

21 August 2020

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Michael Norman
Chairperson
Kaikohe Christian School
PO Box 235
KAIKOHE 0400

Dear Mr Norman

Audit of Financial Statements for the Year Ended 31 December 2019

We are pleased to advise that we have completed the audit of your financial statements for the year ended 31 December 2019.

We enclose a complete set of your school's financial statements together with our formal audit report issued on behalf of the Controller and Auditor-General, as required by the Public Finance Act 1989.

Here is the link to the page on the MOE website which refers to and has a link to the school data portal where you will need to login and upload your accounts:

<https://education.govt.nz/school/running-a-school/school-finances/model-financial-report-kiwi-park-school/>

Near the bottom of the page under Annual Report Checklist is where to you click to go to the data portal.

This letter includes observations on the school's accounting procedures. As the trustees are responsible for the financial operations of the school we suggest this letter be considered at the next finance committee meeting and tabled at the next full board meeting.

Why we write this letter

The primary aim of our audit is to form an opinion as to whether the financial statements fairly reflect the results of your school's activities for the year and your financial position at 31 December 2019. The audit report expresses this opinion.

To ensure your school receives the maximum benefit from our audit we have turned our focus to the future and set out below some matters for the attention of your board. Our motive is to offer constructive advice so that the accounting functions and related issues can be improved in the future. Please note that this letter is sent only to you, with a copy to the Office of the Controller & Auditor-General. We do not send a copy of this letter to the Ministry of Education.

Governance Issues

Authorisation of Invoices

During our testing of the control environment we noted that some creditor's invoices paid by direct debit had not been authorised for payment. The review and approval of invoices prior to their payment paid by direct debit helps ensure that they are valid and correct and is an essential internal control in any business.

We recommend that all invoices be authorised by a delegated person prior to their payment.



HONESTY | INTEGRITY | BALANCE



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Internal Controls Novopay

When testing the system the school employs to make changes to Novopay payroll we noted that there were no school generated source documents for sick leave or relievers. In our view it is important that the school establishes a system where it generates a source document to be processed into the Novopay system. We would expect that documentation would be forms such as: annual leave and sick leave forms, timesheets, fortnightly relievers schedule etc.

We recommend that the school generates appropriate source documentation for sick leave to trigger the information to be processed into Novopay.

Novopay Transaction Report

The Novopay transaction report records all changes processed by the school into Novopay each fortnight. As such it is a control of the processing done by the school. In our view, as it is a control report, it should be printed and it should include evidence of review that an independent check of the report has taken place.

During our testing of payroll we noted that the transaction report did not appear to have been reviewed by an independent person.

We recommend that the transaction report be reviewed and signed by someone independent of Novopay processing.

Receipting Audit Trail

We noted a weakness in your controls over incoming cash and cheques. In some instances receipt numbers were not included on the deposit schedule so we were unable to reconcile the receipts to the bank deposits.

We recommend that the receipt book is ruled off and that the receipts numbers are then written on the deposit schedule this will help provide a clear audit trail. The total of the receipts entered into the receipts book should reconcile to the amount deposited.

Uniforms

We noted that no stocktake was completed for uniforms at year end. We appreciate that stock at balance date may be small but recommend that all stock that is on-sold to students should be counted at the end of the year.

It is recommended that a stocktake is done at the end of the year and that the count information is given to Education Services so that this can be included in the annual financial statements.

Missing Records

When testing expenses we noted that there were instances where invoices were not able to be located. Both the GST Act and the Income Tax Act require that source documents are to be held for 7 years. Retaining such documentation ensures robustness of accounting records audit.

It is recommended that invoices are kept for 7 years in a safe place.

Online Publication of Annual Report

The Education Act 1989 requires you to publish your Annual Report on-line. Your Annual Report contains your audited annual financial statements including our audit opinion, analysis of variance, list of trustees and Kiwisport statement.



Making your Annual Report accessible to the school community is important for transparency and accountability. The expectation is that your Annual Report is published as soon as possible after your audit is completed, as the value of good accountability lessens over time.

We note that your 2018 Annual Report was only published after we reminded you as part of the 2019 audit. This does not allow for proper accountability to your community.

The Day-to-Day Accounting System

Overall, based on our knowledge of your school and then the results of our audit procedures, we again found the financial control environment in place at your school to be good. The attitude towards controls and ensuring your school is being governed effectively is very positive. We were also impressed that your board appears concerned about planning and performance monitoring.

Our Sincere Thanks

We would like to take this opportunity to thank the Principal and Financial Administrator for their assistance and co-operation during our audit. The assistance from the school team greatly influences the efficiency of the whole audit process.

We would also like to thank the trustees for selecting Bennett & Associates as your auditors. We appreciate our relationship with your school and look forward to continuing to provide a valuable service to you.

Yours sincerely
BENNETT & ASSOCIATES



SK BENNETT



KAIKOHE CHRISTIAN SCHOOL

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

School Directory

Ministry Number: 1175

Principal: David Rogers

School Address: 52 Mangakahia Road

School Postal Address: P O Box 235, Kaikohe, 0440

School Phone: 09 401 1873

School Email: julieh@kcs.school.nz

Members of the Board of Trustees

Name	Position	How Position Gained	Occupation	Term Expires/ Expired
Mike Norman	Chairperson	Elected	Counsellor	Jun 2022
David Rogers	Principal	ex Officio		
Craig Zielinski	Parent Rep	Elected	Business Owner	Jun 2022
Christopher Bradley	Parent Rep	Co-opted	Engineer	Jun 2019
Pennilynn Norman	Parent Rep	Elected	Counsellor	Jun 2019
Katie Ralph	Parent Rep	Elected	Business Owner	Jun 2022
John Whitehead	Parent Rep	Elected	Business Owner	Jun 2022
Hoana Toi	Staff Rep	Elected	Teacher	Jul 2019
David Prickett	Staff Rep	Elected	Teacher	Jun 2022
Monte Tito	Proprietors Rep	Co-opted	Painter	Jun 2022
Mike Shaw	Proprietors Rep	Appointed	Pastor	Jun 2022
Sarah Tzikoucos	Student Rep	Elected	Student	Oct 2019

Accountant / Service Provider: Education Services Ltd

KAIKOHE CHRISTIAN SCHOOL

Annual Report - For the year ended 31 December 2019

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	Kiwisport
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Kaikohe Christian School

Statement of Responsibility

For the year ended 31 December 2019

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


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

It is the opinion of the Board and management that the annual financial statements for the financial year ended 31 December 2019 fairly reflects the financial position and operations of the school.

The School's 2019 financial statements are authorised for issue by the Board.

MIKE NORMAN

Full Name of Board Chairperson

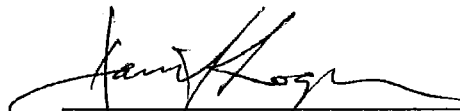

Signature of Board Chairperson

Date:

19/08/2020

David Rogers

Full Name of Principal


Signature of Principal

Date:

18/08/2020

Kaikohe Christian School

Statement of Comprehensive Revenue and Expense

For the year ended 31 December 2019

	Notes	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Revenue				
Government Grants	2	1,958,855	1,916,001	1,951,762
Locally Raised Funds	3	34,125	27,100	38,582
Use of Land and Buildings Integrated		90,400	90,400	112,000
Interest income		3,014	3,400	3,594
Gain on Sale of Property, Plant and Equipment		-	-	9,378
		<u>2,086,394</u>	<u>2,036,901</u>	<u>2,115,316</u>
Expenses				
Locally Raised Funds	3	50,499	30,500	68,036
Learning Resources	4	1,634,322	1,617,416	1,624,818
Administration	5	124,155	113,731	136,484
Finance		4,101	2,931	6,581
Property	6	221,812	230,390	232,602
Depreciation	7	45,251	41,927	51,303
Loss on Uncollectable Accounts Receivable		-	-	296
		<u>2,080,140</u>	<u>2,036,895</u>	<u>2,120,120</u>
Net Surplus / (Deficit) for the year		6,254	6	(4,804)
Other Comprehensive Revenue and Expenses		-	-	-
Total Comprehensive Revenue and Expense for the Year		<u>6,254</u>	<u>6</u>	<u>(4,804)</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.



Kaikohe Christian School
Statement of Changes in Net Assets/Equity
For the year ended 31 December 2019

	Notes	Actual 2019 \$	Budget (Unaudited) 2019 \$	Actual 2018 \$
Balance at 1 January		210,866	230,708	215,670
Total comprehensive revenue and expense for the year		6,254	6	(4,804)
Capital Contributions from the Ministry of Education				
Adjustment to Accumulated surplus/(deficit) from adoption of PBE IFRS 9		-	-	-
Equity at 31 December	21	217,120	230,714	210,866
Retained Earnings		217,120	230,714	210,866
Equity at 31 December		217,120	230,714	210,866

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.



Kaikohe Christian School
Statement of Financial Position
As at 31 December 2019

	Notes	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Current Assets				
Cash and Cash Equivalents	8	210,397	178,421	171,715
Accounts Receivable	9	98,582	102,575	91,015
GST Receivable		4,117	9,418	5,991
Prepayments		2,021	3,247	3,385
Inventories	10	-	3,994	-
		<u>315,117</u>	<u>297,655</u>	<u>272,106</u>
Current Liabilities				
Accounts Payable	12	108,818	122,585	100,370
Revenue Received in Advance	13	990	2,740	1,205
Provision for Cyclical Maintenance	14	25,544	26,696	31,922
Finance Lease Liability - Current Portion	15	13,034	14,502	13,405
		<u>148,386</u>	<u>166,523</u>	<u>146,902</u>
Working Capital Surplus/(Deficit)		166,731	131,132	125,204
Non-current Assets				
Property, Plant and Equipment	11	84,034	100,032	118,787
		<u>84,034</u>	<u>100,032</u>	<u>118,787</u>
Non-current Liabilities				
Provision for Cyclical Maintenance	14	13,414	-	6,604
Finance Lease Liability	15	20,231	450	26,521
		<u>33,645</u>	<u>450</u>	<u>33,125</u>
Net Assets		<u>217,120</u>	<u>230,714</u>	<u>210,866</u>
Equity		<u>217,120</u>	<u>230,714</u>	<u>210,866</u>

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



Kaikohe Christian School
Statement of Cash Flows
For the year ended 31 December 2019

	Note	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Cash flows from Operating Activities				
Government Grants		634,461	593,864	603,460
Locally Raised Funds		34,050	27,100	38,081
Goods and Services Tax (net)		1,874	-	3,427
Payments to Employees		(310,983)	(314,633)	(300,114)
Payments to Suppliers		(276,795)	(280,880)	(291,758)
Cyclical Maintenance Payments in the year		(27,008)	(8,700)	(27,562)
Interest Paid		(4,101)	(2,931)	(6,581)
Interest Received		3,014	3,400	3,594
Net cash from Operating Activities		54,512	17,220	22,547
Cash flows from Investing Activities				
Purchase of PPE (and Intangibles)		(2,747)	-	(21,016)
Net cash from Investing Activities		(2,747)	-	(21,016)
Cash flows from Financing Activities				
Finance Lease Payments		(13,083)	(17,700)	(8,717)
Net cash from Financing Activities		(13,083)	(17,700)	(8,717)
Net increase/(decrease) in cash and cash equivalents		38,682	(480)	(7,186)
Cash and cash equivalents at the beginning of the year	8	171,715	178,901	178,901
Cash and cash equivalents at the end of the year	8	210,397	178,421	171,715

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.



Kaikohe Christian School

Notes to the Financial Statements

For the year ended 31 December 2019

1. Statement of Accounting Policies

a) Reporting Entity

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

b) Basis of Preparation

Reporting Period

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

Basis of Preparation

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

Financial Reporting Standards Applied

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

Standard early adopted

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

PBE Accounting Standards Reduced Disclosure Regime

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

Measurement Base

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

Presentation Currency

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

Specific Accounting Policies

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



Critical Accounting Estimates And Assumptions

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

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

Useful lives of property, plant and equipment

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

Cyclical Maintenance Provision

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.

c) Revenue Recognition

Government Grants

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

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

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

Other Grants

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



Grants for the use of land and buildings are also not received in cash by the School as they equate to the deemed expense for using the land and buildings which are owned by the Proprietor. Use of land and building grants are recorded as income in the period the school uses the land and building.

Donations, Gifts and Bequests

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

Interest Revenue

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

d) Use of Land and Buildings Expense

The property from which the School operates is owned by the Proprietor. The expense is based on an assumed market rental yield on the land and buildings as used for rating purposes. This is a non-cash expense that is offset by a non-cash grant from the Proprietor.

e) Operating Lease Payments

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

f) Finance Lease Payments

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

g) Cash and Cash Equivalents

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

h) Accounts Receivable

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

Prior Year Policy

Accounts Receivable represents items that the School has issued invoices for or accrued for, but has not received payment for at year end. Receivables are initially recorded at fair value and subsequently recorded at the amount the School realistically expects to receive. A receivable is considered uncollectable where there is objective evidence the School will not be able to collect all amounts due. The amount that is uncollectable (the provision for uncollectibility) is the difference between the amount due and the present value of the amounts expected to be collected.

i) 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.

Prior Year Policy

Bank term deposits for periods exceeding 90 days are classified as investments and are initially measured at the amount invested. Interest is subsequently accrued and added to the investment balance. After initial recognition bank term deposits are measured at amortised cost using the effective interest method less impairment.

Investments that are shares are categorised as "available for sale" for accounting purposes in accordance with financial reporting standards. Share investments are recognised initially by the School at fair value plus transaction costs. At balance date the School has assessed whether there is any evidence that an investment is impaired. Any impairment, gains or losses are recognised in the Statement of Comprehensive Revenue and Expense.

After initial recognition any investments categorised as available for sale are measured at their fair value without any deduction for transaction costs the school may incur on sale or other disposal.

k) Property, Plant and Equipment

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

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:

Furniture and Equipment
Information and Communication
Motor Vehicles
Leased Assets
Library Resources

5-18 years
4 years
5 years
5 years
8 years

Leased assets are depreciated over the life of the 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. It's fair value can be assessed at time of acquisition if no other methods lead to a fair value determination. Computer software purchased directly from suppliers at market rates are considered exchange transactions and the fair 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, annual leave earned to but not yet taken at balance date.

Long-term employee entitlements

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

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

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.

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 Proprietor. The Board is responsible for maintaining the land, building 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 provisions for cyclical maintenance represents the obligations the Board has to the Proprietor and is based on the Board's ten year property plan (10YPP).

t) Financial Assets and Liabilities

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

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

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



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.

Grants determined by the Minister of Education for operational activities includes all items (core components) included in the Operational Funding notice.

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

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

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Operational Grants	554,274	530,493	535,118
Teachers' Salaries Grants	1,318,445	1,318,284	1,350,127
Gateway Income	34,667	40,871	40,871
Resource Teachers Learning and Behaviour Grants	900	3,000	1,620
Other MoE Grants	50,491	23,353	22,790
Other Government Grants	78	-	1,236
	<u>1,958,855</u>	<u>1,916,001</u>	<u>1,951,762</u>

3. Locally Raised Funds

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

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Revenue			
Donations	2,064	-	519
Bequests & Grants	3,000	-	1,000
Activities	9,781	11,500	24,367
Trading	16,060	10,000	12,067
Fundraising	3,220	5,600	629
	<u>34,125</u>	<u>27,100</u>	<u>38,582</u>
Expenses			
Activities	27,217	20,500	47,526
Trading	21,812	10,000	20,404
Fundraising (Costs of Raising Funds)	1,470	-	106
	<u>50,499</u>	<u>30,500</u>	<u>68,036</u>
<i>Surplus/(Deficit) for the year Locally raised funds</i>	<u>(16,374)</u>	<u>(3,400)</u>	<u>(29,454)</u>

4. Learning Resources

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Curricular	46,807	47,350	40,497
Employee Benefits - Salaries	1,541,624	1,532,966	1,548,183
Staff Development	11,440	15,800	2,964
R&M & Purchases <\$500	23,490	20,000	25,139
S T A R	10,961	1,300	8,035
	<u>1,634,322</u>	<u>1,617,416</u>	<u>1,624,818</u>



5. Administration

	2019	2019	2018
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Audit Fee	4,000	4,000	3,900
Board of Trustees Fees	3,330	3,000	3,330
Board of Trustees Expenses	8,867	2,800	565
Communication	5,363	3,800	4,120
Consumables	19,800	12,220	20,343
Operating Lease	849	660	1,846
Other	11,466	11,100	12,479
Employee Benefits - Salaries	59,275	64,951	78,982
Insurance	2,169	2,500	2,051
Service Providers, Contractors and Consultancy	9,036	8,700	8,868
	<u>124,155</u>	<u>113,731</u>	<u>136,484</u>

6. Property

	2019	2019	2018
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Caretaking and Cleaning Consumables	17,839	11,500	9,725
Cyclical Maintenance Expense	27,440	11,490	21,368
Grounds	4,530	5,500	3,576
Heat, Light and Water	32,246	25,000	30,177
Repairs and Maintenance	8,948	11,000	11,257
Use of Land and Buildings	90,400	90,400	112,000
Security	5,031	2,500	2,962
Employee Benefits - Salaries	26,612	35,000	12,368
Transport	2,336	3,000	2,775
Consultancy And Contract Services	6,430	35,000	26,394
	<u>221,812</u>	<u>230,390</u>	<u>232,602</u>

The use of land and buildings figure represents 8% of the school's total property value. This is used as a 'proxy' for the market rental of the property. Property values are established as part of the nation-wide revaluation exercise that is conducted every 30 June for the Ministry of Education's year-end reporting purposes.

7. Depreciation

	2019	2019	2018
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Building Improvements	49	41	50
Furniture and Equipment	13,881	12,375	15,143
Information and Communication Technology	16,440	13,035	15,950
Leased Assets	14,881	16,476	20,160
	<u>45,251</u>	<u>41,927</u>	<u>51,303</u>

8. Cash and Cash Equivalents

	2019	2019	2018
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Cash on Hand	186	-	-
Bank Current Account	200,148	168,584	161,755
Bank Call Account	10,063	9,837	9,960
	<u>210,397</u>	<u>178,421</u>	<u>171,715</u>

Cash equivalents for Cash Flow Statement

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

9. Accounts Receivable

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Receivables	1,185	2,233	805
Banking Staffing Underuse	-	8,517	-
Teacher Salaries Grant Receivable	97,397	91,825	90,210
	<u>98,582</u>	<u>102,575</u>	<u>91,015</u>
Receivables from Exchange Transactions	1,185	2,233	805
Receivables from Non-Exchange Transactions	97,397	100,342	90,210
	<u>98,582</u>	<u>102,575</u>	<u>91,015</u>

10. Inventories

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Uniform Sales	-	3,886	-
Stationery	-	108	-
	<u>-</u>	<u>3,994</u>	<u>-</u>

11. Property, Plant and Equipment

	Opening Balance (NBV) \$	Additions \$	Disposals \$	Impairment \$	Depreciation \$	Total (NBV) \$
2019						
Building Improvements	516	-	-	-	(49)	467
Furniture and Equipment	44,918	2,071	-	-	(13,881)	33,108
Information and Communication Tech	36,357	676	-	-	(16,440)	20,593
Leased Assets	36,996	7,751	-	-	(14,881)	29,866
Balance at 31 December 2019	<u>118,787</u>	<u>10,498</u>	<u>-</u>	<u>-</u>	<u>(45,251)</u>	<u>84,034</u>

	Cost or Valuation \$	Accumulated Depreciation \$	Net Book Value \$
2019			
Building Improvements	886	(419)	467
Furniture and Equipment	223,462	(190,354)	33,108
Information and Communication	138,541	(117,948)	20,593
Motor Vehicles	7,102	(7,102)	-
Leased Assets	54,412	(24,546)	29,866
Library Resources	10,677	(10,677)	-
Balance at 31 December 2019	<u>435,080</u>	<u>(351,046)</u>	<u>84,034</u>



	Opening Balance (NBV) \$	Additions \$	Disposals \$	Impairment \$	Depreciation \$	Total (NBV) \$
2018						
Building Improvements	565	-	-	-	(50)	516
Furniture and Equipment	55,995	4,066	-	-	(15,143)	44,918
Information and Communication Tech	34,034	18,273	-	-	(15,950)	36,357
Leased Assets	45,515	34,512	(22,871)	-	(20,160)	36,996
Balance at 31 December 2018	136,109	56,851	(22,871)	-	(51,303)	118,787

	Cost or Valuation \$	Accumulated Depreciation \$	Net Book Value \$
2018			
Building Improvements	885	(369)	516
Furniture and Equipment	221,391	(176,473)	44,918
Information and Communication	137,865	(101,508)	36,357
Motor Vehicles	7,102	(7,102)	-
Leased Assets	57,101	(20,105)	36,996
Library Resources	10,677	(10,677)	-
Balance at 31 December 2018	435,021	(316,234)	118,787

12. Accounts Payable

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Operating Creditors	5,900	14,548	4,431
Accruals	4,000	3,670	3,900
Employee Entitlements - Salaries	97,397	91,825	90,210
Employee Entitlements - Leave Accrual	1,521	12,542	1,829
	108,818	122,585	100,370
Payables for Exchange Transactions	108,818	122,585	100,370
Payables for Non-exchange Transactions - Taxes Payable (PAYE and Rates)	-	-	-
Payables for Non-exchange Transactions - Other	-	-	-
	108,818	122,585	100,370

The carrying value of payables approximates their fair value.

13. Revenue Received in Advance

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Revenue Received In Advance	990	2,740	1,205
	990	2,740	1,205



14. Provision for Cyclical Maintenance

	2019	2019	2018
	Actual	Budget (Unaudited)	Actual
	\$	\$	\$
Provision at the Start of the Year	38,526	15,206	44,720
Increase to the Provision During the Year	27,440	11,490	21,368
Use of the Provision During the Year	(27,008)	-	(27,562)
Provision at the End of the Year	38,958	26,696	38,526
Cyclical Maintenance - Current	25,544	26,696	31,922
Cyclical Maintenance - Term	13,414	-	6,604
	38,958	26,696	38,526

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:

	2019	2019	2018
	Actual	Budget (Unaudited)	Actual
	\$	\$	\$
No Later than One Year	15,118	14,502	16,233
Later than One Year and no Later than Five Years	22,355	450	30,728
	37,473	14,952	46,961

16. Related Party Transactions

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

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

The Proprietor of the School (Kaikohe Christian Fellowship Trust) is a related party of the Board because the proprietor appoints representatives to the Board, giving the proprietor significant influence over the Board. Any services or contributions between the Board and Proprietor have been disclosed appropriately, if the proprietor collects fund on behalf of the school (or vice versa) the amounts are disclosed.

The Proprietor provides land and buildings free of charge for use by the Board as noted in Note 1(c). The estimated value of this use during 2019 is included in the Statement of Comprehensive Revenue and Expense as "Use of land and buildings".



17. Remuneration

Key management personnel compensation

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

	2019 Actual \$	2018 Actual \$
<i>Board Members</i>		
Remuneration	3,330	3,330
Full-time equivalent members	0.04	0.03
<i>Leadership Team</i>		
Remuneration	427,619	424,936
Full-time equivalent members	4.00	4.00
Total key management personnel remuneration	430,949	428,266
Total full-time equivalent personnel	4.04	4.03

The full time equivalent for Board members has been determined based on attendance at Board meetings, Committee meetings and for other obligations of the Board, such as stand downs and suspensions, plus the estimated time for Board members to prepare for meetings.

Principal

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

	2019 Actual \$000	2018 Actual \$000
Salaries and Other Short-term Employee Benefits:		
Salary and Other Payments	140 - 150	140 - 150
Benefits and Other Emoluments	4 - 5	4 - 5
Termination Benefits	-	-

Other Employees

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

Remuneration \$000	2019 FTE Number	2018 FTE Number
100 - 110	-	-
	0.00	0.00

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

18. Compensation and Other Benefits Upon Leaving

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

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



19. Contingencies

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

Holidays Act Compliance – schools payroll

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

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

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

20. Commitments

(a) Capital Commitments

There are no capital commitments as at 31 December 2019 (Capital commitments at 31 December 2018: nil).

(b) Operating Commitments

As at 31 December 2019 the Board has entered into the following contracts:

(a) operating lease of photocopiers;

	2019 Actual \$	2018 Actual \$
No later than One Year	13,879	14,484
Later than One Year and No Later than Five Years	32,256	46,135
Later than Five Years	-	-
	<u>46,135</u>	<u>60,619</u>

21. Managing Capital

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



22. Financial Instruments

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

Financial assets measured at amortised cost (2018: Loans and receivables)

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Cash and Cash Equivalents	210,397	178,421	171,715
Receivables	98,582	102,575	91,015
Investments - Term Deposits	-	-	-
Total Financial assets measured at amortised cost	308,979	280,996	262,730

Financial liabilities measured at amortised cost

Payables	108,818	122,585	100,370
Borrowings - Loans	-	-	-
Finance Leases	33,265	14,952	39,926
Painting Contract Liability	-	-	-
Total Financial Liabilities Measured at Amortised Cost	142,083	137,537	140,296

23. Events After Balance Date

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

At the date of issuing the financial statements, the school has been able to absorb the majority of the impact from the nationwide lockdown as it was decided to start the annual Easter School holidays early. In the periods the school is open for tuition, the school has switched to alternative methods of delivering the curriculum, so students can learn remotely.

At this time the full financial impact of the COVID-19 pandemic is not able to be determined, but it is not expected to be significant to the school. The school will continue to receive funding from the Ministry of Education, even while closed.

24. Comparatives

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

25. Adoption of PBE IFRS 9 Financial Instruments

In accordance with the transitional provisions of PBE IFRS 9, the school has elected not to restate the information for previous years to comply with PBE IFRS 9. Adjustments arising from the adoption of PBE IFRS 9 are recognised in opening equity at 1 January 2019. Accounting policies have been updated to comply with PBE IFRS 9. The main updates are:

- Note 9 Receivables: This policy has been updated to reflect that the impairment of short-term receivables is now determined by applying an expected credit loss model.

- Note 8 Cash and Cash Equivalents:

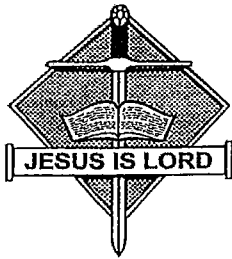
Term deposits: This policy has been updated to explain that a loss allowance for expected credit losses is recognised only if the estimated loss allowance is not trivial.

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

26. Breach of Law - Statutory Reporting

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





Kaikohe Christian School

To follow the way of Jesus Christ, seek His Truth and excel in life for Him
Ki te whai i te ara o Ihu Karaiti, ki te rapu i Tana Pono, ki te hira ora hoki, mo la

KiwiSport 2019

The school received \$1248.68 in KiwiSport funding

This was disbursed in the following manner;

Sports Trips \$5,244

David Rogers

PRINCIPAL

Analysis of Variance End 2019

Writing

Writing is a key focus area in the Te Arahura Community of Learning, of which Kaikohe Christian School is a member school.

Our end of 2018 writing achievement data shows 67.5% of our students in Years one to ten are at or above expectation in Writing. 54 Students have been identified as at risk of not achieving satisfactorily in writing this year.

Target: Increase the number of students achieving age/year level appropriate levels in writing.

Curriculum levels (working within)	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Beyond NZC Level 5	-	-	-	-	-	1 (8%)	2 (11%)	1 (7%)	2 (11%)	2 (22%)
NZC Level 5	-	-	-	-	-	-	2 (11%)	1 (7%)	2 (11%)	4 (44%)
NZC Level 4	-	-	1	-	1 (7%)	1 (8%)	1 (6%)	-	12 (63%)	2 (22%)
NZC Level 3	-	-	-	1 (6%)	2 (14%)	4 (31%)	3 (17%)	3 (20%)	2 (11%)	-
NZC Level 2	-	4 (27%)	14 (88%)	15 (83%)	5 (36%)	7 (54%)	9 (50%)	10 (67%)	1 (5%)	1 (11%)
NZC Level 1	18 (100%)	11 (73%)	2 (12%)	2 (11%)	6 (43%)	-	1 (6%)	-	-	-
Total	18	15	16	18	14	13	18	15	19	9

Note: Students that do not have any confirmed judgments are omitted from these results.

The aspirational target was settled upon because a change in data collection tools was planned for beyond 2019. For 2019, the end of year judgments are recorded and represented in PaCT (above). With the decision to move to a tool that will allow 'over time' achievement outcomes to be recorded we have used this 2019 data as a benchmark for future reporting. Judgments are made using PaCT against the progression descriptors in the Learning Progression Framework.

In this data there are 50 students who will need targeted learning assistance for 2020. This is against the end of 2018 writing data that indicated 54 students would need targeted learning assistance through 2019 and although a shift in the positive direction is noted, this could easily be explained through a standard deviation or statistical anomaly.

That being said, the school is well positioned to generate a much more reliable 'over-time' data set for individuals and groups within the school which will in turn enable more accurate delivery of intervention and acceleration strategies to address underachievement.

**INDEPENDENT AUDITOR'S REPORT
TO THE READERS OF
KAIKOHE CHRISTIAN SCHOOL'S
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

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The Auditor-General is the auditor of Kaikohe Christian School (the School). The Auditor-General has appointed me, Steve Bennett, using the staff and resources of Bennett & Associates, 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 20 that comprise the statement of financial position as at 31 December 2019, the statement of comprehensive revenue and expense, statement of changes in net assets/equity and statement of cash flows for the year ended on that date, and the notes to the financial statements that include accounting policies and other explanatory information.

In our opinion the financial statements of the School:

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

Our audit was completed on 21 August 2020. This is the date at which our opinion is expressed.

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

Emphasis of Matter – COVID-19

Without modifying our opinion, we draw attention to the disclosures in note 23 on page 20 which outline the possible effects of the Alert Level 4 lockdown as a result of the COVID-19 pandemic.

Basis for our opinion

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

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

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



Responsibilities of the Board of Trustees for the financial statements

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

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

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

Responsibilities of the auditor for the audit of the financial statements

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

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

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

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

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

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



auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the School to cease to continue as a going concern.

- We evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We assess the risk of material misstatement arising from the Novopay payroll system, which may still contain errors. As a result, we carried out procedures to minimise the risk of material errors arising from the system that, in our judgement, would likely influence readers' overall understanding of the financial statements.

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

Our responsibilities arise from the Public Audit Act 2001.

Other information

The Board of Trustees is responsible for the other information. The other information comprises the Analysis of Variance, the Kiwi Sport Statement, the List of Trustees and Statement of Responsibility which form part of the Annual Report, but does not include the financial statements, and our auditor's report thereon.


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

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

Independence

We are independent of the School in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1 (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.



Steve Bennett
BENNETT & ASSOCIATES
On behalf of the Auditor-General
Whangarei, New Zealand

