

INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF HALSWELL RESIDENTIAL COLLEGE AND WESTBRIDGE RESIDENTIAL SCHOOL'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

The Auditor-General is the auditor of Halswell Residential College and Westbridge Residential School (the School). The Auditor-General has appointed me, Mike Hoshek, using the staff and resources of Deloitte Limited, to carry out the audit of the financial statements of the School on his behalf.

Opinion

We have audited the financial statements of the School on pages 3 to 19, that comprise the statement of financial position as at 31 December 2020, the statement of comprehensive revenue and expense, statement of changes in net assets/equity and statement of cash flows for the year ended on that date, and the notes to the financial statements that include accounting policies and other explanatory information.

In our opinion the financial statements of the School:

- present fairly, in all material respects:
 - its financial position as at 31 December 2020; and
 - its financial performance and cash flows for the year then ended; and
- comply with generally accepted accounting practice in New Zealand in accordance with Public Sector - Public Benefit Entity Standards, Reduced Disclosure Regime.

Our audit was completed on 31 May 2021. This is the date at which our opinion is expressed.

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

Basis for our opinion

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

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

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

Responsibilities of the Board for the financial statements

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

In preparing the financial statements, the Board is responsible on behalf of the School for assessing the School's ability to continue as a going concern. The Board is also responsible for disclosing, as

applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to close or merge the School, or there is no realistic alternative but to do so.

The Board's responsibilities, in terms of the requirements of the Education and Training Act 2020, arise from section 87 of the Education Act 1989¹.

Responsibilities of the auditor for the audit of the financial statements

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

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

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

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

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

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

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

Our responsibilities arise from the Public Audit Act 2001.

Other information

The other information comprises the information included on pages 3 to 19, but does not include the financial statements, and our auditor's report thereon.

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

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

Independence

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

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



Mike Hoshek
Deloitte Limited
On behalf of the Auditor-General
Christchurch, New Zealand

COMBINED BOARD OF HALSWELL RESIDENTIAL COLLEGE AND WESTBRIDGE RESIDENTIAL SCHOOL



ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

School Directory

Ministry Number:	522	4157
Principal:	Janine Harrington	David Bagwell
School Address:	Halswell Residential School, 15 Nash Road, Christchurch 8025	Westbridge Residential School, 488e Don Buck Road, Massey, Waitakere City
School Postal Address:	Halswell Residential School, 15 Nash Road, Christchurch 8025	Westbridge Residential School, PO Box 79-056, Royal Heights, Auckland
School Phone:	03 338 5089	09 832 4918

Solutions & Services
Collaborative School Administration

Statement of Responsibility

Annual Report- For the year ended 31 December 2020.

The Board of Trustees accepts responsibility for the preparation of the annual report and financial statements and the judgements used in these financial statements.

The management (including the principal and the 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 of the school's financial reporting.

It is the opinion of the Board and management that the annual financial statements for the financial year ended 31 December 2020 fairly reflects the financial position and operations of the school.

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

David Michael Bagwell

Full Name of Principal
Westbridge Residential School



Signature of Principal

____31/05/21_____
Date

Janine Michelle Harrington

Full Name of Principal
Halswell Residential College



Signature of Principal

____31/05/21_____
Date

David John Turnbull

Full Name of Board Chairperson



Signature of Board Chairperson

____31/05/21_____
Date

COMBINED BOARD OF HALSWELL RESIDENTIAL COLLEGE & WESTBRIDGE RESIDENTIAL SCHOOL

Annual Report - For the year ended 31 December 2020

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Members of the Board of Trustees

For the year ended 31 December 2020

Name	Position	How Position Gained	Held Until
David Turnbull	Chairperson	Ministry Appointed	Feb 2023
Janine Harrington	Halswell Residential College	Principal	
David Bagwell	Westbridge Residential School	Principal	
Kevin Pryor		Ministry Appointed	Feb 2020
Anthony Fisher		Ministry Appointed	Feb 2020
Joanne Walker		Ministry Appointed	Feb 2021
Elizabeth Waugh		Ministry Appointed	Feb 2021
Matthew Slater		Ministry Appointed	Feb 2023
Raewyn Whiteman-Thorne		Ministry Appointed	Feb 2023
Reuben Aitoa-Ilaoa	Staff Rep	Elected	Jun 2022

In Attendance

Jon Purdue
David Wileman

Combined Board of Halswell Residential College & Westbridge Residential School
Statement of Comprehensive Revenue and Expense
For the year ended 31 December 2020

		2020	2020	2019
	Notes	Actual \$	Budget (Unaudited) \$	Actual \$
Revenue				
Government Grants	2	9,726,602	9,351,769	8,318,661
Locally Raised Funds	3	96,522	-	91,911
Interest Income		19,269	50,000	55,852
		<u>9,842,393</u>	<u>9,401,769</u>	<u>8,466,424</u>
Expenses				
Locally Raised Funds	3	109,777	169,062	136,669
Learning Resources	4	6,140,791	6,131,231	5,835,011
Administration	5	750,224	740,198	691,441
Finance		4,238	-	3,863
Property	6	2,558,495	2,587,454	2,484,142
Depreciation	7	166,585	210,000	195,313
Loss on Disposal of Property, Plant and Equipment		6,286	-	-
		<u>9,736,396</u>	<u>9,837,945</u>	<u>9,346,439</u>
Net Surplus / (Deficit) for the year		105,997	(436,176)	(880,015)
Other Comprehensive Revenue and Expenses		-	-	-
Total Comprehensive Revenue and Expense for the Year		<u>105,997</u>	<u>(436,176)</u>	<u>(880,015)</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.



Combined Board of Halswell Residential College & Westbridge Residential School

Statement of Changes in Net Assets/Equity

For the year ended 31 December 2020

	Notes	2020 Actual \$	2020 Budget (Unaudited) \$	2019 Actual \$
Balance at 1 January		<u>1,967,055</u>	<u>1,967,055</u>	<u>2,828,045</u>
Total comprehensive revenue and expense for the year		105,997	(436,176)	(880,015)
Capital Contributions from the Ministry of Education				
Contribution - Furniture and Equipment Grant		10,845	-	19,025
Equity at 31 December	23	<u>2,083,897</u>	<u>1,530,879</u>	<u>1,967,055</u>
Retained Earnings		2,083,897	1,530,879	1,967,055
Equity at 31 December		<u>2,083,897</u>	<u>1,530,879</u>	<u>1,967,055</u>

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



Combined Board of Halswell Residential College & Westbridge Residential School

Statement of Financial Position

As at 31 December 2020

	Notes	2020 Actual \$	2020 Budget (Unaudited) \$	2019 Actual \$
Current Assets				
Cash and Cash Equivalents	8	1,376,149	1,088,350	1,314,526
Accounts Receivable	9	196,297	181,546	181,546
GST Receivable		48,578	33,672	33,672
Prepayments		7,613	10,471	10,471
Investments	10	671,565	-	-
Funds owing for Capital Works Projects	17	13,442	9,455	9,455
		<u>2,313,644</u>	<u>1,323,494</u>	<u>1,549,670</u>
Current Liabilities				
Accounts Payable	12	301,209	262,895	262,895
Revenue Received in Advance	13	53,755	60,835	60,835
Provision for Cyclical Maintenance	14	-	9,625	9,625
Finance Lease Liability - Current Portion	15	39,845	31,839	31,839
Funds held in Trust	16	148,053	47,005	47,005
Funds held for Capital Works Projects	17	516,503	23,423	23,423
		<u>1,059,365</u>	<u>435,622</u>	<u>435,622</u>
Working Capital Surplus/(Deficit)		1,254,279	887,872	1,114,048
Non-current Assets				
Property, Plant and Equipment	11	950,831	716,867	926,867
		<u>950,831</u>	<u>716,867</u>	<u>926,867</u>
Non-current Liabilities				
Provision for Cyclical Maintenance	14	80,091	53,168	53,168
Finance Lease Liability	15	41,122	20,692	20,692
		<u>121,213</u>	<u>73,860</u>	<u>73,860</u>
Net Assets		<u>2,083,897</u>	<u>1,530,879</u>	<u>1,967,055</u>
Equity	23	<u>2,083,897</u>	<u>1,530,879</u>	<u>1,967,055</u>

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



Combined Board of Halswell Residential College & Westbridge Residential School
Statement of Cash Flows
For the year ended 31 December 2020

		2020	2020	2019
	Note	Actual	Budget	Actual
		\$	(Unaudited)	\$
Cash flows from Operating Activities				
Government Grants		6,351,476	6,036,011	5,041,063
Locally Raised Funds		35,750	-	67,522
Goods and Services Tax (net)		(14,906)	-	60,275
Payments to Employees		(5,029,975)	(5,002,110)	(4,812,107)
Payments to Suppliers		(1,069,045)	(1,310,077)	(1,486,889)
Funds Administered on Behalf of Third Parties		101,048	-	(56,878)
Interest Received		25,830	50,000	58,432
Net cash from/(to) Operating Activities		400,178	(226,176)	(1,128,582)
Cash flows from Investing Activities				
Purchase of Property Plant & Equipment (and Intangibles)		(146,234)	-	(84,906)
Purchase of Investments		(671,565)	-	958,984
Proceeds from Sale of Investments		-	-	1,426,599
Net cash from/(to) Investing Activities		(817,799)	-	2,300,677
Cash flows from Financing Activities				
Furniture and Equipment Grant		10,845	-	19,025
Finance Lease Payments		(20,694)	-	(54,451)
Funds held for Capital Works Projects		489,093	-	(153,209)
Net cash from/(to) Financing Activities		479,244	-	(188,635)
Net increase/(decrease) in cash and cash equivalents		61,623	(226,176)	983,460
Cash and cash equivalents at the beginning of the year	8	1,314,526	1,314,526	331,066
Cash and cash equivalents at the end of the year	8	1,376,149	1,088,350	1,314,526

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



Combined Board of Halswell Residential College & Westbridge Residential School

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

1. Statement of Accounting Policies

1.1. Reporting Entity

Combined Board of Halswell Residential College & Westbridge Residential School (the School) is a Crown entity as specified in the Crown Entities Act 2004 and a school as described in the Education and Training Act 2020. The Board of Trustees (the Board) is of the view that the School is a public benefit entity for financial reporting purposes.

1.2. Basis of Preparation

Reporting Period

The financial reports have been prepared for the period 1 January 2020 to 31 December 2020 and in accordance with the requirements of the Public Finance Act 1989.

Basis of Preparation

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

Financial Reporting Standards Applied

The Education and Training Act 2020 requires the School, as a Crown entity, to prepare financial statements in accordance with generally accepted accounting practice. The financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand, applying Public Sector Public Benefit Entity (PBE) Standards Reduced Disclosure Regime as appropriate to public benefit entities that qualify for Tier 2 reporting. The School is considered a Public Benefit Entity as it meets the criteria specified as "having a primary objective to provide goods and/or services for community or social benefit and where any equity has been provided with a view to supporting that primary objective rather than for financial return to equity holders".

PBE Accounting Standards Reduced Disclosure Regime

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

Measurement Base

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

Presentation Currency

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

Specific Accounting Policies

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

Critical Accounting Estimates And Assumptions

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

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

Useful lives of property, plant and equipment

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

Cyclical Maintenance

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



Critical Judgements in applying accounting policies

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

Classification of leases

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

Recognition of grants

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

1.3. Revenue Recognition

Government Grants

The School receives funding from the Ministry of Education. The following are the main types of funding that the School receives;

Operational grants are recorded as revenue when the School has the rights to the funding, which is in the year that the funding is received.

Teachers Salaries Grants are recorded as revenue when the School has the rights to the funding in the salary period they relate to. The grants are not received in cash by the School and are paid directly to teachers by the Ministry of Education.

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

Other Grants

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

Donations, Gifts and Bequests

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

Interest Revenue

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

1.4. 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.

1.5. 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.

1.6. 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.

1.7. 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.



1.8. Accounts Receivable

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

1.9. Inventories

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

1.10. 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.

1.11. Property, Plant and Equipment

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

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

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

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

Finance Leases

A finance lease transfers to the 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	25 years
Furniture and equipment	10 years
Information and communication technology	5 years
Motor vehicles	5 years
Textbooks	3 years
Leased assets held under a Finance Lease	Term of Lease
Library resources	12.5% Diminishing value



1.12. 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.

1.13. 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.

1.14. Employment Entitlements

Short-term employee entitlements

Employee benefits that are due to be settled within 12 months after the end of the period in which the employee renders the related service are measured based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date, and also annual leave earned, by non teaching staff, to but not yet taken at balance date.

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

1.15. Revenue Received in Advance

Revenue received in advance relates to fees received from students and grants received where there are unfulfilled obligations for the School to provide services in the future. The fees are recorded as revenue as the obligations are fulfilled and the fees earned.

The School holds sufficient funds to enable the refund of unearned fees in relation to international students, should the School be unable to provide the services to which they relate.

1.16. Funds Held in Trust

Funds are held in trust where they have been received by the School for a specified purpose, or are being held on behalf of a third party and these transactions are not recorded in the Statement of Revenue and Expense.

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

1.17. Shared Funds

Shared Funds are held on behalf of a cluster of participating schools as agreed with the Ministry of Education. The cluster of schools operate activities outside of the School's control. These amounts are not recorded in the Statement of Revenue and Expense. The School holds sufficient funds to enable the funds to be used for their intended purpose.



1.18. 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).

1.19. Financial Instruments

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

Investments that are shares are categorised as 'financial assets at fair value through other comprehensive revenue and expense' for accounting purposes in accordance with financial reporting standards.

The School's financial liabilities comprise accounts payable, 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.

1.20. 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.

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

1.21. 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.

1.22. Budget Figures

The budget figures are extracted from the School budget that was approved by the Board.

1.23. 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

	2020	2020 Budget	2019
	Actual	(Unaudited)	Actual
	\$	\$	\$
Operational Grants	6,111,249	5,974,143	5,025,054
Teachers' Salaries Grants	1,492,589	1,392,489	1,302,498
Use of Land and Buildings Grants	1,927,013	1,923,269	1,776,504
Other MoE Grants	195,751	61,868	214,605
	<u>9,726,602</u>	<u>9,351,769</u>	<u>8,318,661</u>

The School has not opted in to the donations scheme for this year.

Other MOE Grants total includes additional COVID-19 funding totalling \$14,788 for the year ended 31 December 2020.

3. Locally Raised Funds

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

	2020	2020 Budget	2019
	Actual	(Unaudited)	Actual
	\$	\$	\$
Revenue			
Other Revenue	96,522	-	91,911
	<u>96,522</u>	<u>-</u>	<u>91,911</u>
Expenses			
Activities	109,777	169,062	136,669
	<u>109,777</u>	<u>169,062</u>	<u>136,669</u>
<i>(Deficit)/ Surplus for the year Locally raised funds</i>	<u>(13,255)</u>	<u>(169,062)</u>	<u>(44,758)</u>

4. Learning Resources

	2020	2020 Budget	2019
	Actual	(Unaudited)	Actual
	\$	\$	\$
Curricular	156,755	192,290	176,132
Equipment Repairs	23,018	55,000	36,332
Information and Communication Technology	5,830	20,568	19,092
Employee Benefits - Salaries	5,899,442	5,756,561	5,522,545
Staff Development	55,746	106,812	80,910
	<u>6,140,791</u>	<u>6,131,231</u>	<u>5,835,011</u>

5. Administration

	2020	2020 Budget	2019
	Actual	(Unaudited)	Actual
	\$	\$	\$
Audit Fee	11,292	20,700	10,962
Board of Trustees Fees	31,450	30,000	26,173
Board of Trustees Expenses	77,704	29,100	18,805
Communication	16,613	20,200	18,456
Consumables	33,493	48,452	37,950
Operating Lease	3,710	10,070	4,004
Legal Fees	22,653	12,500	32,513
Other	58,553	78,775	55,120
Employee Benefits - Salaries	470,137	466,171	463,722
Insurance	1,783	1,475	1,273
Service Providers, Contractors and Consultancy	22,836	22,755	22,463
	<u>750,224</u>	<u>740,198</u>	<u>691,441</u>



6. Property

	2020	2020 Budget (Unaudited)	2019
	Actual		Actual
	\$	\$	\$
Caretaking and Cleaning Consumables	14,940	23,520	21,472
Consultancy and Contract Services	22,347	51,000	46,819
Cyclical Maintenance Provision	17,298	42,573	17,573
Grounds	46,974	53,000	128,646
Heat, Light and Water	84,846	129,580	122,455
Rates	21,314	19,733	15,239
Repairs and Maintenance	253,436	172,912	194,060
Use of Land and Buildings	1,927,013	1,923,269	1,776,504
Employee Benefits - Salaries	170,327	171,867	161,374
	<u>2,558,495</u>	<u>2,587,454</u>	<u>2,484,142</u>

The Use of Land and Buildings figure represents 8% of the school's total property value. Property values are established as part of the nation-wide revaluation exercise that is conducted every 30 June for the Ministry of Education's year-end reporting purposes.

7. Depreciation of Property, Plant and Equipment

	2020	2020 Budget (Unaudited)	2019
	Actual		Actual
	\$	\$	\$
Building Improvements	16,513	16,000	15,542
Furniture and Equipment	68,034	83,000	74,233
Information and Communication Technology	49,641	49,000	48,056
Motor Vehicles	5,996	21,000	15,315
Leased Assets	25,395	40,000	41,017
Library Resources	1,006	1,000	1,150
	<u>166,585</u>	<u>210,000</u>	<u>195,313</u>

8. Cash and Cash Equivalents

	2020	2020 Budget (Unaudited)	2019
	Actual		Actual
	\$	\$	\$
Cash on Hand	300	-	554
Bank Current Account	748,555	1,088,350	313,578
Bank Call Account	27,294	-	41,410
Short-term Bank Deposits	600,000	-	958,984
Cash and cash equivalents for Statement of Cash Flows	<u>1,376,149</u>	<u>1,088,350</u>	<u>1,314,526</u>

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

Of the \$1,376,149 Cash and Cash Equivalents, \$516,503 is held by the School on behalf of the Ministry of Education. These funds are required to be spent in 2021 on Crown owned school buildings under the School's Five Year Property Plan.

9. Accounts Receivable

	2020	2020 Budget (Unaudited)	2019
	Actual		Actual
	\$	\$	\$
Receivables	79,680	25,988	25,988
Receivables from the Ministry of Education	-	50,185	50,185
Interest Receivable	1,835	8,396	8,396
Teacher Salaries Grant Receivable	114,782	96,977	96,977
	<u>196,297</u>	<u>181,546</u>	<u>181,546</u>
Receivables from Exchange Transactions	81,515	34,384	34,384
Receivables from Non-Exchange Transactions	114,782	147,162	147,162
	<u>196,297</u>	<u>181,546</u>	<u>181,546</u>

10. Investments

The School's investment activities are classified as follows:

	2020 Actual \$	2020 Budget (Unaudited) \$	2019 Actual \$
Current Asset			
Short-term Bank Deposits	671,565	-	-
Total Investments	671,565	-	-

11. Property, Plant and Equipment

	Opening Balance (NBV)	Additions	Disposals	Impairment	Depreciation	Total (NBV)
2020	\$	\$	\$	\$	\$	\$
Building Improvements	267,963	10,458	-	-	(16,513)	261,908
Furniture and Equipment	437,831	60,096	(11,063)	-	(68,034)	418,830
Information and Communication Technology	143,874	35,299	-	-	(49,641)	129,532
Motor Vehicles	30,721	45,163	-	-	(5,996)	69,888
Leased Assets	38,427	68,116	(17,515)	-	(25,395)	63,633
Library Resources	8,051	-	(5)	-	(1,006)	7,040
Balance at 31 December 2020	926,867	219,132	(28,583)	-	(166,585)	950,831

	Cost or Valuation	Accumulated Depreciation	Net Book Value
2020	\$	\$	\$
Building Improvements	425,397	(163,489)	261,908
Furniture and Equipment	1,671,171	(1,252,341)	418,830
Information and Communication Technology	539,621	(410,089)	129,532
Motor Vehicles	329,531	(259,643)	69,888
Leased Assets	286,373	(222,740)	63,633
Library Resources	82,067	(75,027)	7,040
Balance at 31 December 2020	3,334,160	(2,383,329)	950,831

The net carrying value of equipment held under a finance lease is \$63,633 (2019: \$38,427)

	Opening Balance (NBV)	Additions	Disposals	Impairment	Depreciation	Total (NBV)
2019	\$	\$	\$	\$	\$	\$
Building Improvements	260,972	22,533	-	-	(15,542)	267,963
Furniture and Equipment	481,349	30,715	-	-	(74,233)	437,831
Information and Communication Technology	175,232	16,698	-	-	(48,056)	143,874
Motor Vehicles	24,316	21,720	-	-	(15,315)	30,721
Leased Assets	55,630	23,814	-	-	(41,017)	38,427
Library Resources	9,093	108	-	-	(1,150)	8,051
Work in Progress	13,016	(13,016)	-	-	-	-
Balance at 31 December 2019	1,019,608	102,572	-	-	(195,313)	926,867

	Cost or Valuation	Accumulated Depreciation	Net Book Value
2019	\$	\$	\$
Building Improvements	414,939	(146,976)	267,963
Furniture and Equipment	1,629,852	(1,192,021)	437,831
Information and Communication Technology	507,497	(363,623)	143,874
Motor Vehicles	300,368	(269,647)	30,721
Leased Assets	280,482	(242,055)	38,427
Library Resources	82,087	(74,036)	8,051
Balance at 31 December 2019	3,215,225	(2,288,358)	926,867

12. Accounts Payable

	2020	2020 Budget (Unaudited)	2019
	Actual		Actual
	\$	\$	\$
Operating creditors	37,182	25,950	25,950
Accruals	23,187	31,252	31,252
Employee Entitlements - salaries	117,120	99,099	99,099
Employee Entitlements - leave accrual	123,720	106,594	106,594
	<u>301,209</u>	<u>262,895</u>	<u>262,895</u>
Payables for Exchange Transactions	301,209	262,895	262,895
	<u>301,209</u>	<u>262,895</u>	<u>262,895</u>

The carrying value of payables approximates their fair value.

13. Revenue Received in Advance

	2020	2020 Budget (Unaudited)	2019
	Actual		Actual
	\$	\$	\$
Other	53,755	60,835	60,835
	<u>53,755</u>	<u>60,835</u>	<u>60,835</u>

14. Provision for Cyclical Maintenance

	2020	2020 Budget (Unaudited)	2019
	Actual		Actual
	\$	\$	\$
Provision at the Start of the Year	62,793	62,793	45,220
Increase/ (decrease) to the Provision During the Year	17,298	-	17,573
Provision at the End of the Year	<u>79,091</u>	<u>62,793</u>	<u>62,793</u>
Cyclical Maintenance - Current	-	9,625	9,625
Cyclical Maintenance - Term	80,091	53,168	53,168
	<u>80,091</u>	<u>62,793</u>	<u>62,793</u>

15. Finance Lease Liability

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

	2020	2020 Budget (Unaudited)	2019
	Actual		Actual
	\$	\$	\$
No Later than One Year	43,024	34,783	34,783
Later than One Year and no Later than Five Years	44,676	22,312	22,312
	<u>87,700</u>	<u>57,095</u>	<u>57,095</u>

16. Funds Held in Trust

	2020	2020 Budget (Unaudited)	2019
	Actual		Actual
	\$	\$	\$
Funds Held in Trust on Behalf of Third Parties - Current	148,053	47,005	47,005
	<u>148,053</u>	<u>47,005</u>	<u>47,005</u>

These funds relate to arrangements where the school is acting as an agent. These amounts are not revenue or expenditure of the school and therefore are not included in the Statement of Comprehensive Revenue and Expense.



17. Funds Held for Capital Works

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

	2020	Opening Balances	Receipts from MoE	Payments	BOT Contributions	Closing Balances
		\$	\$	\$	\$	\$
Roof replacement	In Progress	23,423	-	-	-	23,423
Drainage works	In Progress	(8,374)	31,393	(28,862)	-	(5,843)
Bathroom water damage	In Progress	(1,081)	-	-	-	(1,081)
SIP Pool Lights Landscaping	In Progress	-	180,000	(181,468)	-	(1,468)
Laundry & Heating upgrade	In Progress	-	84,930	(75,048)	-	9,882
Garage roof replacement	In Progress	-	25,535	-	-	25,535
Carpet & vinyl replacement	In Progress	-	41,718	(18,360)	-	23,358
Site lighting replacement	In Progress	-	57,152	-	-	57,152
Block 2 DQLS	In Progress	-	180,000	-	-	180,000
Hostel accommodation upgrade	In Progress	-	17,153	-	-	17,153
Artificial Turf	In Progress	-	180,000	-	-	180,000
Block 4&5 redevelopment	In Progress	-	-	(5,050)	-	(5,050)
Totals		13,968	797,881	(308,788)	-	503,061

Represented by:

Funds Held on Behalf of the Ministry of Education
Funds Due from the Ministry of Education

516,503
(13,442)
503,061

	2019	Opening Balances	Receipts from MoE	Payments	BOT Contributions	Closing Balances
		\$	\$	\$	\$	\$
Roof replacement	In Progress	167,177	-	(143,754)	-	23,423
Drainage works	In Progress	-	32,579	(40,953)	-	(8,374)
Bathroom water damage	In Progress	-	26,749	(27,830)	-	(1,081)
Totals		167,177	59,328	(212,537)	-	13,968

18. Related Party Transactions

The School is a controlled entity of the Crown, and the Crown provides the major source of revenue to the School. The School enters into transactions with other entities also controlled by the Crown, such as government departments, state-owned enterprises and other Crown entities. Transactions with these entities are not disclosed as they occur on terms and conditions no more or less favourable than those that it is reasonable to expect the School would have adopted if dealing with that entity at arm's length.

Related party disclosures have not been made for transactions with related parties that are within a normal supplier or client/recipient relationship on terms and condition no more or less favourable than those that it is reasonable to expect the school would have adopted in dealing with the party at arm's length in the same circumstances. Further, transactions with other government agencies (for example, Government departments and Crown entities) are not disclosed as related party transactions when they are consistent with the normal operating arrangements between government agencies and undertaken on the normal terms and conditions for such transactions.



19. Remuneration

Key management personnel compensation

Key management personnel of the School include all trustees of the Board, Principals, Associate Principals, the Executive Officer, Residential Managers and Team Leaders.

	2020 Actual \$	2019 Actual \$
Board Members		
Remuneration	31,450	26,173
Full-time equivalent members	0.27	0.44
Leadership Team		
Remuneration	984,892	934,283
Full-time equivalent members	9.00	9.00
Total key management personnel remuneration	1,016,342	960,456
Total full-time equivalent personnel	9.27	9.44

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 - Halswell Residential

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

	2020 Actual \$000	2019 Actual \$000
Salaries and Other Short-term Employee Benefits:		
Salary and Other Payments - Principal	160 - 170	150 - 160
Benefits and Other Emoluments- Principal	1 - 10	1 - 10
Termination Benefits	0 - 0	0 - 0

Principal - Westbridge Residential

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

	2020 Actual \$000	2019 Actual \$000
Salaries and Other Short-term Employee Benefits:		
Salary and Other Payments	150 - 160	140 - 150
Benefits and Other Emoluments	1 - 10	1 - 10
Termination Benefits	0 - 0	0 - 0

Other Employees

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

Remuneration \$000	2020 FTE Number	2019 FTE Number
100 - 110	2.00	2.00
	2.00	2.00

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

20. Compensation and Other Benefits Upon Leaving

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

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



21. Contingencies

There are no contingent liabilities (except as noted below) and no contingent assets as at 31 December 2020 (Contingent liabilities and assets at 31 December 2019: nil).

Holidays Act Compliance – schools payroll

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

The Ministry's review of the schools sector payroll to ensure compliance with the Holidays Act 2003 is ongoing. The current phase of this review is to design potential solutions for any compliance breaches discovered in the initial phase of the Programme. Final calculations and potential impact on any specific individual will not be known until further detailed analysis and solutions have been completed.

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

Contingent Liability - Cyclical Maintenance

Halswell Residential College has an obligation to the Ministry of Education to maintain in good order and repair at all times the land, buildings and other facilities on the School site. The school has been a part of the Christchurch Schools Rebuild Programme which has resulted in the School's buildings being rebuilt. At the present time there is significant uncertainty over how the programme will affect the maintenance requirements of the School. As a result, the School cannot make a reliable estimate of the maintenance required on the School's buildings so no cyclical maintenance provision has been recognised, even though the school will be required to maintain any buildings.

22. Commitments

(a) Capital Commitments

As at 31 December 2020 the Board has entered into the following contract agreements for capital works.

(a) \$200,000 School Investment Projects to upgrade the Pool, Lighting and Landscaping as agent for the Ministry of Education. The project is fully funded by the Ministry and \$180,000 and \$181,468 has been spent on the project to balance date. This project has been approved by the Ministry.

(b) 5YA Project to upgrade the Laundry and heating systems as agent for the Ministry of Education. The project is fully funded by the Ministry and \$84,930 has been received and \$75,048 has been spent on the project to balance date. This project has been approved by the Ministry.

(c) The school has a number of fully funded and approved Ministry of Education property projects. Total funds received this year are \$532,950 of which \$52,272 has been spent to date.

(Capital commitments at 31 December 2019: nil)

(b) Operating Commitments

As at 31 December 2020 the Board has not entered into any operating contracts.

(Operating commitments at 31 December 2019: nil)

23. Managing Capital

The School's capital is its equity and comprises capital contributions from the Ministry of Education for property, plant and equipment and accumulated surpluses and deficits. The School does not actively manage capital but attempts to ensure that income exceeds spending in most years. Although deficits can arise as planned in particular years, they are offset by planned surpluses in previous years or ensuing years.



24. Financial Instruments

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

Financial assets measured at amortised cost

	2020	2020	2019
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Cash and Cash Equivalents	1,376,149	1,088,350	1,314,526
Receivables	196,297	181,546	181,546
Investments - Term Deposits	671,565	-	-
Total Financial assets measured at amortised cost	2,244,011	1,269,896	1,496,072

Financial liabilities measured at amortised cost

Payables	301,209	262,895	262,895
Finance Leases	80,967	52,531	52,531
Total Financial liabilities measured at amortised Cost	382,176	315,426	315,426

25. Events After Balance Date

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

