2019

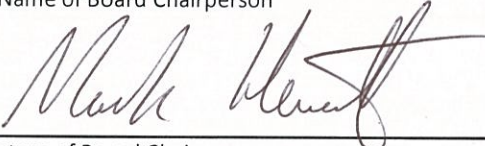
The Board of Trustees accepts responsibility for the preparation of the annual financial statements and the judgements used in these financial statements.

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

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

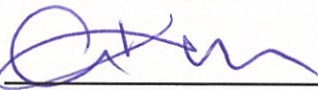
The School's 2019 financial statements are authorised for issue by the Board.

MARK HEWETT  
Full Name of Board Chairperson

  
Signature of Board Chairperson

26 June 2020  
Date:

CATH KNELL  
Full Name of Principal

  
Signature of Principal

26 June 2020  
Date:

## Lynfield College

# Statement of Comprehensive Revenue and Expense

For the year ended 31 December 2019

		2019	2019	2018
	Notes	Actual	Budget	Actual
		\$	(Unaudited)	\$
			\$	
<b>Revenue</b>				
Government Grants	2	16,625,554	16,410,813	16,445,915
Locally Raised Funds	3	1,522,769	1,125,609	1,451,853
Interest Income		78,941	85,000	89,377
International Students	4	1,333,189	1,275,372	1,363,834
		<u>19,560,453</u>	<u>18,896,794</u>	<u>19,350,979</u>
<b>Expenses</b>				
Locally Raised Funds	3	599,564	288,750	513,967
International Students	4	807,153	800,398	770,541
Learning Resources	5	12,394,841	11,889,400	12,053,658
Administration	6	608,339	607,131	593,042
Finance		8,750	11,000	12,271
Property	7	4,852,249	4,949,321	4,929,545
Depreciation	8	623,108	619,534	587,631
Loss on Disposal of Property, Plant and Equipment		2,353	-	4,365
		<u>19,896,357</u>	<u>19,165,534</u>	<u>19,465,020</u>
<b>Net Surplus / (Deficit) for the year</b>		<b>(335,904)</b>	<b>(268,740)</b>	<b>(114,041)</b>
Other Comprehensive Revenue and Expenses		-	-	-
<b>Total Comprehensive Revenue and Expense for the Year</b>		<b><u>(335,904)</u></b>	<b><u>(268,740)</u></b>	<b><u>(114,041)</u></b>

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

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

For the year ended 31 December 2019

	Notes	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
<b>Balance at 1 January</b>		9,455,700	9,446,101	9,535,429
Total comprehensive revenue and expense for the year		(335,904)	(268,740)	(114,041)
Capital Contributions from the Ministry of Education Contribution - Furniture and Equipment Grant		110,835	-	34,312
<b>Equity at 31 December</b>	25	9,230,631	9,177,361	9,455,700
Retained Earnings		9,230,631	9,177,361	9,455,700
<b>Equity at 31 December</b>		9,230,631	9,177,361	9,455,700

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.

# Lynfield College

## Statement of Financial Position

As at 31 December 2019

	Notes	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
<b>Current Assets</b>				
Cash and Cash Equivalents	9	898,318	2,902,310	1,353,132
Accounts Receivable	10	1,417,778	722,000	745,591
GST Receivable		-	15,000	15,090
Prepayments		102,732	90,000	102,129
Inventories	11	207,138	200,000	196,755
Investments	12	1,509,752	-	1,398,468
		<u>4,135,718</u>	<u>3,929,310</u>	<u>3,811,165</u>
<b>Current Liabilities</b>				
GST Payable		47,900	-	-
Accounts Payable	14	1,215,362	1,041,000	1,078,003
Revenue Received in Advance	15	722,786	760,000	761,462
Provision for Cyclical Maintenance	16	100,563	111,523	92,032
Finance Lease Liability - Current Portion	17	42,844	33,345	77,885
Funds Held in Trust	18	513,091	770,000	765,161
Funds Held for Capital Works Projects	19	530,198	-	18,159
		<u>3,172,744</u>	<u>2,715,868</u>	<u>2,792,702</u>
<b>Working Capital Surplus/(Deficit)</b>		962,974	1,213,442	1,018,463
<b>Non-current Assets</b>				
Property, Plant and Equipment	13	8,461,521	8,141,550	8,400,487
Capital Works in Progress		-	-	216,146
		<u>8,461,521</u>	<u>8,141,550</u>	<u>8,616,633</u>
<b>Non-current Liabilities</b>				
Provision for Cyclical Maintenance	16	168,690	168,690	137,110
Finance Lease Liability	17	25,174	8,941	42,286
		<u>193,864</u>	<u>177,631</u>	<u>179,396</u>
<b>Net Assets</b>		<u>9,230,631</u>	<u>9,177,361</u>	<u>9,455,700</u>
<b>Equity</b>	25	<u>9,230,631</u>	<u>9,177,361</u>	<u>9,455,700</u>

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

# Lynfield College

## Statement of Cash Flows

For the year ended 31 December 2019

	2019	2019	2018
Note	Actual \$	Budget (Unaudited) \$	Actual \$
<b>Cash flows from Operating Activities</b>			
Government Grants	3,673,060	3,632,708	3,505,917
Locally Raised Funds	832,732	1,156,779	1,493,723
International Students	1,326,008	1,286,327	1,332,217
Goods and Services Tax (net)	62,990	90	2,248
Payments to Employees	(2,410,716)	(2,239,702)	(2,368,529)
Payments to Suppliers	(3,768,837)	(3,529,557)	(3,396,435)
Cyclical Maintenance Payments in the year	(14,725)	-	45,477
Interest Paid	(8,750)	(11,000)	(12,271)
Interest Received	82,156	100,320	79,739
Net cash from Operating Activities	(226,082)	395,965	682,086
<b>Cash flows from Investing Activities</b>			
Proceeds from Sale of PPE (and Intangibles)	-	(97,008)	(4,365)
Purchase of PPE (and Intangibles)	(440,468)	(288,152)	(732,020)
Purchase of Investments	(111,284)	-	332,623
Proceeds from Sale of Investments	-	1,398,468	-
Net cash from Investing Activities	(551,752)	1,013,308	(403,762)
<b>Cash flows from Financing Activities</b>			
Furniture and Equipment Grant	110,835	-	34,312
Finance Lease Payments	(47,784)	162,824	(70,531)
Funds Administered on Behalf of Third Parties	(252,070)	4,839	194,572
Funds Held for Capital Works Projects	512,039	(18,159)	18,159
Net cash from Financing Activities	323,020	149,504	176,512
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(454,814)</b>	<b>1,558,777</b>	<b>454,836</b>
Cash and cash equivalents at the beginning of the year	9 1,353,132	1,343,533	898,296
<b>Cash and cash equivalents at the end of the year</b>	<b>9 898,318</b>	<b>2,902,310</b>	<b>1,353,132</b>

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

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



# Lynfield College

## Notes to the Financial Statements

For the year ended 31 December 2019

### 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 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 28.

##### *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 2019

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

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

#### *Classification of leases*

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

#### *Recognition of grants*

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

### **Revenue Recognition**

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

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

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

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

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

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

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

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

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

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

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

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

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

#### **Finance Lease Payments**

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

#### **Cash and Cash Equivalents**

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

## Notes to the Financial Statements (cont.)

For the year ended 31 December 2019

### Accounts Receivable

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

### Prior Year Policy

Accounts Receivable represents items that the School has issued invoices for or accrued for, but has not received payment for at year end. Receivables are initially recorded at fair value and subsequently recorded at the amount the School realistically expects to receive. A receivable is considered uncollectable where there is objective evidence the School will not be able to collect all amounts due. The amount that is uncollectable (the provision for uncollectibility) is the difference between the amount due and the present value of the amounts expected to be collected.

### Inventories

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

### Investments

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

### Prior Year Policy

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

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

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

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

### Property, Plant and Equipment

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

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

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

Property, plant and equipment acquired with individual values under \$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 2019

### **Finance Leases**

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

### **Depreciation**

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

The estimated useful lives of the assets are:

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

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

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

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

### **Accounts Payable**

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

### **Employee Entitlements**

#### *Short-term employee entitlements*

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

## Notes to the Financial Statements (cont.)

For the year ended 31 December 2019

### Revenue Received in Advance

Revenue received in advance relates to fees received from 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 Comprehensive 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 2019

### 2 Government Grants

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Operational Grants	3,115,381	3,099,733	2,999,663
Teachers' Salaries Grants	9,421,863	9,070,000	9,135,167
Use of Land and Buildings Grants	3,529,277	3,741,000	3,822,517
Resource Teachers Learning and Behaviour Grants	23,298	25,298	29,316
Other MoE Grants	438,830	379,060	335,130
Other Government Grants	96,905	95,722	124,122
	<u>16,625,554</u>	<u>16,410,813</u>	<u>16,445,915</u>

### 3 Locally Raised Funds

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

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
<b>Revenue</b>			
Donations	189,522	183,000	199,038
Activities	1,061,569	701,109	1,009,601
Trading	271,678	241,500	243,214
	<u>1,522,769</u>	<u>1,125,609</u>	<u>1,451,853</u>
<b>Expenses</b>			
Activities	345,130	65,250	288,991
Trading	254,434	223,500	224,976
	<u>599,564</u>	<u>288,750</u>	<u>513,967</u>
<b>Surplus/ (Deficit) for the year Locally Raised Funds</b>	<u>923,205</u>	<u>836,859</u>	<u>937,886</u>

*Surplus/ (Deficit) for the year Locally Raised Funds*

2019 Overseas Travel:

Staff China Trip - This trip was to develop the relationship between Lynfield College and schools in China. This trip was attended by 32 people which are a mix of staff, partners and friends of staff with \$190,017 worth of revenue and \$181,817 worth of expenditure. It was noted that this trip was funded by the people who attended the trip, no additional fundraising was conducted by the school in relation to the trip.

Germany Exchange Trip -22 students, 3 staff. Total expenses incurred for this trip was fully funded by attendees and no fundraising was conducted. The total revenue for the trip was \$92,400 and expenses of \$87,043.

Overseas Trips were conducted in the current year to Australia, Vietnam, Thailand and Germany by the International Student Director for marketing purposes to recruit overseas students. Total expenditure incurred was \$53,000 with this being fully funded by net surplus from international student fees revenue.

2018 Overseas Travel:

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.

Shinagawa (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.

## Notes to the Financial Statements (cont.)

For the year ended 31 December 2019

### 4 International Student Revenue and Expenses

	2019 Actual Number	2019 Budget (Unaudited) Number	2018 Actual Number
International Student Roll	84	84	84
	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
<b>Revenue</b>			
International Student Fees	1,333,189	1,275,372	1,363,834
<b>Expenses</b>			
Advertising	53,072	65,000	42,255
Commissions	156,957	140,000	133,007
International Student Levy	35,551	19,000	17,294
Employee Benefit - Salaries	525,559	535,198	519,769
Other Expenses	36,014	41,200	58,216
	807,153	800,398	770,541
<i>Surplus/ (Deficit) for the year International Students</i>	526,036	474,974	593,293

### 5 Learning Resources

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Curricular	920,222	1,020,890	890,444
Information and Communication Technology	286,597	302,991	271,804
Extra-Curricular Activities	311,677	246,362	267,580
Library Resources	7,507	9,300	8,001
Employee Benefits - Salaries	10,796,411	10,229,857	10,535,405
Staff Development	72,427	80,000	80,424
	12,394,841	11,889,400	12,053,658

### 6 Administration

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Audit Fee	10,837	10,837	10,020
Board of Trustees Fees	5,280	4,000	3,975
Board of Trustees Expenses	29,646	46,050	32,847
Communication	13,110	17,000	15,250
Consumables	32,817	36,000	34,940
Other	86,180	91,100	76,552
Employee Benefits - Salaries	366,098	339,884	356,649
Insurance	48,111	46,000	46,599
Service Providers, Contractors and Consultancy	16,260	16,260	16,210
	608,339	607,131	593,042



## Notes to the Financial Statements (cont.)

For the year ended 31 December 2019

### 7 Property

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Caretaking and Cleaning Consumables	28,948	30,000	22,691
Consultancy and Contract Services	181,163	178,734	169,530
Cyclical Maintenance Expense	54,836	48,000	61,612
Grounds	193,074	192,800	116,214
Heat, Light and Water	208,149	205,000	179,762
Rates	217	200	193
Repairs and Maintenance	456,312	379,850	394,891
Use of Land and Buildings	3,529,277	3,741,000	3,822,517
Security	18,108	22,800	9,738
Employee Benefits - Salaries	182,165	150,937	152,397
	<u>4,852,249</u>	<u>4,949,321</u>	<u>4,929,545</u>

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

### 8 Depreciation

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Buildings - School	123,597	125,000	103,178
Building Improvements - Crown	139,916	140,000	139,915
Furniture and Equipment	102,220	100,000	101,769
Information and Communication Technology	185,210	185,000	177,342
Motor Vehicles	13,057	13,000	7,774
Leased Assets	48,278	50,000	46,757
Library Resources	10,830	6,534	10,896
	<u>623,108</u>	<u>619,534</u>	<u>587,631</u>

### 9 Cash and Cash Equivalents

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Cash on Hand	1,249	750	750
Bank Current Account	397,069	501,560	552,382
Short-term Bank Deposits	500,000	2,400,000	800,000
Cash and cash equivalents for Cash Flow Statement	<u>898,318</u>	<u>2,902,310</u>	<u>1,353,132</u>

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

Of the \$898,318 Cash and Cash Equivalents, \$530,198 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.



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

For the year ended 31 December 2019

**10 Accounts Receivable**

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Receivables	702,129	-	43,587
Receivables from the Ministry of Education	-	-	32,895
Interest Receivable	12,105	-	15,320
Teacher Salaries Grant Receivable	703,544	722,000	653,789
	<u>1,417,778</u>	<u>722,000</u>	<u>745,591</u>
Receivables from Exchange Transactions	714,234	-	58,907
Receivables from Non-Exchange Transactions	703,544	722,000	686,684
	<u>1,417,778</u>	<u>722,000</u>	<u>745,591</u>

**11 Inventories**

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Stationery	-	-	19,013
School Uniforms	207,138	200,000	177,742
	<u>207,138</u>	<u>200,000</u>	<u>196,755</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	1,509,752	-	1,398,468
Total Investments	<u>1,509,752</u>	<u>-</u>	<u>1,398,468</u>

## Notes to the Financial Statements (cont.)

For the year ended 31 December 2019

## 13 Property, Plant and Equipment

	Opening Balance (NBV)	Additions	Disposals	Impairment	Depreciation	Total (NBV)
2019	\$	\$	\$	\$	\$	\$
Buildings	967,601	268,091	-	-	(123,597)	1,112,095
Building Improvements	5,434,347	-	-	-	(139,916)	5,294,431
Furniture and Equipment	871,036	217,946	-	-	(102,220)	986,762
Information and Communication Technology	858,993	148,362	-	-	(185,210)	822,145
Motor Vehicles	59,357	9,497	-	-	(13,057)	55,797
Leased Assets	132,877	29,880	-	-	(48,278)	114,479
Library Resources	76,276	12,719	(2,353)	-	(10,830)	75,812
<b>Balance at 31 December 2019</b>	<b>8,400,487</b>	<b>686,495</b>	<b>(2,353)</b>	<b>-</b>	<b>(623,108)</b>	<b>8,461,521</b>

	Cost or Valuation	Accumulated Depreciation	Net Book Value
2019	\$	\$	\$
Buildings	1,850,197	(738,102)	1,112,095
Building Improvements	6,995,788	(1,701,357)	5,294,431
Furniture and Equipment	2,567,998	(1,581,236)	986,762
Information and Communication Technology	3,084,048	(2,261,903)	822,145
Motor Vehicles	152,861	(97,064)	55,797
Leased Assets	270,589	(156,110)	114,479
Library Resources	248,308	(172,496)	75,812
<b>Balance at 31 December 2019</b>	<b>15,169,789</b>	<b>(6,708,268)</b>	<b>8,461,521</b>

The net carrying value of equipment held under a finance lease is \$114,479 (2018: \$132,877).

The net carrying value of motor vehicles held under a finance lease is \$55,797 (2018: \$59,357).

	Opening Balance (NBV)	Additions	Disposals	Impairment	Depreciation	Total (NBV)
2018	\$	\$	\$	\$	\$	\$
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
2018	\$	\$	\$
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>

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

For the year ended 31 December 2019

**14 Accounts Payable**

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Operating Creditors	340,501	250,000	291,368
Accruals	10,837	-	10,020
Employee Entitlements - Salaries	746,207	791,000	687,495
Employee Entitlements - Leave Accrual	117,817	-	89,120
	<u>1,215,362</u>	<u>1,041,000</u>	<u>1,078,003</u>
Payables for Exchange Transactions	1,215,362	1,041,000	1,078,003
	<u>1,215,362</u>	<u>1,041,000</u>	<u>1,078,003</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	641,864	660,000	649,045
Other	80,922	100,000	112,417
	<u>722,786</u>	<u>760,000</u>	<u>761,462</u>

**16 Provision for Cyclical Maintenance**

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Provision at the Start of the Year	229,142	229,142	183,665
Increase/(decrease) to the Provision During the Year	54,836	48,000	61,612
Use of the Provision During the Year	(14,725)	3,071	(16,135)
Provision at the End of the Year	<u>269,253</u>	<u>280,213</u>	<u>229,142</u>
Cyclical Maintenance - Current	100,563	111,523	92,032
Cyclical Maintenance - Term	168,690	168,690	137,110
	<u>269,253</u>	<u>280,213</u>	<u>229,142</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):

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
No Later than One Year	47,156	33,345	85,500
Later than One Year and no Later than Five Years	26,622	8,941	44,995
	<u>73,778</u>	<u>42,286</u>	<u>130,495</u>

## Notes to the Financial Statements (cont.)

For the year ended 31 December 2019

## 18 Funds held in Trust

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Funds Held in Trust on Behalf of Third Parties - Current	513,091	770,000	765,161
	<u>513,091</u>	<u>770,000</u>	<u>765,161</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.

## 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:

	2019	Opening Balances \$	Receipts from MoE \$	Payments \$	BOT Contribution/ (Write-off to R&M)	Closing Balances \$
Toilet upgrades	<i>completed</i>	18,159	106,533	124,692	-	-
A Block Refurb	<i>In progress</i>	-	-	121	-	(121)
Lower Gym Internal Refurb	<i>In progress</i>	-	-	150	-	(150)
Gate 2	<i>In progress</i>	-	2,755	-	-	2,755
D Block	<i>In progress</i>	-	160,117	27,296	-	132,821
K Block windows	<i>In progress</i>	-	46,795	36,234	-	10,561
G Block Doors	<i>In progress</i>	-	25,164	14,069	-	11,095
Library Carpet	<i>In progress</i>	-	44,808	42,836	-	1,972
Library lighting	<i>In progress</i>	-	27,000	25,435	-	1,565
K Block Bench	<i>In progress</i>	-	-	60	-	(60)
Tennis Court resurfacing	<i>In progress</i>	-	370,000	240	-	369,760
Totals		<u>18,159</u>	<u>783,172</u>	<u>271,133</u>	<u>-</u>	<u>530,198</u>

## Represented by:

Funds Held on Behalf of the Ministry of Education	530,529
Funds Due from the Ministry of Education	(331)
	<u>530,198</u>

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

## Notes to the Financial Statements (cont.)

For the year ended 31 December 2019

### 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.

	<b>2019 Actual \$</b>	<b>2018 Actual \$</b>
<i>Board Members</i>		
Remuneration	5,280	3,975
Full-time equivalent members	0.49	0.35
<i>Leadership Team</i>		
Remuneration	791,529	655,721
Full-time equivalent members	6.00	6.00
Total key management personnel remuneration	<u>796,809</u>	<u>659,696</u>
Total full-time equivalent personnel	<u>6.49</u>	<u>6.35</u>

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

*Principal*

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

	<b>2019 Actual \$000</b>	<b>2018 Actual \$000</b>
Salaries and Other Short-term Employee Benefits:		
Salary and Other Payments	185-195	170-180
Benefits and Other Emoluments	1-5	5-10
Termination Benefits	-	-

*Other Employees*

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

<b>Remuneration \$000</b>	<b>2019 FTE Number</b>	<b>2018 FTE Number</b>
120-130	1	-
110-120	2	3
100-110	2	3
	<u>5</u>	<u>6</u>

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.

### 23 Contingencies

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

(Contingent liabilities and assets as at 31 December 2018: nil)

#### Holidays Act Compliance – schools payroll

The Ministry of Education performs payroll processing and payments on behalf of school boards of trustees, through payroll service provider Education Payroll Limited.

The Ministry has commenced a review of the schools sector payroll to ensure compliance with the Holidays Act 2003. The initial phase of this review has identified areas of non-compliance. The Ministry has recognised an estimated provision based on the analysis of sample data, which may not be wholly representative of the total dataset for Teacher and Support Staff Entitlements. A more accurate estimate will be possible after further analysis of non-compliance has been completed, and this work is ongoing. Final calculations and potential impact on any specific individual will not be known until further detailed analysis has been completed.

To the extent that any obligation cannot reasonably be quantified at 31 December 2019, a contingent liability for the school may exist.

## Notes to the Financial Statements (cont.)

For the year ended 31 December 2019

### 24 Commitments

#### (a) Capital Commitments

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

(Capital commitments as at 31 December 2018: nil)

### 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:

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
<b>Financial assets measured at amortised cost (2018: Loans and receivables)</b>			
Cash and Cash Equivalents	898,318	2,902,310	1,353,132
Receivables	1,417,778	722,000	745,591
Investments - Term Deposits	1,509,752	-	1,398,468
Total Financial assets measured at amortised cost	<u>3,825,848</u>	<u>3,624,310</u>	<u>3,497,191</u>
<b>Financial liabilities measured at amortised cost</b>			
Payables	1,215,362	1,041,000	1,078,003
Finance Leases	68,018	42,286	120,171
Total Financial Liabilities Measured at Amortised Cost	<u>1,283,380</u>	<u>1,083,286</u>	<u>1,198,174</u>

### 27 Events After Balance Date

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

At the date of issuing the financial statements, the school has been able to absorb the majority of the impact from the nationwide lockdown as it was decided to start the annual Easter School holidays early. In the periods the school is open for tuition, the school has switched to alternative methods of delivering the curriculum, so students can learn remotely.

At this time the full financial impact of the COVID-19 pandemic is not able to be determined, but it is not expected to be significant to the school. The school will continue to receive funding from the Ministry of Education, even while closed.

### 28 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

### 29 Comparatives

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

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

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



## INDEPENDENT AUDITOR'S REPORT

### TO THE READERS OF LYNFIELD COLLEGE'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

The Auditor-General is the auditor of Lynfield College (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 19, 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 26 June 2020. This is the date at which our opinion is expressed.

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

#### Emphasis of Matter – COVID-19

Without modifying our opinion, we draw attention to the disclosures in note 27 on page 19 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