

# KATIKATI COLLEGE

## ANNUAL REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2020

#### School Directory

**Ministry Number:** 117

**Principal:** Carolyn Pentecost

**School Address:** Beach Road

**School Postal Address:** Beach Road, Katikati, 3129

**School Phone:** 07 549 0434

**School Email:** [accounts@katikaticollege.school.nz](mailto:accounts@katikaticollege.school.nz)

#### Members of the Board of Trustees

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

# KATIKATI COLLEGE

Annual Report - For the year ended 31 December 2020

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# Katikati College

## Statement of Responsibility

For the year ended 31 December 2020

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

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

It is the opinion of the Board and management that the annual financial statements for the financial year ended 31 December 2020 fairly reflects the financial position and operations of the school.

The School's 2020 financial statements are authorised for issue by the Board.

Shawn Damian Grien

Full Name of Board Chairperson

Limited Statutory Manager



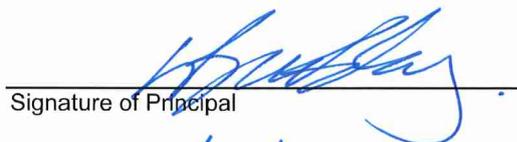
Signature of Board Chairperson

Date:

17/5/21

LOUISE JANE BUCKLEY

Full Name of Principal



Signature of Principal

Date:

17/5/21

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

For the year ended 31 December 2020

	Notes	2020 Actual \$	2020 Budget (Unaudited) \$	2019 Actual \$
<b>Revenue</b>				
Government Grants	2	8,690,034	7,683,156	8,782,117
Locally Raised Funds	3	552,768	425,340	631,739
Interest income		9,604	17,300	11,575
Gain on Sale of Property, Plant and Equipment		1,150	-	-
International Students	4	88,973	426,000	473,830
		<u>9,342,529</u>	<u>8,551,796</u>	<u>9,899,261</u>
<b>Expenses</b>				
Locally Raised Funds	3	202,045	167,760	389,773
International Students	4	128,125	370,600	359,470
Learning Resources	5	6,049,537	5,538,557	6,170,267
Administration	6	654,546	525,952	543,338
Finance		4,464	-	-
Property	7	2,053,228	1,842,613	2,045,195
Depreciation	8	215,580	130,000	151,353
Impairment of Inventories		3,999	-	-
Transport		-	-	364,033
		<u>9,311,524</u>	<u>8,575,482</u>	<u>10,023,429</u>
<b>Net Surplus / (Deficit) for the year</b>		<b>31,005</b>	<b>(23,686)</b>	<b>(124,168)</b>
Other Comprehensive Revenue and Expenses		-	-	-
<b>Total Comprehensive Revenue and Expense for the Year</b>		<u><u>31,005</u></u>	<u><u>(23,686)</u></u>	<u><u>(124,168)</u></u>

The accounting treatment for Transport has been changed from 2019 to 2020 in order to comply with the Ministry of Education's reporting model for Transport Networks (see note 20).

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

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

	Notes	Actual 2020 \$	Budget (Unaudited) 2020 \$	Actual 2019 \$
<b>Balance at 1 January</b>		1,497,367	1,497,367	1,579,846
Total comprehensive revenue and expense for the year		31,005	(23,686)	(124,168)
Capital Contributions from the Ministry of Education Contribution - Furniture and Equipment Grant		-	-	41,689
Adjustment to Accumulated surplus/(deficit) from adoption of PBE IFRS 9		-	-	-
<b>Equity at 31 December</b>	26	1,528,372	1,473,681	1,497,367
Retained Earnings		1,528,372	1,473,681	1,497,367
<b>Equity at 31 December</b>		1,528,372	1,473,681	1,497,367

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.



**Katikati College**  
**Statement of Financial Position**  
As at 31 December 2020

		2020	2020	2019
	Notes	Actual	Budget	Actual
		\$	(Unaudited)	\$
			\$	
<b>Current Assets</b>				
Cash and Cash Equivalents	9	668,504	613,379	474,359
Accounts Receivable	10	397,295	485,398	485,398
GST Receivable		70,685	29,438	29,438
Prepayments		5,949	-	-
Inventories	11	5,605	8,468	8,468
Investments	12	50,000	-	-
Funds owed for Capital Works Projects	19	4,083	-	2,707
Katikati Transport Group		315,941	279,023	279,023
		<u>1,518,062</u>	<u>1,415,706</u>	<u>1,279,393</u>
<b>Current Liabilities</b>				
Accounts Payable	14	693,482	526,513	526,515
Revenue Received in Advance	15	67,630	142,076	142,076
Provision for Cyclical Maintenance	16	55,220	87,500	87,500
Finance Lease Liability - Current Portion	17	34,817	24,000	24,000
Funds held in Trust	18	37,206	108,234	108,234
Funds Held on Behalf of Katikati Transport Group	20	355,215	303,924	303,924
		<u>1,243,570</u>	<u>1,192,247</u>	<u>1,192,249</u>
<b>Working Capital Surplus/(Deficit)</b>		274,492	223,459	87,144
<b>Non-current Assets</b>				
Property, Plant and Equipment	13	1,446,181	1,433,447	1,563,447
		<u>1,446,181</u>	<u>1,433,447</u>	<u>1,563,447</u>
<b>Non-current Liabilities</b>				
Provision for Cyclical Maintenance	16	139,358	115,792	85,791
Finance Lease Liability	17	52,943	67,433	67,433
		<u>192,301</u>	<u>183,225</u>	<u>153,224</u>
<b>Net Assets</b>		<u>1,528,372</u>	<u>1,473,681</u>	<u>1,497,367</u>
<b>Equity</b>		<u>1,528,372</u>	<u>1,473,681</u>	<u>1,497,367</u>

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

**Katikati College**  
**Statement of Cash Flows**  
For the year ended 31 December 2020

		2020	2020	2019
	Note	Actual	Budget	Actual
		\$	(Unaudited)	\$
			\$	
<b>Cash flows from Operating Activities</b>				
Government Grants		2,667,264	1,910,660	2,485,147
Locally Raised Funds		536,555	120,500	695,264
International Students		32,673	270,000	309,796
Goods and Services Tax (net)		(41,247)	-	(30,157)
Funds Administered on Behalf of Third Parties		(68,971)	-	1,573
Payments to Employees		(1,450,613)	(1,168,149)	(1,583,292)
Payments to Suppliers		(1,468,802)	(539,841)	(2,070,644)
Cyclical Maintenance Payments in the year		(33,233)	(66,355)	-
Interest Paid		(4,464)	-	-
Interest Received		9,093	17,300	11,575
Net cash from Operating Activities		178,255	544,115	(180,738)
<b>Cash flows from Investing Activities</b>				
Purchase of Property Plant & Equipment (and Intangibles)		(28,699)	(105,095)	(178,063)
Proceeds from Sale of Investments		250,000	-	-
Net cash from Investing Activities		221,301	(105,095)	(178,063)
<b>Cash flows from Financing Activities</b>				
Furniture and Equipment Grant		-	-	41,689
Finance Lease Payments		(28,249)	-	(15,954)
Funds Held for Capital Works Projects		121,395	-	-
Net cash from Financing Activities		93,146	-	25,735
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>492,702</b>	<b>439,020</b>	<b>(333,066)</b>
Cash and cash equivalents at the beginning of the year	9	175,802	174,359	807,425
<b>Cash and cash equivalents at the end of the year</b>	<b>9</b>	<b>668,504</b>	<b>613,379</b>	<b>474,359</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 Cash Flow Statement should be read in conjunction with the accompanying notes which form part of these financial statements.

# Katikati College

## Notes to the Financial Statements

### For the year ended 31 December 2020

#### 1. Statement of Accounting Policies

##### a) Reporting Entity

Katikati College (the School) is a Crown entity as specified in the Crown Entities Act 2004 and a school as described in the Education and Training Act 2020. The Board of Trustees (the Board) is of the view that the School is a public benefit entity for financial reporting purposes.

##### b) Basis of Preparation

###### **Reporting Period**

The financial reports have been prepared for the period 1 January 2020 to 31 December 2020 and in accordance with the requirements of the Public Finance Act 1989.

###### **Basis of Preparation**

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

###### **Financial Reporting Standards Applied**

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

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

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

###### **Measurement Base**

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

###### **Presentation Currency**

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

###### **Specific Accounting Policies**

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

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

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

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

#### *Cyclical maintenance*

A school recognises its obligation to maintain the Ministry's buildings in a good state of repair as a provision for cyclical maintenance. This provision relates mainly to the painting of the school buildings. The estimate is based on the school's long term maintenance plan which is prepared as part of its 10 Year Property Planning process. During the year, the Board assesses the reasonableness of its 10 Year Property Plan on which the provision is based. Cyclical maintenance is disclosed at note 16.

#### *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 (uncollectable debts). The schools receivables are largely made up of funding from the Ministry of Education, therefore the level of uncollectable debts is not considered to be material. However, short-term receivables are written off when there is no reasonable expectation of recovery.

**i) Inventories**

Inventories are consumable items held for sale and comprise of stationery and school uniforms. They are stated at the lower of cost and net realisable value. Cost is determined on a first in, first out basis. Net realisable value is the estimated selling price in the ordinary course of activities less the estimated costs necessary to make the sale. Any write down from cost to net realisable value is recorded as an expense in the Statement of Comprehensive Revenue and Expense in the period of the write down.

## j) Investments

Bank term deposits are initially measured at the amount invested. Interest is subsequently accrued and added to the investment balance. A loss allowance for expected credit losses is recognised if the estimated loss allowance is not trivial.

## k) Property, Plant and Equipment

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

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

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

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

### **Finance Leases**

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

### **Depreciation**

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

The estimated useful lives of the assets are:

Building Improvements	40 years
Furniture and Equipment	3-10 years
Information and Communication	2-5 years
Textbooks	2-4 years
Library Resources	12.5% DV
Leased assets held under a Finance Lease	Term of Lease

## **l) Intangible Assets**

### *Software costs*

Computer software acquired by the School are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Costs associated with subsequent maintenance or licensing of software are recognised as an expense in the Statement of Comprehensive Revenue and Expense when incurred.

Computer software licences with individual values under \$1,000 are not capitalised, they are recognised as an expense in the Statement of Comprehensive Revenue and Expense when incurred.

Computer software that the school receives from the Ministry of Education is normally acquired through a non-exchange transaction and is not of a material amount. It's fair value can be assessed at time of acquisition if no other methods lead to a fair value determination. Computer software purchased directly from suppliers at market rates are considered exchange transactions and the fair value is the amount paid for the software.

The carrying value of software is amortised on a straight line basis over its useful life. The useful life of software is estimated as three years. The amortisation charge for each period and any impairment loss is recorded in the Statement of Comprehensive Revenue and Expense.

## **m) Impairment of property, plant, and equipment and intangible assets**

The school does not hold any cash generating assets. Assets are considered cash generating where their primary objective is to generate a commercial return.

### *Non cash generating assets*

Property, plant, and equipment and intangible assets held at cost that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable service amount. The recoverable service amount is the higher of an asset's fair value less costs to sell and value in use.

Value in use is determined using an approach based on either a depreciated replacement cost approach, restoration cost approach, or a service units approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and availability of information.

If an asset's carrying amount exceeds its recoverable service amount, the asset is regarded as impaired and the carrying amount is written down to the recoverable amount. The total impairment loss is recognised in the surplus or deficit.

The reversal of an impairment loss is recognised in the surplus or deficit.

## **n) Accounts Payable**

Accounts Payable represents liabilities for goods and services provided to the School prior to the end of the financial year which are unpaid. Accounts Payable are recorded at the amount of cash required to settle those liabilities. The amounts are unsecured and are usually paid within 30 days of recognition.

## **o) Employee Entitlements**

### *Short-term employee entitlements*

Employee benefits that are due to be settled within 12 months after the end of the period in which the employee renders the related service are measured based on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to balance date, and also annual leave earned, by non teaching staff, to but not yet taken at balance date.

### *Long-term employee entitlements*

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

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

## **p) Revenue Received in Advance**

Revenue received in advance relates to fees received from students and grants received where there are unfulfilled obligations for the School to provide services in the future. The fees are recorded as revenue as the obligations are fulfilled and the fees earned.

The School holds sufficient funds to enable the refund of unearned fees in relation to international students, should the School be unable to provide the services to which they relate.

The School holds sufficient funds to enable the funds to be used for their intended purpose at any time.

## **q) Funds Held in Trust**

Funds are held in trust where they have been received by the School for a specified purpose, or are being held on behalf of a third party and these transactions are not recorded in the Statement of Revenue and Expense.

The School holds sufficient funds to enable the funds to be used for their intended purpose at any time.

## **r) Shared Funds**

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

## **s) Provision for Cyclical Maintenance**

The property from which the School operates is owned by the Crown, and is vested in the Ministry. The Ministry has gazetted a property occupancy document that sets out the Board's property maintenance responsibilities. The Board is responsible for maintaining the land, buildings and other facilities on the School site in a state of good order and repair.

Cyclical maintenance, which involves painting the interior and exterior of the School, makes up the most significant part of the Board's responsibilities outside day-to-day maintenance. The provision for cyclical maintenance represents the obligation the Board has to the Ministry and is based on the Board's ten year property plan (10YPP).

## **t) Financial Instruments**

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

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

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

**u) Borrowings**

Borrowings on normal commercial terms are initially recognised at the amount borrowed plus transaction costs. Interest due on the borrowings is subsequently accrued and added to the borrowings balance. Borrowings are classified as current liabilities unless the school has an unconditional right to defer settlement of the liability for at least 12 months after balance date.

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

**v) Goods and Services Tax (GST)**

The financial statements have been prepared on a GST exclusive basis, with the exception of accounts receivable and accounts payable which are stated as GST inclusive.

The net amount of GST paid to, or received from, the IRD, including the GST relating to investing and financing activities, is classified as a net operating cash flow in the statements of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

**w) Budget Figures**

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

**x) Services received in-kind**

From time to time the School receives services in-kind, including the time of volunteers. The School has elected not to recognise services received in kind in the Statement of Comprehensive Revenue and Expense.

## 2. Government Grants

	2020	2020	2019
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Operational Grants	1,922,090	1,799,030	1,689,110
Teachers' Salaries Grants	4,849,253	4,472,496	4,810,067
Use of Land and Buildings Grants	1,538,239	1,300,000	1,562,857
Other MoE Grants	294,735	48,630	183,210
Transport grants	36,919	-	477,939
Other Government Grants	48,798	63,000	58,934
	<u>8,690,034</u>	<u>7,683,156</u>	<u>8,782,117</u>

The accounting treatment for Transport Grants has been changed from 2019 to 2020 in order to comply with the Ministry of Education's reporting model for Transport Networks (see note 20).

## 3. Locally Raised Funds

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

	2020	2020	2019
	Actual	Budget	Actual
	\$	(Unaudited)	\$
<b>Revenue</b>			
Donations	33,634	20,000	27,880
Bequests & Grants	22,014	-	60,100
Activities	89,603	59,500	261,387
Trading	88,097	121,000	137,510
Fundraising	5,772	10,000	37,759
Other Revenue	313,648	214,840	107,103
	<u>552,768</u>	<u>425,340</u>	<u>631,739</u>
<b>Expenses</b>			
Activities	80,862	61,100	247,032
Trading	107,372	103,460	133,165
Fundraising (Costs of Raising Funds)	8,888	-	9,576
Other Locally Raised Funds Expenditure	4,923	3,200	-
	<u>202,045</u>	<u>167,760</u>	<u>389,773</u>
<i>Surplus for the year Locally raised funds</i>	<u>350,723</u>	<u>257,580</u>	<u>241,966</u>

#### 4. International Student Revenue and Expenses

	2020 Actual Number	2020 Budget (Unaudited) Number	2019 Actual Number
International Student Roll	9	44	16
	2020 Actual \$	2020 Budget (Unaudited) \$	2019 Actual \$
<b>Revenue</b>			
International Student Fees	88,973	426,000	473,830
<b>Expenses</b>			
Advertising	7,764	49,000	12,188
Commissions	14,440	24,000	25,581
International student levy	2,695	-	5,679
Employee Benefit - Salaries	83,779	106,600	113,643
Other Expenses	19,447	191,000	202,379
	128,125	370,600	359,470
<i>Surplus for the year International Students'</i>	<u>(39,152)</u>	<u>55,400</u>	<u>114,360</u>

#### 5. Learning Resources

	2020 Actual \$	2020 Budget (Unaudited) \$	2019 Actual \$
Curricular	272,153	328,302	309,499
Employee Benefits - Salaries	5,694,964	5,094,305	5,807,738
Staff Development	10,883	25,000	53,030
Information And Communication Technology	71,537	90,950	-
	<u>6,049,537</u>	<u>5,538,557</u>	<u>6,170,267</u>

#### 6. Administration

	2020 Actual \$	2020 Budget (Unaudited) \$	2019 Actual \$
Audit Fee	6,520	7,500	6,887
Board of Trustees Fees	3,850	5,000	4,173
Board of Trustees Expenses	769	1,550	6,149
Intervention Costs & Expenses	33,208	-	-
Communication	9,715	14,820	5,937
Consumables	6,687	9,500	7,289
Operating Lease	8,473	32,255	33,420
Legal Fees	35,946	1,000	18,390
Other	212,173	146,800	131,359
Employee Benefits - Salaries	315,578	276,727	301,108
Insurance	6,628	20,000	19,279
Service Providers, Contractors and Consultancy	14,999	10,800	9,347
	<u>654,546</u>	<u>525,952</u>	<u>543,338</u>

## 7. Property

	2020	2020	2019
	Actual	Budget	Actual
	\$	(Unaudited)	\$
	\$	\$	\$
Caretaking and Cleaning Consumables	25,882	26,000	26,473
Cyclical Maintenance Expense	54,520	-	-
Grounds	12,703	19,000	17,785
Heat, Light and Water	83,560	103,000	95,452
Rates	25,128	26,000	32,086
Repairs and Maintenance	35,113	79,000	43,166
Use of Land and Buildings	1,538,239	1,300,000	1,562,857
Security	15,872	20,000	19,299
Employee Benefits - Salaries	262,211	269,613	248,077
	<u>2,053,228</u>	<u>1,842,613</u>	<u>2,045,195</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

	2020	2020	2019
	Actual	Budget	Actual
	\$	(Unaudited)	\$
	\$	\$	\$
Building Improvements	33,905	29,122	33,905
Furniture and Equipment	80,252	62,179	72,394
Information and Communication Technology	47,009	18,755	37,047
Textbooks	3,090	2,266	2,638
Leased Assets	45,803	13,066	-
Library Resources	5,521	4,612	5,369
	<u>215,580</u>	<u>130,000</u>	<u>151,353</u>

## 9. Cash and Cash Equivalents

	2020	2020	2019
	Actual	Budget	Actual
	\$	(Unaudited)	\$
	\$	\$	\$
Cash on Hand	448	-	448
Bank Current Account	98,984	613,379	54,953
Bank Call Account	569,072	-	418,958
Cash equivalents for Cash Flow Statement	<u>668,504</u>	<u>613,379</u>	<u>474,359</u>

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

Of the \$668,504 Cash and Cash Equivalents \$25,781 is held by the School on behalf of the Ministry of Education. These funds are required to be spent in 2021 on Crown owned school buildings under the School's Five Year Property Plan.

**10. Accounts Receivable**

	2020	2020	2019
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Receivables	7,949	155,889	29,278
Receivables from the Ministry of Education	5,300	-	126,611
Interest Receivable	511	-	-
Teacher Salaries Grant Receivable	383,535	329,509	329,509
	<u>397,295</u>	<u>485,398</u>	<u>485,398</u>
Receivables from Exchange Transactions	8,460	155,889	29,278
Receivables from Non-Exchange Transactions	388,835	329,509	456,120
	<u>397,295</u>	<u>485,398</u>	<u>485,398</u>

**11. Inventories**

	2020	2020	2019
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Stationery	1,413	4,124	4,124
Uniform	4,000	4,000	4,000
Canteen	192	344	344
	<u>5,605</u>	<u>8,468</u>	<u>8,468</u>

**12. Investments**

The School's investment activities are classified as follows:

	2020	2020	2019
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Current Asset			
Short-term Bank Deposits	50,000	-	-
Total Investments	<u>50,000</u>	<u>-</u>	<u>-</u>

### 13. Property, Plant and Equipment

	Opening Balance (NBV)	Additions	Disposals	Impairment	Depreciation	Total (NBV)
2020	\$	\$	\$	\$	\$	\$
Building Improvements	923,489	-	-	-	(33,905)	889,584
Furniture and Equipment	419,073	9,401	(21,854)	-	(80,252)	326,368
Information and Communication Tech	76,987	67,700	-	-	(47,009)	97,678
Textbooks	10,280	1,984	-	-	(3,090)	9,174
Leased Assets	95,642	37,311	-	-	(45,803)	87,150
Library Resources	37,976	3,772	-	-	(5,521)	36,227
<b>Balance at 31 December 2020</b>	<b>1,563,447</b>	<b>120,168</b>	<b>(21,854)</b>	<b>-</b>	<b>(215,580)</b>	<b>1,446,181</b>

The net carrying value of equipment held under a finance lease is \$87,150 (2019: \$95,642)

	Cost or Valuation	Accumulated Depreciation	Net Book Value
2020	\$	\$	\$
Building Improvements	1,418,183	(528,599)	889,584
Furniture and Equipment	1,879,419	(1,553,051)	326,368
Information and Communication	1,948,232	(1,850,554)	97,678
Textbooks	216,267	(207,093)	9,174
Leased Assets	171,678	(84,528)	87,150
Library Resources	121,873	(85,646)	36,227
<b>Balance at 31 December 2020</b>	<b>5,755,652</b>	<b>(4,309,471)</b>	<b>1,446,181</b>

	Opening Balance (NBV)	Additions	Disposals	Impairment	Depreciation	Total (NBV)
2019	\$	\$	\$	\$	\$	\$
Building Improvements	957,394	-	-	-	(33,905)	923,489
Furniture and Equipment	368,271	123,196	-	-	(72,394)	419,073
Information and Communication Tech	51,550	47,272	-	-	(21,835)	76,987
Textbooks	11,658	1,260	-	-	(2,638)	10,280
Leased Assets	27,094	10,482	-	-	(15,212)	95,642
Library Resources	37,011	6,335	-	-	(5,369)	37,976
<b>Balance at 31 December 2019</b>	<b>1,452,978</b>	<b>188,545</b>	<b>-</b>	<b>-</b>	<b>(151,353)</b>	<b>1,563,447</b>

The net carrying value of equipment held under a finance lease is \$95,642 (2018: \$27,094)

	Cost or Valuation	Accumulated Depreciation	Net Book Value
2019	\$	\$	\$
Building Improvements	1,418,183	(494,695)	923,489
Furniture and Equipment	1,893,022	(1,473,949)	419,073
Information and Communication	1,880,533	(1,803,545)	76,987
Textbooks	214,284	(204,006)	10,280
Leased Assets	134,365	(38,723)	95,642
Library Resources	118,100	(80,123)	37,976
<b>Balance at 31 December 2019</b>	<b>5,658,487</b>	<b>(4,095,041)</b>	<b>1,563,447</b>

#### 14. Accounts Payable

	2020	2020	2019
	Actual	Budget (Unaudited)	Actual
	\$	\$	\$
Operating Creditors	238,368	74,996	74,996
Accruals	4,420	56,523	56,523
Banking Staffing Overuse	21,415	21,415	21,415
Employee Entitlements - Salaries	383,535	329,509	329,509
Employee Entitlements - Leave Accrual	45,744	44,070	44,070
	<u>693,482</u>	<u>526,513</u>	<u>526,513</u>
Payables for Exchange Transactions	643,482	526,513	527,956
Payables for Non-exchange Transactions - Taxes Payable (PAYE and Rates)	-	-	-
Payables for Non-exchange Transactions - Other	-	-	-
	<u>643,482</u>	<u>526,513</u>	<u>527,956</u>

The carrying value of payables approximates their fair value.

#### 15. Revenue Received in Advance

	2020	2020	2019
	Actual	Budget (Unaudited)	Actual
	\$	\$	\$
Revenue Received In Advance	18,541	-	-
Intl Students Revenue In Advance	49,089	142,076	142,076
	<u>67,630</u>	<u>142,076</u>	<u>142,076</u>

#### 16. Provision for Cyclical Maintenance

	2020	2020	2019
	Actual	Budget (Unaudited)	Actual
	\$	\$	\$
Provision at the Start of the Year	173,291	203,292	173,291
Increase to the Provision During the Year	42,610	-	-
Adjustment to the Provision	11,910	-	-
Use of the Provision During the Year	(33,233)	-	-
Provision at the End of the Year	<u>194,578</u>	<u>203,292</u>	<u>173,291</u>
Cyclical Maintenance - Current	55,220	87,500	87,500
Cyclical Maintenance - Term	139,358	115,792	85,791
	<u>194,578</u>	<u>203,292</u>	<u>173,291</u>

#### 17. Finance Lease Liability

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

	2020	2020	2019
	Actual	Budget (Unaudited)	Actual
	\$	\$	\$
No Later than One Year	36,506	24,000	24,000
Later than One Year and no Later than Five Years	53,540	67,433	67,433
	<u>90,046</u>	<u>91,433</u>	<u>91,433</u>

### 18. Funds held in Trust

	2020 Actual \$	2020 Budget (Unaudited) \$	2019 Actual \$
Funds Held in Trust on Behalf of Third Parties - Current	37,206	108,234	108,234
Funds Held in Trust on Behalf of Third Parties - Non-current	-	-	-
	<u>37,206</u>	<u>108,234</u>	<u>108,234</u>

These funds are held where the school is agent for representative amounts and therefore these are not included in the Statement of Comprehensive Revenue and Expense.

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

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

	2020	Opening Balances \$	Receipts from MoE \$	Payments \$	BOT Contribution/ (Write-off to R&M)	Closing Balances \$
Technology Block	<i>completed</i>	2,400	-	(2,400)	-	-
Toilet Block	<i>completed</i>	7,193	-	(7,193)	-	-
Revamp Classrooms	<i>in progress</i>	2,381	23,400	-	-	25,781
Technology Block Part2	<i>in progress</i>	(34,247)	252,400	(248,017)	-	(29,864)
Library Refurbishment	<i>completed</i>	17,704	5,300	(23,004)	-	-
Demolition of Classrooms	<i>completed</i>	1,862	-	(1,862)	-	-
223506 Insurance Block J: Maths	<i>completed</i>	-	2,968	(2,968)	-	-
Totals		<u>(2,707)</u>	<u>284,068</u>	<u>(285,444)</u>	<u>-</u>	<u>(4,083)</u>

#### Represented by:

Funds Held on Behalf of the Ministry of Education	25,781
Funds Due from the Ministry of Education	(29,864)
	<u>(4,083)</u>

	2019	Opening Balances \$	Receipts from MoE \$	Payments \$	BOT Contribution/ (Write-off to R&M)	Closing Balances \$
Technology Block	<i>in progress</i>	-	2,400	-	-	2,400
Toilet Block	<i>in progress</i>	-	7,193	-	-	7,193
Flood Damage	<i>completed</i>	-	11,460	(11,460)	-	-
Revamp Classrooms	<i>in progress</i>	-	48,100	(45,719)	-	2,381
Technology Block Part2	<i>in progress</i>	-	83,375	(117,622)	-	(34,247)
Library Refurbishment	<i>in progress</i>	-	53,000	(35,296)	-	17,704
Demolition of Classrooms	<i>in progress</i>	-	41,400	(39,538)	-	1,862
Totals		<u>-</u>	<u>246,928</u>	<u>(249,635)</u>	<u>-</u>	<u>(2,707)</u>

## 20. Funds Held on Behalf of Katikati Transport Group

Katikati College is the lead school and holds funds on behalf of the Transport Group, a group of schools funded by the Ministry of Education to provide school transportation services.

	2020 Actual \$	2020 Budget (Unaudited) \$	2019 Actual \$
Funds Held at Beginning of the Year	303,924	303,924	145,676
Funds Received from MoE	603,643	-	663,989
Funds Spent on Behalf of the Cluster	(552,352)	-	(505,741)
Funds Held at Year End			
Katikati College	315,941	-	279,023
Katikati Primary School	39,274	-	24,901
Total	<u>355,215</u>	<u>303,924</u>	<u>303,924</u>

These assets and liabilities form part of the school's assets and liabilities and are presented on the school's statement of financial position.

<b>Current Assets</b>		
Cash at bank	355,215	303,924
<b>Current Liabilities</b>		
Operating Creditors	704	-
Amounts distributed to Katikati College	315,941	279,023
<b>Equity</b>	39,274	24,901

## 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.

## 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.

	2020 Actual \$	2019 Actual \$
<i>Board Members</i>		
Remuneration	3,850	4,173
Full-time equivalent members	0.32	0.32
<i>Leadership Team</i>		
Remuneration	1,534,485	1,413,237
Full-time equivalent members	13.89	14.00
Total key management personnel remuneration	1,538,335	1,417,410
Total full-time equivalent personnel	14.21	14.32

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

### Principal

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

	2020 Actual \$000	2019 Actual \$000
Salaries and Other Short-term Employee Benefits:		
Salary and Other Payments	150 - 160	150 - 160
Benefits and Other Emoluments	4 - 5	4 - 5
Termination Benefits	-	-

### Other Employees

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

Remuneration \$000	2020 FTE Number	2019 FTE Number
100 - 110	9.00	3.00
110 - 120	2.00	-
120 - 130	1.00	-
	12.00	3.00

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:

	2020 Actual	2019 Actual
Total	-	\$34,000
Number of People	-	2

## 24. Contingencies

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

### Holidays Act Compliance – schools payroll

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

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

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

## 25. Commitments

### (a) Capital Commitments

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

### (b) Operating Commitments

There are no operating commitments as at 31 December 2020 (Operating commitments at 31 December 2019: \$31,367).

## 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

	2020 Actual \$	2020 Budget (Unaudited) \$	2019 Actual \$
Cash and Cash Equivalents	668,504	613,379	474,359
Receivables	397,295	485,398	485,398
Investments - Term Deposits	50,000	-	-
Total Financial assets measured at amortised cost	<u>1,115,799</u>	<u>1,098,777</u>	<u>959,757</u>

### Financial liabilities measured at amortised cost

Payables	693,482	526,513	526,515
Borrowings - Loans	-	-	-
Finance Leases	87,760	91,433	91,433
Painting Contract Liability	-	-	-
Total Financial Liabilities Measured at Amortised Cost	<u>781,242</u>	<u>617,946</u>	<u>617,948</u>

## 28. Events After Balance Date

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

## 29. Comparatives

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





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## INDEPENDENT AUDITOR'S REPORT

### TO THE READERS OF KATIKATI COLLEGE'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

The Auditor-General is the auditor of Katikati College (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 23, that comprise the statement of financial position as at 31 December 2020, the statement of comprehensive revenue and expense, statement of changes in net assets/equity and statement of cash flows for the year ended on that date, and the notes to the financial statements that include accounting policies and other explanatory information.

In our opinion the financial statements of the School:

- present fairly, in all material respects:
  - its financial position as at 31 December 2020; and
  - its financial performance and cash flows for the year then ended; and
- comply with generally accepted accounting practice in New Zealand in accordance with Public Sector Public Benefit Entity Standards Reduced Disclosure Regime as applicable to entities that qualify as Tier 2.

Our audit was completed on 18 May 2021. This is the date at which our opinion is expressed.

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

#### Basis for our opinion

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

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

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

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

Kenneth Brown CA  
Paul Manning CA

Janine Hellyer CA  
Jenny Lee 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 arise from the Public Audit Act 2001.

### **Other information**

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