

TE KOPUKU HIGH SCHOOL

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019



School Directory

Ministry Number: 00872

Principal: Cath Rau

School Address: 70 Foreman Road, Hamilton 3200

School Postal Address: P O Box 10-238, Te Rapa 3200

School Phone: 07 282 0137

School Email: enquiries@tekopukuhigh.school.nz

Members of the Board of Trustees

Name	Position	How Position Gained	Expiry Date
Hemi Rau	Co - Chairperson	Appointed	No known expiry date as it depends on when a new constitution is approved
Robyn Hata-Gage	Co - Chairperson	Appointed	
Cath Rau	Principal	ex Officio	
Pura Waters	Secretary/Treasurer	Appointed	
Sharyn Harawira	Member	Appointed	
Milton Ngaruhe	Member	Appointed	
Neil Couch	Member	Co-opted	

Accountant / Service Provider: Granville & She Ltd

TE KOPUKU HIGH SCHOOL

Annual Report - For the year ended 31 December 2019

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Te Kopuku High 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.

Robyn Hata-Gage

Full Name of Board Chairperson

Catherine Rawina Rau

Full Name of Principal

R Hata-Gage

Signature of Board Chairperson

C Rau

Signature of Principal

09/03/21

Date:

09/03/2021

Date:

Te Kopuku High School

Statement of Comprehensive Revenue and Expense

For the year ended 31 December 2019

		2019	2019	2018
	Notes	Actual	Budget	Actual
		\$	(Unaudited)	\$
			\$	
Revenue				
Government Grants	2	3,184,959	3,177,840	569,501
Locally Raised Funds	3	541,751	524,110	9,930
Interest income		20,546	5,000	2,736
		<u>3,747,256</u>	<u>3,706,950</u>	<u>582,167</u>
Expenses				
Locally Raised Funds	3	99,098	82,300	-
Learning Resources	4	1,689,177	1,620,200	128,501
Administration	5	226,281	128,800	10,467
Property	6	959,499	925,640	6,644
Depreciation	7	148,942	180,000	3,430
		<u>3,122,997</u>	<u>2,936,940</u>	<u>149,042</u>
Net Surplus / (Deficit) for the year		624,259	770,010	433,125
Other Comprehensive Revenue and Expenses		-	-	-
Total Comprehensive Revenue and Expense for the Year		<u>624,259</u>	<u>770,010</u>	<u>433,125</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.

Te Kopuku High 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		1,035,560	1,305,560	-
Total comprehensive revenue and expense for the year		624,259	770,010	433,125
Capital Contributions from the Ministry of Education				
Contribution - Furniture and Equipment Grant		-	-	602,435
Equity at 31 December	18	1,659,819	2,075,570	1,035,560
Retained Earnings		1,659,819	2,075,570	1,035,560
Reserves		-	-	-
Equity at 31 December		1,659,819	2,075,570	1,035,560

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.

Te Kopuku High 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	673,693	1,009,870	249,077
Accounts Receivable	9	117,281	115,878	85,806
GST Receivable		128,219	234,434	108,740
Prepayments		43,265	-	24,925
		<u>962,458</u>	<u>1,360,182</u>	<u>468,548</u>
Current Liabilities				
Accounts Payable	12	265,362	153,620	93,559
Finance Lease Liability - Current Portion	13	606	-	-
		<u>265,968</u>	<u>153,620</u>	<u>93,559</u>
Working Capital Surplus/(Deficit)		696,490	1,206,562	374,989
Non-current Assets				
Investments	10	-	-	500,000
Property, Plant and Equipment	11	968,352	869,008	160,571
		<u>968,352</u>	<u>869,008</u>	<u>660,571</u>
Non-current Liabilities				
Finance Lease Liability	13	5,023	-	-
		<u>5,023</u>	<u>-</u>	<u>-</u>
Net Assets		<u>1,659,819</u>	<u>2,075,570</u>	<u>1,035,560</u>
Equity	18	<u>1,659,819</u>	<u>2,075,570</u>	<u>1,035,560</u>

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

Te Kopuku High 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		889,073	2,187,560	442,003
Locally Raised Funds		41,723	513,610	9,350
Goods and Services Tax (net)		(19,479)	(234,434)	(108,740)
Payments to Employees		(240,882)	(191,478)	-
Payments to Suppliers		(313,802)	(221,380)	(33,818)
Interest Received		21,434	5,000	1,848
Net cash from Operating Activities		378,067	2,058,878	310,643
Cash flows from Investing Activities				
Purchase of PPE (and Intangibles)		(451,068)	(1,038,808)	(164,001)
Purchase of Investments		500,000	-	(500,000)
Net cash from Investing Activities		48,932	(1,049,008)	(664,001)
Cash flows from Financing Activities				
Furniture and Equipment Grant		-	-	602,435
Finance Lease Payments		(2,383)	-	-
Net cash from Financing Activities		(2,383)	-	602,435
Net increase/(decrease) in cash and cash equivalents		424,616	1,009,870	249,077
Cash and cash equivalents at the beginning of the year	8	249,077	-	-
Cash and cash equivalents at the end of the year	8	673,693	1,009,870	249,077

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..

Te Kopuku High School

Notes to the Financial Statements

For the year ended 31 December 2019

1. Statement of Accounting Policies

a) Reporting Entity

Te Kopuku High 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 20.

PBE Accounting Standards Reduced Disclosure Regime

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

Measurement Base

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

Presentation Currency

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

Specific Accounting Policies

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

Critical Accounting Estimates And Assumptions

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

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

Useful lives of property, plant and equipment

The School reviews the estimated useful lives of property, plant and equipment at the end of each reporting date. The School believes that the estimated useful lives of the property, plant and equipment as disclosed in the Significant Accounting Policies are appropriate to the nature of the property, plant and equipment at reporting date. Property, plant and equipment is disclosed at note 11.

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.

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

Other Grants

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

Donations, Gifts and Bequests

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

Interest Revenue

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

d) Use of Land and Buildings Expense

The property from which the School operates is leased. The Lease payments are made by the Ministry of Education on behalf of the school. As such, a notional lease use of land and buildings grant has been recognised as income with the equivalent amount recognised as an expense.

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.

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 external landlord 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 external landlord 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	10–75 years
Furniture and equipment	10–15 years
Information and communication technology	4–5 years
Motor vehicles	4 years
Uniforms	2 years
Leased assets held under a Finance Lease	4 years

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

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

Non cash generating assets

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

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

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

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

l) Accounts Payable

Accounts Payable represents liabilities for goods and services provided to the School prior to the end of the financial year which are unpaid. Accounts Payable are recorded at the amount of cash required to settle those liabilities. The amounts are unsecured and are usually paid within 30 days of recognition.

m) Employee Entitlements

Short-term employee entitlements

Employee benefits that are due to be settled within 12 months after the end of the period in which the employee renders the related service are measured based on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to balance date, annual leave earned to but not yet taken at balance date.

n) 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, borrowings, finance lease liability, and painting contract liability. All of these financial liabilities are categorised as "financial liabilities measured at amortised cost" for accounting purposes in accordance with financial reporting standards.

o) 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.

p) 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.

q) Budget Figures

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

r) 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 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Operational Grants	660,128	657,000	442,003
Teachers' Salaries Grants	1,451,961	1,454,200	127,498
Use of Land and Buildings Grants	841,644	841,640	-
Other MoE Grants	11,409	225,000	-
Transport grants	219,817	-	-
	<u>3,184,959</u>	<u>3,177,840</u>	<u>569,501</u>

3. Locally Raised Funds

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

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Revenue			
Donations	490,110	490,110	9,930
Activities	47,111	34,000	-
Other Revenue	4,530	-	-
	<u>541,751</u>	<u>524,110</u>	<u>9,930</u>
Expenses			
Activities	37,736	25,100	-
Transport (Local)	61,362	57,200	-
	<u>99,098</u>	<u>82,300</u>	<u>-</u>
<i>Surplus for the year Locally raised funds</i>	<u>442,653</u>	<u>441,810</u>	<u>9,930</u>

4. Learning Resources

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Curricular	29,251	20,000	186
Information and Communication Technology	12,907	20,000	600
Employee Benefits - Salaries	1,627,441	1,560,200	127,498
Staff Development	19,578	20,000	217
	<u>1,689,177</u>	<u>1,620,200</u>	<u>128,501</u>

5. Administration

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Audit Fee	8,000	-	6,000
Communication	747	5,000	-
Consumables	9,629	7,000	1,159
Operating Lease	65,687	8,600	-
Other	54,896	38,200	-
Employee Benefits - Salaries	76,875	55,000	-
Insurance	7,497	10,000	1,508
Service Providers, Contractors and Consultancy	2,950	5,000	1,800
	<u>226,281</u>	<u>128,800</u>	<u>10,467</u>

6. Property

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Caretaking and Cleaning Consumables	14,327	10,000	-
Consultancy and Contract Services	14,834	14,000	-
Grounds	3,879	2,000	6,644
Heat, Light and Water	24,000	-	-
Repairs and Maintenance	43,395	40,000	-
Use of Land and Buildings	841,644	841,640	-
Security	2,908	3,000	-
Employee Benefits - Salaries	14,512	15,000	-
	<u>959,499</u>	<u>925,640</u>	<u>6,644</u>

The use of land and buildings figure is based on rent paid by the Ministry of Education to an external party.

7. Depreciation

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Building Improvements	14,487	20,000	949
Furniture and Equipment	38,412	53,000	1,925
Information and Communication Technology	82,070	90,000	556
Motor Vehicles	10,263	12,000	-
Uniforms	1,328	2,000	-
Leased Assets	2,382	3,000	-
	<u>148,942</u>	<u>180,000</u>	<u>3,430</u>

8. Cash and Cash Equivalents

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Bank Current Account	545,443	881,370	248,865
Bank Call Account	128,250	128,500	212
Cash and cash equivalents for Cash Flow Statement	673,693	1,009,870	249,077

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	11,986	10,500	580
Interest Receivable	-	-	888
Teacher Salaries Grant Receivable	105,295	105,378	84,338
	117,281	115,878	85,806
Receivables from Exchange Transactions	11,986	10,500	1,468
Receivables from Non-Exchange Transactions	105,295	105,378	84,338
	117,281	115,878	85,806

10. Investments

The School's investment activities are classified as follows:

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Current Asset			
Short-term Bank Deposits	-	-	-
Non-current Asset			
Long-term Bank Deposits	-	-	500,000
Total Investments	-	-	500,000

11. Property, Plant and Equipment

	Opening Balance (NBV)	Additions	Disposals	Impairment	Depreciation	Total (NBV)
2019	\$	\$	\$	\$	\$	\$
Building Improvements	40,244	130,746	-	-	(14,487)	156,503
Furniture and Equipment	111,991	330,704	-	-	(38,412)	404,283
Information and Communication Technology	8,336	338,221	-	-	(82,070)	264,487
Motor Vehicles	-	127,183	-	-	(10,263)	116,920
Uniforms	-	12,836	-	-	(1,328)	11,508
Leased Assets	-	8,012	-	-	(2,382)	5,630
Work in Progress	-	9,021	-	-	-	9,021
Balance at 31 December 2019	160,571	956,723	-	-	(148,942)	968,352

The net carrying value of equipment held under a finance lease is \$5,630 (2018: \$Nil)

	Cost or Valuation	Accumulated Depreciation	Net Book Value
2019	\$	\$	\$
Building Improvements	171,939	(15,436)	156,503
Furniture and Equipment	444,620	(40,337)	404,283
Information and Communication Technology	347,113	(82,626)	264,487
Motor Vehicles	127,183	(10,263)	116,920
Uniforms	12,836	(1,328)	11,508
Leased Assets	8,012	(2,382)	5,630
Work in Progress	9,021	-	9,021
Balance at 31 December 2019	1,120,724	(152,372)	968,352

	Opening Balance (NBV)	Additions	Disposals	Impairment	Depreciation	Total (NBV)
2018	\$	\$	\$	\$	\$	\$
Building Improvements	-	41,193	-	-	(949)	40,244
Furniture and Equipment	-	113,916	-	-	(1,925)	111,991
Information and Communication Technology	-	8,892	-	-	(556)	8,336
Balance at 31 December 2018	-	164,001	-	-	(3,430)	160,571

	Cost or Valuation	Accumulated Depreciation	Net Book Value
2018	\$	\$	\$
Building Improvements	41,193	(949)	40,244
Furniture and Equipment	113,916	(1,925)	111,991
Information and Communication Technology	8,892	(556)	8,336
Balance at 31 December 2018	164,001	(3,430)	160,571

12. Accounts Payable

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Operating Creditors	118,678	53,220	251
Accruals	10,950	10,500	8,970
Employee Entitlements - Salaries	130,824	85,000	84,338
Employee Entitlements - Leave Accrual	4,910	4,900	-
	<u>265,362</u>	<u>153,620</u>	<u>93,559</u>
Payables for Exchange Transactions	265,362	153,620	93,559
	<u>265,362</u>	<u>153,620</u>	<u>93,559</u>

The carrying value of payables approximates their fair value.

13. Finance Lease Liability

The School has entered into a finance lease agreements for print equipment. Minimum lease payments payable:

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
No Later than One Year	606	-	-
Later than One Year and no Later than Five Years	5,023	-	-
	<u>5,629</u>	<u>-</u>	<u>-</u>

14. 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.

The Chairperson, Hemi Rau, is married to the Principal, Cath Rau. Checks have been put in place at operational level. Erana Rau and Wikamaua Hiakita were employed by Te Kopuku high School eBOT as teachers in December 2019. Erana Rau is a daughter of Cath Rau (Principal) and Hemi Rau (Trustee). Wikamaua Hiakita is the partner of Erana Rau.

Matakuhuku Rau and Alex Rau are both children of Catherine Rau (Principal) and Hemi Rau (BOT Co-chair), Hinemaia Mataira is the niece of Cath Rau (Principal), and Carlo Gage is the husband of Robyn Hata-Gage (BOT Co-chair). They are all employed by Te Kopuku High School eBOT.

Te Kopuku High Charitable Trust is a trust with many board members who are also on the Te Kopuku High School eBot. There is a \$11,985.96 receivable owing from Te Kopuku High Charitable Trust at 31 December 2019 and Te Kopuku High School paid \$60,100 to Te Kopuku High Charitable Trust in the 2019 financial year for lease expenditure.

15. 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	-	-
Full-time equivalent members	0.25	-
<i>Leadership Team</i>		
Remuneration	125,060	12,939
Full-time equivalent members	1	1
Total key management personnel remuneration	125,060	12,939
Total full-time equivalent personnel	1.25	1

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	120 - 130	10 - 20
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
0	0.00	0.00
	0.00	0.00

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



16. 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.

17. Commitments

(a) Capital Commitments

As at 31 December 2019 the Board has no capital commitments

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

(b) Operating Commitments

As at 31 December 2019 the Board has no operating commitments

(Operating commitments 2018: \$Nil)

18. 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.

19. 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	2019	2018
	Actual	Budget	Actual
	\$	(Unaudited)	\$
	\$	\$	\$
Cash and Cash Equivalents	673,693	1,009,870	249,077
Receivables	117,281	115,878	85,806
Investments - Term Deposits	-	-	500,000
Total Financial assets measured at amortised cost	<u>790,974</u>	<u>1,125,748</u>	<u>834,883</u>

Financial liabilities measured at amortised cost

Payables	265,362	153,620	93,559
Finance Leases	5,629	-	-
Total Financial Liabilities Measured at Amortised Cost	<u>270,991</u>	<u>153,620</u>	<u>93,559</u>

20. 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.

Term deposits: This policy has been updated to explain that a loss allowance for expected credit losses is recognised only if the estimated loss allowance is not trivial.

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

21. Subsequent Event

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

22. Breach of Law-Failure to meet Statutory Reporting Deadline

The Board of Trustees did not comply with section 87A (1) of the Education Act 1989 in that it did not submit its annual financial statements for audit by 31 March 2020. 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 which has caused time delays and resulted in a breach of Section 87A (1) of the Education Act. As this situation is out of the Board of Trustee's control no audit qualification has been issued for breach of Section 87A(1) of the Education Act.

23. Breach of Law-Failure to comply with section 87 of the Education Act 1989

The Board of Trustees has failed to comply with Section 87 of the Education Act 1989, as the Board were unable to provide their audited financial statements to the Ministry of Education by 31 May 2020. The disruption caused by the Covid-19 restrictions, including the closure of the school, meant that the audit could not progress as planned. This resulted in the school missing the statutory deadline.

24. Breach of Law-Failure to comply with section 103A (2) of the Education Act 1989

The Board of Trustees has failed to comply with Section 103A (2) of the Education Act (1989), as the board did not obtain approval from the Secretary for Education prior to entering into agreements with a related party - Te Kopuku High Charitable Trust - totalling more than \$25,000 in the year.

Te Kopuku High School
 Analysis of Variance - Statement of Comprehensive Revenue and Expense
 For the year ended 31 December 2019

	2019 Actual	2019 Budget	2019 Budget Variance	%	Explanation of Variance 2019 Budget	
Revenue						
Government Grants	3,184,959	3,177,840	7,119	0.22%	+	budget based on MOE 2019 annual funding letter and the school received 6-7 other smaller payments that were not expected.
Locally Raised Funds	541,751	524,110	17,641	3.37%	+	figures updated by TKH staff - auditor/accountant adjustment adding \$841k lease - small change to variance
Interest Income	20,546	5,000	15,546	310.92%	+	the school received more income from parent contributions for bus and trips / teacher payments / one off student related paymen higher interest when term deposit matured in December 2019
	3,747,256	3,706,950	40,306			
Expenses						
Locally Raised Funds	99,098	82,300	16,798	20.41%	+	more trips and excursions were undertaken as the year progressed. All excursions were approved by principal and discussed by th board
Learning Resources	1,689,177	1,620,200	68,977	4.26%	+	major cause of overspend was high investment in teaching staff. Minor overspend on curricular and minor underspend on IT/Com amended figures updated by TKH staff - increase in from 3.1% to 4.2% - reason for variance unchanged
Administration	226,281	128,800	97,481	75.68%	+	audit fee \$8k and vehicle operating leases \$60k not included in budget / overspend on support staff salaries \$22k (total \$90k) amended figures increased variance from 70% to 75% - reason for variance unchanged
Property	959,499	925,640	33,859	3.66%	+	\$24k power not included in budget - power is paid by the landlord who is reluctant to charge us. Power was invoiced Dec 2019. It overspend in r&m, caretaking and cleaning.
Depreciation	148,942	180,000	31,058	-17.25%	-	figures amended for lease \$841k - variance reduced to 3% depreciation lower than originally expected - low rate used 10% for most assets
	3,122,997	2,936,940	186,057			
Net Surplus/(Deficit) for the Year	624,259	770,010	-145,751			Overall surplus is less than expected due to not including items in the budget and overspending in various areas as noted above
Other Comprehensive Revenue and Expenses	-	-	-			
Total Comprehensive Revenue and Expenses for the Year	624,259	770,010	-145,751			

Te Kopuku High School
 Analysis of Variance - Statement of Financial Position
 As at 31 December 2019

	2019 Actual	2019 Budget	2019 Budget Variance	%		
Current Assets						
Cash and Cash Equivalents	673,693	1,009,870	336,177	-33%	-	cash funds considerably less than expected partly due to lower operating surplus and partly due to higher investment in property improvements
Accounts Receivable	117,281	115,878	1,403	1%	+	variance immaterial
GST Receivable	128,219	234,434	106,215	-45%	+	variance of -\$106,215 was unexpected. We expected to receive approx \$125,000 for gst receivable
Prepayments	43,265	-	43,265	100%	+	variance of \$43,265 was unexpected. We expected to a prepayments balance to reflect the renovations that were planned Declan
	962,458	1,360,182	397,724			
Current Liabilities						
Accounts Payable	265,362	153,620	111,742	73%	+	higher than expected closing creditors include landlord power \$27k and chillrite \$31k - freshout system was not planned when bud was formulated but subsequently necessary as part of the planned property improvements
Finance Lease Liability - Current Portion	606	-	606		+	variance increased further after accountant/auditor adjustments to include teacher/staff entitlements for salaries and leave accru + variance immaterial
	265,968	153,620	112,348			changes made to Fuji lease current and term liability classifications - no change to overall Fuji liability
Working Capital Surplus/(Deficit)	696,490	1,206,562	334,883	-42%		working capital was much lower than expected. The actual figure of 729k is more than sufficient for operations
Non-current Assets						
Investments	-	-	-	0%		
Property, Plant and Equipment	968,352	869,008	99,344	11%		variance immaterial
Intangible Assets	-	-	-	0%		prepayment of \$9021 transferred to fixed assets work in progress by accountant/auditor
	968,352	869,008	99,344			
Non-current Liabilities						
Finance Lease Liability - Non-current Portion	5,023	-	5,023	0%		variance immaterial
	5,023	-	5,023			changes made to Fuji lease current and term liability classifications - no change to overall Fuji liability

NOTE - VARIANCE ANALYSIS HAS NOT BEEN PROVIDED FOR 2018 VS 2019 ACTUAL FIGURES BECAUSE 2018 YEAR WAS THE SCHOOL'S ESTABLISHMENT YEAR

Te Kopuku High School

Kiwisport Report

For the year ended 31 December 2019

During the year the Board was the recipient of additional Government funding for specific purposes:

Kiwisport is a Government funded initiative to support students' participation in organised sport. In 2019 the school received total Kiwisport funding of \$4,225 (excluding GST). The funding was put towards a range of sports uniforms and equipment to resource the school to support and initiate student participation in a variety of sports.

INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF TE KOPUKU HIGH SCHOOL'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

The Auditor-General is the auditor of Te Kopuku High School/ (the School). The Auditor-General has appointed me, Bernard Lamusse, using the staff and resources of PKF Hamilton Audit Ltd, to carry out the audit of the financial statements of the School on his behalf.

Opinion

We have audited the financial statements of the School on pages 2 to 18, that comprise the statement of financial position as at 31 December 2019, the statement of comprehensive revenue and expense, statement of changes in net assets/equity and statement of cash flows for the year ended on that date, and the notes to the financial statements that include accounting policies and other explanatory information.

In our opinion the financial statements of the School:

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

Our audit was completed on 9 March 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 of Trustees and our responsibilities relating to the financial statements, we comment on other information, and we explain our independence.

Emphasis of Matter – COVID-19

Without modifying our opinion, we draw attention to the disclosures in note 21 on page 18 which outline the possible effects of the Alert Level 4 lockdown as a result of the COVID-19 pandemic.

Basis for our opinion

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

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

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

Responsibilities of the Board of Trustees for the financial statements

The Board of Trustees is responsible on behalf of the School for preparing financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand. The Board of Trustees is responsible for such internal control as it determines is necessary to enable it to prepare financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Trustees is responsible on behalf of the School for assessing the School's ability to continue as a going concern. The Board of Trustees is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to close or merge the School, or there is no realistic alternative but to do so.

The Board of Trustees' responsibilities arise from the Education Act 1989.

Responsibilities of the auditor for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of these financial statements.

For the budget information reported in the financial statements, our procedures were limited to checking that the information agreed to the School's approved budget.

We did not evaluate the security and controls over the electronic publication of the financial statements.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Trustees.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Trustees and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the School's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the School to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- We assess the risk of material misstatement arising from the Novopay payroll system, which may still contain errors. As a result, we carried out procedures to minimise the risk of material errors arising from the system that, in our judgement, would likely influence readers' overall understanding of the financial statements.

We communicate with the Board of Trustees regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

Other information

The Board of Trustees is responsible for the other information. The other information comprises the information included on pages 19 to 20, but does not include the financial statements, and our auditor's report thereon.

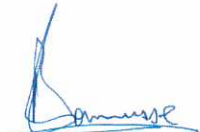
Our opinion on the financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

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

Independence

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

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



Bernard Lamusse
Director
PKF Hamilton Audit Ltd
On behalf of the Auditor-General
Hamilton, New Zealand