

## **Morrinsville School**

### **ANNUAL FINANCIAL REPORT 2019**

#### **Te Pūronga ā-tau**



Te Ahunga – The Mission

Kia Tipu, Kia Hua, Kia Puaawai

To Grow, Prosper and Sustain

**Morrinsville 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.

Brett Johnstone

Full Name of Board Chairperson

[Signature]

Signature of Board Chairperson

25 May 2020

Date:

Shay Noonan

Full Name of Principal

[Signature]

Signature of Principal

25<sup>th</sup> May 2020

Date:

# Morrinsville School

## Statement of Comprehensive Revenue and Expense

For the year ended 31 December 2019

		2019	2019	2018
	Notes	Actual \$	Budget (Unaudited) \$	Actual \$
<b>Revenue</b>				
Government Grants	2	1,863,416	435,175	1,818,648
Locally Raised Funds	3	180,960	123,200	151,038
Interest Earned		4,611	2,000	5,958
		<b>2,048,987</b>	<b>560,375</b>	<b>1,975,644</b>
<b>Expenses</b>				
Locally Raised Funds	3	124,319	107,300	108,677
Learning Resources	4	1,236,978	161,100	1,215,760
Administration	5	136,299	130,000	105,291
Property	6	490,615	140,800	516,484
Depreciation	7	64,146	-	60,585
Impairment of Property, Plant and Equipment	12	128	-	47
		<b>2,052,485</b>	<b>539,200</b>	<b>2,006,844</b>
<b>Net Surplus / (Deficit)</b>		<b>(3,498)</b>	<b>21,175</b>	<b>(31,200)</b>
Other Comprehensive Revenue and Expense		-	-	-
<b>Total Comprehensive Revenue and Expense for the Year</b>		<b>(3,498)</b>	<b>21,175</b>	<b>(31,200)</b>

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



**Morrinsville School****Statement of Changes in Net Assets/Equity**

For the year ended 31 December 2019

	Actual 2019 \$	Budget (Unaudited) 2019 \$	Actual 2018 \$
<b>Balance at 1 January</b>	373,927	373,926	405,127
Total comprehensive revenue and expense for the year	(3,498)	21,175	(31,200)
Capital Contributions from the Ministry of Education			
Contribution - Furniture and Equipment Grant	2,805	-	-
<b>Equity at 31 December</b>	373,234	395,101	373,927
Retained Earnings	373,234	395,101	373,927
<b>Equity at 31 December</b>	373,234	395,101	373,927

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.

**Morrinsville School**  
**Statement of Financial Position**  
As at 31 December 2019

		2019	2019	2018
	Notes	Actual \$	Budget (Unaudited) \$	Actual \$
<b>Current Assets</b>				
Cash and Cash Equivalents	8	53,227	7,424	102,495
Accounts Receivable	9	78,388	64,674	64,674
GST Receivable		3,690	-	-
Prepayments		4,697	4,504	4,504
Inventories	10	1,327	1,091	1,092
Investments	11	118,203	153,736	153,736
		259,532	231,429	326,501
<b>Current Liabilities</b>				
GST Payable		-	12,905	12,905
Accounts Payable	13	106,424	89,597	89,597
Revenue Received in Advance	14	19,559	-	-
Provision for Cyclical Maintenance	15	38,250	23,833	23,833
Finance Lease Liability - Current Portion	16	7,473	6,096	6,096
Funds held for Capital Works Projects	17	13,254	-	104,649
Funds for RTLB Services		485	484	485
		185,445	132,915	237,565
<b>Working Capital Surplus/(Deficit)</b>		74,087	98,514	88,935
<b>Non-current Assets</b>				
Property, Plant and Equipment	12	353,654	367,019	361,519
		353,654	367,019	361,519
<b>Non-current Liabilities</b>				
Provision for Cyclical Maintenance	15	49,775	68,400	68,400
Finance Lease Liability	16	4,732	2,032	8,128
		54,507	70,432	76,528
<b>Net Assets</b>		373,234	395,101	373,927
<b>Equity</b>		373,234	395,101	373,927

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

**Morrinsville School**  
**Statement of Cash Flows**  
For the year ended 31 December 2019

		2019	2019	2018
	Note	Actual \$	Budget (Unaudited) \$	Actual \$
<b>Cash flows from Operating Activities</b>				
Government Grants		505,785	435,175	492,771
Locally Raised Funds		201,180	123,200	147,638
Goods and Services Tax (net)		(16,595)	-	9,378
Payments to Employees		(341,780)	(284,250)	(443,886)
Payments to Suppliers		(290,983)	(254,987)	(183,787)
Interest Received		4,611	2,000	5,958
Net cash from / (to) the Operating Activities		62,218	21,138	28,072
<b>Cash flows from Investing Activities</b>				
Purchase of PPE (and Intangibles)		(52,001)	(16,000)	(41,656)
Purchase of Investments		35,533	-	28,750
Disposal of Investments		-	28,749	-
Net cash from / (to) the Investing Activities		(16,468)	12,749	(12,906)
<b>Cash flows from Financing Activities</b>				
Furniture and Equipment Grant		2,805	-	-
Finance Lease Payments		(6,427)	(5,500)	(6,096)
Funds Held for Capital Works Projects		(91,396)	(123,458)	63,441
Net cash from Financing Activities		(95,018)	(128,958)	57,345
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(49,268)</b>	<b>(95,071)</b>	<b>72,511</b>
Cash and cash equivalents at the beginning of the year	8	102,495	102,495	29,984
<b>Cash and cash equivalents at the end of the year</b>	<b>8</b>	<b>53,227</b>	<b>7,424</b>	<b>102,495</b>

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

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





# Morrinsville School

## Notes to the Financial Statements

For the year ended 31 December 2019

### 1. Statement of Accounting Policies

#### a) Reporting Entity

Morrinsville 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 IPSAS29 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 has 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 12.



# Morrinsville School

## Notes to the Financial Statements

For the year ended 31 December 2019

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### **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 financial 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.

### **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.





# Morrinsville School

## Notes to the Financial Statements

For the year ended 31 December 2019

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### **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 the 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 days past due. Short-term receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include the debtor being in liquidation.

#### ***Prior Year Policy***

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

### **i) Inventories**

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

### **j) Investments**

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

#### ***Prior Year Policy***

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

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

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



# Morrinsville School

## Notes to the Financial Statements

For the year ended 31 December 2019

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### **k) Property, Plant and Equipment**

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

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

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

Property, plant and equipment acquired with individual values under \$500 are not capitalised, they are recognised as an expense in the Statement of Comprehensive Revenue and Expense.

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

### **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 a new lease term, finance leases are recognised as assets and liabilities in the Statement of Financial Position at the lower 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 a 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	10 - 50 years
Furniture & Fittings	3 - 20 years
Information and Communication Technology	3 - 15 years
Motor Vehicles	10 - 15 years
Leased Assets	3 - 4 years (term of lease)
Library Resources	12.5% Diminishing value

### **l) Intangible Assets**

#### **Software Costs**

Computer software acquired by the school is capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Costs associated with subsequent maintenance or licensing of software are recognised as an expense in the Statement of Comprehensive Revenue and Expense when incurred.

Computer software licences with individual values under \$1,000 are not capitalised, they are recognised as an expense in the Statement of Comprehensive Revenue and Expense when incurred.

Computer software that the school receives from the Ministry of Education is normally acquired through a non-exchange transaction and is not of a material amount. Its fair value can be assessed at time of acquisition if no other methods lead to a fair value determination. Computer software purchased directly from suppliers at market rates are considered exchange transactions and the fair market value is the amount paid for the software.

The carrying value of software is amortised on a straight line basis over its useful life. The useful life of software is estimated as three years. The amortisation charge for each period and any impairment loss is recorded in the Statement of Comprehensive Revenue and Expense.



# Morrinsville School

## Notes to the Financial Statements

For the year ended 31 December 2019

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### **m) 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.

### **n) 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.

### **o) 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.

### **p) Revenue Received in Advance**

Revenue received in advance relate to a grant received that had unfulfilled obligations on spending the funds. The grant will be recorded as revenue once the funds have been spent in accordance with the obligations of the grant. The School holds sufficient funds to refund the grant if obligations are not met.

### **q) Funds Held in Trust**

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

### **r) 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).





# **Morrinsville School**

## **Notes to the Financial Statements**

For the year ended 31 December 2019

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### **s) Financial Assets and Liabilities**

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

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

### **t) Borrowings**

Borrowings on normal commercial terms are initially recognised at the amount borrowed plus transaction costs. Interest due on borrowings is subsequently accrued and added to the borrowing balance. Borrowings are classified as current liabilities unless the School has an unconditional right to defer settlement of the liability for at least 12 months after the balance date.

Grants determined by the Ministry of Education for operational activities includes all items (core components) included in the Operational Funding notice.

Borrowings include but not limited to bank overdrafts, operating leases, finance leases, painting contracts and term loans.

### **u) 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, Inland Revenue, 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.

### **v) Budget Figures**

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

### **w) 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.



# Morrinsville School

## Notes to the Financial Statements

For the year ended 31 December 2019

### 2. Government Grants

	2019	2019	2018
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Operational grants	438,658	435,175	416,928
Teachers' salaries grants	1,021,110	-	983,393
Use of Land and Buildings grants	336,522	-	342,484
Other grants	67,126	-	75,843
	<u>1,863,416</u>	<u>435,175</u>	<u>1,818,648</u>

### 3. Locally Raised Funds

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

	2019	2019	2018
	Actual	Budget	Actual
	\$	(Unaudited)	\$
<b>Revenue</b>			
Donations	39,447	15,000	32,003
School Fees	5,200	4,200	4,303
Trading	22,097	13,000	20,570
Activities	114,216	91,000	94,162
	<u>180,960</u>	<u>123,200</u>	<u>151,038</u>
<b>Expenses</b>			
Trading	31,315	21,800	23,208
Activities	93,004	85,500	85,469
	<u>124,319</u>	<u>107,300</u>	<u>108,677</u>
<i>Surplus for the year Locally raised funds</i>	<u>56,641</u>	<u>15,900</u>	<u>42,361</u>

### 4. Learning Resources

	2019	2019	2018
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Curricular	13,626	6,850	8,984
Equipment repairs	997	200	301
Information and communication technology	26,518	29,000	30,908
Extra-curricular activities	1,769	1,600	1,604
Employee benefits - salaries	1,191,969	120,300	1,170,428
Staff development	2,099	3,150	3,535
	<u>1,236,978</u>	<u>161,100</u>	<u>1,215,760</u>



# Morrinsville School

## Notes to the Financial Statements

For the year ended 31 December 2019

### 5. Administration

	2019	2019	2018
	Actual	Budget (Unaudited)	Actual
	\$	\$	\$
Audit Fee	5,714	4,800	5,699
Board of Trustees Fees	6,690	6,000	6,470
Board of Trustees Expenses	5,451	3,000	4,108
Communication	3,689	4,200	4,242
Consumables	7,945	8,500	9,040
Operating Lease	3,260	3,500	3,503
Other	2,438	3,600	3,494
Employee Benefits - Salaries	91,836	82,900	60,114
Insurance	6,395	10,700	5,743
Service Providers, Contractors and Consultancy	2,881	2,800	2,878
	<u>136,299</u>	<u>130,000</u>	<u>105,291</u>

### 6. Property

	2019	2019	2018
	Actual	Budget (Unaudited)	Actual
	\$	\$	\$
Caretaking and Cleaning Consumables	9,130	8,500	10,256
Consultancy and Contract Services	3,296	2,200	2,106
Cyclical Maintenance Provision	(4,208)	4,000	10,331
Grounds	12,902	7,000	7,784
Heat, Light and Water	24,598	21,000	20,938
Rates	5,412	5,500	5,328
Repairs and Maintenance	16,087	7,750	12,109
Use of Land and Buildings	336,522	-	342,484
Security	4,607	3,800	7,198
Employee Benefits - Salaries	82,268	81,050	97,950
	<u>490,614</u>	<u>140,800</u>	<u>516,484</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	2019	2018
	Actual	Budget (Unaudited)	Actual
	\$	\$	\$
Buildings	18,866	-	20,563
Furniture & Fittings	9,751	-	9,988
Information and Communication Technology	25,599	-	20,069
Plant and Equipment	1,525	-	1,955
Leased Assets	6,625	-	6,096
Library Resources	1,780	-	1,914
	<u>64,146</u>	<u>-</u>	<u>60,585</u>



# Morrinsville School

## Notes to the Financial Statements

For the year ended 31 December 2019

### 8. Cash and Cash Equivalents

	2019	2019	2018
	Actual	Budget (Unaudited)	Actual
	\$	\$	\$
Westpac Current Account	29,801	7,406	102,477
Westpac Call Accounts	23,426	18	18
Net cash and cash equivalents and bank overdraft for Cash Flow Statement	53,227	7,424	102,495

The carrying value of short-term deposits with maturity dates of 90 days or less approximates their fair value. Of the \$53,227 cash and cash equivalents, \$13,254 is held by the School on behalf of the Ministry of Education. These funds are required to be spent in 2019 on Crown owned school buildings under the School's Five Year Property Plan.

### 9. Accounts Receivable

	2019	2019	2018
	Actual	Budget (Unaudited)	Actual
	\$	\$	\$
Receivables	5,191	5,852	5,852
Teacher Salaries Grant Receivable	73,197	58,822	58,822
	78,388	64,674	64,674
Receivables from Exchange Transactions	5,191	5,852	5,852
Receivables from Non-Exchange Transactions	73,197	58,822	58,822
	78,388	64,674	64,674

### 10. Inventories

	2019	2019	2018
	Actual	Budget (Unaudited)	Actual
	\$	\$	\$
Stationery	1,327	1,091	1,092
	1,327	1,091	1,092

### 11. Investments

The School's investment activities are classified as follows:

	2019	2019	2018
	Actual	Budget (Unaudited)	Actual
	\$	\$	\$
Current Asset			
Short-term Bank Deposits	118,203	153,736	153,736

The carrying value of short term deposits held 3 to 12 months approximates their fair value at 31 December 2019.



# Morrinsville School

## Notes to the Financial Statements

For the year ended 31 December 2019

### 12. Property, Plant and Equipment

	Opening Balance (NBV)	Additions	Disposals	Impairment	Depreciation	Total (NBV)
2019	\$	\$	\$	\$	\$	\$
Buildings	238,047	-	-	-	(18,866)	219,181
Furniture & Fittings	47,641	9,652	-	-	(9,751)	47,542
Information and Communication Technology	46,945	9,847	-	-	(25,599)	31,193
Motor Vehicles	1,263	31,522	-	-	(1,525)	31,260
Leased Assets	14,224	4,408	-	-	(6,625)	12,007
Library Resources	13,399	980	-	(128)	(1,780)	12,471
<b>Balance at 31 December 2019</b>	<b>361,519</b>	<b>56,409</b>	<b>-</b>	<b>(128)</b>	<b>(64,146)</b>	<b>353,654</b>

	Cost or Valuation	Accumulated Depreciation	Net Book Value
2019	\$	\$	\$
Buildings	583,264	(364,083)	219,181
Furniture & Fittings	315,232	(267,690)	47,542
Information and Communication Technology	255,342	(224,149)	31,193
Motor Vehicles	53,167	(21,907)	31,260
Leased Assets	28,792	(16,785)	12,007
Library Resources	69,425	(56,954)	12,471
<b>Balance at 31 December 2019</b>	<b>1,305,222</b>	<b>(951,568)</b>	<b>353,654</b>

	Opening Balance (NBV)	Additions	Disposals	Impairment	Depreciation	Total (NBV)
2018	\$	\$	\$	\$	\$	\$
Buildings	258,610	-	-	-	(20,563)	238,047
Furniture & Fittings	43,100	14,529	-	-	(9,988)	47,641
Information and Communication Technology	40,694	26,320	-	-	(20,069)	46,945
Motor Vehicles	3,218	-	-	-	(1,955)	1,263
Leased Assets	20,320	-	-	-	(6,096)	14,224
Library Resources	14,553	807	-	(47)	(1,914)	13,399
<b>Balance at 31 December 2018</b>	<b>380,495</b>	<b>41,656</b>	<b>-</b>	<b>(47)</b>	<b>(60,585)</b>	<b>361,519</b>

	Cost or Valuation	Accumulated Depreciation	Net Book Value
2018	\$	\$	\$
Buildings	583,264	(345,217)	238,047
Furniture & Fittings	305,581	(257,940)	47,641
Information and Communication Technology	245,496	(198,551)	46,945
Motor Vehicles	21,645	(20,382)	1,263
Leased Assets	24,384	(10,160)	14,224
Library Resources	69,104	(55,705)	13,399
<b>Balance at 31 December 2018</b>	<b>1,249,474</b>	<b>(887,955)</b>	<b>361,519</b>



# Morrinsville School

## Notes to the Financial Statements

For the year ended 31 December 2019

### 13. Accounts Payable

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Operating creditors	13,910	14,641	14,641
Employee Entitlements - salaries	73,197	58,822	58,822
Employee Entitlements - leave accrual	19,317	16,134	16,134
	<u>106,424</u>	<u>89,597</u>	<u>89,597</u>
Payables for Exchange Transactions	106,424	89,597	89,597
	<u>106,424</u>	<u>89,597</u>	<u>89,597</u>

The carrying value of payables approximates their fair value.

### 14. Revenue Received in Advance

	2019 Actual \$	2019 (Unaudited) \$	2018 Actual \$
Conditional Grants Received but not spent.	19,559	-	-
	<u>19,559</u>	<u>-</u>	<u>-</u>

### 15. Provision for Cyclical Maintenance

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Provision at the Start of the Year	92,233	92,233	83,650
Increase to the Provision During the Year	13,388	4,000	10,331
Adjustment to the Provision	(12,596)	-	-
Use of the Provision During the Year	(5,000)	-	(1,748)
Provision at the End of the Year	<u>88,025</u>	<u>96,233</u>	<u>92,233</u>
Cyclical Maintenance - Current	38,250	23,833	23,833
Cyclical Maintenance - Term	49,775	72,400	68,400
	<u>88,025</u>	<u>96,233</u>	<u>92,233</u>

### 16. Finance Lease Liability

The School has entered into a finance lease agreement for a photocopier and 3 laptops. Minimum lease payments payable by the school and MOE.

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
No Later than One Year	7,473	6,096	6,096
Later than One Year and no Later than Five Years	4,732	2,032	8,128
Later than 5 Years	-	-	-
	<u>12,205</u>	<u>8,128</u>	<u>14,224</u>





# Morrinsville School

## Notes to the Financial Statements

For the year ended 31 December 2019

### 17. Funds Held for Capital Works Projects

During the year the School received and applied for funding from the Ministry of Education for the following capital works projects:

		2019	Opening Balances	Receipts from MOE	Payments	BOT contributions (Write-off to R&M)	Closing Balances
			\$	\$	\$	\$	\$
5YP - D & J Block upgrade	<i>completed</i>		104,499	12,612	103,857	-	13,254
5YP - Roofing Project	<i>completed</i>		150	-	-	(150)	-
Totals			104,649	12,612	103,857	(150)	13,254

#### Represented by:

Funds held on Behalf of the Ministry of Education	13,254
Funds Due from the Ministry of Education	-
	<u>13,254</u>

		2018	Opening Balances	Receipts from MOE	Payments	BOT contributions (Write-off to R&M)	Closing Balances
			\$	\$	\$	\$	\$
5YP - D & J Block upgrade	<i>in progress</i>		7,750	106,936	10,187	-	104,499
5YP - Roofing Project	<i>in progress</i>		26,831	241	26,922	-	150
5YP - Drinking Fountains	<i>in progress</i>		6,627	348	6,975	-	-
Totals			41,208	107,525	44,084	-	104,649

#### Represented by:

Funds held on Behalf of the Ministry of Education	104,649
Funds Due from the Ministry of Education	-
	<u>104,649</u>

### 18. 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.



# Morrinsville School

## Notes to the Financial Statements

For the year ended 31 December 2019

### 19. Remuneration

#### Key management personnel compensation

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

	2019 Actual \$	2018 Actual \$
<i>Board Members</i>		
Remuneration	4,965	4,745
Full-time equivalent members	0.19	0.19
<i>Leadership Team</i>		
Remuneration	321,155	306,952
Full-time equivalent members	3.00	3.00
Total key management personnel remuneration	326,120	311,697
Total full-time equivalent personnel	3.19	3.19

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

#### Principal

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

	2019 Actual \$000	2018 Actual \$000
Salaries and Other Short-term Employee Benefits:		
Salary and Other Payments	130 - 140	120 - 130
Benefits and Other Emoluments	-	-
Termination Benefits	-	-

#### Other Employees

No other employees have remuneration greater than \$100,000.

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

### 20. 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

	2019 Actual	2018 Actual
Total	-	-
Number of people	-	-

### 21. Contingencies

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

#### Holiday Act Compliance

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 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 the 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.





# Morrinsville School

## Notes to the Financial Statements

For the year ended 31 December 2019

### 22. Commitments

#### (a) Capital Commitments

As at 31 December 2019 the Board has not entered into any contract agreements.  
(Capital commitments at 31 December 2018: nil)

#### (b) Operating Commitments

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

##### (a) TRL Leasing laptop leases;

	2019 Actual \$	2018 Actual \$
No later than One Year	576	3,503
Later than One Year and No Later than Five Years	-	576
	<u>576</u>	<u>4,079</u>

### 23. 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.

### 24. Financial Instruments

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

#### Financial Assets Measured at Amortised Cost

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Cash and Cash Equivalents	53,227	7,424	102,495
Receivables	78,388	64,674	64,674
Investments - Term Deposits	118,203	153,736	153,736
Total Financial assets measured at amortised cost	<u>249,818</u>	<u>225,834</u>	<u>320,905</u>

#### Financial liabilities measured at amortised cost

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Payables	106,424	89,597	89,597
Finance Leases	12,205	8,128	14,224
Total Financial Liabilities Measured at Amortised Cost	<u>118,629</u>	<u>97,725</u>	<u>103,821</u>





# Morrinsville School

## Notes to the Financial Statements

For the year ended 31 December 2019

### 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 11 Investments: 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 IFRS 9 there were no material adjustments to these financial statements.

### 26. Events After Balance Date

There were no significant events after the balance date that impact these financial statements other than the impact of COVID-19 as detailed below.

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

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

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



**INDEPENDENT AUDITOR'S REPORT****TO THE READERS OF MORRINSVILLE SCHOOL'S  
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019**

The Auditor-General is the auditor of Morrinsville School (the School). The Auditor-General has appointed me, Richard Currie, using the staff and resources of Crowe New Zealand Audit Partnership, to carry out the audit of the financial statements of the School on his behalf.

**Opinion**

We have audited the financial statements of the School on pages 2 to 20, that comprise the statement of financial position as at 31 December 2019, the statement of comprehensive revenue and expense, statement of changes in net assets/equity and statement of cash flows for the year ended on that date, and the notes to the financial statements that include accounting policies and other explanatory information.

In our opinion the financial statements of the School:

- present fairly, in all material respects:
  - its financial position as at 31 December 2019; and
  - its financial performance and cash flows for the year then ended; and
- comply with generally accepted accounting practice in New Zealand in accordance with Public Sector Public Benefit Entity Standards, Reduced Disclosure Regime

Our audit was completed on 31 May 2020. This is the date at which our opinion is expressed.

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

**Emphasis of Matter – COVID-19**

Without modifying our opinion, we draw attention to the disclosures in note 26 on page 20 which outline the possible effects of the Alert Level 4 lockdown as a result of the COVID-19 pandemic.

**Basis for our opinion**

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

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

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

*The title 'Partner' conveys that the person is a senior member within their respective division, and is among the group of persons who hold an equity interest (shareholder) in its parent entity, Findex Group Limited. The only professional service offering which is conducted by a partnership is the Crowe Australasia external audit division. All other professional services offered by Findex Group Limited are conducted by a privately owned organisation and/or its subsidiaries.*

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### **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 information included on pages 21 to 28, 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.



Richard Currie  
Crowe New Zealand Audit Partnership  
On behalf of the Auditor-General  
Hamilton New Zealand