

PAEROA COLLEGE

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

School Directory

Ministry Number: 113

Principal: Amy Hacker

School Address: Te Aroha Road, Paeroa

School Postal Address: PO Box 144, Paeroa, 3640

School Phone: 07 862 7579

School Email: DebbieG@paeroacollege.school.nz

Members of the Board of Trustees

Name	Position	How Position Gained	Occupation	Term Expired/ Expires
Bill Tissingh	Chair Person	Elected	Farmer	May-22
Amy Hacker	Principal ex Officio	ex Officio	Principal	May-22
Steven Hill	Parent Rep	Elected	Civil Engineer	May-22
Jo Tilsley	Parent Rep	Elected	Marketing	May-22
Conall Buchanan	Parent Rep	Elected	Farmer	May-22
Larn Wilkinson	Parent Rep	Co-Opted	Iwi Liaison Officer	May-22
Letitia Voss	Staff Rep	Elected	Teacher	May-22
Skye Budge	Student Rep	Elected	Student	Dec-19

Accountant / Service Provider: Manning Warner Browne Ltd

PAEROA COLLEGE

Annual Report - For the year ended 31 December 2019

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Paeroa College

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.

<u>John William Tossingh</u> Full Name of Board Chairperson	<u>Amy Hacker</u> Full Name of Principal
<u>[Signature]</u> Signature of Board Chairperson	<u>Amy Hacker</u> Signature of Principal
<u>26/5/2020</u> Date:	<u>26/5/20</u> Date:

Paeroa College**Statement of Comprehensive Revenue and Expense**

For the year ended 31 December 2019

		2019	2019	2018
	Notes	Actual	Budget	Actual
		\$	(Unaudited)	\$
Revenue				
Government Grants	2	3,709,433	3,248,427	3,622,745
Locally Raised Funds	3	192,170	144,630	199,137
Interest income		11,462	11,400	13,948
Gain on Sale of Property, Plant and Equipment		-		6,461
International Students	4	24,348	30,000	51,885
		<u>3,937,414</u>	<u>3,434,457</u>	<u>3,894,176</u>
Expenses				
Locally Raised Funds	3	99,087	44,224	94,299
International Students	4	7,378	21,300	23,494
Learning Resources	5	2,604,207	2,753,107	2,455,877
Administration	6	224,536	256,839	276,332
Finance		7,146	-	3,973
Property	7	874,179	318,316	882,910
Depreciation	8	100,108	90,000	87,960
Loss on Disposal of Property, Plant and Equipment		826	-	-
		<u>3,917,467</u>	<u>3,483,786</u>	<u>3,824,845</u>
Net Surplus / (Deficit) for the year		19,946	(49,329)	69,332
Other Comprehensive Revenue and Expenses		-	-	-
Total Comprehensive Revenue and Expense for the Year		<u>19,946</u>	<u>(49,329)</u>	<u>69,332</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.



Paeroa College**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		<u>740,075</u>	<u>740,076</u>	<u>656,948</u>
Total comprehensive revenue and expense for the year		19,946	(49,329)	69,332
Capital Contributions from the Ministry of Education				
Contribution - Furniture and Equipment Grant		-	-	13,796
Adjustment to Accumulated surplus/(deficit) from adoption of PBE IFRS 9		-	-	-
Equity at 31 December	26	<u>760,022</u>	<u>690,747</u>	<u>740,075</u>
Retained Earnings		760,022	690,747	740,075
Reserves		-	-	-
Equity at 31 December		<u>760,022</u>	<u>690,747</u>	<u>740,075</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.



Paeroa College
Statement of Financial Position
As at 31 December 2019

		2019	2019	2018
	Notes	Actual	Budget	Actual
		\$	(Unaudited)	\$
Current Assets				
Cash and Cash Equivalents	9	86,676	67,020	66,618
Accounts Receivable	10	187,320	150,500	162,612
GST Receivable		15,995	18,500	18,494
Prepayments		13,633	12,500	12,302
Inventories	11	19,060	25,800	27,648
Investments	12	349,266	262,561	338,445
		<u>671,950</u>	<u>536,881</u>	<u>626,120</u>
Current Liabilities				
GST Payable		-	-	-
Accounts Payable	14	207,054	184,500	182,959
Revenue Received in Advance	15	72,579	29,000	29,336
Painting Contract Liability - Current Portion	17	39,594	3,959	39,594
Finance Lease Liability - Current Portion	18	25,216	25,305	26,792
Funds held in Trust	19	24,000	19,000	18,500
Funds held for Capital Works Projects	20	10,372	-	16,787
		<u>378,814</u>	<u>261,764</u>	<u>313,968</u>
Working Capital Surplus/(Deficit)		293,135	275,117	312,152
Non-current Assets				
Property, Plant and Equipment	13	622,676	584,412	599,612
		<u>622,676</u>	<u>584,412</u>	<u>599,612</u>
Non-current Liabilities				
Provision for Cyclical Maintenance	16	54,528	67,930	27,264
Painting Contract Liability	17	61,244	61,000	83,294
Finance Lease Liability	18	40,018	39,852	61,131
		<u>155,790</u>	<u>168,782</u>	<u>171,689</u>
Net Assets		<u>760,022</u>	<u>690,747</u>	<u>740,075</u>
Equity	26	<u>760,022</u>	<u>690,747</u>	<u>740,075</u>

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



Paeroa College

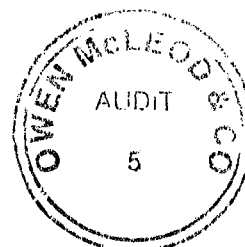
Statement of Cash Flows

For the year ended 31 December 2019

		2019	2019	2018
	Note	Actual \$	Budget (Unaudited) \$	Actual \$
Cash flows from Operating Activities				
Government Grants		1,116,190	1,162,224	1,030,847
Locally Raised Funds		195,205	144,624	202,222
Hostel		-	-	(1,801)
International Students		32,609	29,652	37,103
Goods and Services Tax (net)		2,500	(6)	(20,834)
Payments to Employees		(566,136)	(529,659)	(505,982)
Payments to Suppliers		(648,784)	(599,410)	(598,525)
Cyclical Maintenance Payments in the year		-	(40,000)	-
Interest Paid		(7,146)	-	(3,973)
Interest Received		11,844	11,710	20,115
Net cash from Operating Activities		136,280	179,135	159,172
Cash flows from Investing Activities				
Proceeds from Sale of PPE (and Intangibles)		-	(110,940)	6,461
Purchase of PPE (and Intangibles)		(50,813)	(52,262)	(254,863)
Purchase of Investments		(10,821)	-	-
Proceeds from Sale of Investments		-	75,884	109,835
Net cash from Investing Activities		(61,634)	(87,317)	(138,567)
Cash flows from Financing Activities				
Furniture and Equipment Grant		-	-	13,796
Finance Lease Payments		(18,657)	(17,201)	(10,415)
Painting contract payments		(39,594)	(57,929)	(39,594)
Funds Administered on Behalf of Third Parties		5,500	500	(13,839)
Funds Held for Capital Works Projects		(1,836)	(16,787)	14,086
Net cash from Financing Activities		(54,587)	(91,416)	(35,966)
Net increase/(decrease) in cash and cash equivalents		20,059	402	(15,361)
Cash and cash equivalents at the beginning of the year	9	66,619	66,618	81,978
Cash and cash equivalents at the end of the year	9	86,676	67,020	66,617

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.



Paeroa College

Notes to the Financial Statements

For the year ended 31 December 2019

1. Statement of Accounting Policies

a) Reporting Entity

Paeroa College (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 30.

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 13.

Critical Judgements in applying accounting policies

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

Classification of leases

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

Recognition of grants

The School reviews the grants monies received at the end of each reporting period and whether any require a provision to carryforward amounts unspent. The School believes all grants received have been appropriately recognised as a liability if required. Government grants are disclosed at note 2.

c) Revenue Recognition

Government Grants

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

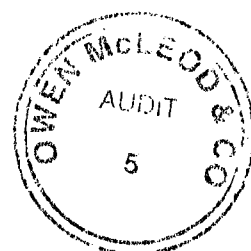
Operational grants are recorded as revenue when the School has the rights to the funding, which is in the year that the funding is received.

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

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

Other Grants

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



Donations, Gifts and Bequests

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

Interest Revenue

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

d) Use of Land and Buildings Expense

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

e) Operating Lease Payments

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

f) Finance Lease Payments

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

g) Cash and Cash Equivalents

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

h) Accounts Receivable

Short-term receivables are recorded at the amount due, less an allowance for credit losses. 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 Crown are excluded from these financial statements. The Board's use of the land and buildings as 'occupant' is based on a property occupancy document.

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

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

Property, plant and equipment acquired with individual values under \$1,000 are not capitalised, they are recognised as an expense in the Statement of Comprehensive Revenue and Expense.

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

Finance Leases

A finance lease transfers to the lessee substantially all the risks and rewards incidental to ownership of an asset, whether or not title is eventually transferred. At the start of the lease term, finance leases are recognised as assets and liabilities in the statement of financial position at the lower of the fair value of the leased asset or the present value of the minimum lease payments. The finance charge is charged to the surplus or deficit over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability. The amount recognised as an asset is depreciated over its useful life. If there is no reasonable certainty whether the school will obtain ownership at the end of the lease term, the asset is fully depreciated over the shorter of the lease term and its useful life.

Depreciation

Property, plant and equipment except for library resources are depreciated over their estimated useful lives on a straight line basis. Library resources are depreciated on a diminishing value basis. Depreciation of all assets is reported in the Statement of Comprehensive Revenue and Expense.

The estimated useful lives of the assets are:

Building improvements to Crown Owned Assets
Furniture and equipment
Information and communication technology
Motor vehicles
Leased assets held under a Finance Lease
Library resources

40 years
10–15 years
3–5 years
4–10 years
3–4 years
12.5% Diminishing value



l) 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.

m) 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.

n) 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.



o) Revenue Received in Advance

Revenue received in advance relates to fees received from International 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.

p) 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.

q) 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).

r) 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.



s) 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.

t) Budget Figures

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

u) 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	954,200	1,034,508	871,777
Teachers' Salaries Grants	2,002,748	2,100,000	1,988,268
Use of Land and Buildings Grants	611,218	-	593,277
Resource Teachers Learning and Behaviour Grants	-	4,500	-
Other MoE Grants	86,824	-	114,979
Other Government Grants	54,444	109,419	54,444
	3,709,433	3,248,427	3,622,745

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	7,846	6,500	7,657
Activities	118,558	88,780	130,272
Trading	31,311	25,000	34,371
Other Revenue	34,455	24,350	26,836
	192,170	144,630	199,137
Expenses			
Activities	60,812	20,724	58,542
Trading	38,275	23,500	35,757
	99,087	44,224	94,299
<i>Surplus/ (Deficit) for the year Locally raised funds</i>	93,083	100,406	104,838

4. International Student Revenue and Expenses

	2019 Actual Number	2019 Budget (Unaudited) Number	2018 Actual Number
International Student Roll	2	2	4
	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Revenue			
International Student Fees	24,348	30,000	51,885
Expenses			
Advertising	321	800	82
Commissions	3,391	6,000	5,956
Recruitment	-	-	-
International Student Levy	991	1,100	1,483
Employee Benefit - Salaries	2,640	12,400	11,752
Other Expenses	35	1,000	4,222
	7,378	21,300	23,494
<i>Surplus/ (Deficit) for the year International Students'</i>	16,969	8,700	28,391



5. Learning Resources

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Curricular	237,460	362,810	175,988
Equipment Repairs	-	-	2,151
Information and Communication Technology	26,996	-	22,773
Extra-Curricular Activities	-	-	37,793
Library Resources	480	500	639
Employee Benefits - Salaries	2,313,666	2,364,797	2,199,991
Staff Development	25,605	25,000	16,542
	<u>2,604,207</u>	<u>2,753,107</u>	<u>2,455,877</u>

6. Administration

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Audit Fee	5,600	5,600	5,300
Board of Trustees Fees	3,835	5,000	3,145
Board of Trustees Expenses	7,596	4,350	5,465
Communication	7,894	9,550	8,233
Consumables	4,650	6,000	4,469
Operating Lease	0	24,886	44,156
Other	47,169	57,460	51,187
Employee Benefits - Salaries	129,602	124,493	134,221
Insurance	7,893	7,500	8,664
Service Providers, Contractors and Consultancy	10,296	12,000	11,494
	<u>224,536</u>	<u>256,839</u>	<u>276,332</u>

7. Property

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Caretaking and Cleaning Consumables	15,934	12,000	15,197
Cyclical Maintenance Provision	46,562	80,666	38,489
Grounds	23,585	34,400	40,084
Heat, Light and Water	29,205	34,500	32,453
Rates	4,259	6,200	3,995
Repairs and Maintenance	22,254	15,500	20,518
Use of Land and Buildings	611,218	-	593,277
Vehicle Expenses	6,113	7,000	6,197
Employee Benefits - Salaries	115,050	128,050	132,701
	<u>874,179</u>	<u>318,316</u>	<u>882,910</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.



8. Depreciation

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Buildings - School	2,025	2,000	2,025
Building Improvements - Crown	3,398	3,500	3,008
Furniture and Equipment	49,800	43,500	45,717
Information and Communication Technology	18,399	17,000	21,715
Motor Vehicles	2,202	2,000	1,912
Leased Assets	22,337	20,000	11,358
Library Resources	1,947	2,000	2,225
	<u>100,108</u>	<u>90,000</u>	<u>87,960</u>

9. Cash and Cash Equivalents

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Bank Current Account	61,146	67,000	66,604
Bank Call Account	25,530	20	15
Cash and cash equivalents for Cash Flow Statement	<u>86,676</u>	<u>67,020</u>	<u>66,618</u>

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

The following notes should be used where applicable:

Of the \$86,676 Cash and Cash Equivalents, \$10,372 is held by the School on behalf of the Ministry of Education. These funds are required to be spent in 2020 on Crown owned school buildings under the School's Five Year Property Plan.

Of the \$86,676 Cash and Cash Equivalents, \$56,609 is held for International Student Fees and in Trust for Homestay Fees for International Students.

10. Accounts Receivable

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Receivables	27,429	18,500	18,482
Receivables from the Ministry of Education	3,639	-	-
Interest Receivable	1,929	2,000	2,310
Banking Staffing Underuse	-	-	12,523
Teacher Salaries Grant Receivable	154,323	130,000	129,297
	<u>187,320</u>	<u>150,500</u>	<u>162,612</u>
Receivables from Exchange Transactions	14,632	20,500	20,793
Receivables from Non-Exchange Transactions	172,688	130,000	141,820
	<u>187,320</u>	<u>150,500</u>	<u>162,612</u>



11. Inventories

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Stationery	845	800	845
School Uniforms	18,215	25,000	26,803
	<u>19,060</u>	<u>25,800</u>	<u>27,648</u>

12. Investments

The School's investment activities are classified as follows:

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Current Asset Short-term Bank Deposits	349,266	262,561	338,445
Total Investments	<u>349,266</u>	<u>262,561</u>	<u>338,445</u>

13. Property, Plant and Equipment

	Opening Balance (NBV) \$	Additions \$	Disposals \$	Impairment \$	Depreciation \$	Total (NBV) \$
2019						
Buildings	73,580	-	-	-	(2,025)	71,556
Building Improvements	96,182	-	-	-	(3,398)	92,783
Furniture and Equipment	280,829	63,118	(362)	-	(49,800)	293,784
Information and Communication	43,600	21,169	(309)	-	(18,399)	46,062
Motor Vehicles	17,369	34,774	-	-	(2,202)	49,941
Leased Assets	72,476	4,937	(155)	-	(22,337)	54,921
Library Resources	15,576	-	-	-	(1,947)	13,629
Balance at 31 December 2019	<u>599,612</u>	<u>123,998</u>	<u>(826)</u>	<u>-</u>	<u>(100,108)</u>	<u>622,676</u>

	Cost or Valuation \$	Accumulated Depreciation \$	Net Book Value \$
2019			
Buildings	80,985	(9,429)	71,556
Building Improvements	123,435	(30,651)	92,783
Furniture and Equipment	981,070	(687,286)	293,785
Information and Communication	150,061	(103,999)	46,062
Motor Vehicles	161,083	(111,142)	49,941
Leased Assets	82,836	(27,916)	54,921
Library Resources	129,344	(115,715)	13,629
Balance at 31 December 2019	<u>1,708,815</u>	<u>(1,086,138)</u>	<u>622,676</u>



2018	Opening Balance (NBV) \$	Additions \$	Disposals \$	Impairment \$	Depreciation \$	Total (NBV) \$
Buildings	75,605	-	-	-	(2,025)	73,580
Building Improvements	41,797	57,393	-	-	(3,008)	96,182
Furniture and Equipment	187,965	138,580	-	-	(45,717)	280,828
Information and Communication Technology	25,549	39,767	-	-	(21,715)	43,601
Motor Vehicles	159	19,122	-	-	(1,912)	17,369
Leased Assets	10,650	73,185	-	-	(11,358)	72,477
Library Resources	17,801	-	-	-	(2,225)	15,576
Balance at 31 December 2018	359,526	328,047	-	-	(87,960)	599,613

2018	Cost or Valuation \$	Accumulated Depreciation \$	Net Book Value \$
Buildings	80,985	(7,405)	73,580
Building Improvements	123,435	(27,253)	96,182
Furniture and Equipment	928,650	(647,822)	280,829
Information and Communication Technology	135,079	(91,478)	43,600
Motor Vehicles	126,309	(108,940)	17,369
Leased Assets	88,402	(15,925)	72,476
Library Resources	129,344	(113,768)	15,576
Balance at 31 December 2018	1,612,203	(1,012,591)	599,612

14. Accounts Payable

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Operating Creditors	33,612	30,000	29,243
Employee Entitlements - Salaries	163,930	145,000	144,333
Employee Entitlements - Leave Accrual	9,512	9,500	9,383
	207,054	184,500	182,959
Payables for Exchange Transactions	207,054	184,500	182,959
Payables for Non-exchange Transactions - Taxes Payable (PAYE and Rates)	-	-	-
Payables for Non-exchange Transactions - Other	-	-	-
	207,054	184,500	182,959

The carrying value of payables approximates their fair value.

15. Revenue Received in Advance

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Grants in Advance - Ministry of Education	23,000	-	-
International Student Fees	32,609	24,000	24,348
Other	16,970	5,000	4,988
	72,579	29,000	29,336



16. Provision for Cyclical Maintenance

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Provision at the Start of the Year	27,264	27,264	-
Increase/ (decrease) to the Provision During the Year	27,264	80,666	27,264
Use of the Provision During the Year	-	-	-
Provision at the End of the Year	54,528	107,930	27,264
Cyclical Maintenance - Current	-	-	-
Cyclical Maintenance - Term	54,528	67,930	27,264
	54,528	67,930	27,264

17. Painting Contract Liability

	2019 Actual \$	2019 Budget \$	2018 Actual \$
Current Liability	39,594	3,959	39,594
Non Current Liability	61,244	61,000	83,294
	100,838	64,959	122,888

In 2017 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 an interior and exterior repaint of the Ministry owned buildings in 2017, with regular maintenance in subsequent years. The agreement has an annual commitment of \$39,594. 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.

18. Finance Lease Liability

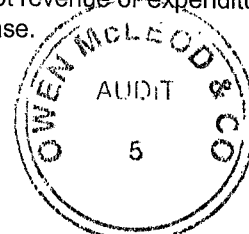
The School has entered into a number of finance lease agreements for computers and other ICT equipment. Minimum lease

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
No Later than One Year	29,274	-	32,234
Later than One Year and no Later than Five Years	45,138	-	70,309
Later than Five Years	-	-	-
	74,412	-	102,543

19. Funds held in Trust

	2019 Actual \$	2019 Budget \$	2018 Actual \$
Funds Held in Trust on Behalf of Third Parties - Current	24,000	19,000	18,500
Funds Held in Trust on Behalf of Third Parties - Non-current	-	-	-
	24,000	19,000	18,500

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



20. Funds Held for Capital Works Projects

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

	2019	Opening Balances	Receipts from MoE	Payments	BOT Contributions	Closing Balances
		\$	\$	\$		\$
Science Block	<i>In-Progress</i>	12,208	40,000	(41,836)	-	10,372
A 1 & Home Economics	<i>Completed</i>	4,579	(4,579)	-	-	-
Totals		16,787	35,421	(41,836)	-	10,372

Represented by:

Funds Held on Behalf of the Ministry of Education	10,372
Funds Due from the Ministry of Education	-
	10,372

	2018	Opening Balances	Receipts from MoE	Payments		Closing Balances
		\$	\$	\$		\$
Science Block	<i>In Progress</i>	(1,878)	39,261	(25,175)	-	12,208
A 1 & Home Economics	<i>In Progress</i>	4,579	-	-	-	4,579
Totals		2,701	39,261	(25,175)	-	16,787

21. 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.



Mrs Tracey Adams is a BOT Member up to June 2019 and one of the owners of Adams Electrical Ltd. Adams Electrical Ltd provided supplies and labour for LED Electrical upgrade for the School during the year. The total value of all transactions were \$26,570. The School applied to the Ministry of Education a retrospective approval. However, application had been declined and recommended to the Board to put in place new procedures to ensure that this doesn't happen again.

22. 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	3,835	3,145
Full-time equivalent members	0.22	0.13
<i>Leadership Team</i>		
Remuneration	966,974	768,250
Full-time equivalent members	11	9
Total key management personnel remuneration	970,809	771,395
Total full-time equivalent personnel	11.22	9.13

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	130 - 140	130-140
Benefits and Other Emoluments	3 - 4	2-3
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	3.00	1.00
	3.00	1.00

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



23. 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	-	-

24. 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.

25. Commitments

(a) Capital Commitments

As at 31 December 2019 the Board has entered into contract agreements for capital works as follows:

(a) Science Block Project to be completed in 2020/2021, which will be fully funded by the Ministry of Education. \$79,261 has been received of which \$67,011 has been spent on the project to date.

(Capital commitments at 31 December 2018: \$39,261)

(b) Operating Commitments

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

(a) The School has entered into an agreement with Programmed Maintenance Services Ltd for painting of the School's Buildings. The amount committed on the contract is;

	2019 Actual \$	2018 Actual \$
No later than One Year	11,225	17,544
Later than One Year and No Later than Five Years	46,285	57,510
Later than Five Years	-	-
	<u>57,510</u>	<u>75,054</u>



26. 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.

27. 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	86,676	67,020	66,618
Receivables	187,320	150,500	162,612
Investments - Term Deposits	349,266	262,561	338,445
Total Financial assets measured at amortised cost	623,262	480,081	567,676

Financial liabilities measured at amortised cost

Payables	207,054	184,500	182,959
Borrowings - Loans	-	-	-
Finance Leases	65,234	65,157	87,923
Painting Contract Liability	100,838	64,959	122,888
Total Financial Liabilities Measured at Amortised Cost	373,126	314,616	393,770

28. Events After Balance Date

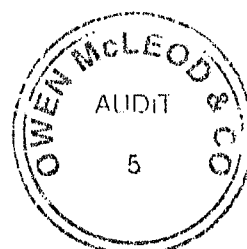
On March 11 2020, the World Health Organisation declared the outbreak of COVID-19 (a novel Coronavirus) a pandemic. Two weeks later, on 26 March, New Zealand increased its COVID-19 alert to level 4 and a nationwide lockdown commenced. As part of this lockdown all Schools were closed. Subsequently all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

29. Charitable Trust - Controlled Entity

The Paeroa College Charitable Trust has been established to advance education for people within the Paeroa Community and provide other benefits to the Community. The Trust is controlled by the College. Consolidation was not made, due to there were no significant transactions during the year and the Trust's net assets of \$9,701 is not material to the Paeroa College's Financial Statements.



30. 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 10 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 12 Investments:

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

31. Breach of Law

The Board of Trustees did not comply with section 87A (1) of the Education Act 1989 in that it did not submit its annual Financial Statements for audit by the 31 March 2020. On March 11 2020, the World Health Organisation declared the outbreak of COVID-19 (a novel Coronavirus) a pandemic. Two weeks later on 26 March, New Zealand increased its COVID-19 alert level to level 4 and a nationwide lockdown commenced which has caused delays and resulted in a breach of Section 87A(1) of the Education Act. As this situation is out of the Board of Trustees control no audit qualification has been issued for breach of Section 87A(1) of the Education Act.



Paeroa College**For the year ended 31 December 2019****Kiwisport**

Kiwisport is a Government funding initiative to support student's participation in organised sport.

In 2019, the School received a total Kiwisport funding of \$5,096.19 (excluding GST).

The funding was spent on sporting endeavours in the 2019 year.