

Leabank School

Annual Report for the year ended 31 December 2019

Ministry Number:	1339
Principal:	Rex Maddren
School Address:	7 Dr Pickering Avenue, Manurewa, Auckland 2012
School Postal Address:	7 Dr Pickering Avenue, Manurewa, Auckland 2012
School Phone:	09 267 6939
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Service Provider:	Edtech Financial Services Ltd

Board of Trustees 2019

Name	Position	How position was gained	Occupation	Term Expiry date	Details
Brendon Crompton	Chairperson	Elected Dec 2017	Manager	Dec 2020	Outgoing chairman. Resigned May 2019
Kesa Edwards	Bot member	Elected Dec 2017	Administrator	Dec 2020	Resigned May 2019
Vienna Parker	Staff representative	Elected June 2016	Teacher / Senior Syndicate Leader	June 2019	Resigned May 2019
Luise Ieti	Bot member	Co-opted Nov/Dec 2017	Banker	Dec 2020	Resigned June 2019

Louise Stowers	Bot member	Elected Dec 2017	Real Estate Agent	Dec 2020	Newly elected Chairperson June 2019
Iona Tusa	Chairperson	Elected May 2019	Property Manager	May 2022	
Jordan Tavui	Bot member	Elected May 2019	Teacher (Papatoe North)	May 2022	
Jennifer Heka	Bot member	Elected May 2019		May 2022	

Board of Trustees 2019

Name	Position	How position was gained	Occupation	Term Expiry date	Details
Melissa Ansin	Staff representative	Elected June 2019	Teacher	May 2022	
Hokimai Rosieul-Popata	Bot member	Co-opted Aug 2019		May 2022	
Rex Maddren	Principal		Principal	Ongoing	

Leabank School

Annual Report

For the year ended 31 December 2019

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Leabank School Statement of Responsibility

For the year ended 31 December 2019

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

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

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

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

Louise Stowers

Full Name of Board Chairperson

[Signature]

Signature of Board Chairperson

3/9/2020

Date:

REX MADDREN

Full Name of Principal

[Signature]

Signature of Principal

3/09/2020

Date:

Leabank School

Statement of Comprehensive Revenue and Expense

For the year ended 31 December 2019

	Notes	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Revenue				
Government Grants	2	3,608,450	2,652,018	3,554,604
Locally Raised Funds	3	106,773	70,000	72,781
Interest Income		7,463	8,000	8,795
Gain on Sale of Property, Plant and Equipment		-	-	4,141
		<u>3,722,686</u>	<u>2,730,018</u>	<u>3,640,321</u>
Expenses				
Locally Raised Funds	3	55,451	-	16,183
Learning Resources	4	2,432,260	2,051,000	2,319,406
Administration	5	237,860	239,500	220,930
Finance		1,227	-	1,933
Property	6	915,927	356,000	944,175
Depreciation	7	89,766	80,000	85,356
Amortisation of Equitable Lease		-	-	4,298
Loss on Disposal of Property, Plant and Equipment		4,208	-	-
		<u>3,736,699</u>	<u>2,726,500</u>	<u>3,592,281</u>
Net Surplus / (Deficit) for the year		(14,013)	3,518	48,040
Other Comprehensive Revenue and Expenses		-	-	-
Total Comprehensive Revenue and Expense for the Year		<u>(14,013)</u>	<u>3,518</u>	<u>48,040</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.

Leabank School

Statement of Changes in Net Assets/Equity

For the year ended 31 December 2019

	Notes	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Balance at 1 January		501,651	501,651	448,258
Total comprehensive revenue and expense for the year		(14,013)	3,518	48,040
Capital Contributions from the Ministry of Education				
Contribution - Furniture and Equipment Grant		-	-	5,353
Equity at 31 December	22	487,638	505,169	501,651
Retained Earnings		487,638	505,169	501,651
Equity at 31 December		487,638	505,169	501,651

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.

Leabank School

Statement of Financial Position

As at 31 December 2019

	Notes	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Current Assets				
Cash and Cash Equivalents	8	266,635	252,205	202,219
Accounts Receivable	9	148,290	137,500	155,259
GST Receivable		5,763	9,900	9,903
Prepayments		4,423	3,600	3,535
Inventories	10	747	1,400	1,395
		<u>425,858</u>	<u>404,605</u>	<u>372,311</u>
Current Liabilities				
Accounts Payable	12	171,728	185,000	178,331
Provision for Cyclical Maintenance	13	13,800	68,300	60,000
Finance Lease Liability - Current Portion	14	13,952	5,352	15,295
Funds Held for Capital Works Projects	15	80,350	-	2,500
		<u>279,830</u>	<u>258,652</u>	<u>256,126</u>
Working Capital Surplus/(Deficit)		<u>146,028</u>	<u>145,953</u>	<u>116,185</u>
Non-current Assets				
Property, Plant and Equipment	11	416,931	429,618	429,618
		<u>416,931</u>	<u>429,618</u>	<u>429,618</u>
Non-current Liabilities				
Provision for Cyclical Maintenance	13	58,973	65,350	39,800
Finance Lease Liability	14	16,348	5,052	4,352
		<u>75,321</u>	<u>70,402</u>	<u>44,152</u>
Net Assets		<u>487,638</u>	<u>505,169</u>	<u>501,651</u>
Equity	22	<u>487,638</u>	<u>505,169</u>	<u>501,651</u>

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

Leabank School

Statement of Cash Flows

For the year ended 31 December 2019

		2019	2019	2018
	Note	Actual	Budget	Actual
		\$	(Unaudited)	\$
			\$	
Cash flows from Operating Activities				
Government Grants		1,001,092	1,027,170	970,088
Locally Raised Funds		106,406	70,196	71,235
Goods and Services Tax (net)		4,140	3	(8,264)
Payments to Employees		(693,554)	(694,766)	(645,765)
Payments to Suppliers		(378,034)	(269,194)	(270,506)
Interest Paid		(1,227)	-	(1,933)
Interest Received		8,243	8,320	8,675
Net cash from Operating Activities		47,066	141,729	123,530
Cash flows from Investing Activities				
Proceeds from Sale of PPE (and Intangibles)		-	-	(157)
Purchase of PPE (and Intangibles)		(49,175)	(128,630)	(77,030)
Purchase of Investments		-	-	12,919
Net cash from Investing Activities		(49,175)	(128,630)	(64,268)
Cash flows from Financing Activities				
Furniture and Equipment Grant		-	-	5,353
Finance Lease Payments		(11,325)	39,387	25,702
Funds Held for Capital Works Projects		77,850	(2,500)	(74,985)
Net cash from Financing Activities		66,525	36,887	(43,930)
Net increase/(decrease) in cash and cash equivalents		64,416	49,986	15,332
Cash and cash equivalents at the beginning of the year	8	202,219	202,219	186,887
Cash and cash equivalents at the end of the year	8	266,635	252,205	202,219

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.

Notes to the Financial Statements

For the year ended 31 December 2019

1. Statement of Accounting Policies

Reporting Entity

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

Basis of Preparation

Reporting Period

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

Basis of Preparation

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

Financial Reporting Standards Applied

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

Standard Early Adopted

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

PBE Accounting Standards Reduced Disclosure Regime

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

Measurement Base

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

Presentation Currency

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

Specific Accounting Policies

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

Critical Accounting Estimates And Assumptions

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

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

Useful lives of property, plant and equipment

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

Notes to the Financial Statements (cont.)

For the year ended 31 December 2019

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.

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.

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.

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.

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.

Notes to the Financial Statements (cont.)

For the year ended 31 December 2019

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.

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.

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.

The School has met the requirements under Schedule 6 Section 28 of the Education Act 1989 in relation to the acquisition of investment securities.

Property, Plant and Equipment

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

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

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

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

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

Notes to the Financial Statements (cont.)

For the year ended 31 December 2019

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:

Buildings - School	40 years
Furniture and equipment	10-18 years
Information and communication technology	4 years
Leased assets held under a Finance Lease	4 years
Library resources	12.5% Diminishing value

Impairment of property, plant, and equipment

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 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.

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.

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.

Shared Funds

Shared Funds are held on behalf of a cluster of participating schools as agreed with the Ministry of Education. The cluster of schools operate activities outside of school control. These amounts are not recorded in the Statement of Comprehensive Revenue and Expense. The School holds sufficient funds to enable the funds to be used for their intended purpose.

Notes to the Financial Statements (cont.)

For the year ended 31 December 2019

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).

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 and finance lease liability. All of these financial liabilities are categorised as "financial liabilities measured at amortised cost" for accounting purposes in accordance with financial reporting standards.

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 Statement of Cash Flows.

Commitments and contingencies are disclosed exclusive of GST.

Budget Figures

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

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.

Notes to the Financial Statements (cont.)

For the year ended 31 December 2019

2 Government Grants

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Operational Grants	909,880	914,018	906,260
Teachers' Salaries Grants	1,909,171	1,500,000	1,804,886
Use of Land and Buildings Grants	714,875	150,000	754,626
Other MoE Grants	74,524	88,000	88,832
	<u>3,608,450</u>	<u>2,652,018</u>	<u>3,554,604</u>

3 Locally Raised Funds

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

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Revenue			
Donations	35,503	36,000	14,986
Activities	57,722	32,000	44,958
Trading	12,027	2,000	11,977
Fundraising	1,521	-	860
	<u>106,773</u>	<u>70,000</u>	<u>72,781</u>
Expenses			
Activities	40,604	-	5,257
Trading	12,019	-	10,566
Fundraising (Costs of Raising Funds)	2,828	-	360
	<u>55,451</u>	<u>-</u>	<u>16,183</u>
Surplus/ (Deficit) for the year Locally Raised Funds	<u>51,322</u>	<u>70,000</u>	<u>56,598</u>

4 Learning Resources

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Curricular	41,621	67,500	48,221
Equipment Repairs	780	-	72
Information and Communication Technology	12,931	27,000	17,963
Library Resources	940	1,500	2,160
Employee Benefits - Salaries	2,371,205	1,954,000	2,248,429
Staff Development	4,783	1,000	2,561
	<u>2,432,260</u>	<u>2,051,000</u>	<u>2,319,406</u>

Notes to the Financial Statements (cont.)

For the year ended 31 December 2019

5 Administration

	2019	2019	2018
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Audit Fee	6,369	5,000	4,690
Board of Trustees Fees	2,715	3,000	2,880
Board of Trustees Expenses	8,471	12,500	5,337
Communication	3,072	5,000	4,068
Consumables	16,762	18,000	17,653
Other	28,760	29,000	24,411
Employee Benefits - Salaries	159,218	152,500	147,247
Insurance	4,621	7,000	5,579
Service Providers, Contractors and Consultancy	7,872	7,500	9,065
	<u>237,860</u>	<u>239,500</u>	<u>220,930</u>

6 Property

	2019	2019	2018
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Caretaking and Cleaning Consumables	16,754	16,000	15,691
Consultancy and Contract Services	28,745	5,000	29,793
Cyclical Maintenance Expense	(27,027)	23,000	17,719
Grounds	3,955	3,000	2,894
Heat, Light and Water	17,478	18,000	18,058
Rates	46,797	12,500	10,234
Repairs and Maintenance	30,273	35,500	30,673
Use of Land and Buildings	714,875	150,000	754,626
Security	10,994	9,000	8,709
Employee Benefits - Salaries	73,083	84,000	55,778
	<u>915,927</u>	<u>356,000</u>	<u>944,175</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 nationwide revaluation exercise that is conducted every 30 June for the Ministry of Education's year end reporting purposes.

7 Depreciation

	2019	2019	2018
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Buildings - School	3,838	3,386	3,613
Furniture and Equipment	31,803	29,475	31,448
Information and Communication Technology	30,212	28,294	30,188
Leased Assets	18,399	13,126	14,005
Library Resources	5,514	5,719	6,102
	<u>89,766</u>	<u>80,000</u>	<u>85,356</u>

Notes to the Financial Statements (cont.)

For the year ended 31 December 2019

8 Cash and Cash Equivalents

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Bank Current Account	252,832	102,205	88,877
Short-term Bank Deposits	13,803	150,000	113,342
Cash and cash equivalents for Cash Flow Statement	<u>266,635</u>	<u>252,205</u>	<u>202,219</u>

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

Of the \$266,635 Cash and Cash Equivalents, \$80,350 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.

9 Accounts Receivable

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Receivables	893	2,000	2,196
Interest Receivable	40	500	820
Bank Staffing Underuse	-	-	25,152
Teacher Salaries Grant Receivable	<u>147,357</u>	<u>135,000</u>	<u>127,091</u>
	<u>148,290</u>	<u>137,500</u>	<u>155,259</u>
Receivables from Exchange Transactions	933	2,500	3,016
Receivables from Non-Exchange Transactions	<u>147,357</u>	<u>135,000</u>	<u>152,243</u>
	<u>148,290</u>	<u>137,500</u>	<u>155,259</u>

10 Inventories

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Stationery	747	1,400	1,395
	<u>747</u>	<u>1,400</u>	<u>1,395</u>

Notes to the Financial Statements (cont.)

For the year ended 31 December 2019

11 Property, Plant and Equipment

	Opening Balance (NBV)	Additions	Disposals	Impairment	Depreciation	Total (NBV)
2019	\$	\$	\$	\$	\$	\$
Buildings	119,078	11,311	-	-	(3,838)	126,551
Furniture and Equipment	187,666	2,690	-	-	(31,803)	158,553
Information and Communication Technology	57,728	31,235	-	-	(30,212)	58,751
Leased Assets	22,435	30,442	-	-	(18,399)	34,478
Library Resources	42,711	5,608	(4,207)	-	(5,514)	38,598
Balance at 31 December 2019	429,618	81,286	(4,207)	-	(89,766)	416,931

	Cost or Valuation	Accumulated Depreciation	Net Book Value
2019	\$	\$	\$
Buildings	155,845	(29,294)	126,551
Furniture and Equipment	455,768	(297,215)	158,553
Information and Communication Technology	167,833	(109,082)	58,751
Leased Assets	79,072	(44,594)	34,478
Library Resources	101,372	(62,774)	38,598
Balance at 31 December 2019	959,890	(542,959)	416,931

The net carrying value of equipment held under a finance lease is \$34,478 (2018: \$22,435).

	Opening Balance (NBV)	Additions	Disposals	Impairment	Depreciation	Total (NBV)
2018	\$	\$	\$	\$	\$	\$
Buildings	122,691	-	-	-	(3,613)	119,078
Furniture and Equipment	214,210	9,608	(4,704)	-	(31,448)	187,666
Information and Communication Technology	61,548	26,368	-	-	(30,188)	57,728
Leased Assets	36,440	-	-	-	(14,005)	22,435
Library Resources	42,428	6,839	(454)	-	(6,102)	42,711
Balance at 31 December 2018	477,317	42,815	(5,158)	-	(85,356)	429,618

	Cost or Valuation	Accumulated Depreciation	Net Book Value
2018	\$	\$	\$
Buildings	144,534	(25,456)	119,078
Furniture and Equipment	453,079	(265,413)	187,666
Information and Communication Technology	136,597	(78,869)	57,728
Leased Assets	48,630	(26,195)	22,435
Library Resources	106,229	(63,518)	42,711
Balance at 31 December 2018	889,069	(459,451)	429,618

Notes to the Financial Statements (cont.)

For the year ended 31 December 2019

12 Accounts Payable

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Operating Creditors	8,821	40,000	37,474
Accruals	5,503	5,000	4,500
Banking Staffing Overuse	3,458	-	-
Employee Entitlements - Salaries	151,553	135,000	131,288
Employee Entitlements - Leave Accrual	2,393	5,000	5,069
	<u>171,728</u>	<u>185,000</u>	<u>178,331</u>
Payables for Exchange Transactions	171,728	185,000	178,331
	<u>171,728</u>	<u>185,000</u>	<u>178,331</u>

The carrying value of payables approximates their fair value.

13 Provision for Cyclical Maintenance

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Provision at the Start of the Year	99,800	99,800	106,500
Increase/(decrease) to the Provision During the Year	(27,027)	23,000	17,719
Use of the Provision During the Year	-	10,850	(24,419)
Provision at the End of the Year	<u>72,773</u>	<u>133,650</u>	<u>99,800</u>
Cyclical Maintenance - Current	13,800	68,300	60,000
Cyclical Maintenance - Term	58,973	65,350	39,800
	<u>72,773</u>	<u>133,650</u>	<u>99,800</u>

14 Finance Lease Liability

The school has entered into a number of finance lease agreements for TELA laptops and ICT equipment

Minimum lease payments payable (includes interest portion):

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
No Later than One Year	16,414	-	16,633
Later than One Year and no Later than Five Years	17,780	-	4,516
	<u>34,194</u>	<u>-</u>	<u>21,149</u>

Notes to the Financial Statements (cont.)

For the year ended 31 December 2019

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:

	2019	Opening Balances \$	Receipts from MoE \$	Payments \$	BOT Contribution/ (Write-off to R&M)	Closing Balances \$
Block 2 Toilets	<i>In progress</i>	-	85,950	52,677	-	33,273
Drinking Fountains	<i>Completed</i>	-	23,797	19,000	-	4,797
Cladding	<i>In progress</i>	-	42,251	-	-	42,251
Roofing Block 3	<i>In progress</i>	-	53,313	55,784	-	(2,471)
Intercom System	<i>Completed</i>	2,500	-	-	-	2,500
Totals		2,500	205,311	127,461	-	80,350

Represented by:

Funds Held on Behalf of the Ministry of Education

82,821

Funds Due from the Ministry of Education

(2,471)

80,350

	2018	Opening Balances \$	Receipts from MoE \$	Payments \$	BOT Contribution/ (Write-off to R&M)	Closing Balances \$
Roofing Block 4	<i>in progress</i>	77,485	-	77,485	-	-
Intercom System	<i>in progress</i>	-	2,500	-	-	2,500
Totals		77,485	2,500	77,485	-	2,500

16 Funds Held on Behalf of the Manurewa ICT Cluster

Leabank School is the lead school and holds the funds on behalf of the Manurewa ICT cluster, a group of schools funded by the local charities to share ICT resources.

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Funds Held at Beginning of the Year	-	-	-
Funds Received from Cluster Members	-	-	-
Funds Received from MoE	46,800	-	-
Funds Spent on Behalf of the Cluster	46,800	-	-
Funds Held at Year End	-	-	-

17 Related Party Transactions

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

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

Notes to the Financial Statements (cont.)

For the year ended 31 December 2019

18 Remuneration

Key management personnel compensation

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

	2019 Actual \$	2018 Actual \$
<i>Board Members</i>		
Remuneration	2,715	2,880
Full-time equivalent members	0.06	0.05
<i>Leadership Team</i>		
Remuneration	400,651	329,047
Full-time equivalent members	4.00	3.00
Total key management personnel remuneration	403,366	331,927
Total full-time equivalent personnel	4.06	3.05

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

Principal

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

	2019 Actual \$000	2018 Actual \$000
Salaries and Other Short-term Employee Benefits:		
Salary and Other Payments	140-150	140-150
Benefits and Other Emoluments	0-5	0-5
Termination Benefits	-	-

Other Employees

No other employee received total remuneration over \$100,000 (2018: Nil).

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

19 Compensation and Other Benefits Upon Leaving

There were no compensation or other benefits paid or payable to persons upon leaving.

Notes to the Financial Statements (cont.)

For the year ended 31 December 2019

20 Contingencies

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

(Contingent liabilities and assets as 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.

21 Commitments

(a) Capital Commitments

As at 31 December 2019 the Board has entered into no contract agreements for capital works.

(Capital commitments as at 31 December 2018: nil)

22 Managing Capital

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

Notes to the Financial Statements (cont.)

For the year ended 31 December 2019

23 Financial Instruments

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

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Financial assets measured at amortised cost (2018: Loans and receivables)			
Cash and Cash Equivalents	266,635	252,205	202,219
Receivables	148,290	137,500	155,259
Total Financial assets measured at amortised cost	414,925	389,705	357,478
Financial liabilities measured at amortised cost			
Payables	171,728	185,000	178,331
Finance Leases	30,300	10,404	19,647
Total Financial Liabilities Measured at Amortised Cost	202,028	195,404	197,978

24 Events After Balance Date

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

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

At this time the full financial impact of the COVID-19 pandemic is not able to be determined. The school will continue to receive funding from the Ministry of Education, even while closed. We describe below the possible effects on the school that we have identified, resulting from the COVID-19 pandemic:

A reduction in locally raised funds revenue because the schools ability to undertake fund raising events in the community and/ or collect donations or other contributions from parents, may be compromised.

25 Adoption of PBE IFRS 9 Financial Instruments

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

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

26 Comparatives

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

27 Failure to comply with section 87C of the Education Act 1989

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