

Annual Report

Southbrook School

FOR THE YEAR ENDED 31 DECEMBER 2019

School Directory

Ministry Number: 3510
Principal: Julie Walls
School Address: 26 Marshall Street, Rangiora
School Phone: (03) 313 8792
School Email: admin@southbrook.school.nz

Members of the Board of Trustees

Name	Position	How Position Gained	Term Expired/ Expires
Liz McClure	Chairperson	Elected	Apr 2022
Scott Pritchard	Parent Rep	Elected	Dec 2020
Karin Mackay	Parent Rep	Elected	Dec 2020
Stephen McQuarrie	Parent Rep	Elected	Apr 2022
Belinda Campbell	Parent Rep	Elected	Apr 2022
Jacqui Blackadder	Parent Rep	Elected	May 2019
Tim Wyeth	Parent Rep	Elected	May 2019
Jane Reid	Staff Rep	Elected	
Julie Walls	Principal		

Canterbury Education Services
89 Nazareth Avenue
Middleton
Christchurch



SOUTHBROOK SCHOOL

Annual Report - For the year ended 31 December 2019

Index

Page	Statement
	Financial Statements
2	Statement of Responsibility
3	Statement of Comprehensive Revenue and Expense
4	Statement of Changes in Net Assets/Equity
5	Statement of Financial Position
6	Statement of Cash Flows
7 - 12	Statement of Accounting Policies
13- 21	Notes to the Financial Statements
	Other Information
	Analysis of Variance
	Kiwisport

Southbrook 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.

Elizabeth McClure

Full Name of Board Chairperson

Julie Walls

Full Name of Principal

Elizabeth McClure

Signature of Board Chairperson

Julie Walls

Signature of Principal

27/5/2020

Date:

27/5/2020

Date:

Southbrook School

Statement of Comprehensive Revenue and Expense

For the year ended 31 December 2019

	Notes	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Revenue				
Government Grants	2	2,719,100	2,680,321	2,625,445
Locally Raised Funds	3	132,382	33,700	173,797
Interest income		319	600	359
		<u>2,851,800</u>	<u>2,714,621</u>	<u>2,799,601</u>
Expenses				
Locally Raised Funds	3	110,234	-	114,515
Learning Resources	4	1,711,172	1,609,500	1,610,890
Administration	5	108,825	138,040	132,493
Finance		1,282	400	1,500
Property	6	878,313	914,500	849,171
Depreciation	7	64,469	50,000	57,070
Loss on Disposal of Property, Plant and Equipment		15,111	-	35
		<u>2,889,407</u>	<u>2,712,440</u>	<u>2,765,673</u>
Net Surplus / (Deficit) for the year		(37,607)	2,181	33,928
Other Comprehensive Revenue and Expenses		-	-	-
Total Comprehensive Revenue and Expense for the Year		<u>(37,607)</u>	<u>2,181</u>	<u>33,928</u>

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

Southbrook School

Statement of Changes in Net Assets/Equity

For the year ended 31 December 2019

	Notes	Actual 2019 \$	Budget (Unaudited) 2019 \$	Actual 2018 \$
Balance at 1 January		513,590	513,590	479,662
Total comprehensive revenue and expense for the year		(37,607)	2,181	33,928
Capital Contributions from the Ministry of Education				
Contribution - Furniture and Equipment Grant		-	-	-
Adjustment to Accumulated surplus/(deficit) from adoption of PBE IFRS 9				
Equity at 31 December	21	475,983	515,771	513,590
Retained Earnings		475,983	515,771	513,590
Reserves		-	-	-
Equity at 31 December		475,983	515,771	513,590

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.

Southbrook School

Statement of Financial Position

As at 31 December 2019

	Notes	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Current Assets				
Cash and Cash Equivalents	8	168,656	243,997	192,968
Accounts Receivable	9	96,862	93,500	93,500
GST Receivable		7,318	7,000	7,057
Prepayments		7,489	9,000	9,091
Funds owed for Capital Works Projects	15	18,794	33,000	33,481
		<u>299,118</u>	<u>386,497</u>	<u>336,098</u>
Current Liabilities				
Accounts Payable	11	114,153	112,000	111,330
Revenue Received in Advance	12	642	-	1,922
Finance Lease Liability - Current Portion	14	29,079	34,400	26,663
		<u>143,874</u>	<u>146,400</u>	<u>139,915</u>
Working Capital Surplus/(Deficit)		155,244	240,097	196,183
Non-current Assets				
Property, Plant and Equipment	10	<u>372,507</u>	<u>356,674</u>	<u>406,674</u>
		372,507	356,674	406,674
Non-current Liabilities				
Provision for Cyclical Maintenance	13	26,000	48,000	47,518
Finance Lease Liability	14	25,768	33,000	41,749
		<u>51,768</u>	<u>81,000</u>	<u>89,267</u>
Net Assets		<u>475,983</u>	<u>515,771</u>	<u>513,590</u>
Equity	21	<u>475,983</u>	<u>515,771</u>	<u>513,590</u>

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

Southbrook School

Statement of Cash Flows

For the year ended 31 December 2019

		2019	2019	2018
	Note	Actual	Budget	Actual
		\$	(Unaudited)	\$
			\$	
Cash flows from Operating Activities				
Government Grants		508,943	470,321	496,847
Locally Raised Funds		131,102	31,778	170,953
Hostel		-	-	-
International Students		-	-	-
Goods and Services Tax (net)		(261)	57	(1,701)
Payments to Employees		(288,963)	(221,920)	(312,978)
Payments to Suppliers		(329,882)	(229,358)	(294,340)
Cyclical Maintenance Payments in the year		-	482	(33,325)
Interest Paid		(1,282)	(400)	(1,428)
Interest Received		319	600	359
Net cash from Operating Activities		19,977	51,560	24,387
Cash flows from Investing Activities				
Proceeds from Sale of PPE (and Intangibles)		2,447	-	-
Purchase of PPE (and Intangibles)		(24,084)	0	(49,076)
Purchase of Investments		-	-	-
Proceeds from Sale of Investments		-	-	-
Net cash from Investing Activities		(21,636)	0	(49,076)
Cash flows from Financing Activities				
Furniture and Equipment Grant		-	-	-
Finance Lease Payments		(37,342)	(1,012)	1,020
Painting contract payments		-	-	-
Loans Received/ Repayment of Loans		-	-	-
Funds Administered on Behalf of Third Parties		-	-	-
Funds Held for Capital Works Projects		14,687	481	(125,044)
Net cash from Financing Activities		(22,655)	(531)	(124,024)
Net increase/(decrease) in cash and cash equivalents		(24,313)	51,029	(148,713)
Cash and cash equivalents at the beginning of the year	8	192,969	192,968	341,681
Cash and cash equivalents at the end of the year	8	168,656	243,997	192,968

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.

Southbrook School

Notes to the Financial Statements

For the year ended 31 December 2019

1. Statement of Accounting Policies

a) Reporting Entity

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

b) Basis of Preparation

Reporting Period

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

Basis of Preparation

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

Financial Reporting Standards Applied

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

Standard early adopted

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

PBE Accounting Standards Reduced Disclosure Regime

The School qualifies for Tier 2 as the school is not publicly accountable and is not considered large as it falls below the expenditure threshold of \$30 million per year. All relevant reduced disclosure concessions have been taken.

Measurement Base

The financial statements are prepared on the historical cost basis unless otherwise noted in a specific accounting policy.

Presentation Currency

These financial statements are presented in New Zealand dollars, rounded to the nearest dollar.

Specific Accounting Policies

The accounting policies used in the preparation of these financial statements are set out below.

Critical Accounting Estimates And Assumptions

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenue and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Useful lives of property, plant and equipment

The School reviews the estimated useful lives of property, plant and equipment at the end of each reporting date. The School believes that the estimated useful lives of the property, plant and equipment as disclosed in the Significant Accounting Policies are appropriate to the nature of the property, plant and equipment at reporting date. Property, plant and equipment is disclosed at note 10.

Critical Judgements in applying accounting policies

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

Classification of leases

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

Recognition of grants

The School reviews the grants monies received at the end of each reporting period and whether any require a provision to carryforward 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.

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.

f) Finance Lease Payments

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

g) Cash and Cash Equivalents

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

h) Accounts Receivable

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

Prior Year Policy

Accounts Receivable represents items that the 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) 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.

j) Property, Plant and Equipment

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

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

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

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

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

Finance Leases

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

Depreciation

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

The estimated useful lives of the assets are:

Building improvements to Crown Owned Assets	10–75 years
Furniture and equipment	10–15 years
Information and communication technology	4–5 years
Motor vehicles	5 years
Plant and equipment	5–15 years
Textbooks	3 years
Leased assets held under a Finance Lease	3–4 years
Library resources	12.5% Diminishing value

k) Intangible Assets

Software costs

Computer software acquired by the School are 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 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.

l) 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.

m) 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.

n) 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.

Long-term employee entitlements

Employee benefits that are due to be settled beyond 12 months after the end of the period in which the employee renders the related service, such as long service leave and retirement gratuities, have been calculated on an actuarial basis. The calculations are based on:

- likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement, and contractual entitlement information; and
- the present value of the estimated future cash flows.

o) Revenue Received in Advance

Revenue received in advance relates to fees received from parents 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.

p) 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).

q) Financial Assets and Liabilities

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

Investments that are shares are categorised as "available for sale" for accounting purposes in accordance with financial reporting standards.

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

r) Borrowings

Borrowings on normal commercial terms are initially recognised at the amount borrowed plus transaction costs. Interest due on the borrowings is subsequently accrued and added to the borrowings 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 balance date.

Grants determined by the Minister 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.

t) Goods and Services Tax (GST)

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

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

Commitments and contingencies are disclosed exclusive of GST.

u) Budget Figures

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

v) 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.

2. Government Grants

	2019	2019	2018
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Operational Grants	484,073	470,321	466,801
Teachers' Salaries Grants	1,412,688	1,413,000	1,364,569
Use of Land and Buildings Grants	797,469	797,000	765,951
Other MoE Grants	22,485	-	21,064
Other Government Grants	2,385	-	7,060
	<u>2,719,100</u>	<u>2,680,321</u>	<u>2,625,445</u>

3. Locally Raised Funds

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

	2019	2019	2018
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Revenue			
Donations	905	10,000	2,350
Activities	75,762	-	130,912
Trading	1,213	2,700	1,017
Other Revenue	54,501	21,000	39,517
	<u>132,382</u>	<u>33,700</u>	<u>173,797</u>
Expenses			
Activities	88,919	-	114,515
Other Locally Raised Funds Expenditure	21,314	-	-
	<u>110,234</u>	<u>-</u>	<u>114,515</u>
<i>Surplus/ (Deficit) for the year Locally raised funds</i>	<u>22,148</u>	<u>33,700</u>	<u>59,282</u>

4. Learning Resources

	2019	2019	2018
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Curricular	36,714	31,550	30,103
Equipment Repairs	-	1,000	-
Information and Communication Technology	8,716	8,350	8,135
Library Resources	138	1,400	189
Employee Benefits - Salaries	1,652,834	1,559,200	1,564,138
Staff Development	12,770	8,000	8,325
	<u>1,711,172</u>	<u>1,609,500</u>	<u>1,610,890</u>

5. Administration

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Audit Fee	4,142	4,000	3,954
Board of Trustees Fees	3,355	4,500	4,720
Board of Trustees Expenses	3,587	4,440	1,789
Communication	843	1,500	1,819
Consumables	2,922	2,500	2,497
Operating Lease	28,224	47,000	32,584
Other	22,092	12,600	27,812
Employee Benefits - Salaries	31,630	45,500	45,781
Insurance	5,895	10,000	6,070
Service Providers, Contractors and Consultancy	6,136	6,000	5,465
	108,825	138,040	132,493

6. Property

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Caretaking and Cleaning Consumables	4,200	2,000	2,452
Consultancy and Contract Services	38,660	43,900	38,733
Cyclical Maintenance Provision	(21,518)	-	(33,325)
Grounds	12,898	10,200	13,814
Heat, Light and Water	20,096	19,000	20,711
Rates	4,027	5,500	3,190
Repairs and Maintenance	3,348	3,900	4,543
Use of Land and Buildings	797,469	797,000	765,951
Security	1,762	2,000	1,183
Employee Benefits - Salaries	17,372	31,000	31,920
	878,313	914,500	849,171

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

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Buildings	7,779	3,000	7,934
Furniture and Equipment	11,050	15,000	11,144
Information and Communication Technology	9,011	10,000	10,392
Plant and Equipment	2,460	-	2,307
Leased Assets	32,656	20,000	23,616
Library Resources	1,513	2,000	1,677
	64,469	50,000	57,070

8. Cash and Cash Equivalents

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Cash on Hand	280	280	280
Bank Current Account	168,376	243,717	192,688
Cash and cash equivalents for Cash Flow Statement	<u>168,656</u>	<u>243,997</u>	<u>192,968</u>

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

9. Accounts Receivable

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Receivables	-	-	-
Teacher Salaries Grant Receivable	96,862	93,500	93,500
	<u>96,862</u>	<u>93,500</u>	<u>93,500</u>
Receivables from Exchange Transactions	-	-	-
Receivables from Non-Exchange Transactions	96,862	93,500	93,500
	<u>96,862</u>	<u>93,500</u>	<u>93,500</u>

10. Property, Plant and Equipment

	Opening Balance (NBV) \$	Additions \$	Disposals \$	Impairment \$	Depreciation \$	Total (NBV) \$
2019	\$	\$	\$	\$	\$	\$
Buildings	227,399	-	(8,964)	-	(7,779)	210,655
Furniture and Equipment	66,151	6,626	(5,617)	-	(11,050)	56,110
Info & Com Technology	16,939	14,647	(502)	-	(9,011)	22,073
Plant and Equipment	15,660	-	(27)	-	(2,460)	13,173
Leased Assets	68,783	23,777	-	-	(32,656)	59,904
Library Resources	11,742	363	-	-	(1,513)	10,592
Balance at 31 December 2019	<u>406,674</u>	<u>45,413</u>	<u>(15,110)</u>	<u>-</u>	<u>(64,469)</u>	<u>372,507</u>

The net carrying value of equipment held under a finance lease is \$59,904 (2018: \$68,782)

	Cost or Valuation	Accumulated Depreciation	Net Book Value
	\$	\$	\$
2019			
Buildings	340,903	(130,248)	210,655
Furniture and Equipment	227,577	(171,467)	56,110
Info & Com Technology	104,070	(81,997)	22,073
Plant and Equipment	129,871	(116,698)	13,173
Leased Assets	160,161	(100,258)	59,904
Library Resources	69,032	(58,440)	10,592
Balance at 31 December 2019	1,031,615	(659,108)	372,507

	Opening Balance (NBV)	Additions	Disposals	Impairment	Depreciation	Total (NBV)
	\$	\$	\$	\$	\$	\$
2018						
Buildings	235,333	-	-	-	(7,934)	227,399
Furniture and Equipment	65,101	12,194	-	-	(11,144)	66,151
Info & Com Technology	27,331	-	-	-	(10,392)	16,939
Plant and Equipment	6,844	11,123	-	-	(2,307)	15,660
Textbooks	-	-	-	-	-	-
Leased Assets	67,342	25,056	-	-	(23,616)	68,782
Library Resources	12,717	737	(35)	-	(1,677)	11,742
Balance at 31 December 2018	414,668	49,110	(35)	-	(57,070)	406,674

The net carrying value of equipment held under a finance lease is \$68,782 (2017: \$67,342)

	Cost or Valuation	Accumulated Depreciation	Net Book Value
	\$	\$	\$
2018			
Land - School	-	-	-
Buildings	355,983	(128,584)	227,399
Building improvements - Crown	-	-	-
Furniture and Equipment	275,005	(208,854)	66,151
Info & Com Technology	138,521	(121,582)	16,939
Plant and Equipment	112,340	(96,680)	15,660
Textbooks	-	-	-
Leased Assets	136,384	(67,602)	68,783
Library Resources	68,669	(56,927)	11,742
Balance at 31 December 2018	1,086,902	(680,229)	406,674

11. Accounts Payable

	2019	2019	2018
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Operating Creditors	5,242	7,000	7,206
Accruals	4,142	3,000	2,904
Employee Entitlements - Salaries	96,862	94,000	93,500
Employee Entitlements - Leave Accrual	7,906	8,000	7,720
	<u>114,153</u>	<u>112,000</u>	<u>111,330</u>
Payables for Exchange Transactions	114,153	112,000	111,330
Payables for Non-exchange Transactions - Taxes Payable (PAYE and Rates)	-	-	-
Payables for Non-exchange Transactions - Other	-	-	-
	<u>114,153</u>	<u>112,000</u>	<u>111,330</u>

The carrying value of payables approximates their fair value.

12. Revenue Received in Advance

	2019	2019	2018
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Other	642	-	1,922
	<u>642</u>	<u>-</u>	<u>1,922</u>

13. Provision for Cyclical Maintenance

	2019	2019	2018
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Provision at the Start of the Year	47,518	47,518	80,843
Increase/ (decrease) to the Provision During the Year	(21,518)	482	(33,325)
Use of the Provision During the Year	-	-	-
Provision at the End of the Year	<u>26,000</u>	<u>48,000</u>	<u>47,518</u>
Cyclical Maintenance - Current	-	-	-
Cyclical Maintenance - Term	26,000	48,000	47,518
	<u>26,000</u>	<u>48,000</u>	<u>47,518</u>

14. Finance Lease Liability

The School has entered into a number of finance lease agreements for computers and other ICT equipment. Minimum lease

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
No Later than One Year	29,079	34,400	26,663
Later than One Year and no Later than Five Years	25,768	33,000	41,749
Later than Five Years	-	-	-
	<u>54,847</u>	<u>67,400</u>	<u>68,412</u>

15. Funds Held for Capital Works Projects

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

	2019	Opening Balances \$	Receipts from MoE \$	Payments \$	BOT Contributions	Closing Balances \$
MOE Special Needs Visibility <i>in progress</i>		2,184	-	-	-	2,184
MOE Block 10 Upgrade <i>in progress</i>		(35,665)	43,020	(17,906)	-	(10,551)
Acoustics Rm 1&2 - Archgola <i>in progress</i>		-	-	(10,427)	-	(10,427)
Totals		<u>(33,481)</u>	<u>43,020</u>	<u>(28,333)</u>	<u>-</u>	<u>(18,794)</u>

Represented by:

Funds Held on Behalf of the Ministry of Education	2,184
Funds Due from the Ministry of Education	20,978
	<u>(18,794)</u>

	2018	Opening Balances \$	Receipts from MoE \$	Payments \$		Closing Balances \$
MOE Special Needs Visibility <i>in progress</i>		2,184	-	-	-	2,184
MOE Block 10 Upgrade <i>in progress</i>		90,117	90,850	(216,632)	-	(35,665)
Fencing Project <i>Completed</i>		(738)	1,938	(1,200)	-	-
Totals		<u>91,563</u>	<u>92,788</u>	<u>(217,832)</u>	<u>-</u>	<u>(33,481)</u>

16. 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.

17. Remuneration

Key management personnel compensation

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

	2019 Actual \$	2018 Actual \$
<i>Board Members</i>		
Remuneration	3,355	4,720
Full-time equivalent members	0.36	0.36
<i>Leadership Team</i>		
Remuneration	317,900	292,084
Full-time equivalent members	3	3
Total key management personnel remuneration	321,255	296,804
Total full-time equivalent personnel	3.36	3.36

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

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

Remuneration \$000	2019 FTE Number	2018 FTE Number
100+	-	-
	-	-

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

18. Compensation and Other Benefits Upon Leaving

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

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

19. Contingencies

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

Holidays Act Compliance – schools payroll

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

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

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

20. Commitments

(a) Capital Commitments

As at 31 December 2019 the Board has entered into contract agreements for capital works as follows:

(a) Contract for Special Needs Visibility Project, which will be fully funded by the Ministry of Education. At the end of the year there was a net overspending of \$2,184 on this project; and

(b) A contract for Block 10 Upgrade as agent for the Ministry of Education. This project is fully funded by the Ministry and \$43,020 has been received during the year of which \$17,906 has been spent on the project to balance date. This project has been approved by the Ministry.

(Capital commitments at 31 December 2018: \$nil)

21. 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.

22. 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 (2018: Loans and receivables)

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Cash and Cash Equivalents	168,656	243,997	192,968
Receivables	96,862	93,500	93,500
Investments - Term Deposits	-	-	-
Total Financial assets measured at amortised cost	265,518	337,497	286,468

Financial liabilities measured at amortised cost

Payables	114,153	112,000	111,330
Borrowings - Loans	-	-	-
Finance Leases	54,847	67,400	68,412
Painting Contract Liability	-	-	-
Total Financial Liabilities Measured at Amortised Cost	169,000	179,400	179,742

23. Events After Balance Date

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

24. Comparatives

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

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.

Upon transition to PBE IFRS9 there were no material adjustments to these financial statements

- we have disclosed the identity of the related parties, all of their relationships, and all of their transactions of which we are aware.
- we have provided you with all the other documents ("other information") which will accompany the financial statements which are consistent with one another, and the other information does not contain any material misstatements.

Going concern basis of accounting

We confirm that, to the best of our knowledge and belief, the School has adequate resources to continue operations at its current level for the foreseeable future. For this reason, the Board of Trustees continues to adopt the going concern basis of accounting in preparing the financial statements for the year ended 31 December 2019. We have reached this conclusion after making enquiries and having regard to circumstances that we consider likely to affect the School during the period of one year from the date of signing the financial statements, and to circumstances that we know will occur after that date which could affect the validity of the going concern basis of accounting.

We consider that the financial statements adequately disclose the circumstances, and any uncertainties, surrounding the adoption of the going concern basis of accounting by the School.

Throughout the year, the School has conformed with the requirements of its banking arrangements, debenture trust deeds, or negative pledge agreements, including those relating to its net tangible assets ratios.

Publication of the financial statements and related audit report on a website

We confirm that we are responsible for the electronic presentation of the audited financial statements, and:

- that the electronic version of the audited financial statements and the related audit report presented on the website are the same as the final signed version of the audited financial statements and audit report.
- that the audited and unaudited information on the website has been clearly differentiated and we understand the risk of potential misrepresentation without appropriate controls.
- that we have assessed the security controls over audited financial information and the related audit report and are satisfied that procedures are adequate to ensure the integrity of the information provided.
- that the full financial statements have been provided on the website.

The representations in this letter are made at your request, and to supplement information obtained by you from the records of the School and to confirm information given to you orally.

Yours faithfully

Elizabeth McCiure JMcCen
Chairperson

Julie Wallis JWallis
Principal

27/5/2020
Date

Warren Johnstone
BDO Christchurch
PO Box 246
CHRISTCHURCH

REPRESENTATION LETTER FOR THE YEAR ENDED 31 DECEMBER 2019

This representation letter is provided in connection with your audit, carried out on behalf of the Auditor-General, of the financial statements of Southbrook School (the School) for the year ended 31 December 2019 for the purpose of expressing an independent opinion about whether the financial statements:

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

We understand that your audit was carried out in accordance with the Auditing Standards issued by the Auditor-General, which incorporate the International Standards on Auditing (New Zealand).

General representations

To the best of our knowledge and belief:

- the resources, activities under our control have been operating effectively and efficiently;
- we have complied with our statutory obligations including laws, regulations and contractual requirements;
- we have carried out our decisions and actions with due regard to minimising waste;
- we have met Parliament's and the public's expectations of appropriate standards of behaviour in the public sector (that is we have carried out our decisions and actions with due regard to probity); and
- any decisions or actions have been taken with due regard to financial prudence.

We also acknowledge that we have responsibility for designing, implementing, and maintaining internal control (to the extent that is reasonably practical given the size of the School) to prevent and detect fraud.

Representations for the financial statements

We confirm that all transactions have been recorded in the accounting records and are reflected in the financial statements, and that, to the best of our knowledge and belief, having made such enquiries as we considered necessary for the purpose of appropriately informing ourselves:

- we have fulfilled our responsibilities for preparing and presenting the financial statements as required by section 87(3) of the Education Act 1989 and, in particular, that the financial statements:
 - present fairly, in all material respects:
 - the financial position as at 31 December 2019; and
 - the financial performance and cash flows for the year then ended; and
 - comply with generally accepted accounting practice in New Zealand in accordance with the Public Sector Benefit Entity (PBE) Standards Reduced Disclosure Regime.
- we believe the significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable;
- we have appropriately accounted for and disclosed the related party relationships and transactions in the financial statements;
- we have adjusted or disclosed all events subsequent to the date of the financial statements that require adjustment or disclosure; and
- we believe the effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole. A list of the uncorrected misstatements is attached to this representation letter.
- we have disclosed all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements. Where applicable, such litigation and claims have been accounted for and disclosed in accordance with Public Sector Benefit Entity (PBE) Standards Reduced Disclosure Regime.

Representations about the provision of information

We confirm that, to the best of our knowledge and belief, having made such enquiries as we considered necessary for the purpose of appropriately informing ourselves:

- we have provided you with:
 - all information, such as records and documentation, and other matters that are relevant to preparing and presenting the financial and
 - unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence;
- we have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud;
- we have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the entity and involves:
 - management;
 - employees who have significant roles in internal control; or
 - others where the fraud could have a material effect on the financial statements;
- we have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators, or others;
- we have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements; and

APPENDIX ONE – UNADJUSTED ERRORS

Details	<u>Statement of Comprehensive Income effect</u>		<u>Statement of Financial Position Effect</u>	
	DR	CR	DR	CR
Dr Adjustment to CM provision	31,434.35			
Cr CM provision - current				13,843.80
Cr CM provision - non-current				17,590.55
Being.. Ajdustment to CM Provision				
Dr Assets			\$ 21,481.74	
Cr Grant Expenditure		\$ 21,481.74		
Being.... Uncapitalised assets				
Dr MOE debtor			\$ 6,411.00	
Cr TS grant		\$ 6,411.00		
Being.... Accumulated funding code errors				

