

MURUPARA AREA SCHOOL

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020



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FOR THE YEAR ENDED 31 DECEMBER 2020

School Directory

Ministry Number: 658

Principal: Angela Sharples

School Address: 84 Pine Drive, Murupara

School Postal Address: P.O. Box 26, Murupara 3025

School Phone: 07 366 5602

School Email: jgifkins@mas.school.nz

Members of the Board of Trustees

Name	Position	How Position Gained	Term Expired/ Expires
Vanessa Koroa	Presiding Member (2021)	Elected	Jun-22
Angela Sharples	Principal	ex Officio	Jun-22
Ron Koroa	Parent Rep	Elected	Jun-22
April O'Brien	Parent Rep	Elected	Jun-22
Heeni McClunie	Parent Rep	Elected	Feb-21
Julena Hickey	Staff Rep	Re-Elected	Jun-22
Taiki Joe	Student Rep	Elected	Feb-21
Mikayla Lowery	Student Rep	Elected	Sep-20
Jessica Merriman	Student Rep	Elected	Feb-20
Sandra Te Aho	Chair Person	Re-Elected	Dec-20

Accountant / Service Provider:



Auditor:

BDO Tauranga Limited

MURUPARA AREA SCHOOL

Annual Report - For the year ended 31 December 2020

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Murupara Area School

Statement of Responsibility

For the year ended 31 December 2020

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

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

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

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

 Full Name of Board Chairperson
 Ron Koo

 Signature of Board Chairperson

 Date: 29 November 2021

 Full Name of Principal
 Dr Angela Denise Sharples

 Signature of Principal

 Date: 29/11/2021

Murupara Area School

Statement of Comprehensive Revenue and Expense

For the year ended 31 December 2020

	Notes	2020 Actual \$	2020 Budget (Unaudited) \$	2019 Actual \$
Revenue				
Government Grants	2	4,799,070	4,733,694	4,375,521
Locally Raised Funds	3	10,163	1,000	31,255
Interest income		16,085	15,000	26,227
		<u>4,825,318</u>	<u>4,749,694</u>	<u>4,433,003</u>
Expenses				
Locally Raised Funds	3	17,129	15,000	25,049
Learning Resources	4	2,633,854	2,633,964	2,647,217
Administration	5	459,985	564,185	291,267
Finance		1,627	-	1,921
Property	6	1,177,363	1,406,837	1,456,280
Depreciation	7	254,509	129,708	248,115
Impairment Loss		29,118	-	-
Loss on Disposal of Property, Plant and Equipment		11,821	-	707
		<u>4,585,406</u>	<u>4,749,694</u>	<u>4,670,556</u>
Net Surplus / (Deficit) for the year		239,912	-	(237,553)
Other Comprehensive Revenue and Expense		-	-	-
Total Comprehensive Revenue and Expense for the Year		<u><u>239,912</u></u>	<u><u>-</u></u>	<u><u>(237,553)</u></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.



Murupara Area School

Statement of Changes in Net Assets/Equity

For the year ended 31 December 2020

Notes	Actual 2020 \$	Budget (Unaudited) 2020 \$	Actual 2019 \$
Balance at 1 January	<u>1,319,826</u>	<u>1,319,826</u>	<u>1,557,379</u>
Total comprehensive revenue and expense for the year	239,912	-	(237,553)
Equity at 31 December	<u>1,559,738</u>	<u>1,319,826</u>	<u>1,319,826</u>

The above Statement of Changes in Net Assets/Equity should be read in conjunction with the accompanying notes which form part of these financial statements.



Murupara Area School

Statement of Financial Position

As at 31 December 2020

		2020	2020	2019
	Notes	Actual	Budget	Actual
		\$	(Unaudited)	\$
			\$	
Current Assets				
Cash and Cash Equivalents	8	236,753	170,210	160,624
Accounts Receivable	9	206,295	172,257	172,257
GST Receivable		16,538	-	-
Inventories	10	-	35,535	35,535
Investments	11	736,972	525,329	720,425
Funds owed for Capital Works Projects	18	-	-	3,451
		<u>1,196,558</u>	<u>903,331</u>	<u>1,092,292</u>
Current Liabilities				
GST Payable		-	2,854	2,854
Accounts Payable	13	262,408	230,358	230,358
Revenue Received in Advance	14	4,258	2,126	2,126
Provision for Cyclical Maintenance	15	19,239	-	-
Finance Lease Liability - Current Portion	16	40,876	11,800	40,106
Funds held in Trust	17	262	651	651
Funds held for Capital Works Projects	18	29,797	-	-
		<u>356,840</u>	<u>247,789</u>	<u>276,095</u>
Working Capital Surplus/(Deficit)		839,718	655,542	816,197
Non-current Assets				
Property, Plant and Equipment	12	797,138	695,373	887,377
		<u>797,138</u>	<u>695,373</u>	<u>887,377</u>
Non-current Liabilities				
Provision for Cyclical Maintenance	15	74,729	-	340,482
Finance Lease Liability	16	2,389	31,089	43,266
		<u>77,118</u>	<u>31,089</u>	<u>383,748</u>
Net Assets		<u>1,559,738</u>	<u>1,319,826</u>	<u>1,319,826</u>
Equity	24	<u>1,559,738</u>	<u>1,319,826</u>	<u>1,319,826</u>

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



Murupara Area School

Statement of Cash Flows

For the year ended 31 December 2020

		2020	2020	2019
	Note	Actual	Budget	Actual
		\$	(Unaudited)	\$
		\$	\$	\$
Cash flows from Operating Activities				
Government Grants		1,625,821	1,319,378	1,379,542
Locally Raised Funds		10,790	51,963	82,218
Goods and Services Tax (net)		(19,392)	2,774	2,774
Funds Administered on Behalf of Third Parties		(389)	651	651
Payments to Employees		(775,981)	(594,930)	(727,882)
Payments to Suppliers		(580,886)	(918,831)	(606,814)
Interest Paid		(1,627)	-	(1,921)
Interest Received		17,290	15,433	26,660
Net cash from/(to) Operating Activities		275,626	(123,562)	155,228
Cash flows from Investing Activities				
Proceeds from Sale of Property Plant & Equipment (and Intangibles)		640	-	715
Purchase of Property Plant & Equipment (and Intangibles)		(176,731)	-	(197,016)
Purchase of Investments		(16,547)	171,156	(23,940)
Net cash from/(to) Investing Activities		(192,638)	171,156	(220,241)
Cash flows from Financing Activities				
Finance Lease Payments		(40,107)	(9,891)	(9,408)
Funds Held for Capital Works Projects		33,248	-	(619)
Net cash from/(to) Financing Activities		(6,859)	(9,891)	(10,027)
Net increase/(decrease) in cash and cash equivalents		76,129	37,703	(75,040)
Cash and cash equivalents at the beginning of the year	8	160,624	132,507	235,664
Cash and cash equivalents at the end of the year	8	236,753	170,210	160,624

The statement of cash flows records only those cash flows directly within the control of the School. This means centrally funded teachers' salaries and the use of land and buildings grant and expense have been excluded.

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



Murupara Area School

Notes to the Financial Statements

For the year ended 31 December 2020

1. Statement of Accounting Policies

a) Reporting Entity

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

b) Basis of Preparation

Reporting Period

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

Basis of Preparation

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

Financial Reporting Standards Applied

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

PBE Accounting Standards Reduced Disclosure Regime

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

Measurement Base

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

Presentation Currency

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

Specific Accounting Policies

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

Critical Accounting Estimates And Assumptions

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

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

Cyclical maintenance

A school recognises its obligation to maintain the Ministry's buildings in a good state of repair as a provision for cyclical maintenance. This provision relates mainly to the painting of the school buildings. The estimate is based on the school's long term maintenance plan which is prepared as part of its 10 Year Property Planning process. During the year, the Board assesses the reasonableness of its 10 Year Property Plan on which the provision is based. Cyclical maintenance is disclosed at note 15.

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 12.



Critical Judgements in applying accounting policies

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

Classification of leases

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

Recognition of grants

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

c) Revenue Recognition

Government Grants

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

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

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

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

Other Grants

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

Donations, Gifts and Bequests

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

Interest Revenue

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

d) Use of Land and Buildings Expense

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

e) Operating Lease Payments

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

f) Finance Lease Payments

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

g) Cash and Cash Equivalents

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

h) Accounts Receivable

Short-term receivables are recorded at the amount due, less an allowance for credit losses (uncollectable debts). The schools receivables are largely made up of funding from the Ministry of Education, therefore the level of uncollectable debts is not considered to be material. However, short-term receivables are written off when there is no reasonable expectation of recovery.

i) Inventories

Inventories are consumable items held for sale and comprised 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 except for library resources are depreciated over their estimated useful lives on a straight line basis. Library resources are depreciated on a diminishing value basis. Depreciation of all assets is reported in the Statement of Comprehensive Revenue and Expense.

The estimated useful lives of the assets are:

Building improvements to Crown Owned Assets	18–40 years
Furniture and equipment	5–15 years
Information and communication technology	5 years
Motor vehicles	5 years
Textbooks	4 years
Leased assets held under a Finance Lease	Term of Lease
Library resources	12.5% Diminishing value

l) Impairment of property, plant, and equipment and intangible assets

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

Non cash generating assets

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

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

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

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

m) Accounts Payable

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

n) Employee Entitlements

Short-term employee entitlements

Employee benefits that are due to be settled within 12 months after the end of the period in which the employee renders the related service are measured based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date, 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.



o) 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.

p) Funds Held in Trust

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

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

q) Provision for Cyclical Maintenance

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

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

r) Financial 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.

s) Goods and Services Tax (GST)

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

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

Commitments and contingencies are disclosed exclusive of GST.

t) Budget Figures

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

u) Services received in-kind

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



2. Government Grants

	2020	2020	2019
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Operational Grants	1,204,510	1,190,524	1,131,478
Teachers' Salaries Grants	2,014,088	1,973,064	1,925,900
Use of Land and Buildings Grants	1,118,137	1,118,137	1,087,446
Resource Teachers Learning and Behaviour Grants	3,354	10,000	10,893
Other MoE Grants	406,273	417,085	165,722
Other Government Grants	52,708	24,884	54,082
	<u>4,799,070</u>	<u>4,733,694</u>	<u>4,375,521</u>

The school has opted in to the donations scheme for this year. Total amount received was \$45,600.

Other MOE Grants total includes additional COVID-19 funding totalling \$20,299 for the year ended 31 December 2020.

3. Locally Raised Funds

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

	2020	2020	2019
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Revenue			
Donations	3,444	-	12,782
Activities	4,831	1,000	12,197
Trading	1,888	-	4,051
Fundraising	-	-	2,225
	<u>10,163</u>	<u>1,000</u>	<u>31,255</u>
Expenses			
Activities	8,620	15,000	20,332
Trading	8,509	-	4,717
	<u>17,129</u>	<u>15,000</u>	<u>25,049</u>
<i>Surplus/ (Deficit) for the year Locally raised funds</i>	<u>(6,966)</u>	<u>(14,000)</u>	<u>6,206</u>

4. Learning Resources

	2020	2020	2019
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Curricular	74,044	127,500	115,679
Equipment Repairs	-	2,000	1,775
Information and Communication Technology	62,321	41,500	37,520
Services Academy	20,053	95,000	81,496
Employee Benefits - Salaries	2,455,477	2,330,464	2,372,246
Staff Development	21,959	37,500	38,501
	<u>2,633,854</u>	<u>2,633,964</u>	<u>2,647,217</u>



5. Administration

	2020 Actual \$	2020 Budget (Unaudited) \$	2019 Actual \$
Audit Fee	5,066	5,000	4,918
Board of Trustees Fees	3,490	3,500	3,560
Board of Trustees Expenses	5,259	8,400	32,491
Communication	13,784	13,500	14,598
Consumables	13,479	39,000	26,559
Operating Lease	271	10,000	1,155
Other	243,696	342,785	22,442
Employee Benefits - Salaries	160,604	131,000	169,417
Insurance	10,236	6,000	8,377
Service Providers, Contractors and Consultancy	4,100	5,000	7,750
	<u>459,985</u>	<u>564,185</u>	<u>291,267</u>

6. Property

	2020 Actual \$	2020 Budget (Unaudited) \$	2019 Actual \$
Caretaking and Cleaning Consumables	13,587	11,000	13,606
Cyclical Maintenance Provision	(246,514)	-	56,747
Grounds	5,599	10,000	7,773
Heat, Light and Water	68,163	73,000	77,192
Rates	10,821	10,000	9,649
Repairs and Maintenance	41,519	56,700	45,115
Use of Land and Buildings	1,118,137	1,118,137	1,087,446
Security	-	-	25,163
Employee Benefits - Salaries	166,051	128,000	133,589
	<u>1,177,363</u>	<u>1,406,837</u>	<u>1,456,280</u>

The use of land and buildings figure represents 8% of the school's total property value. Property values are established as part of the nation-wide revaluation exercise that is conducted every 30 June for the Ministry of Education's year-end reporting purposes.

7. Depreciation

	2020 Actual \$	2020 Budget (Unaudited) \$	2019 Actual \$
Building Improvements - Crown	10,556	7,000	14,594
Furniture and Equipment	76,556	37,000	76,560
Information and Communication Technology	80,160	36,000	75,980
Motor Vehicles	40,280	14,000	33,808
Textbooks	584	500	592
Leased Assets	40,370	20,000	40,511
Library Resources	2,876	15,000	3,828
Plant & Equipment	3,127	208	2,242
	<u>254,509</u>	<u>129,708</u>	<u>248,115</u>

8. Cash and Cash Equivalents

	2020 Actual \$	2020 Budget (Unaudited) \$	2019 Actual \$
Bank Current Account	19,844	14,000	4,414
Bank Call Account	216,909	156,210	156,210
Cash and cash equivalents for Statement of Cash Flows	<u>236,753</u>	<u>170,210</u>	<u>160,624</u>

Of the \$236,753 Cash and Cash Equivalents, \$29,797 is held by the School on behalf of the Ministry of Education. These funds are required to be spent in 2021 on Crown owned school buildings under the School's Five Year Property Plan.



9. Accounts Receivable

	2020 Actual \$	2020 Budget (Unaudited) \$	2019 Actual \$
Receivables	6,423	4,918	4,918
Interest Receivable	565	1,770	1,770
Banking Staffing Underuse	41,024	-	-
Teacher Salaries Grant Receivable	158,283	165,569	165,569
	<u>206,295</u>	<u>172,257</u>	<u>172,257</u>
Receivables from Exchange Transactions	6,988	6,688	6,688
Receivables from Non-Exchange Transactions	199,307	165,569	165,569
	<u>206,295</u>	<u>172,257</u>	<u>172,257</u>

10. Inventories

	2020 Actual \$	2020 Budget (Unaudited) \$	2019 Actual \$
School Uniforms	-	35,535	35,535
	<u>-</u>	<u>35,535</u>	<u>35,535</u>

11. Investments

The School's investment activities are classified as follows:

	2020 Actual \$	2020 Budget (Unaudited) \$	2019 Actual \$
Current Asset			
Short-term Bank Deposits	736,972	525,329	720,425
Total Investments	<u>736,972</u>	<u>525,329</u>	<u>720,425</u>

12. Property, Plant and Equipment

	Opening Balance (NBV) \$	Additions \$	Disposals \$	Impairment \$	Depreciation \$	Total (NBV) \$
2020						
Building Improvements - Crown	160,637	15,052	(4,829)	-	(10,556)	160,304
Furniture and Equipment	391,272	4,683	(69)	-	(76,556)	319,330
Information and Communication Technology	129,032	92,293	(7,622)	-	(80,160)	133,543
Motor Vehicles	90,942	64,112	-	-	(40,280)	114,774
Textbooks	1,119	-	-	-	(584)	535
Leased Assets	88,246	-	-	-	(40,370)	47,876
Library Resources	9,480	-	-	-	(2,876)	6,604
Plant & Equipment	16,649	650	-	-	(3,127)	14,172
Balance at 31 December 2020	<u>887,377</u>	<u>176,790</u>	<u>(12,520)</u>	<u>-</u>	<u>(254,509)</u>	<u>797,138</u>

The net carrying value of equipment held under a finance lease is **\$47,876 (2019: \$88,246)**



	Cost or Valuation	Accumulated Depreciation	Net Book Value
2020	\$	\$	\$
Building Improvements - Crown	249,776	(89,472)	160,304
Furniture and Equipment	725,119	(405,789)	319,330
Information and Communication Technology	582,330	(448,787)	133,543
Motor Vehicles	248,824	(134,050)	114,774
Textbooks	2,878	(2,343)	535
Leased Assets	181,090	(133,214)	47,876
Library Resources	63,816	(57,212)	6,604
Plant & Equipment	19,541	(5,369)	14,172
Balance at 31 December 2020	2,073,374	(1,276,236)	797,138

	Opening Balance (NBV)	Additions	Disposals	Impairment	Depreciation	Total (NBV)
2019	\$	\$	\$	\$	\$	\$
Building Improvements - Crown	148,590	26,641	-	-	(14,594)	160,637
Furniture and Equipment	465,796	4,049	(2,013)	-	(76,560)	391,272
Information and Communication Technology	132,142	73,893	(1,023)	-	(75,980)	129,032
Motor Vehicles	71,985	52,765	-	-	(33,808)	90,942
Textbooks	1,711	-	-	-	(592)	1,119
Leased Assets	106,366	22,391	-	-	(40,511)	88,246
Library Resources	13,308	-	-	-	(3,828)	9,480
Plant & Equipment	-	18,891	-	-	(2,242)	16,649
Balance at 31 December 2019	939,898	198,630	(3,036)	-	(248,115)	887,377

The net carrying value of equipment held under a finance lease is **\$88,246 (2018: \$106,366)**

	Cost or Valuation	Accumulated Depreciation	Net Book Value
2019	\$	\$	\$
Building Improvements - Crown	260,012	(99,375)	160,637
Furniture and Equipment	721,353	(330,081)	391,272
Information and Communication Technology	564,209	(435,177)	129,032
Motor Vehicles	184,711	(93,769)	90,942
Textbooks	2,878	(1,759)	1,119
Leased Assets	181,090	(92,844)	88,246
Library Resources	63,816	(54,336)	9,480
Plant & Equipment	18,891	(2,242)	16,649
Balance at 31 December 2019	1,996,960	(1,109,583)	887,377

13. Accounts Payable

	2020 Actual	2020 Budget (Unaudited)	2019 Actual
	\$	\$	\$
Operating Creditors	59,670	18,223	18,223
Accruals	11,482	5,656	5,656
Employee Entitlements - Salaries	174,481	186,909	186,909
Employee Entitlements - Leave Accrual	16,775	19,570	19,570
	262,408	230,358	230,358
Payables for Exchange Transactions	262,408	230,358	230,358
	262,408	230,358	230,358

The carrying value of payables approximates their fair value.



14. Revenue Received in Advance

	2020	2020	2019
	Actual	Budget (Unaudited)	Actual
	\$	\$	\$
Other	4,258	2,126	2,126
	<u>4,258</u>	<u>2,126</u>	<u>2,126</u>

15. Provision for Cyclical Maintenance

	2020	2020	2019
	Actual	Budget (Unaudited)	Actual
	\$	\$	\$
Provision at the Start of the Year	340,482	340,482	283,735
Increase/ (decrease) to the Provision During the Year	(246,514)	(340,482)	56,747
Provision at the End of the Year	<u>93,968</u>	<u>-</u>	<u>340,482</u>
Cyclical Maintenance - Current	19,239	-	-
Cyclical Maintenance - Term	74,729	-	340,482
	<u>93,968</u>	<u>-</u>	<u>340,482</u>

16. Finance Lease Liability

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

	2020	2020	2019
	Actual	Budget (Unaudited)	Actual
	\$	\$	\$
No Later than One Year	40,876	11,800	40,106
No Later than One Year - Interest	751	-	1,627
Later than One Year and no Later than Five Years	2,389	31,089	43,266
Later than One Year and no Later than Five Years - Interest	44	-	796
	<u>44,060</u>	<u>42,889</u>	<u>85,795</u>

17. Funds held in Trust

	2020	2020	2019
	Actual	Budget	Actual
	\$	\$	\$
Funds Held in Trust on Behalf of Third Parties - Current	262	651	651
	<u>262</u>	<u>651</u>	<u>651</u>

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



18. 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:

	2020	Opening Balances	Receipts from MoE	Payments	BOT Contributions	Closing Balances
		\$	\$	\$	\$	\$
LPSM - Accessibility Ramps	<i>in progress</i>	(3,451)	95,493	(62,245)	-	29,797
Totals		(3,451)	95,493	(62,245)	-	29,797

Represented by:

Funds Held on Behalf of the Ministry of Education	29,797
Funds Due from the Ministry of Education	-
	<u>29,797</u>

	2019	Opening Balances	Receipts from MoE	Payments	BOT Contributions	Closing Balances
		\$	\$	\$	\$	\$
LPSM - Accessibility Ramps	<i>in progress</i>	(2,832)	13,000	(13,619)	-	(3,451)
Totals		(2,832)	13,000	(13,619)	-	(3,451)

19. 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.

20. 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	3,490	3,560
Full-time equivalent members	0.11	0.11
<i>Leadership Team</i>		
Remuneration	392,474	372,617
Full-time equivalent members	3.00	3.00
Total key management personnel remuneration	<u>395,964</u>	<u>376,177</u>
Total full-time equivalent personnel	<u>3.11</u>	<u>3.11</u>

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	2019 Actual
	\$000	\$000
Salaries and Other Short-term Employee Benefits:		
Salary and Other Payments	150 - 160	140 - 150
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	1.00	1.00
110 - 120	1.00	1.00
120 - 130	1.00	0.00
	<u>3.00</u>	<u>2.00</u>

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

21. 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	\$0	30 - 40
Number of People	Nil	1

22. 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.

23. Commitments

(a) Capital Commitments

As at 31 December 2020 the Board has entered into contract agreements for capital works as follows:

- (a) Contract for LSPM Accessibility Works to be completed in 2021, which will be fully funded by the Ministry of Education. At balance date, \$108,493 has been received of which \$78,696 has been spent.); and
- (b) Contract to install flood lights to outdoor courts. This project is fully funded by the Ministry using SIP Funding and this project has been approved by the Ministry.

(Capital commitments at 31 December 2019: \$39,324 contract for LSPM Accessibility Works to be completed in 2020, which will be fully funded by the Ministry of Education. At balance date, \$13,000 had been received of which \$16,451 has been spent.)



(b) Operating Commitments

As at 31 December 2020 the Board had following operating commitments (Nil for 2021).

(a) 12 month contract for IT services (2020);

	2020 Actual \$	2019 Actual \$
No later than One Year	-	40,200
	<u>-</u>	<u>40,200</u>

24. 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.

25. 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	236,753	170,210	160,624
Receivables	206,295	172,257	172,257
Investments - Term Deposits	736,972	525,329	720,425
Total Financial assets measured at amortised cost	<u>1,180,020</u>	<u>867,796</u>	<u>1,053,306</u>

Financial liabilities measured at amortised cost

Payables	262,408	230,358	230,358
Finance Leases	43,265	42,889	83,372
Total Financial Liabilities Measured at Amortised Cost	<u>305,673</u>	<u>273,247</u>	<u>313,730</u>

26. Events After Balance Date

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

27. Comparatives

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

28. Approved Budget

The budget for 2020 was approved by the Board prior to the finalisation of the 2019 audited financial statements.

The original approved budget included no provision for cyclical maintenance.

During the finalisation of the audit a large adjustment was made to the financial statements to increase the cyclical maintenance provision from \$nil to \$340,482.

The approved budget was updated after the 2019 audited financial statements were finalised to reflect this balance sheet movement, but this was reflected as a budgeted reduction in cash and term deposit resources rather than an increased cyclical maintenance provision.

No other changes were made to the approved budget, the approved budgeted revenue and expenses for the school were unchanged.

The balance sheet budget included in the statement of financial position is the updated budget, reflecting the reduced asset position following the recognition of the cyclical maintenance liability.



Murupara Area School

Kiwisport Statement

As at 31 December 2020

Kiwisport Funding Kiwisport is a Government funding initiative to support student's participation in organised sports in 2020, the school received a total of Kiwisport funding of \$5,375 (exc. GST), {2019: \$5,206}

2020 Kiwisport funding has been used at Murupara Area School as shown below:-

1. GO4IT The GO4IT programme in the junior school that is facilitated by Sport Bay of Plenty. This programme helps support our students in developing their fundamental sport skills so that they will be able to participate more confidently in sport. It also enables our staff to upskill in the Physical Education curriculum delivery. They work with a trained provider and are encouraged to take an increased role as the session's progress.

2. SCHOOL ACTIVITIES It is used to provide sporting equipment for our school sports teams and lunch time activities school wide This increases the availability and accessibility that our students must have to participate in sporting opportunities.

3. COMMUNITY It is an opportunity for the community to come together to share stories, their successes, challenge, and to set personal goals. Their personal gain provides greater outcomes as mentors, teachers, parent, friend which influences younger generation to make healthier active choices.



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New Zealand

INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF MURUPARA AREA SCHOOL'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

The Auditor-General is the auditor of Murupara Area School (the School). The Auditor-General has appointed me, Donna Taylor, 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 17, 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 2 December 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

Jenny Lee CA
Paul Manning CA

Janine Hellyer CA

ASSOCIATE: Michael Lim CA

BDO New Zealand Ltd, a New Zealand limited company, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms. BDO New Zealand is a national association of independent member firms which operate as separate legal entities.

Responsibilities of the Board for the financial statements

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

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

The Board's responsibilities, in terms of the requirements of the Education and Training Act 2020, arise from section 87 of the Education Act 1989.

Responsibilities of the auditor for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of these financial statements.

For the budget information reported in the financial statements, our procedures were limited to checking that the information agreed to the School's approved budget.

We did not evaluate the security and controls over the electronic publication of the financial statements.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the School's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the School to cease to continue as a going concern.

- We evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We assess the risk of material misstatement arising from the Novopay payroll system, which may still contain errors. As a result, we carried out procedures to minimise the risk of material errors arising from the system that, in our judgement, would likely influence readers' overall understanding of the financial statements.

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

Our responsibilities arise from the Public Audit Act 2001.

Other information

The Board is responsible for the other information. The other information comprises the Analysis of Variance, Board of Trustees Listing and Kiwisport Report, but does not include the financial statements and our auditor's report thereon.

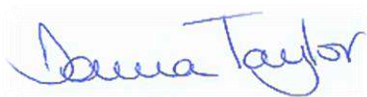
Our opinion on the financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

We are independent of the School in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: *International Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board.

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



Donna Taylor
BDO Tauranga
On behalf of the Auditor-General
Tauranga, New Zealand