

BIRCHVILLE SCHOOL

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019



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Ministry Number: 2810

Accountant/Service Provider: Accounting for Schools Limited

BIRCHVILLE SCHOOL

Annual Report - For the year ended 31 December 2019

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BIRCHVILLE SCHOOL

Statement of Responsibility

For the year ended 31 December 2019

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

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

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

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


Full Name of Board Chairperson


Full Name of Principal


Signature of Board Chairperson


Signature of Principal

26/5/20
Date:

26/05/2020
Date:

BIRCHVILLE SCHOOL

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

	Notes	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Revenue				
Government Grants	2	1,476,273	1,450,793	1,463,194
Locally Raised Funds	3	57,583	27,000	128,624
Interest Earned		4,262	2,000	3,846
Gain on Revaluation of Shares		468	-	-
		<u>1,538,586</u>	<u>1,479,793</u>	<u>1,595,664</u>
Expenses				
Locally Raised Funds	3	24,974	2,500	28,506
Learning Resources	4	1,054,850	961,174	1,013,658
Administration	5	107,176	110,340	101,539
Property	6	343,770	357,755	383,749
Finance Costs		747	500	1,500
Depreciation	7	42,070	42,000	42,543
Loss on Disposal of Property, Plant and Equipment		1,566	-	297
Unrealised Loss on Revaluation of Shares		-	-	164
		<u>1,575,153</u>	<u>1,474,269</u>	<u>1,571,956</u>
Net Surplus / (Deficit)		(36,567)	5,524	23,708
Other Comprehensive Revenue and Expenses		-	-	-
Total Comprehensive Revenue and Expense for the Year		<u>(36,567)</u>	<u>5,524</u>	<u>23,708</u>

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

BIRCHVILLE SCHOOL

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

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Balance at 1 January	276,485	276,485	248,136
Total comprehensive revenue and expense for the year	(36,567)	5,524	23,708
Capital Contributions from the Ministry of Education Contribution - Furniture and Equipment Grant	-	-	4,641
Adjustment to Accumulated surplus/(deficit) from adoption of PBE IFRS 9	-	-	-
Equity at 31 December	239,918	282,009	276,485
Retained Earnings	239,918	282,009	276,485
Equity at 31 December	239,918	282,009	276,485

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.

BIRCHVILLE SCHOOL
Statement of Financial Position
As at 31 December 2019

	Notes	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Current Assets				
Cash and Cash Equivalents	8	74,629	259,676	262,654
Accounts Receivable	9	79,901	65,500	55,182
GST Receivable		12,837	4,000	(6,183)
Investments	10	87,579	-	-
Prepayments		4,308	4,000	3,850
		<u>259,254</u>	<u>333,176</u>	<u>315,503</u>
Current Liabilities				
Accounts Payable	12	74,438	70,200	70,396
Finance Lease Liability - Current Portion	15	5,780	8,577	8,577
Funds held for Capital Works Projects	16	57,903	-	120,886
Revenue Received in Advance	13	11,194	500	3,521
Provision for Cyclical Maintenance	14	26,483	18,896	18,896
		<u>175,798</u>	<u>98,173</u>	<u>222,276</u>
Working Capital Surplus		83,456	235,003	93,227
Non-current Assets				
Investments	10	4,360	4,000	3,893
Property, Plant and Equipment	11	185,941	83,410	219,769
		<u>190,301</u>	<u>87,410</u>	<u>223,662</u>
Non-current Liabilities				
Provision for Cyclical Maintenance	14	31,864	35,757	35,757
Finance Lease Liability	15	1,975	4,647	4,647
		<u>33,839</u>	<u>40,404</u>	<u>40,404</u>
Net Assets		<u>239,918</u>	<u>282,009</u>	<u>276,485</u>
Equity		<u>239,918</u>	<u>282,009</u>	<u>276,485</u>

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

BIRCHVILLE SCHOOL
Statement of Cash Flows
For the year ended 31 December 2019

	2019	2019	2018
Note	Actual	Budget	Actual
	\$	(Unaudited)	\$
		\$	
Cash flows from Operating Activities			
Government Grants	338,917	340,793	382,505
Locally Raised Funds	65,808	25,283	130,677
Hostel	-	(1,304)	-
Goods and Services Tax (net)	(19,021)	(10,183)	10,578
Payments to Employees	(206,230)	(148,759)	(206,842)
Payments to Suppliers	(184,618)	(180,140)	(183,457)
Cyclical Maintenance Payments in the year	(20,371)	(3,000)	(82,757)
Interest Paid	(747)	(500)	(1,500)
Interest Received	4,074	1,522	4,310
Net cash from / (to) the Operating Activities	(22,188)	23,712	53,514
Cash flows from Investing Activities			
Purchase of PPE (and Intangibles)	(9,806)	94,359	(137,198)
Purchase of Investments	(87,579)	-	100,881
Net cash from / (to) the Investing Activities	(97,385)	94,196	(36,317)
Cash flows from Financing Activities			
Furniture and Equipment Grant	-	-	4,641
Finance Lease Payments	(5,469)	-	(13,940)
Funds Held for Capital Works Projects	(62,983)	(120,886)	118,671
Net cash from Financing Activities	(68,452)	(120,886)	109,372
Net increase/(decrease) in cash and cash equivalents	(188,025)	(2,978)	126,570
Cash and cash equivalents at the beginning of the year	8 262,654	262,654	136,084
Cash and cash equivalents at the end of the year	8 74,629	259,676	262,654

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

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

BIRCHVILLE SCHOOL

Notes to the Financial Statements For the year ended 31 December 2019

1. Statement of Accounting Policies

a) Reporting Entity

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

b) Basis of Preparation

Reporting Period

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

Basis of Preparation

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

Financial Reporting Standards Applied

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

Standard early adopted

In line with the Financial Statements of the Government, the School has elected to early adopt PBE IFRS 9 Financial Instruments. PBE IFRS 9 replaces PBE IPSAS 29 Financial Instruments: Recognition and Measurement. Information about the adoption of PBE IFRS 9 is provided in Note 25.

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 11.

BIRCHVILLE SCHOOL

Notes to the Financial Statements

For the year ended 31 December 2019

1. Statement of Accounting Policies

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.

c) Revenue Recognition

Government Grants

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

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

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

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

Other Grants

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

Donations, Gifts and Bequests

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

Interest Revenue

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

d) Use of Land and Buildings Expense

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

BIRCHVILLE SCHOOL

Notes to the Financial Statements For the year ended 31 December 2019

1. Statement of Accounting Policies

e) Operating Lease Payments

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

f) Finance Lease Payments

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

g) Cash and Cash Equivalents

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

h) Accounts Receivable

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

Prior Year Policy

Accounts Receivable represents items that the Group 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 Group realistically expects to receive. A receivable is considered uncollectable where there is objective evidence the Group 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.

i) 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 Group at fair value plus transaction costs. At balance date the Group has assessed whether there is any evidence that an investment is impaired. Any impairment, gains or losses are recognised in the Consolidated 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 Group may incur on sale or other disposal.

j) 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.

BIRCHVILLE SCHOOL

Notes to the Financial Statements

For the year ended 31 December 2019

1. Statement of Accounting Policies

j) Property, Plant and Equipment cont...

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

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

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

Finance Leases

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

Depreciation

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

The estimated useful lives of the assets are:

Buildings	5 - 30 years
Furniture & Equipment	5 - 10 years
Information Technology	3 - 5 years
Leased Assets	3 - 5 years
Library resources	12.5% Diminishing value

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

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

Non cash generating assets

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

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

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

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

BIRCHVILLE SCHOOL

Notes to the Financial Statements For the year ended 31 December 2019

1. Statement of Accounting Policies

l) 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.

m) 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.

n) Revenue Received in Advance

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

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

o) 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).

p) Financial Assets and Liabilities

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

Investments that are shares are categorised as "fair value through profit or loss" for accounting purposes in accordance with financial reporting standards.

The School's financial liabilities comprise accounts payable, borrowings 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.

q) Goods and Services Tax (GST)

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

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

Commitments and contingencies are disclosed exclusive of GST.

r) Budget Figures

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

s) 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.

BIRCHVILLE SCHOOL

Notes to the Financial Statements

For the year ended 31 December 2019

2. Government Grants

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Operational grants	284,282	290,343	283,087
Other government grants	706	-	-
Other MoE Grants	67,441	60,450	78,969
Teachers' salaries grants	882,130	850,000	841,044
Use of Land and Buildings grants	241,714	250,000	260,094
	<u>1,476,273</u>	<u>1,450,793</u>	<u>1,463,194</u>

3. Locally Raised Funds

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

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Revenue			
Activities	23,531	7,000	29,235
Donations	7,113	5,000	4,765
Donations - PTA	9,548	15,000	21,975
Fundraising	4,259	-	-
Community Grants	9,866	-	68,105
Other revenue	344	-	-
Trading	2,922	-	4,544
	<u>57,583</u>	<u>27,000</u>	<u>128,624</u>
Expenses			
Activities	20,218	2,500	26,422
Fundraising (costs of raising funds)	2,591	-	-
Trading	2,165	-	2,084
	<u>24,974</u>	<u>2,500</u>	<u>28,506</u>
<i>Surplus for the year Locally raised funds</i>	<u>32,609</u>	<u>24,500</u>	<u>100,118</u>

4. Learning Resources

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Curricular	17,499	11,300	11,640
Employee benefits - salaries	1,014,839	926,874	978,486
Information and communication technology	8,486	9,000	9,070
Library resources	1,396	-	2,050
Staff development	12,630	14,000	12,412
	<u>1,054,850</u>	<u>961,174</u>	<u>1,013,658</u>

BIRCHVILLE SCHOOL

Notes to the Financial Statements

For the year ended 31 December 2019

5. Administration

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Audit Fee	5,328	5,400	5,173
Board of Trustees Expenses	9,374	1,800	1,238
Board of Trustees Fees	3,885	5,150	4,085
Communication	900	2,100	2,236
Consumables	4,498	7,000	4,500
Employee Benefits - Salaries	57,475	55,500	53,897
Insurance	3,805	5,500	4,962
Other	13,711	20,490	17,966
Service Providers, Contractors and Consultancy	8,200	7,400	7,482
	<u>107,176</u>	<u>110,340</u>	<u>101,539</u>

6. Property

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Caretaking and Cleaning Consumables	5,925	6,050	5,888
Consultancy and Contract Services	23,658	24,505	20,529
Cyclical Maintenance Provision	24,065	3,000	33,415
Employee Benefits - Salaries	15,522	16,000	15,971
Grounds	616	1,200	2,626
Heat, Light and Water	12,550	14,000	14,277
Rates	1,905	2,000	1,805
Repairs and Maintenance	15,627	38,500	25,913
Security	2,188	2,500	3,231
Use of Land and Buildings	241,714	250,000	260,094
	<u>343,770</u>	<u>357,755</u>	<u>383,749</u>

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

7. Depreciation of Property, Plant and Equipment

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Furniture & Equipment	26,227	21,500	21,457
Information Technology	5,889	6,500	6,617
Leased Assets	8,944	13,000	13,315
Library Resources	1,010	1,000	1,154
	<u>42,070</u>	<u>42,000</u>	<u>42,543</u>

BIRCHVILLE SCHOOL

Notes to the Financial Statements

For the year ended 31 December 2019

8. Cash and Cash Equivalents

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Cash on Hand	50	-	-
Bank Current Account	67,343	159,676	202,749
Bank Call Account	7,045	-	-
Savings Account	191	10,000	59,905
Short-term Bank Deposits	-	90,000	-
Net cash and cash equivalents and bank overdraft for Cash Flow Statement	<u>74,629</u>	<u>259,676</u>	<u>262,654</u>

Of the \$162,208 Cash and Cash Equivalents, \$57,903 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.

9. Accounts Receivable

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Receivables	120	-	-
Receivables from the Ministry of Education	13,512	10,000	-
Interest Receivable	210	500	22
Teacher Salaries Grant Receivable	66,059	55,000	55,160
	<u>79,901</u>	<u>65,500</u>	<u>55,182</u>
Receivables from Exchange Transactions	330	500	22
Receivables from Non-Exchange Transactions	79,571	65,000	55,160
	<u>79,901</u>	<u>65,500</u>	<u>55,182</u>

10. Investments

The School's investment activities are classified as follows:

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Short-term Bank Deposits	87,579	-	-
Non-current Asset			
List Company Shares (Vector Limited)	4,360	4,000	3,893

BIRCHVILLE SCHOOL

Notes to the Financial Statements For the year ended 31 December 2019

11. Property, Plant and Equipment

	Opening Balance (NBV)	Additions	Disposals	Impairment	Depreciation	Total (NBV)
	\$	\$	\$	\$	\$	\$
2019						
Buildings	-	-	-	-	-	-
Furniture & Fittings	166,298	3,456	-	-	(26,227)	143,527
Information Technology	32,341	3,536	(2,324)	-	(5,889)	27,664
Leased Assets	13,050	3,574	-	-	(8,944)	7,680
Library Resources	8,080	-	-	-	(1,010)	7,070
Balance at 31 December 2019	219,769	10,566	(2,324)	-	(42,070)	185,941

The net carrying value of equipment held under a finance lease is \$7,681 (2018: \$13,049).

	Cost or Valuation	Accumulated Depreciation	Net Book Value
	\$	\$	\$
2019			
Buildings	22,653	(22,653)	-
Furniture & Equipment	264,354	(120,827)	143,527
Information Technology	157,153	(129,489)	27,664
Leased Assets	27,248	(19,568)	7,680
Library Resources	36,920	(29,850)	7,070
Balance at 31 December 2019	508,328	(322,387)	185,941

	Opening Balance (NBV)	Additions	Disposals	Impairment	Depreciation	Total (NBV)
	\$	\$	\$	\$	\$	\$
2018						
Buildings	-	-	-	-	-	-
Furniture & Equipment	67,021	121,031	(297)	-	(21,457)	166,298
Information Technology	22,792	16,166	-	-	(6,617)	32,341
Leased Assets	26,364	-	-	-	(13,314)	13,050
Library Resources	9,233	-	-	-	(1,153)	8,080
Balance at 31 December 2018	125,410	137,197	(297)	-	(42,541)	219,769

	Cost or Valuation	Accumulated Depreciation	Net Book Value
	\$	\$	\$
2018			
Buildings	22,653	(22,653)	-
Furniture & Fittings	298,009	(131,711)	166,298
Information Technology	223,027	(190,686)	32,341
Leased Assets	47,452	(34,402)	13,050
Library Resources	36,920	(28,840)	8,080
Balance at 31 December 2018	628,061	(408,292)	219,769

BIRCHVILLE SCHOOL

Notes to the Financial Statements

For the year ended 31 December 2019

12. Accounts Payable

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Operating creditors	3,190	8,300	8,178
Accruals	3,828	5,400	5,173
Capital accruals for PPE items	-	-	-
Banking staffing overuse	-	-	-
Employee Entitlements - salaries	66,059	55,000	55,160
Employee Entitlements - leave accrual	1,361	1,500	1,885
	74,438	70,200	70,396
Payables for Exchange Transactions	73,077	68,700	68,511
Payables for Non-exchange Transactions - Other	1,361	1,500	1,885
	74,438	70,200	70,396

The carrying value of payables approximates their fair value.

13. Revenue Received in Advance

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Grants in Advance	8,774	500	2,000
Grants in Advance - Ministry of Education	-	-	-
International Student Fees	-	-	-
Other	632	-	1,304
Parent Contributions	1,788	-	217
	11,194	500	3,521

14. Provision for Cyclical Maintenance

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Provision at the Start of the Year	54,653	54,653	103,995
Increase to the Provision During the Year	24,825	3,000	33,415
Adjustment to the Provision	(760)	-	-
Use of the Provision During the Year	(20,371)	-	(82,757)
Provision at the End of the Year	58,347	57,653	54,653
Cyclical Maintenance - Current	26,483	18,896	18,896
Cyclical Maintenance - Term	31,864	35,757	35,757
	58,347	54,653	54,653

BIRCHVILLE SCHOOL

Notes to the Financial Statements

For the year ended 31 December 2019

15. Finance Lease Liability

The School has entered into a number of finance lease agreements for computers and photocopiers. Minimum lease payments payable:

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
No Later than One Year	5,780	8,577	8,577
Later than One Year and no Later than Five Years	1,975	4,647	4,647
	<u>7,755</u>	<u>13,224</u>	<u>13,224</u>

16. 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

	2019	Opening Balances \$	Receipts from MoE \$	Payments \$	BOT Contribution/ (Write-off to R&M)	Closing Balances \$
Universal Bathroom	<i>In progress</i>	-	135,999	(78,096)	-	57,903
Special Needs Modifications	<i>Completed</i>	120,886	22,433	(143,319)	-	-
Totals		<u>120,886</u>	<u>158,432</u>	<u>(221,415)</u>	<u>-</u>	<u>57,903</u>

Represented by:

Funds Held on Behalf of the Ministry of Education

Funds Due from the Ministry of Education

57,903

-

57,903

	2018	Opening Balances \$	Receipts from MoE \$	Payments \$	BOT Contribution/ (Write-off to R&M)	Closing Balances \$
Greenstone/Emerald Carpet Exper	<i>Completed</i>	2,215	5,423	(7,638)	-	-
Special Needs Modifications	<i>In progress</i>	-	128,387	(7,501)	-	120,886
Totals		<u>2,215</u>	<u>133,810</u>	<u>(15,139)</u>	<u>-</u>	<u>120,886</u>

BIRCHVILLE SCHOOL

Notes to the Financial Statements

For the year ended 31 December 2019

17. 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.

18. Remuneration

Key management personnel compensation

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

	2019 Actual \$	2018 Actual \$
<i>Board Members</i>		
Remuneration	3,885	4,085
Full-time equivalent members	0.22	0.22
<i>Leadership Team</i>		
Remuneration	302,790	293,419
Full-time equivalent members	3.00	3.00
Total key management personnel remuneration	306,675	297,504
Total full-time equivalent personnel	3.22	3.22

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(s)

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

	2019 Actual \$000	2018 Actual \$000
Salaries and Other Short-term Employee Benefits:		
Salary and Other Payments	110-120	110 - 120
Benefits and Other Emoluments	3 - 4	3 - 4

BIRCHVILLE SCHOOL

Notes to the Financial Statements For the year ended 31 December 2019

18. Remuneration cont...

Other Employees

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

Remuneration \$000	2019 FTE Number	2018 FTE Number
100 - 110	1.00	0.00
	1.00	-

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

19. Compensation and Other Benefits Upon Leaving

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

	2019 Actual	2018 Actual
Total	-	-
Number of People	-	-

20. Contingencies

There are no contingent liabilities (except as noted below) and no contingent assets as at 31 December 2019 (Contingent liabilities and assets at 31 December 2018: nil).

Holidays Act Compliance – schools payroll

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

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

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

21. Commitments

(a) Capital Commitments

As at 31 December 2019 the Board has entered into a contract agreement with the Ministry of Education for a universal bathroom for the school amounting to \$151,110 of which \$78,096 had been spent at balance date.

(Capital commitments at 31 December 2018: \$161,894 of which \$26,743 had been spent).

(b) Operating Commitments

As at 31 December 2019 the Board has no operating commitments.

BIRCHVILLE SCHOOL

Notes to the Financial Statements

For the year ended 31 December 2019

22. 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.

23. 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
Financial assets measured at amortised cost (2018: Loans and receivables)	\$	\$	\$
Cash and Cash Equivalents	74,629	259,676	262,654
Receivables	79,901	65,500	55,182
Total Financial assets measured at amortised cost	242,109	325,176	317,836
Financial liabilities measured at amortised cost			
Payables	74,438	70,200	70,396
Finance Leases	7,755	13,224	13,224
Total Financial Liabilities Measured at Amortised Cost	82,193	83,424	83,620

24. Events After Balance Date

On 11 March 2020, the World Health Organisation declared the outbreak of COVID-19 (a novel Coronavirus) a pandemic. Two weeks later, on 26 March, New Zealand increased its' COVID-19 alert level to level 4 and a nationwide lockdown commenced. As part of this lockdown all schools were closed. While the disruption is currently expected to be temporary, there is a level of uncertainty around the duration of the closure.

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

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

25. Adoption of PBE IFRS 9 Financial Instruments

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

- Note 9 Receivables: This policy has been updated to reflect that the impairment of short-term receivables is now determined by applying an expected credit loss model.
- Note 10 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.

BIRCHVILLE SCHOOL

Members of the Board of Trustees

For the year ended 31 December 2019

Name	Position	How position on Board gained	Occupation	Term expired/expires
Brooke Douglas	Chairperson	Elected June 2016 Re-elected June 2019	Police Dispatcher	May 2022
Robyn Brown	Principal	Appointed September 2017	Principal	
Belinda Walker	Chairperson	Re-elected June 2013, June 2016	International Homestay Manager	May 2019
Amy-Leigh Nepia	Parent Rep	Elected June 2019	Housewife	May 2022
Kevin Alkema	Parent Rep	Elected June 2019	Project Manager	May 2022
Joel Tait	Parent Rep	Co-opted Sept 2017	Rugby Coach	May 2022
Jess Athukorala	Parent Rep	Co-opted Aug 2018 Elected June 2019	Teacher	May 2022
Cameron Thayer	Parent Rep	Elected June 2016 Re-elected June 2019	Auditor	May 2022
Jarod Summers	Staff Rep	Elected June 2019	Teacher	May 2022
Helen Waterman	Parent Rep	Co-opted March 2014, re-elected June 2016	Librarian	May 2019
Lisa Webster	Staff Rep	Elected June 2016	Teacher	May 2019

BIRCHVILLE SCHOOL

Kiwisport Funding

For the year ended 31 December 2019

Kiwisport is a Government funding initiative to support student participation in organised sport.

In 2019 the School received funding of \$2,511 (2018: \$2,553).

2019 Kiwisport Funding - How this funding was used by Birchville School

In term 1 we continued to use a local school pool (Maoribank School) to provide swimming instruction at a cost of \$700 for pool costs and \$1,120 for transport to and from the pool.

We continued to develop playbased learning across the junior classes and used part of the funding to provide sporting equipment for the children to experiment with and develop their own games and activities.

The Kiwisport funding did not cover all the above expenses, so the balance was subsidised from the school through the bulk grant.

INDEPENDENT AUDITOR'S REPORT

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

The Auditor-General is the auditor of Birchville School (the School). The Auditor-General has appointed me, Geoff Potter, using the staff and resources of BDO Wellington Audit 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 as applicable to entities that qualify as tier 2.

Our audit was completed on 26 May 2020. 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.

Emphasis of Matter - COVID-19

Without modifying our opinion, we draw attention to the disclosures in note 24 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 arise from the Public Audit Act 2001.

Other information

The Board of Trustees is responsible for the other information. The other information comprises the Analysis of Variance, Board of Trustees Listing 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 (Revised): *Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board.

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

A handwritten signature in blue ink, appearing to read 'Geoff Potter', with a long horizontal flourish extending to the right.

Geoff Potter
BDO WELLINGTON AUDIT LIMITED
On behalf of the Auditor-General
Wellington, New Zealand