

# HEREKINO SCHOOL

## ANNUAL REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2020

#### School Directory

**Ministry Number:** 1013

**Principal:** Virginia Shortland

**School Address:** Kaitaia-Awaroa Road

**School Postal Address:** Kaitaia-Awaroa Road RD 1, Kaitaia, 0481

**School Phone:** 09 409 3834

**School Email:** reception@herekino.school.nz

#### Members of the Board of Trustees

<b>Name</b>	<b>Position</b>	<b>How Position Gained</b>	<b>Term Expires/ Expired</b>
Michael Ormsby	Chairperson	Elected	Jun 2022
Virginia Shortland	Principal	ex Officio	
Andrea Ihaka	Parent Rep	Elected	Jun 2022
Ben Morning	Parent Rep	Elected	Jun 2022
Lucy Waru	Parent Rep	Elected	Jun 2022
Tinaka Pawa	Staff Rep	Elected	Dec 2021

**Accountant / Service Provider:** Education Services Ltd

# HEREKINO SCHOOL

Annual Report - For the year ended 31 December 2020

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# Herekino School

## Statement of Responsibility

For the year ended 31 December 2020

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

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

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


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

Michael J. Ormsby  
Full Name of Board Chairperson

  
Signature of Board Chairperson

25/05/21  
Date:

Virginia Louise Shortland  
Full Name of Principal

  
Signature of Principal

25/05/2021  
Date:

**Herekino School**  
**Statement of Comprehensive Revenue and Expense**  
For the year ended 31 December 2020

		2020	2020	2019
	Notes	Actual	Budget	Actual
		\$	(Unaudited)	\$
			\$	
<b>Revenue</b>				
Government Grants	2	500,349	363,308	404,109
Locally Raised Funds	3	13,393	32,640	17,203
Interest income		197	-	1,018
		<u>513,939</u>	<u>395,948</u>	<u>422,330</u>
<b>Expenses</b>				
Locally Raised Funds	3	7,424	16,500	11,602
Learning Resources	4	302,532	221,083	243,097
Administration	5	42,441	46,683	43,590
Finance		611	-	92
Property	6	97,710	100,733	104,241
Depreciation	7	15,374	14,432	14,494
		<u>466,092</u>	<u>399,431</u>	<u>417,116</u>
<b>Net Surplus / (Deficit) for the year</b>		47,847	(3,483)	5,214
Other Comprehensive Revenue and Expenses		-	-	-
<b>Total Comprehensive Revenue and Expense for the Year</b>		<u>47,847</u>	<u>(3,483)</u>	<u>5,214</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.



**Herekino School**  
**Statement of Changes in Net Assets/Equity**  
For the year ended 31 December 2020

	Notes	Actual 2020 \$	Budget (Unaudited) 2020 \$	Actual 2019 \$
Balance at 1 January		153,252	156,057	147,127
Total comprehensive revenue and expense for the year		47,847	(3,483)	5,214
Capital Contributions from the Ministry of Education				
Contribution - Furniture and Equipment Grant		-	-	911
Adjustment to Accumulated surplus/(deficit) from adoption of PBE IFRS 9		-	-	-
<b>Equity at 31 December</b>	22	<u>201,099</u>	<u>152,574</u>	<u>153,252</u>
Retained Earnings		201,099	152,574	153,252
<b>Equity at 31 December</b>		<u>201,099</u>	<u>152,574</u>	<u>153,252</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.



**Herekino School**  
**Statement of Financial Position**  
As at 31 December 2020

	Notes	2020 Actual \$	2020 Budget (Unaudited) \$	2019 Actual \$
<b>Current Assets</b>				
Cash and Cash Equivalents	8	141,927	79,549	85,315
Accounts Receivable	9	20,733	10,805	16,560
Prepayments		2,247	586	2,112
Inventories	10	-	51	-
Funds owed for Capital Works Projects	16	16,377	-	15,623
		<u>181,284</u>	<u>90,991</u>	<u>119,610</u>
<b>Current Liabilities</b>				
GST Payable		9,594	3,636	3,763
Accounts Payable	12	28,182	22,630	23,420
Revenue Received in Advance	13	31	-	-
Provision for Cyclical Maintenance	14	62,006	23,832	30,298
Finance Lease Liability - Current Portion	15	2,787	2,166	-
		<u>102,600</u>	<u>52,264</u>	<u>57,481</u>
<b>Working Capital Surplus/(Deficit)</b>		<b>78,684</b>	<b>38,727</b>	<b>62,129</b>
<b>Non-current Assets</b>				
Property, Plant and Equipment	11	126,019	123,683	119,123
		<u>126,019</u>	<u>123,683</u>	<u>119,123</u>
<b>Non-current Liabilities</b>				
Provision for Cyclical Maintenance	14	-	9,836	28,000
Finance Lease Liability	15	3,604	-	-
		<u>3,604</u>	<u>9,836</u>	<u>28,000</u>
<b>Net Assets</b>		<u><u>201,099</u></u>	<u><u>152,574</u></u>	<u><u>153,252</u></u>
<b>Equity</b>		<u><u>201,099</u></u>	<u><u>152,574</u></u>	<u><u>153,252</u></u>

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

Michael J. Ormsby  
Full Name of Board Chairperson

[Signature]  
Signature of Board Chairperson

25/05/21  
Date:

Virginia Louise Shortland  
Full Name of Principal

[Signature]  
Signature of Principal

25/5/2021  
Date:



**Herekino School**  
**Statement of Cash Flows**  
For the year ended 31 December 2020

		2020	2020	2019
	Note	Actual	Budget	Actual
		\$	(Unaudited)	\$
			\$	
<b>Cash flows from Operating Activities</b>				
Government Grants		178,496	122,560	126,656
Locally Raised Funds		13,337	32,640	17,512
Goods and Services Tax (net)		5,831	-	127
Payments to Employees		(58,969)	(56,906)	(50,340)
Payments to Suppliers		(65,656)	(86,146)	(70,500)
Cyclical Maintenance Payments in the year		-	(7,000)	-
Interest Paid		(611)	-	(92)
Interest Received		197	-	1,018
<b>Net cash from Operating Activities</b>		<b>72,625</b>	<b>5,148</b>	<b>24,381</b>
<b>Cash flows from Investing Activities</b>				
Purchase of Property Plant & Equipment (and Intangibles)		(12,539)	(13,000)	(18,644)
<b>Net cash from Investing Activities</b>		<b>(12,539)</b>	<b>(13,000)</b>	<b>(18,644)</b>
<b>Cash flows from Financing Activities</b>				
Furniture and Equipment Grant		-	-	911
Finance Lease Payments		(2,720)	-	(1,980)
Funds Held for Capital Works Projects		(754)	-	(6,754)
<b>Net cash from Financing Activities</b>		<b>(3,474)</b>	<b>-</b>	<b>(7,823)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>56,612</b>	<b>(7,852)</b>	<b>(2,086)</b>
Cash and cash equivalents at the beginning of the year	8	85,315	87,401	87,401
<b>Cash and cash equivalents at the end of the year</b>	<b>8</b>	<b>141,927</b>	<b>79,549</b>	<b>85,315</b>

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

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





# Herekino School

## Notes to the Financial Statements

### For the year ended 31 December 2020

#### 1. Statement of Accounting Policies

##### a) Reporting Entity

Herekino 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.

##### b) Basis of Preparation

###### *Reporting Period*

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

###### *Basis of Preparation*

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

###### *Financial Reporting Standards Applied*

The Education 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".

###### *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.

### ***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.

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



**Other Grants**

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

**Donations, Gifts and Bequests**

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

**Interest Revenue**

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

**d) Use of Land and Buildings Expense**

The property from which the School operates is owned by the Crown and managed by the Ministry of Education on behalf of the Crown. The School's use of the land and buildings as occupant is based on a property occupancy document as gazetted by the Ministry. The expense is based on an assumed market rental yield on the value of land and buildings as used for rating purposes. This is a non-cash expense that is offset by a non-cash grant from the Ministry.

**e) Operating Lease Payments**

Payments made under operating leases are recognised in the Statement of Comprehensive Revenue and Expense on a straight line basis over the term of the lease.

**f) Finance Lease Payments**

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

**g) Cash and Cash Equivalents**

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

**h) Accounts Receivable**

Short-term receivables are recorded at the amount due, less an allowance for credit losses (uncollectable debts). The schools 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.

**i) 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.



**j) Investments**

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

**k) Property, Plant and Equipment**

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

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

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

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

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

**Finance Leases**

A finance lease transfers to the lessee substantially all the risks and rewards incidental to ownership of an asset, whether or not title is eventually transferred. At the start of 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 are depreciated over their estimated useful lives on a straight line basis. Depreciation of all assets is reported in the Statement of Comprehensive Revenue and Expense.

The estimated useful lives of the assets are:

Buildings	40 years
Furniture and Equipment	5-18 years
Information and Communication	4 years
Leased Assets	5 years
Library Resources	8 years
Leased assets held under a Finance Lease	Term of Lease





## **l) Intangible Assets**

### *Software costs*

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

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

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

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

## **m) Impairment of property, plant, and equipment and intangible assets**

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

### *Non cash generating assets*

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

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

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

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

## **n) Accounts Payable**

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



#### **o) Employee Entitlements**

##### *Short-term employee entitlements*

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

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

##### *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.

#### **p) 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.

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

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

Funds are held in trust where they have been received by the School for a specified purpose, or are being held on behalf of a third party and 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.

#### **r) 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 school 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.

#### **s) 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).

#### **t) 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 "loans and receivables" 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, 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.

**u) 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 not limited to bank overdrafts, operating leases, finance leases, painting contracts and term loans.

**v) 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.

**w) Budget Figures**

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

**x) 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	2019
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Operational Grants	142,766	122,560	116,825
Teachers' Salaries Grants	262,258	185,383	210,711
Use of Land and Buildings Grants	63,548	55,365	67,379
Other MoE Grants	31,777	-	9,194
	<u>500,349</u>	<u>363,308</u>	<u>404,109</u>

The school has opted in to the donations scheme for this year. Total amount received was \$3,750.

Other MOE Grants total includes additional COVID-19 funding totalling \$18,497 for the year ended 31 December 2020.

## 3. Locally Raised Funds

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

	2020	2020	2019
	Actual	Budget	Actual
	\$	(Unaudited)	\$
<b>Revenue</b>			
Donations	281	-	328
Bequests & Grants	-	10,000	-
Activities	1,526	1,120	759
Trading	2,313	2,200	3,131
Fundraising	793	11,000	4,112
Other Revenue	8,480	8,320	8,873
	<u>13,393</u>	<u>32,640</u>	<u>17,203</u>
<b>Expenses</b>			
Activities	1,367	7,000	6,849
Trading	2,478	2,200	2,636
Fundraising (Costs of Raising Funds)	555	3,000	451
Other Locally Raised Funds Expenditure	3,024	4,300	1,666
	<u>7,424</u>	<u>16,500</u>	<u>11,602</u>
<i>Surplus for the year Locally raised funds</i>	<u>5,969</u>	<u>16,140</u>	<u>5,601</u>

## 4. Learning Resources

	2020	2020	2019
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Curricular	16,696	12,200	15,910
Employee Benefits - Salaries	282,027	204,183	226,417
Staff Development	1,436	3,200	-
Equipment Repairs	2,373	1,500	770
	<u>302,532</u>	<u>221,083</u>	<u>243,097</u>





**5. Administration**

	2020 Actual \$	2020 Budget (Unaudited) \$	2019 Actual \$
Audit Fee	4,537	4,537	4,404
Board of Trustees Fees	2,360	3,450	2,735
Board of Trustees Expenses	1,686	1,270	1,443
Communication	2,002	2,780	2,515
Consumables	2,530	3,940	3,231
Operating Lease	-	-	645
Other	7,385	6,550	4,546
Employee Benefits - Salaries	17,344	19,956	19,538
Insurance	301	-	237
Service Providers, Contractors and Consultancy	4,296	4,200	4,296
	<u>42,441</u>	<u>46,683</u>	<u>43,590</u>

**6. Property**

	2020 Actual \$	2020 Budget (Unaudited) \$	2019 Actual \$
Caretaking and Cleaning Consumables	1,043	2,800	2,296
Cyclical Maintenance Expense	3,708	6,368	4,366
Grounds	3,945	7,500	7,328
Heat, Light and Water	6,531	5,000	5,618
Repairs and Maintenance	1,496	1,400	509
Use of Land and Buildings	63,548	55,365	67,379
Security	559	650	992
Employee Benefits - Salaries	16,880	18,150	15,753
Consultancy And Contract Services	-	3,500	-
	<u>97,710</u>	<u>100,733</u>	<u>104,241</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**

	2020 Actual \$	2020 Budget (Unaudited) \$	2019 Actual \$
Buildings	5,446	5,423	5,446
Building Improvements	847	836	840
Furniture and Equipment	4,351	3,430	3,445
Information and Communication Technology	2,775	2,341	2,351
Leased Assets	1,272	1,722	1,729
Library Resources	683	680	683
	<u>15,374</u>	<u>14,432</u>	<u>14,494</u>



**8. Cash and Cash Equivalents**

	2020 Actual \$	2020 Budget (Unaudited) \$	2019 Actual \$
Cash on Hand	150	-	83
Bank Current Account	131,332	55,854	74,904
Bank Call Account	10,445	23,695	10,328
Cash equivalents for Cash Flow Statement	<u>141,927</u>	<u>79,549</u>	<u>85,315</u>

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

**9. Accounts Receivable**

	2020 Actual \$	2020 Budget (Unaudited) \$	2019 Actual \$
Receivables	160	926	73
Banking Staffing Underuse	-	1,565	-
Teacher Salaries Grant Receivable	20,573	8,314	16,487
	<u>20,733</u>	<u>10,805</u>	<u>16,560</u>

Receivables from Exchange Transactions	160	926	73
Receivables from Non-Exchange Transactions	20,573	9,879	16,487
	<u>20,733</u>	<u>10,805</u>	<u>16,560</u>

**10. Inventories**

	2020 Actual \$	2020 Budget (Unaudited) \$	2019 Actual \$
Uniforms	-	51	-
	<u>-</u>	<u>51</u>	<u>-</u>



## 11. Property, Plant and Equipment

	Opening Balance (NBV)	Additions	Disposals	Impairment	Depreciation	Total (NBV)
2020	\$	\$	\$	\$	\$	\$
Land	8,580	-	-	-	-	8,580
Buildings	55,693	-	-	-	(5,446)	50,247
Building Improvements	13,907	2,233	-	-	(847)	15,293
Furniture and Equipment	33,838	7,600	-	-	(4,351)	37,087
Information and Communication Tech	6,364	3,937	-	-	(2,775)	7,526
Leased Assets	-	8,500	-	-	(1,272)	7,228
Library Resources	741	-	-	-	(683)	58
<b>Balance at 31 December 2020</b>	<b>119,123</b>	<b>22,270</b>	<b>-</b>	<b>-</b>	<b>(15,374)</b>	<b>126,019</b>

The net carrying value of equipment held under a finance lease is \$7,228 (2019: \$0)

	Cost or Valuation	Accumulated Depreciation	Net Book Value
2020	\$	\$	\$
Land	8,580	-	8,580
Buildings	140,152	(89,905)	50,247
Building Improvements	35,839	(20,546)	15,293
Furniture and Equipment	73,431	(36,344)	37,087
Information and Communication	26,100	(18,574)	7,526
Leased Assets	8,500	(1,272)	7,228
Library Resources	62,092	(62,034)	58
<b>Balance at 31 December 2020</b>	<b>354,694</b>	<b>(228,675)</b>	<b>126,019</b>

	Opening Balance (NBV)	Additions	Disposals	Impairment	Depreciation	Total (NBV)
2019	\$	\$	\$	\$	\$	\$
Land	8,580	-	-	-	-	8,580
Buildings	61,139	-	-	-	(5,446)	55,693
Building Improvements	14,747	-	-	-	(840)	13,907
Furniture and Equipment	20,915	16,368	-	-	(3,445)	33,838
Information and Communication Technology	6,582	2,133	-	-	(2,351)	6,364
Leased Assets	1,729	-	-	-	(1,729)	-
Library Resources	1,423	-	-	-	(683)	741
<b>Balance at 31 December 2019</b>	<b>115,115</b>	<b>18,501</b>	<b>-</b>	<b>-</b>	<b>(14,494)</b>	<b>119,123</b>

The net carrying value of equipment held under a finance lease is \$0 (2018: \$1,729)

	Cost or Valuation	Accumulated Depreciation	Net Book Value
2019	\$	\$	\$
Land	8,580	-	8,580
Buildings	140,152	(84,459)	55,693
Building Improvements	33,605	(19,698)	13,907
Furniture and Equipment	65,831	(31,993)	33,838
Information and Communication	22,163	(15,799)	6,364
Leased Assets	9,828	(9,828)	-
Library Resources	62,092	(61,351)	741
<b>Balance at 31 December 2019</b>	<b>342,251</b>	<b>(223,128)</b>	<b>119,123</b>



**12. Accounts Payable**

	2020 Actual \$	2020 Budget (Unaudited) \$	2019 Actual \$
Operating Creditors	1,424	9,999	1,388
Accruals	4,537	4,275	4,404
Employee Entitlements - Salaries	20,573	8,314	16,487
Employee Entitlements - Leave Accrual	1,648	42	1,141
	<u>28,182</u>	<u>22,630</u>	<u>23,420</u>
Payables for Exchange Transactions	28,182	22,630	23,420
Payables for Non-exchange Transactions - Taxes Payable (PAYE and Rates)	-	-	-
Payables for Non-exchange Transactions - Other	-	-	-
	<u>28,182</u>	<u>22,630</u>	<u>23,420</u>

The carrying value of payables approximates their fair value.

**13. Revenue Received in Advance**

	2020 Actual \$	2020 Budget (Unaudited) \$	2019 Actual \$
Revenue Received In Advance	31	-	-
	<u>31</u>	<u>-</u>	<u>-</u>

**14. Provision for Cyclical Maintenance**

	2020 Actual \$	2020 Budget (Unaudited) \$	2019 Actual \$
Provision at the Start of the Year	58,298	27,300	53,932
Increase to the Provision During the Year	5,994	6,368	4,366
Adjustment to the Provision	(2,286)	-	-
Provision at the End of the Year	<u>62,006</u>	<u>33,668</u>	<u>58,298</u>
Cyclical Maintenance - Current	62,006	23,832	30,298
Cyclical Maintenance - Term	-	9,836	28,000
	<u>62,006</u>	<u>33,668</u>	<u>58,298</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 Actual \$	2020 Budget (Unaudited) \$	2019 Actual \$
No Later than One Year	3,264	2,166	-
Later than One Year and no Later than Five Years	3,808	-	-
	<u>7,072</u>	<u>2,166</u>	<u>-</u>



#### 16. Funds Owed (Held) for Capital Works Projects

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

		Opening Balances	Receipts from MoE	Payments	BOT Contribution/ (Write-off to R&M)	Closing Balances
	2020	\$	\$	\$		\$
School Upgrade	<i>in progress</i>	15,623	-	1,006	-	14,617
Roofing & Pool Works income	<i>in progress</i>	-	-	(1,760)	-	1,760
Totals		<u>15,623</u>	<u>-</u>	<u>(754)</u>	<u>-</u>	<u>16,377</u>

#### Represented by:

Funds Held on Behalf of the Ministry of Education	-
Funds Due from the Ministry of Education	16,377
	<u>16,377</u>

		Opening Balances	Receipts from MoE	Payments	BOT Contribution/ (Write-off to R&M)	Closing Balances
	2019	\$	\$	\$		\$
School Upgrade	<i>in progress</i>	15,533	-	(90)	-	15,623
Totals		<u>15,533</u>	<u>-</u>	<u>(90)</u>	<u>-</u>	<u>15,623</u>

#### 17. 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.



## 18. Remuneration

### Key management personnel compensation

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

	2020 Actual \$	2019 Actual \$
<i>Board Members</i>		
Remuneration	2,360	2,735
Full-time equivalent members	0.04	0.04
<i>Leadership Team</i>		
Remuneration	118,055	108,003
Full-time equivalent members	1.00	1.00
Total key management personnel remuneration	120,415	110,738
Total full-time equivalent personnel	1.04	1.04

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:

	2020 Actual \$000	2019 Actual \$000
Salaries and Other Short-term Employee Benefits:		
Salary and Other Payments	110 - 120	100 - 110
Benefits and Other Emoluments	-	-
Termination Benefits	-	-

### Other Employees

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

Remuneration \$000	2020 FTE Number	2019 FTE Number
100 - 110	-	-
	0.00	0.00

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

## 19. 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	-	-





## 20. 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.

## 21. Commitments

### (a) Capital Commitments

As at 31 December 2020 the Board has entered into contract agreements for capital works as follows:

(a) Contract for the School Upgrade as agent for the Ministry of Education. This project is fully funded by the Ministry and \$0 has been received (2019:\$0) of which \$14,617 has been spent (2019:\$15,623) on the project to balance date. This project has been approved by the Ministry; and

(b) Contract for the Roofing & Pool Works income as agent for the Ministry of Education. This project is fully funded by the Ministry and \$0 has been received of which \$1,760 has been spent on the project to balance date. This project has been approved by the Ministry.

### (b) Operating Commitments

There are no operating commitments as at 31 December 2020 (Operating commitments at 31 December 2019: nil).

## 22. 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.



### 23. Financial Instruments

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

#### Financial assets measured at amortised cost

	2020 Actual \$	2020 Budget (Unaudited) \$	2019 Actual \$
Cash and Cash Equivalents	141,927	79,549	85,315
Receivables	20,733	10,805	16,560
Investments - Term Deposits	-	-	-

#### Total Financial assets measured at amortised cost

162,660	90,354	101,875
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#### Financial liabilities measured at amortised cost

Payables	28,182	22,630	23,420
Borrowings - Loans	-	-	-
Finance Leases	6,391	2,166	-
Painting Contract Liability	-	-	-

#### Total Financial Liabilities Measured at Amortised Cost

34,573	24,796	23,420
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### 24. Events After Balance Date

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

### 25. Comparatives

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



## **Herekino School**

### **Kiwisport**

Kiwisport is a Government funding initiative to support students' participation in organised sport. In 2020, the school received total Kiwisport funding of \$456 (excluding GST). The funding was spent on sporting endeavours.



## 2020 Analysis of Variance, Herekino School

The relevant requirements are...

[Education Act 1989 No 80 \(as at 01 January 2020\), Public Act – New Zealand Legislation](#)

### **87 Annual reports**

- (1)

*As soon as is practicable after the end of every financial year, and in any event no later than a day fixed by the Secretary, every board shall give the Secretary an annual report in accordance with this section...*

- (2)

*A report given under subsection (1) must include—*

*a statement in which schools provide an analysis of any variance between the school's performance and the relevant aims, objectives, directions, priorities, or targets set out in the school charter:*

### **Our Aim**

Our Curriculum Delivery will be enhanced by specific teaching and learning strategies to provide our students with every opportunity to fulfil the Vision of this school.

“Develop connected, caring and confident members of our community”

### **Our specific goals for 2020**


1. To improve student achievement for targeted students
2. To support and maintain positive health and wellbeing of our students and whanau in their learning.
3. To promote and integrate our core values across the curriculum and daily practices
4. To develop robust self review practices
5. To actively engage whanau and students in developing contexts for learning

### **What did we do to help achieve these goals?**

- Continued liaising with SAF and ALL Officers
- Professional development for Junior teachers in Literacy
- Engaged whanau and the community regularly in a range of communication strategies: paper newsletters, online newsletters, facebook groups, face to face hui, online hui and lessons, home visits
- Delivery of specific and localized learning opportunities for students with High Needs
- Implement hands on experiences in learning within our local community and region
- Rebranding of school signage, school documents and integration of values within school culture
- Participation in iwi Science Wananga
- BOT and Staff training in Self Review practices
- Consultation, survey and review of school performance and opportunities in learning

### **How did that work out?**

- Regular PD meetings with SAF this year strengthen teacher understanding and practices in data analysis.
- Improved knowledge of Literacy Progressions and achievement levels for Y0-Y4
- Covid-19 provided opportunities for alternative approaches to learning with our whanau
- Part time teacher in Junior class participated in literacy development in writing with ALL Tutor
- Teachers co-constructing the learning for students across the curriculum
- Students continue participating and co-constructing the learning for themselves
- Student knowledge and application of local knowledge about their environment improved
- Internal Staff Professional Development review of School Strategic and Annual Goals

 9/12/2020

- BOT training strengthen understanding of practices and purpose in self review High rate of whanau feedback about health, wellbeing and learning opportunities at our school
- Students and whanau engaged with practice based learning opportunities that relate to our whanau and community aspirations.
- Senior Enterprise Group established this year to develop leadership and organisational skills of students

### Was there any variance? Why?

Student Achievement in writing did not reach our intended goal this year, perhaps due to setback with break in the year. Analysis and drilling down of our practices as teachers to help plan specific teaching strategies for improvement.

Covide-19 setback with settling back into school routines and practices, as well as involvement in SAF and ALL.

### What next?

- Professional Growth Cycle development for indicators of excellence at Herekino School
- Develop depth of knowledge of assessment practices so that all teaching staff have capacity and confidence to undertake
- Investigate reading programmes for at risk students in Y2-3
- Plan Staff PD on use of assessment practices
- Develop Visual Arts & Music Programme across the school
- ImStrengthen student knowledge of local history and tikanga

### Planning for 2021

- ToD to strengthen assessment practices and Professional Growth Cycle implementation
- Professional Development on use of Individual Cumulative files
- Attention and review recommendations from last school performance review with ERO

Principal: Virginia Shortland

Signed  Date 09/12/2021

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

The Auditor-General is the auditor of Herekino School (the School). The Auditor-General has appointed me, Stewart Russell, using the staff and resources of PKF Francis Aickin 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 21, 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 PBE Accounting Standards (PBE IPSAS) Reduced Disclosure Regime as appropriate to public benefit entities that qualify for Tier 2 reporting.

Our audit was completed on 25 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 of Trustees 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.

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Directors: Dale Adamson, CA; Stewart Russell, CA

Consultant: Eddie Aickin, BCOM, CA



### **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's responsibilities, in terms of the requirements of the Education and Training Act 2020, arise from section 87 of the Education Act 1989.

### **Responsibilities of the auditor for the audit of the financial statements**

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

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

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

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

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

- We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board 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 Analysis of Variance 2020 and the Kiwisport Report on pages 22 - 24, but does not include the financial statements, and our auditor's report thereon.

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


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.



Stewart Russell  
PKF Francis Aickin Ltd  
On behalf of the Auditor-General  
Kaitaia, New Zealand