



## **ANNUAL REPORT**

**FOR THE YEAR ENDED 31 DECEMBER 2019**

Ministry Number:	3367
Principal:	Peter Melrose
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# HAMPSTEAD SCHOOL

Annual Report - For the year ended 31 December 2019

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# Hampstead School

## Statement of Responsibility

For the year ended 31 December 2019

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

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

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

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

\_\_\_\_\_  
Full Name of Board Chairperson

\_\_\_\_\_  
Full Name of Principal

\_\_\_\_\_  
Signature of Board Chairperson

\_\_\_\_\_  
Signature of Principal

\_\_\_\_\_  
Date:

\_\_\_\_\_  
Date:

# Hampstead School

## Members of the Board of Trustees

For the year ended 31 December 2019

<b>Name</b>	<b>Position</b>	<b>How Position Gained</b>	<b>Held Until</b>
Peter Melrose	Principal	ex Officio	
Natasha Green	Chairperson	Elected	May 2019
Dayle Prichard	Chairperson	Elected	May 2022
Leigh Bishop	Parent Rep	Elected	May 2022
Lois Eaton	Staff Rep	Elected	May 2022
Margaret Walker	Parent Rep	Elected	May 2022
Jenny Lansdown	Parent Rep	Elected	May 2022
Amanda Broker	Parent Rep	Co Opted	May 2019
Regan Broker	Parent Rep	Co Opted	May 2022
Carlene Law	Parent Rep	Elected	May 2019
Hannah Gray	Staff Rep	Elected	May 2019

**Hampstead School**  
**Statement of Comprehensive Revenue and Expense**  
For the year ended 31 December 2019

	Notes	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
<b>Revenue</b>				
Government Grants	2	2,793,349	2,516,620	2,700,214
Locally Raised Funds	3	107,804	84,750	82,493
Interest Income		31,045	30,000	27,991
		<u>2,932,198</u>	<u>2,631,370</u>	<u>2,810,698</u>
<b>Expenses</b>				
Locally Raised Funds	3	28,439	23,600	23,690
Learning Resources	4	1,904,208	1,690,870	1,766,815
Administration	5	93,564	112,990	88,721
Finance Costs		1,116	-	1,139
Property	6	669,543	637,300	637,606
Depreciation	7	100,930	70,000	99,548
Loss on Disposal of Property, Plant and Equipment		15,066	5,000	1,137
		<u>2,812,866</u>	<u>2,539,760</u>	<u>2,618,656</u>
<b>Net Surplus / (Deficit)</b>		119,332	91,610	192,042
Other Comprehensive Revenue and Expenses		-	-	-
<b>Total Comprehensive Revenue and Expense for the Year</b>		<u><u>119,332</u></u>	<u><u>91,610</u></u>	<u><u>192,042</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.

## Hampstead School Statement of Changes in Net Assets/Equity

For the year ended 31 December 2019

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
<b>Balance at 1 January</b>	1,755,171	1,755,171	1,563,129
Total comprehensive revenue and expense for the year	119,332	91,610	192,042
Capital Contributions from the Ministry of Education			
Contribution - Furniture and Equipment Grant	8,366	-	-
<b>Equity at 31 December</b>	1,882,869	1,846,781	1,755,171
Retained Earnings	1,882,869	1,846,781	1,755,171
<b>Equity at 31 December</b>	1,882,869	1,846,781	1,755,171

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.

# Hampstead School

## Statement of Financial Position

As at 31 December 2019

		2019	2019	2018
	Notes	Actual	Budget	Actual
		\$	(Unaudited)	\$
			\$	
<b>Current Assets</b>				
Cash and Cash Equivalents	8	282,668	629,297	467,687
Accounts Receivable	9	101,017	206,570	206,570
GST Receivable		10,432	1,158	1,158
Prepayments		1,980	12,946	12,946
Investments	10	959,259	507,192	507,192
Funds owing for Capital Works Projects	16	1,028	-	-
		<u>1,356,384</u>	<u>1,357,163</u>	<u>1,195,553</u>
<b>Current Liabilities</b>				
Accounts Payable	12	113,790	111,340	111,340
Revenue Received in Advance	13	514	25,487	25,487
Provision for Cyclical Maintenance	14	56,500	51,600	51,600
Finance Lease Liability - Current Portion	15	17,245	18,429	18,429
Funds held for Capital Works Projects	16	2,426	-	-
Funds Held on Behalf of the Kiwisport Cluster	17	42,043	30,929	30,929
		<u>232,518</u>	<u>237,785</u>	<u>237,785</u>
<b>Working Capital Surplus/(Deficit)</b>		1,123,866	1,119,378	957,768
<b>Non-current Assets</b>				
Property, Plant and Equipment	11	904,867	865,210	935,210
		<u>904,867</u>	<u>865,210</u>	<u>935,210</u>
<b>Non-current Liabilities</b>				
Provision for Cyclical Maintenance	14	130,603	112,603	112,603
Finance Lease Liability	15	15,261	25,204	25,204
		<u>145,864</u>	<u>137,807</u>	<u>137,807</u>
<b>Net Assets</b>		<u>1,882,869</u>	<u>1,846,781</u>	<u>1,755,171</u>
<b>Equity</b>		<u>1,882,869</u>	<u>1,846,781</u>	<u>1,755,171</u>

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

**Hampstead School**  
**Statement of Cash Flows**  
For the year ended 31 December 2019

		2019	2019	2018
	Note	Actual	Budget	Actual
		\$	(Unaudited)	\$
			\$	
<b>Cash flows from Operating Activities</b>				
Government Grants		727,836	642,620	646,701
Locally Raised Funds		153,429	84,750	40,040
Goods and Services Tax (net)		(9,274)	-	(27,036)
Payments to Employees		(356,955)	(310,800)	(278,327)
Payments to Suppliers		(202,863)	(279,960)	(311,210)
Interest Received		31,893	30,000	25,448
Net cash from Operating Activities		<u>344,066</u>	<u>166,610</u>	<u>95,616</u>
<b>Cash flows from Investing Activities</b>				
Proceeds from Sale of PPE (and Intangibles)		(15,066)	(5,000)	-
Purchase of PPE (and Intangibles)		(75,251)	-	(278,044)
Purchase of Investments		(452,067)	-	-
Proceeds from Sale of Investments		-	-	300,000
Net cash from Investing Activities		<u>(542,384)</u>	<u>(5,000)</u>	<u>21,956</u>
<b>Cash flows from Financing Activities</b>				
Furniture and Equipment Grant		8,366	-	-
Finance Lease Payments		(7,579)	-	(19,812)
Funds Administered on Behalf of Third Parties		11,114	-	(177,974)
Funds held for Capital Works Projects		1,398	-	3,211
Net cash from Financing Activities		<u>13,299</u>	<u>-</u>	<u>(194,575)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<u>(185,019)</u>	<u>161,610</u>	<u>(77,003)</u>
Cash and cash equivalents at the beginning of the year	8	467,687	467,687	544,690
<b>Cash and cash equivalents at the end of the year</b>	8	<u>282,668</u>	<u>629,297</u>	<u>467,687</u>

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 omitted.

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



# Hampstead School

## Notes to the Financial Statements

### 1. Statement of Accounting Policies

For the year ended 31 December 2019

#### 1.1. Reporting Entity

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

#### 1.2. Basis of Preparation

##### **Reporting Period**

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

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

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

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

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

##### **Standard early adopted**

In line with the Financial Statements of the Government, the School has elected to early adopt PBE IFRS 9 Financial Instruments. PBE IFRS 9 replaces PBE IPSAS 29 Financial Instruments: Recognition and Measurement. Information about the adoption of PBE IFRS 9 is provided in Note 26.

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

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

##### **Measurement Base**

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

##### **Presentation Currency**

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

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

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

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

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

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

##### **Useful lives of property, plant and equipment**

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

### ***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.

### **1.3. 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.

### **1.4. 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.

### **1.5. 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.

### **1.6. 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.

### **1.7. Accounts Receivable**

Short-term receivables are recorded at the amount due, less an allowance for credit losses. The school applies the simplified expected credit loss model of recognising lifetime expected credit losses for receivables. In measuring expected credit losses, short-term receivables have been assessed on a collective basis as they possess shared credit risk characteristics. They have been grouped based on the days past due. Short-term receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include the debtor being in liquidation.

#### ***Prior Year Policy***

Accounts Receivable represents items that the School has issued invoices for or accrued for, but has not received payment for at year end. Receivables are initially recorded at fair value and subsequently recorded at the amount the School realistically expects to receive. A receivable is considered uncollectable where there is objective evidence the School will not be able to collect all amounts due. The amount that is uncollectable (the provision for uncollectibility) is the difference between the amount due and the present value of the amounts expected to be collected.

### **1.8. Investments**

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

#### ***Prior Year Policy***

Bank term deposits for periods exceeding 90 days are classified as investments and are initially measured at the amount invested. Interest is subsequently accrued and added to the investment balance. After initial recognition bank term deposits are measured at amortised cost using the effective interest method less impairment.

Investments that are shares are categorised as "available for sale" for accounting purposes in accordance with financial reporting standards. Share investments are recognised initially by the School at fair value plus transaction costs. At balance date the School has assessed whether there is any evidence that an investment is impaired. Any impairment, gains or losses are recognised in the Statement of Comprehensive Revenue and Expense.

After initial recognition any investments categorised as available for sale are measured at their fair value without any deduction for transaction costs the school may incur on sale or other disposal.

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

### **1.9. Property, Plant and Equipment**

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

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

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

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

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

#### ***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:

Leasehold Improvements	20-40 years
Furniture and equipment	10-20 years
Computers and Electronic Equipment	5 years
Leased assets held under a Finance Lease	3-5 years
Library resources	12.5% Diminishing value

### **1.10. 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.

### **1.11. 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.

### **1.12. Employment Entitlements**

#### *Short-term employee entitlements*

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

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

#### *Long-term employee entitlements*

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

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

### **1.13. 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.

### **1.14. 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.

#### **1.15. Shared Funds**

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

#### **1.16. 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).

#### **1.17. Financial Assets and Liabilities**

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

Investments that are shares are categorised as "available for sale" for accounting purposes in accordance with financial reporting standards.

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

#### **1.18. 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.

#### **1.19. Budget Figures**

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

#### **1.20. Services received in-kind**

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

## 2. Government Grants

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Operational grants	533,929	519,220	518,088
Teachers' salaries grants	1,595,988	1,429,000	1,559,363
Use of Land and Buildings grants	505,448	445,000	476,162
Other MoE Grants	140,623	105,900	128,283
Other government grants	17,361	17,500	18,318
	<u>2,793,349</u>	<u>2,516,620</u>	<u>2,700,214</u>

## 3. Locally Raised Funds

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

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
<b>Revenue</b>			
Donations	55,480	43,500	34,215
Fundraising	3,820	5,100	4,582
Other revenue	27,301	16,050	22,545
Trading	3,049	2,600	2,779
Activities	18,154	17,500	18,372
	<u>107,804</u>	<u>84,750</u>	<u>82,493</u>
<b>Expenses</b>			
Activities	25,798	21,000	21,275
Trading	2,641	2,600	2,415
	<u>28,439</u>	<u>23,600</u>	<u>23,690</u>
<i>Surplus for the year Locally raised funds</i>	<u>79,365</u>	<u>61,150</u>	<u>58,803</u>

## 4. Learning Resources

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Curricular	50,082	50,870	40,964
Equipment repairs	760	1,500	63
Information and communication technology	16,588	11,200	11,415
Library resources	594	2,600	544
Employee benefits - salaries	1,824,579	1,612,800	1,705,836
Staff development	11,605	11,900	7,993
	<u>1,904,208</u>	<u>1,690,870</u>	<u>1,766,815</u>

## 5. Administration

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Audit Fee	3,279	3,000	3,184
Board of Trustees Fees	3,245	3,000	3,025
Board of Trustees Expenses	522	-	-
Intervention Costs & Expenses	-	-	1,328
Communication	2,107	1,700	17,197
Consumables	17,776	33,450	1,257
Operating Lease	600	3,500	-
Legal Fees	-	-	1,542
Other	1,637	1,840	55,262
Employee Benefits - Salaries	56,937	60,000	3,666
Insurance	4,289	4,000	2,260
Service Providers, Contractors and Consultancy	3,172	2,500	-
	<u>93,564</u>	<u>112,990</u>	<u>88,721</u>

## 6. Property

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Caretaking and Cleaning Consumables	8,594	10,100	9,439
Consultancy and Contract Services	-	-	3,000
Cyclical Maintenance Provision	22,900	50,000	22,900
Grounds	21,814	20,000	16,834
Heat, Light and Water	28,818	30,000	29,050
Repairs and Maintenance	7,129	15,200	14,914
Use of Land and Buildings	505,448	445,000	476,162
Employee Benefits - Salaries	74,840	67,000	65,307
	<u>669,543</u>	<u>637,300</u>	<u>637,606</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 of Property, Plant and Equipment

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Building Improvements	30,408	25,000	24,970
Furniture and Equipment	30,993	25,000	27,088
Information and Communication Technology	19,906	10,000	26,060
Leased Assets	16,594	8,000	18,535
Library Resources	3,029	2,000	2,895
	<u>100,930</u>	<u>70,000</u>	<u>99,548</u>

## 8. Cash and Cash Equivalents

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Bank Current Account	129,896	629,297	467,687
Bank Call Account	152,772	-	-
Net cash and cash equivalents and bank overdraft for Cash Flow Statement	<u>282,668</u>	<u>629,297</u>	<u>467,687</u>

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

Of the \$282,668 Cash and Cash Equivalents, \$2,426 is held by the School on behalf of the Ministry of Education. These funds are required to be spent in 2020 on Crown owned school buildings under the School's Five Year Property Plan.

Of the \$282,668 Cash and Cash Equivalents, \$42,043 is held by the School on behalf of the Kiwisport cluster. See note 17 for details of how the funding received for the cluster has been spent in the year.

## 9. Accounts Receivable

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Receivables	403	46,001	46,001
Receivables from the Ministry of Education	-	60,923	60,923
Interest Receivable	4,860	5,708	5,708
Teacher Salaries Grant Receivable	95,754	93,938	93,938
	<u>101,017</u>	<u>206,570</u>	<u>206,570</u>
Receivables from Exchange Transactions	5,263	51,709	51,709
Receivables from Non-Exchange Transactions	95,754	154,861	154,861
	<u>101,017</u>	<u>206,570</u>	<u>206,570</u>

## 10. Investments

The School's investment activities are classified as follows:

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Current Asset			
Short-term Bank Deposits	959,259	507,192	507,192
Total Investments	959,259	507,192	507,192

## 11. Property, Plant and Equipment

	Opening Balance (NBV) \$	Additions \$	Disposals \$	Impairment \$	Depreciation \$	Total (NBV) \$
<b>2019</b>						
Building Improvements	546,733	-	-	-	(30,408)	516,325
Furniture and Equipment	271,134	55,555	(9,595)	-	(30,993)	286,101
Information and Communication	55,090	16,537	(4,634)	-	(19,906)	47,087
Leased Assets	41,985	8,758	-	-	(16,594)	34,149
Library Resources	20,268	4,802	(836)	-	(3,029)	21,205
<b>Balance at 31 December 2019</b>	935,210	85,652	(15,065)	-	(100,930)	904,867

	Cost or Valuation \$	Accumulated Depreciation \$	Net Book Value \$
<b>2019</b>			
Building Improvements	731,631	(215,306)	516,325
Furniture and Equipment	515,372	(229,271)	286,101
Information and Communication	251,911	(204,824)	47,087
Leased Assets	77,543	(43,394)	34,149
Library Resources	60,692	(39,487)	21,205
<b>Balance at 31 December 2019</b>	1,637,149	(732,282)	904,867

The net carrying value of equipment held under a finance lease is \$34,149 (2018: \$41,985)

	Opening Balance (NBV) \$	Additions \$	Disposals \$	Impairment \$	Depreciation \$	Total (NBV) \$
<b>2018</b>						
Building Improvements	342,157	229,546	-	-	(24,970)	546,733
Furniture and Equipment	254,906	43,717	(401)	-	(27,088)	271,134
Information and Communication	78,597	2,553	-	-	(26,060)	55,090
Leased Assets	57,280	3,240	-	-	(18,535)	41,985
Library Resources	21,671	2,228	(736)	-	(2,895)	20,268
<b>Balance at 31 December 2018</b>	754,611	281,284	(1,137)	-	(99,548)	935,210

	Cost or Valuation \$	Accumulated Depreciation \$	Net Book Value \$
<b>2018</b>			
Building Improvements	731,631	(184,898)	546,733
Furniture and Equipment	472,665	(201,531)	271,134
Information and Communication	254,052	(198,962)	55,090
Leased Assets	82,207	(40,222)	41,985
Library Resources	58,294	(38,026)	20,268
<b>Balance at 31 December 2018</b>	1,598,849	(663,639)	935,210



## 12. Accounts Payable

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Operating creditors	5,702	8,590	8,590
Accruals	3,771	3,662	3,662
Employee Entitlements - salaries	95,754	93,938	93,938
Employee Entitlements - leave accrual	8,563	5,150	5,150
	<u>113,790</u>	<u>111,340</u>	<u>111,340</u>
Payables for Exchange Transactions	<u>113,790</u>	<u>111,340</u>	<u>111,340</u>
	<u>113,790</u>	<u>111,340</u>	<u>111,340</u>

The carrying value of payables approximates their fair value.

## 13. Revenue Received in Advance

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Grants in Advance - Ministry of Education	-	25,000	25,000
Other	514	487	487
	<u>514</u>	<u>25,487</u>	<u>25,487</u>

## 14. Provision for Cyclical Maintenance

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Provision at the Start of the Year	164,203	164,203	141,303
Increase/ (decrease) to the Provision During the Year	22,900	-	22,900
Provision at the End of the Year	<u>187,103</u>	<u>164,203</u>	<u>164,203</u>
Cyclical Maintenance - Current	56,500	51,600	51,600
Cyclical Maintenance - Term	130,603	112,603	112,603
	<u>187,103</u>	<u>164,203</u>	<u>164,203</u>

## 15. Finance Lease Liability

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

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
No Later than One Year	18,049	19,106	19,106
Later than One Year and no Later than Five Years	15,674	25,449	25,449
	<u>33,723</u>	<u>44,555</u>	<u>44,555</u>

## 16. Funds Held for Capital Works

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

		2019	Opening Balances	Receipts from MoE	Payments	BOT Contribution	Closing Balances
			\$	\$	\$		\$
Block 2 (Admin) upgrade	In Progress		-	41,971	39,545	-	2,426
Special Ed upgrade	In Progress		-	20,960	21,988	-	(1,028)
<b>Totals</b>			-	62,931	61,533	-	1,398

### Represented by:

Funds Held on Behalf of the Ministry of Education	2,426
Funds Due from the Ministry of Education	(1,028)
	<u>1,398</u>

		2018	Opening Balances	Receipts from MoE	Payments	BOT Contribution	Closing Balances
			\$	\$	\$		\$
Asphalt & Stormwater	Completed		39,492	23,276	182,935	120,167	-
Roll Growth Classroom	Completed		138,482	200,000	438,502	100,020	-
<b>Totals</b>			177,974	223,276	621,437	220,187	-

## 17. Funds Held on Behalf of the Kiwisport Cluster

Hampstead School is the lead school and holds funds on behalf of the Kiwisport cluster, a group of schools funded by the Ministry of Education to support sport in schools.

	2019 Actual	2019 Budget (Unaudited)	2018 Actual
	\$	\$	\$
Funds Held at Beginning of the Year	30,929	30,929	27,718
Funds Received from Cluster Members	39,468	-	37,265
Funds Spent on Behalf of the Cluster	(28,354)	-	(34,054)
Funds Held at Year End	<u>42,043</u>	<u>30,929</u>	<u>30,929</u>

## 18. 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.

## 19. Remuneration

### Key management personnel compensation

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

	<b>2019 Actual \$</b>	<b>2018 Actual \$</b>
<i>Board Members</i>		
Remuneration	3,245	3,025
Full-time equivalent members	0.02	0.02
<i>Leadership Team</i>		
Remuneration	343,132	344,681
Full-time equivalent members	3.00	3.00
Total key management personnel remuneration	<u>346,377</u>	<u>347,706</u>
Total full-time equivalent personnel	<u>3.02</u>	<u>3.02</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:

	<b>2019 Actual \$000</b>	<b>2018 Actual \$000</b>
Salaries and Other Short-term Employee Benefits:		
Salary and Other Payments	140-150	140-150
Benefits and Other Emoluments	19-20	18-19
Termination Benefits	0 - 0	0 - 0

### Other Employees

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

<b>Remuneration \$000</b>	<b>2019 FTE Number</b>	<b>2018 FTE Number</b>
100 -110	-	-
110 -120	-	-
120 - 130	-	-
	<u>-</u>	<u>-</u>

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

## 20. 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:

	<b>2019 Actual</b>	<b>2018 Actual</b>
Total	\$ -	\$ -
Number of People	-	-

## 21. Contingencies

There are no contingent liabilities (except as noted below) and no contingent assets as at 31 December 2019 (Contingent liabilities and assets at 31 December 2018: nil).

### Holidays Act Compliance – schools payroll

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

The Ministry has commenced a review of the schools sector payroll to ensure compliance with the Holidays Act 2003. The initial phase of this review has identified areas of non-compliance. The Ministry has recognised an estimated provision based on the analysis of sample data, which may not be wholly representative of the total dataset for Teacher and Support Staff Entitlements. A more accurate estimate will be possible after further analysis of non-compliance has been completed, and this work is ongoing. Final calculations and potential impact on any specific individual will not be known until further detailed analysis has been completed.

To the extent that any obligation cannot reasonably be quantified at 31 December 2019, a contingent liability for the school may exist.

## 22. Commitments

### (a) Capital Commitments

As at 31 December 2019 the Board has entered into a contract agreements for a finance lease.

\$54,600 contract with Heartland Technology signed in November 2019 for a photocopier lease.

(Capital commitments at 31 December 2018: nil)

### (b) Operating Commitments

As at 31 December 2019 the Board has not entered into any operating contracts:

## 23. 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.

## 24. 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

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Cash and Cash Equivalents	282,668	629,297	467,687
Receivables	101,017	206,570	206,570
Investments - Term Deposits	959,259	507,192	507,192
Total Financial assets measured at amortised cost	<u>1,342,944</u>	<u>1,343,059</u>	<u>1,181,449</u>

### Financial liabilities measured at amortised cost

Payables	113,790	111,340	111,340
Finance Leases	32,506	43,633	43,633
Total Financial liabilities measured at amortised Cost	<u>146,296</u>	<u>154,973</u>	<u>154,973</u>

## **25. Events After Balance Date**

### **Impact from COVID-19**

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

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

At this time the full financial impact of the COVID-19 pandemic is not able to be determined, but it is not expected to be significant to the school. The school will continue to receive funding from the Ministry of Education, even while closed.

### **26. Adoption of PBE IFRS 9 Financial Instruments**

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

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

Term deposits: This policy has been updated to explain that a loss allowance for expected credit losses is recognised only if the estimated loss allowance is not trivial.

Upon transition to PBE IFRS9 there were no material adjustments to these financial statements.

### **27. Breach of Deadline**

The Board of Trustees has failed to comply with section 87C of the Education Act 1989 in that the Board did not report by 31 May 2020, the date fixed by the Ministry of Education, by which schools were required to have sent their financial statements to the Ministry of Education. The delay was due to a nationwide lockdown commenced on 26 March 2020 after the World Health Organisation declared the outbreak of COVID-19 (a novel Coronavirus) a pandemic.