

# OTAMARAKAU SCHOOL

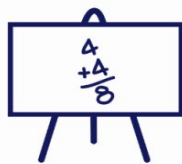
## ANNUAL REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2021

#### School Directory

<b>Ministry Number:</b>	1872
<b>Principal:</b>	Trish Reddish
<b>School Address:</b>	2216 Old Coach Rd, Te Puke
<b>School Postal Address:</b>	2216 Old Coach Rd, Te Puke, 3186
<b>School Phone:</b>	07 533 3783
<b>School Email:</b>	<a href="mailto:office@otamarakau.school.nz">office@otamarakau.school.nz</a>

#### Accountant / Service Provider:



**EDUCATION  
FINANCE**

[www.educationfinance.co.nz](http://www.educationfinance.co.nz)

# OTAMARAKAU SCHOOL

Annual Report - For the year ended 31 December 2021

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Analysis of Variance

Kiwisport

Board of Trustees

# Otamarakau School

## Statement of Responsibility

For the year ended 31 December 2021

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

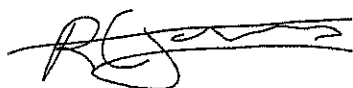
The management (including the principal and others as directed by the Board) accepts responsibility for establishing and maintaining a system of internal controls designed to provide reasonable assurance as to the integrity and reliability of the school's financial reporting.

It is the opinion of the Board and management that the annual financial statements for the financial year ended 31 December 2021 fairly reflects the financial position and operations of the school.

The School's 2021 financial statements are authorised for issue by the Board.

RIKKI JAMES

Full Name of Presiding Member



Signature of Presiding Member

30/5/22

Date:

PATRICIA REDDISH

Full Name of Principal



Signature of Principal

30/5/22

Date:

# Otamarakau School

## Statement of Comprehensive Revenue and Expense

For the year ended 31 December 2021

	Notes	2021 Actual \$	2021 Budget (Unaudited) \$	2020 Actual \$
<b>Revenue</b>				
Government Grants	2	828,656	766,350	909,317
Locally Raised Funds	3	82,363	35,500	40,723
Interest Income		804	1,000	235
		<u>911,823</u>	<u>802,850</u>	<u>950,275</u>
<b>Expenses</b>				
Locally Raised Funds	3	25,787	19,500	31,679
Learning Resources	4	620,068	540,150	645,635
Administration	5	83,445	98,200	95,283
Finance		841	-	1,303
Property	6	148,101	167,400	176,652
Depreciation	10	33,886	23,400	34,217
Loss on Disposal of Property, Plant and Equipment		2,625	-	-
		<u>914,753</u>	<u>848,650</u>	<u>984,769</u>
<b>Net Surplus / (Deficit) for the year</b>		(2,930)	(45,800)	(34,494)
Other Comprehensive Revenue and Expense		-	-	-
<b>Total Comprehensive Revenue and Expense for the Year</b>		<u>(2,930)</u>	<u>(45,800)</u>	<u>(34,494)</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.



# Otamarakau School

## Statement of Changes in Net Assets/Equity

For the year ended 31 December 2021

	Notes	2021 Actual \$	2021 Budget (Unaudited) \$	2020 Actual \$
<b>Equity at 1 January</b>		252,767	247,597	287,261
Total comprehensive revenue and expense for the year		(2,930)	(45,800)	(34,494)
Capital Contributions from the Ministry of Education Contribution - Furniture and Equipment Grant		5,965	-	-
<b>Equity at 31 December</b>		<b>255,802</b>	<b>201,797</b>	<b>252,767</b>
Retained Earnings		255,802	201,797	252,767
Reserves		-	-	-
<b>Equity at 31 December</b>		<b>255,802</b>	<b>201,797</b>	<b>252,767</b>

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.



# Otamarakau School

## Statement of Financial Position

As at 31 December 2021

	Notes	2021 Actual \$	2021 Budget (Unaudited) \$	2020 Actual \$
<b>Current Assets</b>				
Cash and Cash Equivalents	7	101,953	41,997	83,630
Accounts Receivable	8	102,455	40,000	39,167
GST Receivable		3,483	3,000	3,891
Prepayments		5,014	5,000	5,726
Funds due for Capital Works Projects	15	-	-	1,212
Investments	9	15,800	16,000	15,800
		<u>228,705</u>	<u>105,997</u>	<u>149,426</u>
<b>Current Liabilities</b>				
Accounts Payable	11	86,073	55,000	57,068
Revenue Received in Advance	12	4,970	-	-
Provision for Cyclical Maintenance	13	9,000	-	9,000
Finance Lease Liability	14	4,989	5,000	5,700
Funds held for Capital Works Projects	15	41,655	-	-
		<u>146,687</u>	<u>60,000</u>	<u>71,768</u>
<b>Working Capital Surplus/(Deficit)</b>		82,018	45,997	77,658
<b>Non-current Assets</b>				
Property, Plant and Equipment	10	200,095	174,600	195,410
		<u>200,095</u>	<u>174,600</u>	<u>195,410</u>
<b>Non-current Liabilities</b>				
Provision for Cyclical Maintenance	13	16,667	15,200	12,083
Finance Lease Liability	14	9,644	3,600	8,218
		<u>26,311</u>	<u>18,800</u>	<u>20,301</u>
<b>Net Assets</b>		<u>255,802</u>	<u>201,797</u>	<u>252,767</u>
<b>Equity</b>		<u>255,802</u>	<u>201,797</u>	<u>252,767</u>

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



# Otamarakau School

## Statement of Cash Flows

For the year ended 31 December 2021

	Note	2021 Actual \$	2021 Budget (Unaudited) \$	2020 Actual \$
<b>Cash flows from Operating Activities</b>				
Government Grants		227,224	186,350	253,749
Locally Raised Funds		83,440	37,000	36,875
Cyclical Maintenance Payments in the year		-	-	(4,413)
Goods and Services Tax (net)		(6,271)	-	(1,535)
Payments to Employees		(178,227)	(131,000)	(147,608)
Payments to Suppliers		(71,630)	(122,383)	(128,009)
Interest Paid		(841)	-	(1,303)
Interest Received		804	1,000	235
Net cash from/(to) Operating Activities		54,499	(29,033)	7,991
<b>Cash flows from Investing Activities</b>				
Purchase of Property Plant & Equipment (and Intangibles)		(30,026)	(8,000)	(13,372)
Purchase of Investments		-	(200)	(940)
Net cash from/(to) Investing Activities		(30,026)	(8,200)	(14,312)
<b>Cash flows from Financing Activities</b>				
Furniture and Equipment Grant		5,965	-	-
Finance Lease Payments		(10,455)	(4,400)	(7,505)
Funds Administered on Behalf of Third Parties		(1,660)	-	(12,153)
Net cash from/(to) Financing Activities		(6,150)	(4,400)	(19,658)
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>18,323</b>	<b>(41,633)</b>	<b>(25,979)</b>
Cash and cash equivalents at the beginning of the year	7	83,630	83,630	109,609
<b>Cash and cash equivalents at the end of the year</b>	7	<b>101,953</b>	<b>41,997</b>	<b>83,630</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.



# Otamarakau School

## Notes to the Financial Statements

### For the year ended 31 December 2021

#### 1. Statement of Accounting Policies

##### a) Reporting Entity

Otamarakau 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 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 2021 to 31 December 2021 and in accordance with the requirements of the Education and Training Act 2020.

###### **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 13.

###### **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 10.





### **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.

The property from which the School operates is owned by the Crown and managed by the Ministry of Education on behalf of the Crown. 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. 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 revenue that is offset by a non-cash expense. The use of land and buildings grants and associated expenditure are recorded in the period the School uses the land and buildings.

#### **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) 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.

### **e) 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.



#### **f) 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.

#### **g) 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.

#### **h) Property, Plant and Equipment**

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

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

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

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

#### **Finance Leases**

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

#### **Depreciation**

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

The estimated useful lives of the assets are:

Building improvements to Crown Owned Assets	20–50 years
Furniture and equipment	5–10 years
Information and communication technology	5 years
Motor vehicles	5 years
Leased assets held under a Finance Lease	Term of Lease
Library resources	12.5% Diminishing value



### **i) 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.

### **j) 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.

### **k) Employee Entitlements**

#### *Short-term employee entitlements*

Employee entitlements that are expected to be settled within 12 months after the end of the reporting period in which the employees provide 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, by non teaching staff, to but not yet taken at balance date.

#### *Long-term employee entitlements*

Employee benefits that are not expected to be settled wholly before twelve months after the end of the reporting period in which the employee provides the related service, such as retirement and long service leave, have been calculated on an actuarial basis.

The calculations are based on the likely future entitlements accruing to employees, based on years of service, years to entitlement, the likelihood that employees will reach the point of entitlement, and contractual entitlement information, and the present value of the estimated future cash flows

### **l) Revenue Received in Advance**

Revenue received in advance relates to 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.

### **m) 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 is a reasonable estimate, based on an up to date 10 Year Property Plan (10YPP) or another appropriate source of evidence.

### **n) Financial Instruments**

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

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

The School's financial liabilities comprise accounts payable and finance lease liability, 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.



**o) 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.

**p) Budget Figures**

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

**q) 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

	2021 Actual	2021 Budget (Unaudited)	2020 Actual
	\$	\$	\$
Operational Grants	206,780	180,350	198,925
Teachers' Salaries Grants	500,701	450,000	527,705
Use of Land and Buildings Grants	98,325	130,000	133,105
Other MoE Grants	21,361	6,000	48,442
Other Government Grants	1,489	-	1,140
	<u>828,656</u>	<u>766,350</u>	<u>909,317</u>

The school has opted in to the donations scheme for this year. Total amount received was \$13,350 (2020 :\$11,700).

## 3. Locally Raised Funds

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

	2021 Actual	2021 Budget (Unaudited)	2020 Actual
	\$	\$	\$
<b>Revenue</b>			
Donations & Bequests	-	4,000	648
Fees for Extra Curricular Activities	37,115	14,500	11,776
Trading	167	1,000	2,543
Fundraising & Community Grants	27,081	-	-
Other Revenue	18,000	16,000	25,756
	<u>82,363</u>	<u>35,500</u>	<u>40,723</u>
<b>Expenses</b>			
Extra Curricular Activities Costs	21,459	15,000	17,375
Trading	301	1,000	10,549
Other Locally Raised Funds Expenditure	4,027	3,500	3,755
	<u>25,787</u>	<u>19,500</u>	<u>31,679</u>
<i>Surplus/ (Deficit) for the year Locally raised funds</i>	<u>56,576</u>	<u>16,000</u>	<u>9,044</u>

## 4. Learning Resources

	2021 Actual	2021 Budget (Unaudited)	2020 Actual
	\$	\$	\$
Curricular	11,370	14,900	10,701
Employee Benefits - Salaries	607,908	519,000	627,326
Staff Development	790	6,250	7,608
	<u>620,068</u>	<u>540,150</u>	<u>645,635</u>



## 5. Administration

	2021 Actual \$	2021 Budget (Unaudited) \$	2020 Actual \$
Audit Fee	4,964	4,200	3,800
Board Fees	770	3,500	1,595
Board Expenses	1,294	3,000	5,363
Communication	2,830	3,500	2,249
Consumables	4,102	5,000	4,722
Other	19,939	20,100	29,554
Employee Benefits - Salaries	37,987	48,000	36,006
Insurance	6,159	5,500	6,894
Service Providers, Contractors and Consultancy	5,400	5,400	5,100
	83,445	98,200	95,283

## 6. Property

	2021 Actual \$	2021 Budget (Unaudited) \$	2020 Actual \$
Caretaking and Cleaning Consumables	1,749	1,900	1,893
Consultancy and Contract Services	465	-	2,250
Cyclical Maintenance Provision	4,584	4,000	7,196
Grounds	1,675	6,300	2,848
Heat, Light and Water	6,812	6,500	5,010
Repairs and Maintenance	3,058	4,200	4,796
Use of Land and Buildings	98,325	130,000	133,105
Security	316	500	308
Employee Benefits - Salaries	31,117	14,000	19,246
	148,101	167,400	176,652

In 2021, the Ministry of Education revised the notional rent rate from 8% to 5% to align it with the Government Capital Charge rate. This is considered to be a reasonable proxy for the market rental yield on the value of land and buildings used by schools. Accordingly in 2021, the use of land and buildings figure represents 5% 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. Cash and Cash Equivalents

	2021 Actual \$	2021 Budget (Unaudited) \$	2020 Actual \$
Bank Accounts	8,305	41,997	49,662
Short-term Bank Deposits	93,648	-	33,968
Cash and cash equivalents for Statement of Cash Flows	101,953	41,997	83,630

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



## 8. Accounts Receivable

	2021 Actual \$	2021 Budget (Unaudited) \$	2020 Actual \$
Te Puke Transport Network	2,822	-	3,899
Receivables from the Ministry of Education	56,240	-	-
Teacher Salaries Grant Receivable	43,393	40,000	35,268
	<u>102,455</u>	<u>40,000</u>	<u>39,167</u>
Receivables from Exchange Transactions	2,822	-	3,899
Receivables from Non-Exchange Transactions	99,633	40,000	35,268
	<u>102,455</u>	<u>40,000</u>	<u>39,167</u>

## 9. Investments

The School's investment activities are classified as follows:

	2021 Actual \$	2021 Budget (Unaudited) \$	2020 Actual \$
Current Asset			
Short-term Bank Deposits	15,800	16,000	15,800
Non-current Asset			
Long-term Bank Deposits	-	-	-
Total Investments	<u>15,800</u>	<u>16,000</u>	<u>15,800</u>

## 10. Property, Plant and Equipment

	Opening Balance (NBV) \$	Additions \$	Disposals \$	Impairment \$	Depreciation \$	Total (NBV) \$
<b>2021</b>						
Building Improvements	115,734	-	-	-	(6,682)	<b>109,052</b>
Furniture and Equipment	29,391	2,763	-	-	(6,655)	<b>25,499</b>
Information and Communication Technology	15,051	27,263	-	-	(8,483)	<b>33,831</b>
Motor Vehicles	21,686	-	-	-	(6,052)	<b>15,634</b>
Leased Assets	11,224	11,170	(2,625)	-	(5,724)	<b>14,045</b>
Library Resources	2,324	-	-	-	(290)	<b>2,034</b>
<b>Balance at 31 December 2021</b>	<u>195,410</u>	<u>41,196</u>	<u>(2,625)</u>	<u>-</u>	<u>(33,886)</u>	<u><b>200,095</b></u>

The net carrying value of equipment held under a finance lease is \$11,224 (2020: \$11,224)

The net carrying value of motor vehicles held under a finance lease is \$000 (2020: \$000)



	2021	2021	2021	2020	2020	2020
	Cost or	Accumulated	Net Book	Cost or	Accumulated	Net Book
	Valuation	Depreciation	Value	Valuation	Depreciation	Value
	\$	\$	\$	\$	\$	\$
Building Improvements	210,412	(101,360)	109,052	210,412	(94,678)	115,734
Furniture and Equipment	137,307	(111,808)	25,499	134,544	(105,153)	29,391
Information and Communication Technology	60,606	(26,775)	33,831	33,343	(18,292)	15,051
Motor Vehicles	59,391	(43,757)	15,634	59,391	(37,705)	21,686
Leased Assets	27,082	(13,037)	14,045	35,007	(23,783)	11,224
Library Resources	43,109	(41,075)	2,034	43,109	(40,785)	2,324
<b>Balance at 31 December</b>	<b>537,907</b>	<b>(337,812)</b>	<b>200,095</b>	<b>515,806</b>	<b>(320,396)</b>	<b>195,410</b>

#### 11. Accounts Payable

	2021	2021	2020
	Actual	Budget (Unaudited)	Actual
	\$	\$	\$
Creditors	37,364	5,000	5,191
Accruals	4,100	10,000	15,393
Employee Entitlements - Salaries	43,393	40,000	35,268
Employee Entitlements - Leave Accrual	1,216	-	1,216
	<b>86,073</b>	<b>55,000</b>	<b>57,068</b>
Payables for Exchange Transactions	86,073	55,000	57,068
Payables for Non-exchange Transactions - Taxes Payable (PAYE and Rates)	-	-	-
Payables for Non-exchange Transactions - Other	-	-	-
	<b>86,073</b>	<b>55,000</b>	<b>57,068</b>

The carrying value of payables approximates their fair value.

#### 12. Revenue Received in Advance

	2021	2021	2020
	Actual	Budget (Unaudited)	Actual
	\$	\$	\$
Other revenue in Advance	4,970	-	-
	<b>4,970</b>	<b>-</b>	<b>-</b>





### 13. Provision for Cyclical Maintenance

	2021 Actual	2021 Budget (Unaudited)	2020 Actual
	\$	\$	\$
Provision at the Start of the Year	21,083	21,083	18,300
Increase/ (decrease) to the Provision During the Year	4,584	4,000	7,196
Use of the Provision During the Year	-	-	(4,413)
Provision at the End of the Year	25,667	25,083	21,083
Cyclical Maintenance - Current	9,000	-	9,000
Cyclical Maintenance - Term	16,667	15,200	12,083
	25,667	15,200	21,083

### 14. Finance Lease Liability

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

	2021 Actual	2021 Budget (Unaudited)	2020 Actual
	\$	\$	\$
No Later than One Year	4,989	5,000	5,700
Later than One Year and no Later than Five Years	9,644	3,600	8,218
Later than Five Years	-	-	-
Future Finance Charges	-	-	-
	14,633	8,600	13,918
Represented by			
Finance lease liability - Current	4,989	5,000	5,700
Finance lease liability - Term	9,644	3,600	8,218
	14,633	8,600	13,918

### 15. 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. The amount of cash held on behalf of the Ministry for capital works project is included in Cash and Cash Equivalents note 7.

2021	Opening Balances	Receipts from MoE	Payments	Adjustment	Closing Balances
	\$	\$	\$	\$	\$
Ramps	3,959	5,656	2,000	(7,615)	-
Property Stage 1	(8,394)	779	-	7,615	-
Room 4 Refurbishment	3,688	-	2,610	-	1,078
Decking	(465)	-	-	465	-
SIP Playground	-	44,527	-	-	44,527
LSC Office	-	78,372	82,322	-	(3,950)
Totals	(1,212)	129,334	86,932	465	41,655

#### Represented by:

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

45,605  
(3,950)  
41,655



2020	Opening Balances	Receipts from MoE	Payments	Board Contributions	Closing Balances
	\$	\$	\$	\$	\$
Ramps	3,959	-	-	-	3,959
Property Stage 1	6,982	-	15,376	-	(8,394)
Room 4 Refurbishment	-	51,299	47,611	-	3,688
Decking	-	7,623	8,088	-	(465)
Totals	<u>10,941</u>	<u>58,922</u>	<u>71,075</u>	<u>-</u>	<u>(1,212)</u>

## 16. Related Party Transactions

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

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

## 17. Remuneration

### *Key management personnel compensation*

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

	2021 Actual \$	2020 Actual \$
<i>Board Members</i>		
Remuneration	770	1,595
<i>Leadership Team</i>		
Remuneration	113,880	107,053
Full-time equivalent members	1	1
Total key management personnel remuneration	<u>114,650</u>	<u>108,648</u>

There are 5 members of the Board excluding the Principal. The Board had held 8 full meetings of the Board in the year. As well as these regular meetings, including preparation time, the Chair and other Board members have also been involved in ad hoc meetings to consider matters including finance and property.



### Principal 1

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

	<b>2021 Actual \$000</b>	<b>2020 Actual \$000</b>
Salaries and Other Short-term Employee Benefits:		
Salary and Other Payments	110-120	100-110
Benefits and Other Emoluments	3-4	3-4
Termination Benefits	-	-

### Other Employees

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

<b>Remuneration \$000</b>	<b>2021 FTE Number</b>	<b>2020 FTE Number</b>
100-110	1	1
	<u>1.00</u>	<u>1.00</u>

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

## 18. Compensation and Other Benefits Upon Leaving

The total value of compensation or other benefits paid or payable to persons who ceased to be board members, committee members, 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:

	<b>2021 Actual</b>	<b>2020 Actual</b>
Total	-	-
Number of People	-	-

## 19. Contingencies

There are no contingent liabilities and no contingent assets as at 31 December 2021 (Contingent liabilities and assets at 31 December 2020: nil).

### Holidays Act Compliance – schools payroll

The Ministry of Education performs payroll processing and payments on behalf of boards, 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. 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 2021, a contingent liability for the school may exist.



## 20. Commitments

### (a) Capital Commitments

As at 31 December 2021 the Board has entered into contract agreements for capital works as follows:

Nil

(Capital commitments at 31 December 2020: \$3,688)

### (b) Operating Commitments

As at 31 December 2021 there are no operating commitments. (2020:Nil)

## 21. 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

	2021 Actual \$	2021 Budget (Unaudited) \$	2020 Actual \$
Cash and Cash Equivalents	101,953	41,997	83,630
Receivables	102,455	40,000	39,167
Investments - Term Deposits	15,800	16,000	15,800
Total Financial assets measured at amortised cost	<u>220,208</u>	<u>97,997</u>	<u>138,597</u>

### Financial liabilities measured at amortised cost

Payables	86,073	55,000	57,068
Finance Leases	14,633	8,600	13,918
Total Financial Liabilities Measured at Amortised Cost	<u>100,706</u>	<u>63,600</u>	<u>70,986</u>

## 22. Events After Balance Date

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

## 22. Comparatives

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



## **23. COVID 19 Pandemic on going implications**

### **Impact of Covid-19**

During 2021 the country moved between alert levels. During February and March 2021 Auckland was placed into alert levels 3 and 2 and other parts of the country moved into alert level 2.

Towards the end of June 2021, the Wellington region was placed into alert level 2 for one week.

Towards the end of August 2021, the entire country moved to alert level 4, with a move to alert level 3 and 2 for everyone outside the Auckland region three weeks later. While Auckland has remained in alert level 3 for a prolonged period of time the Northland and Waikato regions have also returned to alert level 3 restrictions during this period.

### **Impact on operations**

Schools have been required to continue adapting to remote and online learning practices when physical attendance is unable to occur in alert level 4 and 3. Schools continue to receive funding from the Te Tāhuhu o te Mātauranga | Ministry to Education, even while closed.

However, the ongoing interruptions resulting from the moves in alert levels have impacted schools in various ways which potentially will negatively affect the operations and services of the school. We describe below the possible effects on the school that we have identified, resulting from the ongoing impacts of the COVID-19 alert level changes.

### **Reduction in locally raised funds**

Under alert levels 4,3, and 2 the school's ability to undertake fund raising events in the community and/ or collect donations or other contributions from parents, may have been compromised. Costs already incurred arranging future events may not be recoverable.

### **Increased Remote learning additional costs**

Under alert levels 4 and 3 ensuring that students have the ability to undertake remote or distance learning often incurs additional costs in the supply of materials and devices to students to enable alternative methods of curriculum delivery.





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## INDEPENDENT AUDITOR'S REPORT

### TO THE READERS OF OTAMARAKAU SCHOOL'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

The Auditor-General is the auditor of Otamarakau School (the School). The Auditor-General has appointed me, Fraser Lellman, using the staff and resources of BDO Tauranga, 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 19, that comprise the statement of financial position as at 31 December 2021, 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 2021; and
  - its financial performance and cash flows for the year then ended; and
- comply with generally accepted accounting practice in New Zealand in accordance with Public Sector Public Benefit Entity Standards Reduced Disclosure Regime as applicable to entities that qualify as Tier 2.

Our audit was completed on 30 May 2022. 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.

**PARTNERS:** Fraser Lellman CA  
Donna Taylor CA

Jenny Lee CA  
Paul Manning CA

Janine Hellyer CA

**ASSOCIATE:** Michael Lim CA

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## **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 arises from the Public Audit Act 2001.

### **Other information**

The Board of Trustees is responsible for the other information. The other information comprises the Analysis of Variance, 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.



Fraser Lellman  
BDO Tauranga  
On behalf of the Auditor-General  
Tauranga, New Zealand