

BIRCHVILLE SCHOOL

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020



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Ministry Number: 2810

Accountant/Service Provider: Accounting for Schools Limited

BIRCHVILLE SCHOOL

Annual Report - For the year ended 31 December 2020

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BIRCHVILLE SCHOOL
Statement of Responsibility
For the year ended 31 December 2020

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 2020 fairly reflects the financial position and operations of the School.

The School's 2020 financial statements are authorised for issue by the Board.

Brooke Reid Douglas
Full Name of Board Chairperson


Signature of Board Chairperson

26/5/2021
Date:

Robyn Tracy Brown
Full Name of Principal


Signature of Principal

26/05/2021
Date:

BIRCHVILLE SCHOOL

Statement of Comprehensive Revenue and Expense For the year ended 31 December 2020

	Notes	2020 Actual \$	2020 Budget (Unaudited) \$	2019 Actual \$
Revenue				
Government Grants	2	1,532,809	1,464,736	1,476,273
Locally Raised Funds	3	54,342	53,800	57,583
Interest Earned		1,953	3,000	4,262
Gain on Revaluation of Shares		608	-	468
		1,589,712	1,521,536	1,538,586
Expenses				
Locally Raised Funds	3	31,671	36,300	24,974
Learning Resources	4	995,554	1,010,350	1,054,850
Administration	5	105,764	104,808	107,176
Property	6	364,057	331,092	343,770
Finance Costs		948	350	747
Depreciation	7	43,327	43,500	42,070
Loss on Disposal of Property, Plant and Equipment		4,662	-	1,566
		1,545,983	1,526,400	1,575,153
Net Surplus / (Deficit)		43,729	(4,864)	(36,567)
Other Comprehensive Revenue and Expenses		-	-	-
Total Comprehensive Revenue and Expense for the Year		43,729	(4,864)	(36,567)

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 2020

	2020 Actual \$	2020 Budget (Unaudited) \$	2019 Actual \$
Balance at 1 January	<u>239,918</u>	<u>239,918</u>	<u>276,485</u>
Total comprehensive revenue and expense for the year	43,729	(4,864)	(36,567)
Capital Contributions from the Ministry of Education Contribution - Furniture and Equipment Grant	7,100	-	-
Equity at 31 December	<u>290,747</u>	<u>235,054</u>	<u>239,918</u>
Retained Earnings	290,747	235,054	239,918
Equity at 31 December	<u>290,747</u>	<u>235,054</u>	<u>239,918</u>

The above Statement of Changes in Net Assets/Equity should be read in conjunction with the accompanying notes which form part of these financial statements.

BIRCHVILLE SCHOOL
Statement of Financial Position
As at 31 December 2020

		2020	2020	2019
	Notes	Actual	Budget	Actual
		\$	(Unaudited)	\$
			\$	
Current Assets				
Cash and Cash Equivalents	8	211,163	59,354	74,629
Accounts Receivable	9	85,203	55,500	79,901
GST Receivable		-	4,000	12,837
Investments	10	65,723	70,000	87,579
Prepayments		428	4,000	4,308
		<u>362,517</u>	<u>192,854</u>	<u>259,254</u>
Current Liabilities				
Accounts Payable	12	77,896	70,300	74,438
Finance Lease Liability - Current Portion	15	5,178	4,500	5,780
Funds held for Capital Works Projects	16	85,280	-	57,903
GST Payable		12,021	-	-
Revenue Received in Advance	13	378	500	11,194
Provision for Cyclical Maintenance	14	25,133	8,000	26,483
		<u>205,886</u>	<u>83,300</u>	<u>175,798</u>
Working Capital Surplus		156,631	109,554	83,456
Non-current Assets				
Investments	10	4,968	4,000	4,360
Property, Plant and Equipment	11	180,078	173,000	185,941
		<u>185,046</u>	<u>177,000</u>	<u>190,301</u>
Non-current Liabilities				
Provision for Cyclical Maintenance	14	42,291	48,000	31,864
Finance Lease Liability	15	8,639	3,500	1,975
		<u>50,930</u>	<u>51,500</u>	<u>33,839</u>
Net Assets		<u>290,747</u>	<u>235,054</u>	<u>239,918</u>
Equity		<u>290,747</u>	<u>235,054</u>	<u>239,918</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 2020

	2020	2020	2019
Note	Actual	Budget	Actual
	\$	(Unaudited)	\$
		\$	
Cash flows from Operating Activities			
Government Grants	410,446	358,248	338,917
Locally Raised Funds	43,900	43,858	65,808
Hostel	-	(632)	-
Goods and Services Tax (net)	24,862	8,837	(19,021)
Payments to Employees	(174,542)	(167,361)	(206,230)
Payments to Suppliers	(166,176)	(172,310)	(184,618)
Cyclical Maintenance Payments in the year	(23,388)	(17,939)	(20,371)
Interest Paid	(948)	(350)	(747)
Interest Received	2,115	2,710	4,074
	<u>116,269</u>	<u>55,061</u>	<u>(22,188)</u>
Cash flows from Investing Activities			
Purchase of PPE (and Intangibles)	(37,468)	(30,561)	(9,806)
Purchase of Investments	21,856	17,579	(87,579)
Proceeds from Sale of Investments	(4,662)	304	-
	<u>(20,274)</u>	<u>(12,678)</u>	<u>(97,385)</u>
Cash flows from Financing Activities			
Furniture and Equipment Grant	7,100	-	-
Finance Lease Payments	6,062	245	(5,469)
Funds Held for Capital Works Projects	27,377	(57,903)	(62,983)
	<u>40,539</u>	<u>(57,658)</u>	<u>(68,452)</u>
	<u>136,534</u>	<u>(15,275)</u>	<u>(188,025)</u>
Net increase/(decrease) in cash and cash equivalents			
Cash and cash equivalents at the beginning of the year	8 74,629	74,629	262,654
Cash and cash equivalents at the end of the year	8 <u>211,163</u>	<u>59,354</u>	<u>74,629</u>

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

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

BIRCHVILLE SCHOOL

Notes to the Financial Statements

For the year ended 31 December 2020

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 and Training Act 2020. 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 2020 to 31 December 2020 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 and Training Act 2020 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".

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 2020

1. Statement of Accounting Policies

Cyclical Maintenance

A school recognises its obligation to maintain the Ministry's buildings in a good state of repair as a provision for cyclical maintenance. This provision relates mainly to the painting of the school buildings. The estimate is based on the school's long term maintenance plan which is prepared as part of its 10 Year Property Planning process. During the year, the Board assesses the reasonableness of its 10 Year Property Plan on which the provision is based. Cyclical maintenance is disclosed at note 14.

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.

BIRCHVILLE SCHOOL

Notes to the Financial Statements

For the year ended 31 December 2020

1. Statement of Accounting Policies

d) Use of Land and Buildings Expense

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

e) Operating Lease Payments

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

f) Finance Lease Payments

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

g) Cash and Cash Equivalents

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

h) Accounts Receivable

Short-term receivables are recorded at the amount due, less an allowance for credit losses (uncollectable debts). The schools receivables are largely made up of funding from the Ministry of Education, therefore the level of uncollectable debts is not considered to be material. However, short-term receivables are written off when there is no reasonable expectation of recovery.

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.

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.

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.

BIRCHVILLE SCHOOL

Notes to the Financial Statements

For the year ended 31 December 2020

1. Statement of Accounting Policies

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.

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, and also annual leave earned, by non teaching staff, to but not yet taken at balance date.

BIRCHVILLE SCHOOL

Notes to the Financial Statements

For the year ended 31 December 2020

1. Statement of Accounting Policies

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 Instruments

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 'financial assets measured at amortised cost' for accounting purposes in accordance with financial reporting standards.

Investments that are shares are categorised as 'financial assets at fair value through other comprehensive revenue and expense' 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 2020

2. Government Grants

	2020 Actual \$	2020 Budget (Unaudited) \$	2019 Actual \$
Operational grants	327,791	282,883	284,282
Other government grants	273	8,000	706
Other MoE Grants	85,414	53,853	67,441
Teachers' salaries grants	868,338	880,000	882,130
Use of Land and Buildings grants	250,993	240,000	241,714
	1,532,809	1,464,736	1,476,273

The school has opted in to the donations scheme for this year. The total amount received was \$26,700.

Other MOE Grants total includes additional COVID-19 funding totalling \$32,773 for the year ended 31 December 2020.

3. Locally Raised Funds

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

	2020 Actual \$	2020 Budget (Unaudited) \$	2019 Actual \$
Revenue			
Activities	22,471	23,300	23,531
Donations	1,257	-	7,113
Donations - PTA	5,441	15,000	9,548
Fundraising	3,507	3,000	4,259
Community Grants	16,336	10,000	9,866
Other revenue	1,926	-	344
Trading	3,404	2,500	2,922
	54,342	53,800	57,583
Expenses			
Activities	28,587	31,300	20,218
Fundraising (costs of raising funds)	1,023	3,000	2,591
Trading	2,061	2,000	2,165
	31,671	36,300	24,974
<i>Surplus for the year Locally raised funds</i>	22,671	17,500	32,609

4. Learning Resources

	2020 Actual \$	2020 Budget (Unaudited) \$	2019 Actual \$
Curricular	16,004	13,850	17,499
Employee benefits - salaries	970,783	976,000	1,014,839
Information and communication technology	4,684	8,500	8,486
Library resources	1,203	2,000	1,396
Staff development	2,880	10,000	12,630
	995,554	1,010,350	1,054,850

BIRCHVILLE SCHOOL

Notes to the Financial Statements For the year ended 31 December 2020

5. Administration

	2020 Actual \$	2020 Budget (Unaudited) \$	2019 Actual \$
Audit Fee	5,488	5,488	5,328
Board of Trustees Expenses	1,007	1,500	9,374
Board of Trustees Fees	5,810	5,150	3,885
Communication	900	1,120	900
Consumables	4,113	6,300	4,498
Employee Benefits - Salaries	66,924	55,500	57,475
Insurance	3,450	4,000	3,805
Operating Lease	374	4,000	-
Other	10,203	14,250	13,711
Service Providers, Contractors and Consultancy	7,495	7,500	8,200
	<u>105,764</u>	<u>104,808</u>	<u>107,176</u>

6. Property

	2020 Actual \$	2020 Budget (Unaudited) \$	2019 Actual \$
Caretaking and Cleaning Consumables	6,950	5,500	5,925
Consultancy and Contract Services	26,643	25,000	23,658
Cyclical Maintenance Provision	32,465	15,592	24,065
Employee Benefits - Salaries	5,459	16,000	15,522
Grounds	592	500	616
Heat, Light and Water	12,065	9,500	12,550
Rates	1,832	2,000	1,905
Repairs and Maintenance	25,205	14,500	15,627
Security	1,853	2,500	2,188
Use of Land and Buildings	250,993	240,000	241,714
	<u>364,057</u>	<u>331,092</u>	<u>343,770</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

	2020 Actual \$	2020 Budget (Unaudited) \$	2019 Actual \$
Furniture & Equipment	26,110	27,500	26,227
Information Technology	8,021	6,000	5,889
Leased Assets	8,312	9,000	8,944
Library Resources	884	1,000	1,010
	<u>43,327</u>	<u>43,500</u>	<u>42,070</u>

BIRCHVILLE SCHOOL
Notes to the Financial Statements
For the year ended 31 December 2020

8. Cash and Cash Equivalents

	2020 Actual \$	2020 Budget (Unaudited) \$	2019 Actual \$
Cash on Hand	10	-	50
Bank Current Account	201,482	59,354	67,343
Bank Call Account	9,480	-	7,045
Savings Account	191	-	191
Net cash and cash equivalents and bank overdraft for Cash Flow Statement	211,163	59,354	74,629

Of the \$211,162 Cash and Cash Equivalents, \$85,280 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

	2020 Actual \$	2020 Budget (Unaudited) \$	2019 Actual \$
Receivables	-	-	120
Receivables from the Ministry of Education	16,544	-	13,512
Interest Receivable	48	500	210
Teacher Salaries Grant Receivable	68,611	55,000	66,059
	85,203	55,500	79,901
Receivables from Exchange Transactions	48	500	330
Receivables from Non-Exchange Transactions	85,155	55,000	79,571
	85,203	55,500	79,901

10. Investments

The School's investment activities are classified as follows:

	2020 Actual \$	2020 Budget (Unaudited) \$	2019 Actual \$
Short-term Bank Deposits	65,723	70,000	87,579
Non-current Asset List Company Shares (Vector Limited)	4,968	4,000	4,360

BIRCHVILLE SCHOOL

Notes to the Financial Statements For the year ended 31 December 2020

11. Property, Plant and Equipment

	Opening Balance (NBV)	Additions	Disposals	Impairment	Depreciation	Total (NBV)
2020	\$	\$	\$	\$	\$	\$
Furniture & Fittings	143,527	15,694	-	-	(26,110)	133,108
Information Technology	27,664	12,495	-	-	(8,021)	32,137
Leased Assets	7,680	13,942	-	-	(8,312)	13,309
Library Resources	7,070	-	(4,662)	-	(884)	1,523
Balance at 31 December 2020	185,941	42,131	(4,662)	-	(43,327)	180,078

The net carrying value of equipment held under a finance lease is \$13,309 (2019: \$7,680).

	Cost or Valuation	Accumulated Depreciation	Net Book Value
2020	\$	\$	\$
Buildings	22,653	(22,653)	-
Furniture & Fittings	280,049	(146,937)	133,108
Information Technology	169,647	(137,511)	32,137
Leased Assets	41,190	(27,880)	13,309
Library Resources	2,626	(1,102)	1,523
Balance at 31 December 2020	516,165	(336,083)	180,078

	Opening Balance (NBV)	Additions	Disposals	Impairment	Depreciation	Total (NBV)
2019	\$	\$	\$	\$	\$	\$
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

	Cost or Valuation	Accumulated Depreciation	Net Book Value
2019	\$	\$	\$
Buildings	22,653	(22,653)	-
Furniture & Fittings	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	508,329	(322,387)	185,941

BIRCHVILLE SCHOOL
Notes to the Financial Statements
For the year ended 31 December 2020

12. Accounts Payable

	2020 Actual \$	2020 Budget (Unaudited) \$	2019 Actual \$
Operating creditors	3,650	8,300	3,190
Accruals	3,988	5,500	3,828
Employee Entitlements - salaries	68,611	55,000	66,059
Employee Entitlements - leave accrual	1,647	1,500	1,361
	<u>77,896</u>	<u>70,300</u>	<u>74,438</u>
Payables for Exchange Transactions	76,249	68,800	73,077
Payables for Non-exchange Transactions - Other	1,647	1,500	1,361
	<u>77,896</u>	<u>70,300</u>	<u>74,438</u>

The carrying value of payables approximates their fair value.

13. Revenue Received in Advance

	2020 Actual \$	2020 Budget (Unaudited) \$	2019 Actual \$
Grants in Advance	-	500	8,774
Other	378	-	632
Parent Contributions	-	-	1,788
	<u>378</u>	<u>500</u>	<u>11,194</u>

14. Provision for Cyclical Maintenance

	2020 Actual \$	2020 Budget (Unaudited) \$	2019 Actual \$
Provision at the Start of the Year	58,347	58,347	54,653
Increase to the Provision During the Year	32,465	15,592	24,065
Use of the Provision During the Year	(23,388)	(17,939)	(20,371)
Provision at the End of the Year	<u>67,424</u>	<u>56,000</u>	<u>58,347</u>
Cyclical Maintenance - Current	25,133	8,000	26,483
Cyclical Maintenance - Term	42,291	48,000	31,864
	<u>67,424</u>	<u>56,000</u>	<u>58,347</u>

BIRCHVILLE SCHOOL
Notes to the Financial Statements
For the year ended 31 December 2020

15. Finance Lease Liability

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

	2020 Actual \$	2020 Budget (Unaudited) \$	2019 Actual \$
No Later than One Year	5,178	4,500	5,780
Later than One Year and no Later than Five Years	8,639	3,500	1,975
	13,817	8,000	7,755

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

	2020	Opening Balances \$	Receipts from MoE \$	Payments \$	BOT Contribution/ (Write-off to R&M)	Closing Balances \$
Universal Bathroom	<i>Completed</i>	57,903	2,402	(60,305)	-	-
Admin Carpet Tiles	<i>Completed</i>	-	9,500	(9,500)	-	-
Fire Alarm Upgrade	<i>In Progress</i>	-	95,274	(9,994)	-	85,280
Totals		57,903	107,176	(79,799)	-	85,280

Represented by:

Funds Held on Behalf of the Ministry of Education	85,280
Funds Due from the Ministry of Education	-
	85,280

	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		120,886	158,432	(221,415)	-	57,903

BIRCHVILLE SCHOOL

Notes to the Financial Statements

For the year ended 31 December 2020

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.

	2020 Actual \$	2019 Actual \$
<i>Board Members</i>		
Remuneration	5,810	3,885
Full-time equivalent members	0.23	0.22
<i>Leadership Team</i>		
Remuneration	319,074	302,790
Full-time equivalent members	3.00	3.00
Total key management personnel remuneration	324,884	306,675
Total full-time equivalent personnel	3.23	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:

	2020 Actual \$000	2019 Actual \$000
Salaries and Other Short-term Employee Benefits:		
Salary and Other Payments	120 - 130	110 - 120
Benefits and Other Emoluments	3 - 4	3 - 4

Other Employees

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

Remuneration \$000	2020 FTE Number	2019 FTE Number
100 - 110	1.00	1.00
	1.00	1.00

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

BIRCHVILLE SCHOOL

Notes to the Financial Statements

For the year ended 31 December 2020

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:

	2020 Actual	2019 Actual
Total	-	-
Number of People	-	-

20. Contingencies

There are no contingent liabilities (except as noted below) and no contingent assets as at 31 December 2020 (Contingent liabilities and assets at 31 December 2019: 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's review of the schools sector payroll to ensure compliance with the Holidays Act 2003 is ongoing. The current phase of this review is to design potential solutions for any compliance breaches discovered in the initial phase of the Programme. Final calculations and potential impact on any specific individual will not be known until further detailed analysis and solutions have been completed

To the extent that any obligation cannot reasonably be quantified at 31 December 2020, a contingent liability for the school may exist.

21. Commitments

(a) Capital Commitments

As at 31 December 2020 the Board has entered into a contract agreement with the Ministry of Education for a fire alarm upgrade for the school amounting to \$105,959 of which \$9,994 had been spent at balance date.
(Capital commitments at 31 December 2019: \$151,110 of which \$78,096 had been spent).

(b) Operating Commitments

As at 31 December 2020 the Board has no operating commitments.

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.

BIRCHVILLE SCHOOL
Notes to the Financial Statements
For the year ended 31 December 2020

23. Financial Instruments

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

	2020 Actual	2020 Budget (Unaudited)	2019 Actual
Financial assets measured at amortised cost			
	\$	\$	\$
Cash and Cash Equivalents	211,163	59,354	74,629
Receivables	85,203	55,500	79,901
Investments - Term Deposits	65,723	70,000	87,579
Total Financial assets measured at amortised cost	<u>362,089</u>	<u>184,854</u>	<u>242,109</u>
Financial liabilities measured at amortised cost			
Payables	77,896	70,300	74,438
Finance Leases	13,817	8,000	7,755
Total Financial Liabilities Measured at Amortised Cost	<u>91,713</u>	<u>78,300</u>	<u>82,193</u>

24. Events After Balance Date

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

BIRCHVILLE SCHOOL

Members of the Board of Trustees

For the year ended 31 December 2020

Name	Position	How position on Board gained	Occupation	Term expired/expires
Brooke Douglas	Chairperson	Elected June 2016 Re-elected June 2019	Police Dispatcher	May 2021
Robyn Brown	Principal	Appointed September 2017	Principal	May 2021
Joel Tait	Parent Rep	Elected June 2016	Rugby Coach	May 2021
Kevin Alkema	Parent Rep	Elected June 2016	Project Manager	May 2021
Amy-Leigh Nepia	Parent Rep	Elected June 2016	Housewife	May 2021
Jess Athukorala	Parent Rep	Elected June 2019	Teacher	May 2021
Jarod Summers	Staff Rep	Elected August 2019	Teacher	May 2021
Cameron Thayer	Parent Rep	Elected June 2019	Auditor	May 2021
Kelly Salter	Secretary		Office Manager	May 2021

BIRCHVILLE SCHOOL

Kiwisport Funding

For the year ended 31 December 2020

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

In 2020 the School received funding of \$2,197 (2019: \$2,511).

2020 Kiwisport Funding - How this funding was used by Birchville School

In term 4 we used a local school pool (Maoribank School) to provide swimming instruction at a cost of \$700 for pool costs and \$1,880 for transport to and from the pool.

We continued to develop play based 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.

We also used part of the funding to buy new Epro8 equipment at a cost of \$1,513.

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 2020

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 2020*, 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 2020*; 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 2021. 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 and our responsibilities relating to the financial statements, we comment on other information, and we explain our independence.

Basis for our opinion

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

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

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

Responsibilities of the Board for the financial statements

The Board 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 is responsible on behalf of the School for assessing the School's ability to continue as a going concern. The Board 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's responsibilities, in terms of the requirements of the Education and Training Act 2020, arise from section 87 of 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.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board 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 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 is responsible for the other information. The other information comprises the information included on pages 21 to 25, 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.

A handwritten signature in blue ink, appearing to read 'Geoff Potter', written over a light blue horizontal line.

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