

Morrinsville School

ANNUAL FINANCIAL REPORT 2020

Te Pūronga ā-tau



Te Ahunga – The Mission

Kia Tipu, Kia Hua, Kia Puaawai

To Grow, Prosper and Sustain

MORRINSVILLE SCHOOL

Te Kura o Morenawhira

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

School Directory

Ministry Number:	1834
Principal:	Shay Noonan
School Address:	Lincoln St Morrinsville
School Postal Address:	Lincoln St Morrinsville
School Phone:	07 8897250
School Email:	reception@morrinsville.school.nz

Members of the Board of Trustees

Name	Position	How Position Gained	Term Occupation Expires/Expired
Brett Johnstone	Chair Person	Elected	June 2022
Shay Noonan	Principal	ex Officio	June 2022
Michael Carey	Parent Rep	Co-Opted	June 2022
Lynda Brunton	Parent Rep	Co-Opted	June 2022
Marcus Taupo	Parent Rep	Elected	June 2022
Leasa Craw	Staff Rep	Elected	June 2022
Ray Hohipa	Parent Rep	Elected	June 2022
Denise van de Pas	Parent Rep	Elected	June 2022
Ariana Thompson-Bell	Parent Rep	Elected	June 2022

Accountant/Service Provider: Lynda Brunton

MORRINSVILLE SCHOOL

ANNUAL REPORT - For the year ended 31 December 2020

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Morrinsville 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.

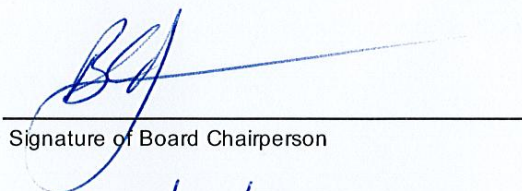
The management (including the principal and others as directed by the Board) accepts responsibility for establishing and maintaining a system of internal controls designed to provide reasonable assurance as to the integrity and reliability of the school's financial reporting.

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.

Brett Johnstone

Full Name of Board Chairperson



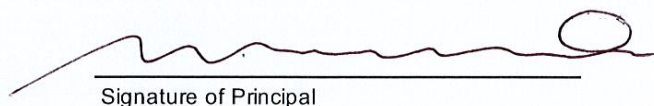
Signature of Board Chairperson

Date:

18/05/2021

James Francis (Shay) Noonan

Full Name of Principal



Signature of Principal

Date:

18/05/2021

Morrinsville School

Statement of Comprehensive Revenue and Expense

For the year ended 31 December 2020

		2020	2020	2019
	Notes	Actual	Budget (Unaudited)	Actual
		\$	\$	\$
Revenue				
Government Grants	2	2,049,928	458,900	1,863,416
Locally Raised Funds	3	136,965	126,000	180,960
Interest Earned		2,678	2,500	4,611
		2,189,571	587,400	2,048,987
Expenses				
Locally Raised Funds	3	109,746	124,500	124,319
Learning Resources	4	1,324,236	137,700	1,236,978
Administration	5	140,642	133,350	136,299
Property	6	527,642	150,900	490,615
Depreciation	7	57,157	-	64,146
Impairment of Property, Plant and Equipment	12	6,921	-	128
		2,166,344	546,450	2,052,485
Net Surplus / (Deficit)		23,227	40,950	(3,498)
Other Comprehensive Revenue and Expense		-	-	-
Total Comprehensive Revenue and Expense for the Year		23,227	40,950	(3,498)

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 2020

	Actual 2020 \$	Budget (Unaudited) 2020 \$	Actual 2019 \$
Balance at 1 January	373,234	373,234	373,927
Total comprehensive revenue and expense for the year	23,227	40,950	(3,498)
Capital Contributions from the Ministry of Education	-	-	2,805
Contribution - Furniture and Equipment Grant	-	-	-
Equity at 31 December	396,461	414,184	373,234
Retained Earnings	396,461	414,184	373,234
Equity at 31 December	396,461	414,184	373,234

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 2020

		2020	2020	2019
	Notes	Actual \$	Budget (Unaudited) \$	Actual \$
Current Assets				
Cash and Cash Equivalents	8	38,190	63,922	53,227
Accounts Receivable	9	79,563	78,388	78,388
GST Receivable		1,236	3,690	3,690
Prepayments		5,566	4,697	4,697
Inventories	10	1,418	1,327	1,327
Investments	11	140,713	120,703	118,203
		266,686	272,727	259,532
Current Liabilities				
Accounts Payable	13	113,002	106,424	106,424
Revenue Received in Advance	14	8,781	19,559	19,559
Provision for Cyclical Maintenance	15	95,825	38,250	38,250
Finance Lease Liability - Current Portion	16	10,851	2,205	7,473
Funds held for Capital Works Projects	17	-	-	13,254
Funds for RTLB Services		485	485	485
		228,944	166,923	185,445
Working Capital Surplus/(Deficit)		37,742	105,805	74,087
Non-current Assets				
Property, Plant and Equipment	12	391,327	358,154	353,654
		391,327	358,154	353,654
Non-current Liabilities				
Provision for Cyclical Maintenance	15	3,501	49,775	49,775
Finance Lease Liability	16	29,107	-	4,732
		32,608	49,775	54,507
Net Assets		396,461	414,184	373,234
Equity		396,461	414,184	373,234

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



Morrinsville 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		650,623	458,900	505,785
Locally Raised Funds		127,487	126,000	201,180
Goods and Services Tax (net)		2,454	(12,905)	(16,595)
Payments to Employees		(416,838)	(267,350)	(341,780)
Payments to Suppliers		(271,680)	(292,162)	(290,983)
Interest Received		2,678	2,500	4,611
Net cash from / (to) the Operating Activities		94,724	14,983	62,218
Cash flows from Investing Activities				
Purchase of PPE (and Intangibles)		(86,116)	(4,500)	(52,001)
Purchase of Investments		(22,509)	(2,000)	35,533
Disposal of Investments		-	-	-
Net cash from / (to) the Investing Activities		(108,625)	(6,500)	(16,468)
Cash flows from Financing Activities				
Furniture and Equipment Grant		-	-	2,805
Finance Lease Payments		12,118	(5,924)	(6,427)
Funds Held for Capital Works Projects		(13,254)	(13,254)	(91,396)
Net cash from Financing Activities		(1,136)	(19,178)	(95,018)
Net increase/(decrease) in cash and cash equivalents		(15,037)	(10,695)	(49,268)
Cash and cash equivalents at the beginning of the year	8	53,227	53,227	102,495
Cash and cash equivalents at the end of the year	8	38,190	63,922	53,227

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.



Morrinsville School

Notes to the Financial Statements

For the year ended 31 December 2020

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 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 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.

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 15.



Morrinsville School

Notes to the Financial Statements

For the year ended 31 December 2020

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.

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.

Grants for the use of land and buildings are also 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 Proprietor. Use of the land and building grants are recorded as income in the period the school uses the land and building.

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.



Morrinsville School

Notes to the Financial Statements

For the year ended 31 December 2020

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 school's receivables are largely made up of funding from the Ministry of Education, therefore the level of uncollectable debts is not considered material. However, short term receivables are written off when there is no reasonable expectation of recovery.

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.



Morrinsville School

Notes to the Financial Statements

For the year ended 31 December 2020

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.

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 leasee 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
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 that the school receives from the Ministry of Education is normally acquired through a non-exchange transaction and is not of a material amount. It's 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 2020

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

p) Revenue Received in Advance

Revenue received in advance relates to fees received from grants received 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 uneamed fees in relation to grants received, should the School be unable to provide the services to which they relate.

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. The School holds sufficient funds to enable the funds to be used for their intended purpose at any time.

The school holds sufficient 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 2020

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.

Borrowings include but not limited to bank overdrafts, operating leases and finance leases.

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 2020

2. Government Grants

	2020	2020	2019
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Operational grants	527,630	458,900	438,658
Teachers' salaries grants	1,039,680	-	1,021,110
Use of Land and Buildings grants	359,625	-	336,522
Other MoE Grants	80,520		
Other grants	42,473	-	67,126
	2,049,928	458,900	1,863,416

The school has opted into the donations scheme for this year. Total amount received was \$30,300.

Other MOE Grants total includes additional COVID-19 funding totalling \$8,410 for the year ended 31 December 2020.

3. Locally Raised Funds

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

	2020	2020	2019
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Revenue			
Donations	54,349	20,000	39,447
School Fees	-	1,500	5,200
Trading	12,882	20,500	22,097
Activities	69,734	84,000	114,216
	136,965	126,000	180,960
Expenses			
Trading	23,171	27,500	31,315
Activities	86,575	97,000	93,004
	109,746	124,500	124,319
<i>Surplus for the year Locally raised funds</i>	27,219	1,500	56,641

4. Learning Resources

	2020	2020	2019
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Curricular	12,260	14,950	15,395
Equipment Repairs	224	500	997
Information and communication technology	29,397	25,200	26,518
Employee benefits - salaries	1,278,495	93,800	1,191,969
Staff development	3,860	3,250	2,099
	1,324,236	137,700	1,236,978



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

5. Administration

	2020	2020	2019
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Audit Fee	6,046	4,800	5,714
Board of Trustees Fees	5,740	6,700	6,690
Board of Trustees Expenses	4,347	3,000	5,451
Communication	2,434	4,000	3,689
Consumables	7,051	7,250	7,945
Operating Lease	1,286	500	3,260
Other	3,732	4,600	2,438
Employee Benefits - Salaries	100,166	88,500	91,836
Insurance	6,199	11,000	6,395
Service Providers, Contractors and Consultancy	3,641	3,000	2,881
	<u>140,642</u>	<u>133,350</u>	<u>136,299</u>

6. Property

	2020	2020	2019
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Caretaking and Cleaning Consumables	12,987	9,000	9,130
Consultancy and Contract Services	3,210	2,200	3,296
Cyclical Maintenance Provision	11,300	5,000	(4,208)
Grounds	11,105	6,300	12,902
Heat, Light and Water	19,353	23,500	24,598
Rates	5,671	5,500	5,412
Repairs and Maintenance	13,622	10,250	16,087
Use of Land and Buildings	359,625	-	336,522
Security	4,296	4,100	4,607
Employee Benefits - Salaries	86,473	85,050	82,269
	<u>527,642</u>	<u>150,900</u>	<u>490,615</u>

7. Depreciation of Property, Plant and Equipment

	2020	2020	2019
	\$	\$	\$
Buildings	20,630	-	18,866
Furniture & Fittings	9,240	-	9,751
Information and Communication Technology	20,488	-	25,599
Plant and Equipment	382	-	1,525
Leased Assets	4,785	-	6,625
Library Resources	1,632	-	1,780
	<u>57,157</u>	<u>-</u>	<u>64,146</u>



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

8. Cash and Cash Equivalents

	2020	2020	2019
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Westpac Current Account	24,577	40,496	29,801
Westpac Call Accounts	13,613	23,426	23,426
Net cash and cash equivalents and bank overdraft for Cash Flow Statement	<u>38,190</u>	<u>63,922</u>	<u>53,227</u>

9. Accounts Receivable

	2020	2020	2019
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Receivables	4,036	5,191	5,191
Teacher Salaries Grant Receivable	75,527	73,197	73,197
	<u>79,563</u>	<u>78,388</u>	<u>78,388</u>
Receivables from Exchange Transactions	4,036	5,191	5,191
Receivables from Non-Exchange Transactions	75,527	73,197	73,197
	<u>79,563</u>	<u>78,388</u>	<u>78,388</u>

10. Inventories

	2020	2020	2019
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Stationery	1,418	1,327	1,327
	<u>1,418</u>	<u>1,327</u>	<u>1,327</u>

11. Investments

The School's investment activities are classified as follows:

	2020	2020	2019
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Current Asset			
Short-term Bank Deposits	140,713	120,703	118,203



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

12. Property, Plant and Equipment

	Opening Balance (NBV)	Additions	Disposals	Impairment	Depreciation	Total (NBV)
2020	\$	\$	\$	\$	\$	\$
Buildings	219,181	20,369	-	-	(20,630)	218,920
Furniture & Fittings	47,542	29,771	-	(487)	(9,240)	67,585
Information and Communication Technology	31,194	9,908	-	(785)	(20,488)	19,829
Motor Vehicles	31,259	3,577	-	-	(382)	34,454
Leased Assets	12,007	40,018	(2,538)	(5,590)	(4,785)	39,113
Library Resources	12,471	646	-	(59)	(1,632)	11,426
Balance at 31 December 2020	353,654	104,289	(2,538)	(6,921)	(57,157)	391,327

	Cost or Valuation	Accumulated Depreciation	Net Book Value
2020	\$	\$	\$
Buildings	603,632	(384,712)	218,920
Furniture & Fittings	301,833	(234,248)	67,585
Information and Communication Technology	242,723	(222,895)	19,829
Motor Vehicles	56,744	(22,289)	34,454
Leased Assets	44,427	(5,314)	39,113
Library Resources	69,743	(58,317)	11,426
Balance at 31 December 2020	1,319,102	(927,775)	391,327

	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
Balance at 31 December 2019	361,519	56,409	-	(128)	(64,146)	353,654

	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
Balance at 31 December 2019	1,305,222	(951,568)	353,654



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

13. Accounts Payable

	2020	2020	2019
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Operating creditors	9,540	13,910	13,910
Employee Entitlements - salaries	75,528	73,197	73,197
Employee Entitlements - leave accrual	27,934	19,317	19,317
	<u>113,002</u>	<u>106,424</u>	<u>106,424</u>

Payables for Exchange Transactions	113,002	106,424	106,424
	<u>113,002</u>	<u>106,424</u>	<u>106,424</u>

The carrying value of payables approximates their fair value.

14. Revenue Received in Advance

	2020	2020	2019
	Actual	Budget	Actual
	\$	\$	\$
Conditional Grants Received but not spent.	8,781	19,559	19,559
	<u>8,781</u>	<u>19,559</u>	<u>19,559</u>

15. Provision for Cyclical Maintenance

	2020	2020	2019
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Provision at the Start of the Year	88,025	88,025	92,233
Increase to the Provision During the Year	11,300	5,000	13,388
Adjustment to the Provision	-	-	(12,596)
Use of the Provision During the Year	-	(5,000)	(5,000)
Provision at the End of the Year	<u>99,325</u>	<u>88,025</u>	<u>88,025</u>
Cyclical Maintenance - Current	95,825	38,250	38,250
Cyclical Maintenance - Term	3,501	49,775	49,775
	<u>99,326</u>	<u>88,025</u>	<u>88,025</u>

16. Finance Lease Liability

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

	2020	2020	2019
	Actual	Budget	Actual
	\$	(Unaudited)	\$
No Later than One Year	10,851	2,205	7,473
Later than One Year and no Later than Five Years	29,107	-	4,732
Later than 5 Years	-	-	-
	<u>39,958</u>	<u>2,205</u>	<u>12,205</u>



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

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:

		Opening	Receipts		BOT	
	2020	Balances	from MOE	Payments	contributions	Closing
		\$	\$	\$	(Write-off to R&M)	Balances
5YP - D & J Block upgrade	<i>completed</i>	13,254	-	13,254	-	-
5YP - Roofing Project	<i>completed</i>	-	-	-	-	-
Boiler	<i>completed</i>	-	40,786	40,786	-	-
Totals		13,254	40,786	54,040	-	-

Represented by:

Funds held on Behalf of the Ministry of Education	-
Funds Due from the Ministry of Education	-
	-

		Opening	Receipts		BOT	
	2019	Balances	from MOE	Payments	contributions	Closing
		\$	\$	\$	(Write-off to R&M)	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	-
	13,254

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 2020

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.

	2020 Actual \$	2019 Actual \$
<i>Board Members</i>		
Remuneration	4,015	4,965
Full-time equivalent members	0.18	0.19
<i>Leadership Team</i>		
Remuneration	334,677	321,155
Full-time equivalent members	3.00	3.00
Total key management personnel remuneration	338,692	326,120
Total full-time equivalent personnel	3.18	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, 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:

	2020 Actual \$000	2019 Actual \$000
Salaries and Other Short-term Employee Benefits:		
Salary and Other Payments	130 - 140	130 - 140
Benefits and Other Emoluments	-	-
Termination Benefits	-	-

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	1

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 payable was as follows:

	2020 Actual	2019 Actual
Total	-	-
Number of people	-	-



Morrinsville School

Notes to the Financial Statements

For the year ended 31 December 2020

21. Contingencies

There are no contingent liabilities and no contingent assets as at 31 December 2020 (Contingent liabilities and assets at 31 December 2019: 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 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 has been completed.

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

22. Commitments

(a) Capital Commitments

As at 31 December 2020 the Board has not entered into any contract agreements except MOE capital works projects as outlined in Note 18 above.

(Capital commitments at 31 December 2019: nil except for capital works projects)

(b) Operating Commitments

As at 31 December 2020 the Board has entered into the following contracts:

(a) TRL Leasing laptop leases;

	2020 Actual \$	2019 Actual \$
No later than One Year	-	576
Later than One Year and No Later than Five Years	-	-
	-	576

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.



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

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

	2020 Actual \$	2020 Budget (Unaudited) \$	2019 Actual \$
Cash and Cash Equivalents	38,190	63,922	53,227
Receivables	79,563	78,388	78,388
Investments - Term Deposits	140,713	120,703	118,203
Total Financial assets measured at amortised cost	<u>258,466</u>	<u>263,013</u>	<u>249,818</u>

Financial liabilities measured at amortised cost

Payables	113,002	106,424	106,424
Finance Leases	39,958	2,205	12,205
Total Financial Liabilities Measured at Amortised Cost	<u>152,960</u>	<u>108,629</u>	<u>118,629</u>

25. Events After Balance Date

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



INDEPENDENT AUDITOR'S REPORT**TO THE READERS OF MORRINSVILLE SCHOOL'S FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

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 4 to 22, 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*.

Our audit was completed on 21 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.

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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Services are provided by Crowe New Zealand Audit Partnership an affiliate of Findex (Aust) Pty Ltd.

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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 Statement of Resources, Kiwisport Report and Analysis of Variance Report, but does not include the financial statements, and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

We are independent of the School in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: *International Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board.

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



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