

# NEWTOWN SCHOOL

## ANNUAL REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2020

#### School Directory

**Ministry Number:** 2926

**Principal:** Mark Brown

**School Address:** Mein Street, Newtown

**School Postal Address:** Mein Street, Newtown, Wellington, 6021

**School Phone:** 04 389 6667

**School Email:** admin@newtown.school.nz

#### Members of the Board of Trustees

<b>Name</b>	<b>Position</b>	<b>How Position Gained</b>	<b>Term Expires/ Expired</b>
Jessica Gorman	Chairperson	Elected	May 2022
Mark Brown	Principal	ex Officio	
Haidee Westwater	Parent Rep	Elected	May 2022
Nick Booth	Parent Rep	Elected	May 2022
Yadana Saw	Parent Rep	Elected	May 2022
Amelia Handscomb	Parent Rep	Elected	Oct 2020
Joseph Winkels	Parent Rep	Co-opted	
Victoria Esson	Parent Rep	Co-opted	Dec 2020
Louise Conwell	Staff Rep	Elected	Dec 2020

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

# NEWTOWN SCHOOL

Annual Report - For the year ended 31 December 2020

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# Newtown 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.

Jessica Kate Gorman

Full Name of Board Chairperson



Signature of Board Chairperson

25 May 2021

Date:

Mark Gregory Brown

Full Name of Principal



Signature of Principal

25 May 2021

Date:

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

	Notes	2020 Actual \$	2020 Budget (Unaudited) \$	2019 Actual \$
<b>Revenue</b>				
Government Grants	2	4,071,104	2,951,527	3,768,420
Locally Raised Funds	3	88,757	114,000	124,198
Interest income		185	600	200
		<u>4,160,046</u>	<u>3,066,127</u>	<u>3,892,818</u>
<b>Expenses</b>				
Locally Raised Funds	3	24,997	35,750	58,587
Learning Resources	4	2,690,088	2,095,380	2,488,229
Administration	5	162,436	175,404	167,947
Finance		5,191	770	4,432
Property	6	1,189,960	638,389	1,110,214
Depreciation	7	123,122	120,728	121,006
Loss on Disposal of Property, Plant and Equipment		5	-	19,673
		<u>4,195,799</u>	<u>3,066,421</u>	<u>3,970,088</u>
<b>Net Surplus / (Deficit) for the year</b>		<b>(35,753)</b>	<b>(294)</b>	<b>(77,270)</b>
Other Comprehensive Revenue and Expenses		-	-	-
<b>Total Comprehensive Revenue and Expense for the Year</b>		<b><u>(35,753)</u></b>	<b><u>(294)</u></b>	<b><u>(77,270)</u></b>

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

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

	Notes	Actual 2020 \$	Budget (Unaudited) 2020 \$	Actual 2019 \$
<b>Balance at 1 January</b>		<u>604,176</u>	<u>381,348</u>	<u>672,115</u>
Total comprehensive revenue and expense for the year		(35,753)	(294)	(77,270)
Capital Contributions from the Ministry of Education				
Contribution - Furniture and Equipment Grant		-	-	9,331
Adjustment to Accumulated surplus/(deficit) from adoption of PBE IFRS 9		-	-	-
<b>Equity at 31 December</b>	23	<u>568,423</u>	<u>381,054</u>	<u>604,176</u>
Retained Earnings		568,423	381,054	604,176
<b>Equity at 31 December</b>		<u>568,423</u>	<u>381,054</u>	<u>604,176</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.

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

		2020	2020	2019
	Notes	Actual	Budget	Actual
		\$	(Unaudited)	\$
			\$	
<b>Current Assets</b>				
Cash and Cash Equivalents	8	170,130	14,371	124,404
Accounts Receivable	9	202,798	1,636	149,465
GST Receivable		4,679	8,944	10,344
Prepayments		9,277	9,260	12,179
Inventories	10	-	1,274	1,467
		<u>386,884</u>	<u>35,485</u>	<u>297,859</u>
<b>Current Liabilities</b>				
Accounts Payable	12	190,604	150,229	166,132
Revenue Received in Advance	13	49,143	16,011	15,943
Provision for Cyclical Maintenance		-	-	-
Painting Contract Liability - Current Portion	15	17,546	17,546	17,546
Finance Lease Liability - Current Portion	16	21,559	11,953	13,720
Funds held for Capital Works Projects	17	25,547	-	12,870
		<u>304,399</u>	<u>195,739</u>	<u>226,211</u>
<b>Working Capital Surplus/(Deficit)</b>		<b>82,485</b>	<b>(160,254)</b>	<b>71,648</b>
<b>Non-current Assets</b>				
Property, Plant and Equipment	11	593,360	622,933	610,652
		<u>593,360</u>	<u>622,933</u>	<u>610,652</u>
<b>Non-current Liabilities</b>				
Provision for Cyclical Maintenance	14	58,350	31,082	22,264
Painting Contract Liability	15	26,219	26,219	37,157
Finance Lease Liability	16	22,853	24,324	18,703
		<u>107,422</u>	<u>81,625</u>	<u>78,124</u>
<b>Net Assets</b>		<u><b>568,423</b></u>	<u><b>381,054</b></u>	<u><b>604,176</b></u>
<b>Equity</b>		<u><b>568,423</b></u>	<u><b>381,054</b></u>	<u><b>604,176</b></u>

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

**Newtown 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		1,023,713	897,654	872,802
Locally Raised Funds		122,961	78,000	137,357
Goods and Services Tax (net)		5,665	-	(1,400)
Payments to Employees		(629,432)	(449,750)	(517,841)
Payments to Suppliers		(370,581)	(499,409)	(404,972)
Interest Paid		(5,191)	(770)	(4,432)
Interest Received		193	600	185
<b>Net cash from/(to) Operating Activities</b>		<b>147,328</b>	<b>26,325</b>	<b>81,699</b>
<b>Cash flows from Investing Activities</b>				
Purchase of Property Plant & Equipment (and Intangibles)		(68,623)	(118,000)	(97,570)
<b>Net cash from/(to) Investing Activities</b>		<b>(68,623)</b>	<b>(118,000)</b>	<b>(97,570)</b>
<b>Cash flows from Financing Activities</b>				
Furniture and Equipment Grant		-	-	9,331
Finance Lease Payments		(19,437)	(16,694)	(11,201)
Painting contract payments		(26,219)	(17,486)	(10,951)
Funds Held for Capital Works Projects		12,677	-	12,870
<b>Net cash from/(to) Financing Activities</b>		<b>(32,979)</b>	<b>(34,180)</b>	<b>49</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>45,726</b>	<b>(125,855)</b>	<b>(15,822)</b>
Cash and cash equivalents at the beginning of the year	8	124,404	140,226	140,226
<b>Cash and cash equivalents at the end of the year</b>	<b>8</b>	<b>170,130</b>	<b>14,371</b>	<b>124,404</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 Statement of Cash Flows should be read in conjunction with the accompanying notes which form part of these financial statements.

# Newtown School

## Notes to the Financial Statements

### For the year ended 31 December 2020

#### 1. Statement of Accounting Policies

##### a) Reporting Entity

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

###### *PBE Accounting Standards Reduced Disclosure Regime*

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

###### *Measurement Base*

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

###### *Presentation Currency*

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

###### *Specific Accounting Policies*

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



### **Critical Accounting Estimates And Assumptions**

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

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

#### *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 carry forward 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.

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:

Building Improvements	10 - 20 years
Furniture and Equipment	15 years
Information and Communication	5 - 10 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. 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, 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.

#### **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 the School's control. These amounts are not recorded in the Statement of Revenue and Expense. The School holds sufficient funds to enable the funds to be used for their intended purpose.

#### **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 'financial assets measured at amortised cost' for accounting purposes in accordance with financial reporting standards.

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

The School's financial liabilities comprise accounts payable, 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 are 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.

**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	722,963	666,115	589,060
Teachers' Salaries Grants	2,086,559	1,621,130	1,989,849
Use of Land and Buildings Grants	970,121	437,243	915,070
Resource Teachers Learning and Behaviour Grants	13,546	9,000	9,761
Other MoE Grants	243,595	218,039	249,473
Other Government Grants	34,320	-	15,207
	<b>4,071,104</b>	<b>2,951,527</b>	<b>3,768,420</b>

The school has opted in to the donations scheme for this year. Total amount received was \$57,450.

Other MOE Grants total includes additional COVID-19 funding totalling \$17,083 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	16,214	3,000	14,365
Bequests & Grants	-	38,500	14,732
Activities	58,358	61,500	83,174
Trading	9,428	7,500	11,336
Fundraising	4,757	3,500	591
	<b>88,757</b>	<b>114,000</b>	<b>124,198</b>
<b>Expenses</b>			
Activities	13,647	28,500	42,647
Trading	11,350	7,250	14,267
Fundraising (Costs of Raising Funds)	-	-	264
Other Locally Raised Funds Expenditure	-	-	1,409
	<b>24,997</b>	<b>35,750</b>	<b>58,587</b>
<i>Surplus for the year Locally raised funds</i>	<b>63,760</b>	<b>78,250</b>	<b>65,611</b>

## 4. Learning Resources

	2020	2020	2019
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Curricular	65,869	63,500	48,578
Library Resources	2,217	5,000	788
Employee Benefits - Salaries	2,607,251	2,000,880	2,424,839
Staff Development	10,003	20,000	10,072
Rtm	4,748	6,000	3,952
	<b>2,690,088</b>	<b>2,095,380</b>	<b>2,488,229</b>

## 5. Administration

	2020	2020	2019
	Actual	Budget	Actual
	\$	(Unaudited)	\$
	\$	\$	\$
Audit Fee	7,454	7,454	7,237
Board of Trustees Fees	2,915	3,000	2,978
Board of Trustees Expenses	8,063	11,500	12,786
Communication	16,374	4,000	3,982
Consumables	10,412	20,000	12,632
Operating Lease	-	15,000	10,094
Other	16,687	23,450	20,449
Employee Benefits - Salaries	75,582	65,500	74,390
Insurance	10,549	12,000	9,839
Service Providers, Contractors and Consultancy	14,400	13,500	13,560
	<u>162,436</u>	<u>175,404</u>	<u>167,947</u>

## 6. Property

	2020	2020	2019
	Actual	Budget	Actual
	\$	(Unaudited)	\$
	\$	\$	\$
Caretaking and Cleaning Consumables	12,995	10,100	12,160
Cyclical Maintenance Expense	36,086	17,546	8,728
Grounds	1,546	11,500	2,709
Heat, Light and Water	27,931	20,500	24,081
Rates	2,737	1,500	2,186
Repairs and Maintenance	26,056	32,500	22,902
Use of Land and Buildings	970,121	437,243	915,070
Security	6,599	5,500	2,838
Employee Benefits - Salaries	339	-	320
Consulting & Contractors	105,550	102,000	119,220
	<u>1,189,960</u>	<u>638,389</u>	<u>1,110,214</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	2020	2019
	Actual	Budget	Actual
	\$	(Unaudited)	\$
	\$	\$	\$
Building Improvements	25,987	25,265	25,323
Furniture and Equipment	51,580	50,394	50,510
Information and Communication Technology	26,374	26,191	26,251
Leased Assets	16,759	16,420	16,458
Library Resources	2,422	2,458	2,464
	<u>123,122</u>	<u>120,728</u>	<u>121,006</u>



### 8. Cash and Cash Equivalents

	2020 Actual \$	2020 Budget (Unaudited) \$	2019 Actual \$
Cash on Hand	50	-	50
Bank Current Account	84,740	14,371	83,005
Bank Call Account	85,340	-	41,349
Cash and cash equivalents for Statement of Cash Flows	<u>170,130</u>	<u>14,371</u>	<u>124,404</u>

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

Of the \$170,130 Cash and Cash Equivalents \$26,418 is held by the School on behalf of the Ministry of Education. These funds are required to be spent in 2021 on Crown owned school buildings under the School's Five Year Property Plan.

### 9. Accounts Receivable

	2020 Actual \$	2020 Budget (Unaudited) \$	2019 Actual \$
Receivables	-	1,585	1,004
Banking Staffing Underuse	35,951	-	16,244
Interest Receivable	58	51	66
Teacher Salaries Grant Receivable	166,789	-	132,151
	<u>202,798</u>	<u>1,636</u>	<u>149,465</u>
Receivables from Exchange Transactions	58	1,636	1,070
Receivables from Non-Exchange Transactions	202,740	-	148,395
	<u>202,798</u>	<u>1,636</u>	<u>149,465</u>

### 10. Inventories

	2020 Actual \$	2020 Budget (Unaudited) \$	2019 Actual \$
Stationery	-	1,274	1,467
	<u>-</u>	<u>1,274</u>	<u>1,467</u>

## 11. Property, Plant and Equipment

	Opening Balance (NBV)	Additions	Disposals	Impairment	Depreciation	Total (NBV)
2020	\$	\$	\$	\$	\$	\$
Building Improvements	100,425	20,285	-	-	(25,987)	94,724
Furniture and Equipment	398,352	38,833	-	-	(51,580)	385,605
Information and Communication Tech	70,482	30,951	-	-	(26,374)	75,059
Leased Assets	33,708	13,131	(5)	-	(16,759)	30,075
Library Resources	7,685	2,634	-	-	(2,422)	7,897
<b>Balance at 31 December 2020</b>	<b>610,652</b>	<b>105,834</b>	<b>(5)</b>	<b>-</b>	<b>(123,122)</b>	<b>593,360</b>

The net carrying value of equipment held under a finance lease is \$30,075 (2019: \$33,708)

	Cost or Valuation	Accumulated Depreciation	Net Book Value
2020	\$	\$	\$
Building Improvements	609,118	(514,394)	94,724
Furniture and Equipment	924,931	(539,326)	385,605
Information and Communication	199,510	(124,451)	75,059
Leased Assets	61,272	(31,197)	30,075
Library Resources	19,374	(11,477)	7,897
<b>Balance at 31 December 2020</b>	<b>1,814,205</b>	<b>(1,220,845)</b>	<b>593,360</b>

	Opening Balance (NBV)	Additions	Disposals	Impairment	Depreciation	Total (NBV)
2019	\$	\$	\$	\$	\$	\$
Building Improvements	100,232	25,516	-	-	(25,323)	100,425
Furniture and Equipment	429,798	32,385	(13,321)	-	(50,510)	398,352
Information and Communication Tech	67,820	35,265	(6,352)	-	(26,251)	70,482
Leased Assets	35,394	14,772	-	-	(16,458)	33,708
Library Resources	8,377	1,772	-	-	(2,464)	7,685
<b>Balance at 31 December 2019</b>	<b>641,621</b>	<b>109,710</b>	<b>(19,673)</b>	<b>-</b>	<b>(121,006)</b>	<b>610,652</b>

The net carrying value of equipment held under a finance lease is \$33,708 (2018: \$35,394)

	Cost or Valuation	Accumulated Depreciation	Net Book Value
2019	\$	\$	\$
Building Improvements	588,833	(488,408)	100,425
Furniture and Equipment	886,098	(487,746)	398,352
Information and Communication	168,559	(98,077)	70,482
Leased Assets	52,807	(19,099)	33,708
Library Resources	82,203	(74,518)	7,685
<b>Balance at 31 December 2019</b>	<b>1,778,500</b>	<b>(1,167,848)</b>	<b>610,652</b>

## 12. Accounts Payable

	2020 Actual \$	2020 Budget (Unaudited) \$	2019 Actual \$
Operating Creditors	9,729	26,099	23,305
Accruals	5,954	5,526	5,737
Capital Accruals for PPE items	61	-	-
Employee Entitlements - Salaries	166,789	113,268	132,151
Employee Entitlements - Leave Accrual	8,071	5,336	4,939
	<u>190,604</u>	<u>150,229</u>	<u>166,132</u>
Payables for Exchange Transactions	190,604	150,229	166,132
Payables for Non-exchange Transactions - Taxes Payable (PAYE and Rates)	-	-	-
Payables for Non-exchange Transactions - Other	-	-	-
	<u>190,604</u>	<u>150,229</u>	<u>166,132</u>

The carrying value of payables approximates their fair value.

## 13. Revenue Received in Advance

	2020 Actual \$	2020 Budget (Unaudited) \$	2019 Actual \$
Income In Advance	38,250	1,585	-
FANS	10,893	14,426	15,943
	<u>49,143</u>	<u>16,011</u>	<u>15,943</u>

## 14. Provision for Cyclical Maintenance

	2020 Actual \$	2020 Budget (Unaudited) \$	2019 Actual \$
Provision at the Start of the Year	22,264	13,536	13,536
Increase to the Provision During the Year	36,086	17,546	8,728
Provision at the End of the Year	<u>58,350</u>	<u>31,082</u>	<u>22,264</u>
Cyclical Maintenance - Current	-	-	-
Cyclical Maintenance - Term	58,350	31,082	22,264
	<u>58,350</u>	<u>31,082</u>	<u>22,264</u>

## 15. Painting Contract Liability

	2020 Actual \$	2020 Budget (Unaudited) \$	2019 Actual \$
Current Liability	17,546	17,546	17,546
Non Current Liability	26,219	26,219	37,157
	<u>43,765</u>	<u>43,765</u>	<u>54,703</u>

In 2018 the Board signed an agreement with Programmed Maintenance Services (NZ) Ltd (the contractor) for an agreed programme of work covering a seven year period. The programme provides for one exterior repaint of the Ministry owned buildings in 2018, with regular maintenance in subsequent years. The agreement has an annual commitment of \$17,546. The liability is the best estimate of the actual amount of work performed by the contractor for which the contractor has not been paid at balance sheet date. The liability has not been adjusted for inflation and the effect of the time value of money.

## 16. 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	\$ 25,387	\$ 11,953	\$ 15,871
Later than One Year and no Later than Five Years	25,584	24,324	21,077
	<u>50,971</u>	<u>36,277</u>	<u>36,948</u>

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

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

	2020	Opening Balances \$	Receipts from MoE \$	Payments \$	BOT Contribution/ (Write-off to R&M)	Closing Balances \$
Exterior Lighting	<i>in progress</i>	6,435	-	(7,306)	-	(871)
Hot Water Cylinders	<i>in progress</i>	6,435	-	(5,715)	-	720
Block A, Reconfig Stage 1	<i>in progress</i>	-	30,289	(4,591)	-	25,698
Totals		<u>12,870</u>	<u>30,289</u>	<u>(17,612)</u>	<u>-</u>	<u>25,547</u>

### Represented by:

Funds Held on Behalf of the Ministry of Education	26,418
Funds Due from the Ministry of Education	(871)
	<u>25,547</u>

	2019	Opening Balances \$	Receipts from MoE \$	Payments \$	BOT Contribution/ (Write-off to R&M)	Closing Balances \$
Exterior Lighting	<i>in progress</i>	-	6,435	-	-	6,435
Hot Water Cylinders	<i>in progress</i>	-	6,435	-	-	6,435
Totals		<u>-</u>	<u>12,870</u>	<u>-</u>	<u>-</u>	<u>12,870</u>

## 18. Related Party Transactions

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

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

## 19. Remuneration

### Key management personnel compensation

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

	2020 Actual \$	2019 Actual \$
<i>Board Members</i>		
Remuneration	2,915	2,978
Full-time equivalent members	0.28	0.27
<i>Leadership Team</i>		
Remuneration	373,930	340,662
Full-time equivalent members	3.07	3.00
Total key management personnel remuneration	376,845	343,640
Total full-time equivalent personnel	3.35	3.27

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	140 - 150	140 - 150
Benefits and Other Emoluments	21 - 22	19 - 20
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	2.00	1.00
	2.00	1.00

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

## 20. Compensation and Other Benefits Upon Leaving

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

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

## 21. Contingencies

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

### Holidays Act Compliance – schools payroll

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

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

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

## 22. Commitments

### (a) Capital Commitments

There are no capital commitments as at 31 December 2020 (Capital commitments at 31 December 2019: nil).

### (b) Operating Commitments

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

## 23. Managing Capital

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

## 24. Financial Instruments

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

### Financial assets measured at amortised cost

	2020 Actual \$	2020 Budget (Unaudited) \$	2019 Actual \$
Cash and Cash Equivalents	170,130	14,371	124,404
Receivables	202,798	1,636	149,465
Investments - Term Deposits	-	-	-
Total Financial assets measured at amortised cost	<u>372,928</u>	<u>16,007</u>	<u>273,869</u>

### Financial liabilities measured at amortised cost

Payables	190,604	150,229	166,132
Borrowings - Loans	-	-	-
Finance Leases	44,412	36,277	32,423
Painting Contract Liability	43,765	43,765	54,703
Total Financial Liabilities Measured at Amortised Cost	<u>278,781</u>	<u>230,271</u>	<u>253,258</u>

**25. Events After Balance Date**

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

**26. Comparatives**

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

## **Newtown School**

### **Kiwisport**

Kiwisport is a Government funding initiative to support students' participation in organised sport. In 2020, the school received total Kiwisport funding of \$5,278 (excluding GST). The funding was spent on sporting endeavours.



## INDEPENDENT AUDITOR'S REPORT

### TO THE READERS OF NEWTOWN SCHOOL'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

The Auditor-General is the auditor of Newtown School. The Auditor-General has appointed me, Henry McClintock, using the staff and resources of BDO Wellington Audit Limited, to carry out the audit of the financial statements of the School on his behalf.

#### Opinion

We have audited the financial statements of the School on pages 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 Public sector Public Benefit (PBE) Standards 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 and our responsibilities relating to the financial statements, we comment on other information, and we explain our independence.

#### Basis for our opinion

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

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

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

#### Responsibilities of the Board for the financial statements

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

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

The Board's responsibilities, in terms of the requirements of the Education and Training Act 2020, arise from section 87 of the Education Act 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.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the School's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the School to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We assess the risk of material misstatement arising from the Novopay payroll system, which may still contain errors. As a result, we carried out procedures to minimise the risk of material errors arising from the system that, in our judgement, would likely influence readers' overall understanding of the financial statements.

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

Our responsibilities arise from the Public Audit Act 2001.

**Other information**

The Board is responsible for the other information. The other information comprises the Analysis of Variance, Board of Trustees Listing and Kiwisport 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: *International Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board.

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

A handwritten signature in black ink, appearing to read 'Henry McClintock', with a horizontal line extending to the right.

**Henry McClintock**  
**BDO WELLINGTON AUDIT LIMITED**  
On behalf of the Auditor-General  
Wellington, New Zealand