

SOUTHLAND BOYS' HIGH SCHOOL

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

School Directory

Ministry Number: 404
Principal: Simon Coe
School Address: 181 Herbert Street, Invercargill 9810
School Postal Address: P O Box 1543, Invercargill 9840
School Phone: (03) 211 3003
School Email: mail@sbhs.school.nz

Members of the Board of Trustees

Name	Position	How Position Gained	Term Expired/
Janice Ormsby	Chair Person	Elected	May-22
Simon Coe	Principal	ex Officio	
Sarah Brown	Deputy Chair	Co-opted	May-21
Cam Froude	Parent Rep	Elected	May-22
Amy Kubrycht	Parent Rep	Elected	May-22
Emma Smail*	Parent Rep	Elected	May-22
Paul Stirling	Parent Rep	Elected	May-22
Charleen Withy	Parent Rep	Co-opted	May-21
George Heenan	Student Rep	Elected	Sep-20
Warren Ruwhiu	Staff Rep	Elected	May-22
John Rabbitt			Resigned May-19
Peter Heenan			Resigned Nov-19
Willie Menlove			Resigned May-19
Ken Dykes			Resigned May-19
Kaea Edwin			Resigned Sept-19

Accountant / Service Provider: Jo Keary

SOUTHLAND BOYS' HIGH SCHOOL

Annual Report - For the year ended 31 December 2019

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Southland Boys' High School

Statement of Responsibility

For the year ended 31 December 2019

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

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

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

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

Janice Ormsby

Full Name of Board Chairperson

Signature of Board Chairperson

Date:

2-06-20

Simon Coe

Full Name of Principal

Signature of Principal

Date:

02-6-2020

Southland Boys' High School
Statement of Comprehensive Revenue and Expense
For the year ended 31 December 2019

	Notes	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Revenue				
Government Grants	2	8,590,839	8,434,600	8,518,404
Locally Raised Funds	3	1,199,537	899,926	1,017,143
Interest income		5,583	5,529	6,915
Hostel	4	903,697	884,515	886,911
International Students	5	32,344	13,650	17,826
		<u>10,732,000</u>	<u>10,238,220</u>	<u>10,447,199</u>
Expenses				
Locally Raised Funds	3	768,059	565,902	675,583
Hostel	4	802,012	780,358	776,911
International Students	5	1,764	5,000	8,688
Learning Resources	6	6,205,503	5,980,429	5,870,304
Administration	7	460,157	547,735	614,877
Finance		34,123	16,652	16,652
Property	8	2,159,706	2,148,137	2,024,944
Depreciation	9	292,465	228,806	226,172
Loss on Disposal of Property, Plant and Equipment		2,136	-	12,878
		<u>10,725,925</u>	<u>10,273,019</u>	<u>10,227,009</u>
Net Surplus / (Deficit) for the year		6,075	(34,799)	220,190
Other Comprehensive Revenue and Expenses		-	-	-
Total Comprehensive Revenue and Expense for the Year		<u>6,075</u>	<u>(34,799)</u>	<u>220,190</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.

Southland Boys' High School
Statement of Changes in Net Assets/Equity
For the year ended 31 December 2019

	Notes	Actual 2019 \$	Budget (Unaudited) 2019 \$	Actual 2018 \$
Balance at 1 January		<u>1,587,467</u>	<u>1,587,467</u>	<u>1,367,277</u>
Total comprehensive revenue and expense for the year		6,075	(34,799)	220,190
Capital Contributions from the Ministry of Education				
Contribution - Furniture and Equipment Grant		22,111	-	-
Contribution - SNUP		33,265		
Equity at 31 December	26	<u>1,648,918</u>	<u>1,552,668</u>	<u>1,587,467</u>
Retained Earnings		1,648,918	1,552,668	1,587,467
Equity at 31 December		<u>1,648,918</u>	<u>1,552,668</u>	<u>1,587,467</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.

Southland Boys' High School Statement of Financial Position

As at 31 December 2019

	Notes	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Current Assets				
Cash and Cash Equivalents	10	361,603	398,032	192,839
Accounts Receivable	11	413,819	517,274	517,274
GST Receivable		45,134	30,729	30,729
Prepayments		30,582	16,936	16,936
Inventories	12	51,105	81,049	81,049
Investments	13	299	285	285
		<u>902,542</u>	<u>1,044,305</u>	<u>839,112</u>
Current Liabilities				
Accounts Payable	15	520,082	554,088	554,088
Borrowings - Due in one year	16	24,398	24,404	24,404
Revenue Received in Advance	17	31,641	78,535	78,535
Finance Lease Liability - Current Portion	19	125,690	57,233	57,233
Funds held for Capital Works Projects	20	21,443	-	-
		<u>723,254</u>	<u>714,260</u>	<u>714,260</u>
Working Capital Surplus/(Deficit)		179,288	330,045	124,852
Non-current Assets				
Property, Plant and Equipment	14	<u>1,944,136</u>	<u>1,691,830</u>	<u>1,920,636</u>
		1,944,136	1,691,830	1,920,636
Non-current Liabilities				
Borrowings	16	-	-	34,929
Provision for Cyclical Maintenance	18	283,579	287,756	241,641
Finance Lease Liability	19	190,926	181,451	181,451
		<u>474,505</u>	<u>469,207</u>	<u>458,021</u>
Net Assets		<u><u>1,648,918</u></u>	<u><u>1,552,668</u></u>	<u><u>1,587,467</u></u>
Equity	26	<u><u>1,648,918</u></u>	<u><u>1,552,668</u></u>	<u><u>1,587,467</u></u>

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

Southland Boys' High School
Statement of Cash Flows
For the year ended 31 December 2019

		2019	2019	2018
	Note	Actual	Budget	Actual
		\$	(Unaudited)	\$
			\$	
Cash flows from Operating Activities				
Government Grants		2,028,708	1,913,715	1,977,287
Locally Raised Funds		1,183,489	899,926	1,169,619
Hostel		925,670	884,515	867,453
International Students		20,925	13,650	1,637
Goods and Services Tax (net)		(14,404)	-	(20,671)
Payments to Employees		(1,565,759)	(1,554,197)	(1,407,116)
Payments to Suppliers		(2,195,006)	(1,913,169)	(2,145,722)
Cyclical Maintenance Payments in the year		-	-	(13,694)
Interest Paid		(34,123)	(16,652)	(16,652)
Interest Received		5,635	5,529	7,156
Net cash from Operating Activities		355,136	233,317	419,297
Cash flows from Investing Activities				
Proceeds from Sale of PPE (and Intangibles)		1,304	-	13,044
Purchase of PPE (and Intangibles)		(87,450)	-	(294,900)
Purchase of Investments		(14)	-	35,542
Net cash from Investing Activities		(86,160)	-	(246,314)
Cash flows from Financing Activities				
Furniture and Equipment Grant		22,111	-	-
Finance Lease Payments		(108,831)	6,805	(37,481)
Loans Received/ Repayment of Loans		(34,935)	(34,929)	(32,760)
Funds Held for Capital Works Projects		21,443	-	-
Net cash from Financing Activities		(100,211)	(28,124)	(70,241)
Net increase/(decrease) in cash and cash equivalents		168,764	205,193	102,742
Cash and cash equivalents at the beginning of the year	10	192,839	192,839	90,097
Cash and cash equivalents at the end of the year	10	361,603	398,032	192,839

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

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

Southland Boys' High School

Notes to the Financial Statements

For the year ended 31 December 2019

1. Statement of Accounting Policies

a) Reporting Entity

Southland Boys High 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.

b) 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 30.

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 14.

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. Finance leases are disclosed at note 19.

Recognition of grants

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

c) Revenue Recognition

Government Grants

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

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

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

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

Other Grants

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

Donations, Gifts and Bequests

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

Interest Revenue

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

d) Use of Land and Buildings Expense

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

e) Operating Lease Payments

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

f) Finance Lease Payments

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

g) Cash and Cash Equivalents

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

h) Accounts Receivable

Short-term receivables are recorded at the amount due, less an allowance for credit losses. 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.

i) Inventories

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

j) Investments

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

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.

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.

Property, plant and equipment acquired with individual values under \$1,000 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:

Building Improvements	5-50 years
Furniture & Equipment	5-10 years
Artwork	Nil
Plant & Machinery	5-10 years
Minor Equipment	5-10 years
Major Equipment	5-10 years
Sport Equipment	5-10 years
Electronic Equipment	3-10 years
Library Resources	12.5% Diminishing value
Information & Communication Technology	3-10 years
Office Equipment	5-10 years
Motor Vehicles	5 years
Leased Assets	3-8 years
Hostel Buildings & Fittings	5-50 years

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, annual leave earned to but not yet taken at balance date.

o) Revenue Received in Advance

Revenue received in advance relates to fees received from international, hostel 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.

p) 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).

q) 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, 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.

r) Borrowings

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

Grants determined by the Minister of Education for operational activities includes all items (core components) included in the Operational Funding notice.

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

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 at the start of the year.

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

	2019	2019	2018
	Actual	Budget	Actual
	\$	(Unaudited)	\$
		\$	
Operational Grants	1,844,157	1,822,755	1,822,970
Teachers' Salaries Grants	5,019,797	4,897,316	4,905,900
Use of Land and Buildings Grants	1,592,637	1,599,219	1,599,218
Other MoE Grants	65,610	49,510	76,912
Other Government Grants	68,638	65,800	113,404
	<u>8,590,839</u>	<u>8,434,600</u>	<u>8,518,404</u>

3. Locally Raised Funds

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

	2019	2019	2018
	Actual	Budget	Actual
	\$	(Unaudited)	\$
		\$	
Revenue			
Donations	84,178	63,896	74,808
International Travel Donations	129,785		
Activities	226,518	252,104	246,549
Trading	256,007	301,352	233,926
Fundraising	33,278	25,000	57,438
Other Revenue	225,605	107,574	223,790
Curriculum Contributions	244,166	150,000	180,632
	<u>1,199,537</u>	<u>899,926</u>	<u>1,017,143</u>
Expenses			
Activities	224,838	234,540	262,585
Trading	235,754	237,362	237,360
Fundraising (Costs of Raising Funds)	-	-	18,666
International Travel	129,785		
Other Locally Raised Funds Expenditure	177,682	94,000	166,972
	<u>768,059</u>	<u>565,902</u>	<u>675,583</u>
Surplus/ (Deficit) for the year Locally raised funds	<u>431,478</u>	<u>334,024</u>	<u>341,560</u>

In 2019 the First XV Rugby team travelled South Africa for a school boy tournament. The expenditure incurred relates to travel, accommodation and other associated expenses in relation to the trip. The costs of the trip were funded through fundraising by the team.

4. Hostel Revenue and Expenses

	2019 Actual Number	2019 Budget (Unaudited) Number	2018 Actual Number
Hostel Financial Performance			
Hostel Full Boarders	0	0	13
Hostel Weekly Boarders	94	94	86
	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Revenue			
Hostel Fees	877,542	869,515	850,017
Other Revenue	26,155	15,000	36,894
	903,697	884,515	886,911
Expenses			
Kitchen	159,284	163,000	162,406
Insurance	3,000	14,487	16,197
Finance costs	2,246	4,000	4,370
Service providers, contractor & consultancy	13,979	4,211	4,211
Extra curricular/activities	10,527	1,524	4,516
Administration	45,593	36,839	25,795
Property	122,439	121,810	123,338
Student supplies	1,228	900	3,601
Employee Benefit - Salaries	443,716	433,587	432,477
	802,012	780,358	776,911
Surplus/ (Deficit) for the year Hostel	101,685	104,157	110,000

5. International Student Revenue and Expenses

	2019 Actual Number	2019 Budget (Unaudited) Number	2018 Actual Number
International Student Roll	2.5	2.5	1.5
	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Revenue			
International Student Fees	32,344	13,650	17,826
Expenses			
Commissions	-	-	(146)
Recruitment	2,315	-	(278)
International Student Levy	-	-	3,023
Employee Benefit - Salaries	(689)	5,000	6,071
Other Expenses	138	-	18
	1,764	5,000	8,688
Surplus/ (Deficit) for the year International Students'	30,580	8,650	9,138

6. Learning Resources

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Curricular	250,197	149,240	255,736
Equipment Repairs	7,020	1,000	1,991
Information and Communication Technology	138,537	128,336	127,907
Library Resources	1,369	4,637	637
Employee Benefits - Salaries	5,795,178	5,677,216	5,474,155
Staff Development	13,202	20,000	9,878
	<u>6,205,503</u>	<u>5,980,429</u>	<u>5,870,304</u>

7. Administration

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Audit Fee	8,244	8,000	7,853
Board of Trustees Fees	3,880	3,240	2,870
Board of Trustees Expenses	21,284	14,199	14,198
Communication	23,768	25,000	24,941
Consumables	11,780	10,793	10,794
Operating Lease	9,183	110,000	108,124
Legal Fees	27,388	40,000	44,764
Other	61,374	49,600	47,312
Employee Benefits - Salaries	268,548	260,665	327,913
Insurance	15,677	16,000	15,869
Service Providers, Contractors and Consultancy	9,031	10,238	10,239
	<u>460,157</u>	<u>547,735</u>	<u>614,877</u>

8. Property

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Caretaking and Cleaning Consumables	7,470	11,117	11,117
Consultancy and Contract Services	196,831	187,200	186,089
Cyclical Maintenance Provision	41,938	46,115	(46,280)
Grounds	23,488	14,166	14,165
Heat, Light and Water	116,788	99,997	99,997
Rates	6,962	6,633	6,634
Repairs and Maintenance	74,929	85,000	55,326
Use of Land and Buildings	1,592,637	1,599,219	1,599,218
Security	4,630	6,100	6,088
Employee Benefits - Salaries	94,034	92,590	92,590
	<u>2,159,706</u>	<u>2,148,137</u>	<u>2,024,944</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.

9. Depreciation

	2019	2019	2018
	Actual	Budget	Actual
	\$	(Unaudited)	\$
	\$	\$	\$
Building Improvements	23,290	20,500	20,255
Furniture & Equipment	21,821	22,500	22,238
Plant & Machinery	20,525	20,500	20,479
Minor Equipment	2,354	3,500	3,172
Major Equipment	10,610	13,500	13,300
Sport Equipment	5,115	5,200	5,192
Electronic Equipment	11,942	13,200	13,181
Library Resources	6,443	7,000	6,566
Information & Communication Technology	6,025	11,300	11,132
Office Equipment	160	306	282
Motor Vehicles	10,784	10,800	10,696
Leased Assets	119,810	47,500	47,402
Hostel Buildings & Fittings	53,585	53,000	52,277
	<u>292,465</u>	<u>228,806</u>	<u>226,172</u>

10. Cash and Cash Equivalents

	2019	2019	2018
	Actual	Budget	Actual
	\$	(Unaudited)	\$
	\$	\$	\$
Cash on Hand	1,100	1,100	1,100
Bank Current Account	108,853	313,236	108,043
Bank Call Account	251,650	83,696	83,696
Cash and cash equivalents for Cash Flow Statement	<u>361,603</u>	<u>398,032</u>	<u>192,839</u>

Of the \$361,603 Cash and Cash Equivalents, \$21,443 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 capital works project.

11. Accounts Receivable

	2019	2019	2018
	Actual	Budget	Actual
	\$	(Unaudited)	\$
	\$	\$	\$
Receivables	59,622	101,021	101,021
Receivables from the Ministry of Education	-	80,638	80,638
Interest Receivable	-	52	52
Teacher Salaries Grant Receivable	354,197	335,563	335,563
	<u>413,819</u>	<u>517,274</u>	<u>517,274</u>
Receivables from Exchange Transactions	59,622	101,073	101,073
Receivables from Non-Exchange Transactions	354,197	416,201	416,201
	<u>413,819</u>	<u>517,274</u>	<u>517,274</u>

12. Inventories

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
School Uniforms	50,316	80,458	80,458
Canteen	789	591	591
	<u>51,105</u>	<u>81,049</u>	<u>81,049</u>

13. Investments

The School's investment activities are classified as follows:

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Current Asset			
Short-term Bank Deposits	299	285	285
	<u>299</u>	<u>285</u>	<u>285</u>

14. Property, Plant and Equipment

2019	Opening Balance (NBV) \$	Additions \$	Disposals \$	Impairment \$	Depreciation \$	Total (NBV) \$
Building Improvements	126,929	59,688	-	-	(23,290)	163,327
Furniture & Equipment	79,307	23,652	-	-	(21,821)	81,138
Artwork	53,800	-	-	-	-	53,800
Plant & Machinery	79,112	949	-	-	(20,525)	59,536
Minor Equipment	6,960	-	-	-	(2,354)	4,606
Major Equipment	40,002	3,043	-	-	(10,610)	32,435
Sport Equipment	20,419	-	-	-	(5,115)	15,304
Electronic Equipment	20,533	14,469	-	-	(11,942)	23,060
Library Resources	45,960	6,448	(862)	-	(6,443)	45,103
Information & Communication Technology	11,188	3,300	-	-	(6,025)	8,463
Office Equipment	471	-	-	-	(160)	311
Motor Vehicles	41,940	-	(3,441)	-	(10,784)	27,715
Leased Assets	222,577	199,553	-	-	(119,810)	302,320
Hostel Buildings & Fittings	1,171,438	9,165	-	-	(53,585)	1,127,018
Balance at 31 December 2019	<u>1,920,636</u>	<u>320,267</u>	<u>(4,303)</u>	<u>-</u>	<u>(292,465)</u>	<u>1,944,136</u>

14. Property, Plant and Equipment

	Cost or Valuation	Accumulated Depreciation	Net Book Value
2019	\$	\$	\$
Building Improvements	404,553	(241,227)	163,327
Furniture & Equipment	923,782	(842,644)	81,138
Artwork	53,800	-	53,800
Plant & Machinery	407,505	(347,969)	59,536
Minor Equipment	251,682	(247,076)	4,606
Major Equipment	268,633	(236,197)	32,435
Sport Equipment	125,962	(110,658)	15,304
Electronic Equipment	612,549	(589,489)	23,060
Library Resources	88,768	(43,665)	45,103
Information & Communication Technology	1,149,319	(1,140,856)	8,463
Office Equipment	59,049	(58,738)	311
Motor Vehicles	53,922	(26,206)	27,715
Leased Assets	520,346	(218,026)	302,320
Hostel Buildings & Fittings	2,017,627	(890,609)	1,127,018
Balance at 31 December 2019	6,937,497	(4,993,361)	1,944,136

2018	Opening Balance (NBV) \$	Additions \$	Disposals \$	Impairment \$	Depreciation \$	Total (NBV) \$
Building Improvements	132,772	14,413	-	-	(20,255)	126,930
Furniture & Equipment	100,166	1,379	-	-	(22,238)	79,307
Artwork	53,800	-	-	-	-	53,800
Plant & Machinery	95,420	4,171	-	-	(20,479)	79,112
Minor Equipment	9,337	796	-	-	(3,172)	6,961
Major Equipment	53,302	-	-	-	(13,300)	40,002
Sport Equipment	17,933	7,677	-	-	(5,192)	20,418
Electronic Equipment	18,869	14,845	-	-	(13,181)	20,533
Library Resources	51,166	6,615	(5,255)	-	(6,566)	45,960
Information & Communication Technology	19,063	3,257	-	-	(11,132)	11,188
Office Equipment	753	-	-	-	(282)	471
Motor Vehicles	43,765	34,791	(25,921)	-	(10,696)	41,939
Leased Assets	169,738	100,242	-	-	(47,402)	222,578
Hostel Buildings & Fittings	1,016,759	206,955	-	-	(52,277)	1,171,437
Balance at 31 December 2018	1,782,843	395,141	(31,176)	-	(226,172)	1,920,636

14. Property, Plant and Equipment

2018	Cost or Valuation \$	Accumulated Depreciation \$	Net Book Value \$
Building Improvements	344,866	(217,937)	126,929
Furniture & Equipment	900,130	(820,823)	79,307
Artwork	53,800	-	53,800
Plant & Machinery	406,556	(327,444)	79,112
Minor Equipment	251,682	(244,722)	6,960
Major Equipment	265,589	(225,587)	40,002
Sport Equipment	125,962	(105,543)	20,419
Electronic Equipment	598,080	(577,547)	20,533
Library Resources	83,894	(37,934)	45,960
Information & Communication Technology	1,146,019	(1,134,831)	11,188
Office Equipment	59,049	(58,578)	471
Motor Vehicles	62,178	(20,238)	41,940
Leased Assets	337,386	(114,809)	222,577
Hostel Buildings & Fittings	2,056,808	(885,370)	1,171,438
Balance at 31 December 2018	6,691,999	(4,771,363)	1,920,636

15. Accounts Payable

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Operating Creditors	105,430	155,991	155,991
Accruals	10,089	9,853	9,853
Banking Staffing Overuse	-	17,545	17,545
Employee Entitlements - Salaries	354,197	335,563	335,563
Employee Entitlements - Leave Accrual	50,366	35,136	35,136
	520,082	554,088	554,088
Payables for Exchange Transactions	520,082	554,088	554,088
	520,082	554,088	554,088

The carrying value of payables approximates their fair value.

16. Borrowings

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Due in One Year	24,398	24,404	24,404
Due Beyond One Year	-	-	34,929
	24,398	24,404	59,333

The school has borrowings at 31 December 2019 of \$24,398 (31 December 2018 \$59,333). This loan is from the ASB Bank for the purpose of redeveloping the school hostel. The loan is unsecured over the assets of the hostel and the applicable interest at balance date is 5.2% per annum.

17. Revenue Received in Advance

	2019	2019	2018
	Actual	Budget	Actual
	\$	(Unaudited)	\$
International Student Fees	1,835	13,254	13,254
Hostel Fees	21,973	-	-
Other	7,834	65,281	65,281
	<u>31,641</u>	<u>78,535</u>	<u>78,535</u>

18. Provision for Cyclical Maintenance

	2019	2019	2018
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Provision at the Start of the Year	241,641	241,641	301,615
Increase/ (decrease) to the Provision During the Year	41,938	46,115	41,938
Use of the Provision During the Year	-	-	(13,694)
Adjustment to the Provision	-	-	(88,218)
Provision at the End of the Year	<u>283,579</u>	<u>287,756</u>	<u>241,641</u>
Cyclical Maintenance - Current	-	-	-
Cyclical Maintenance - Term	283,579	287,756	241,641
	<u>283,579</u>	<u>287,756</u>	<u>241,641</u>

19. Finance Lease Liability

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

	2019	2019	2018
	Actual	Budget	Actual
	\$	(Unaudited)	\$
No Later than One Year	150,613	-	74,804
Later than One Year and no Later than Five Years	210,310	-	201,931
	<u>360,923</u>	<u>-</u>	<u>276,735</u>

20. Funds Held for Capital Works Projects

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

	2019	Opening Balances	Receipts from MoE	Payments	BOT Contributions	Closing Balances
		\$	\$	\$		\$
Roof & Wall Cladding	<i>in progress</i>	-	88,115	(66,672)	-	21,443
Totals		<u>-</u>	<u>88,115</u>	<u>(66,672)</u>	<u>-</u>	<u>21,443</u>

Represented by:

Funds Held on Behalf of the Ministry of Education	21,443
	<u>21,443</u>

21. Related Party Transactions

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

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

22. Remuneration

Key management personnel compensation

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

	2019 Actual \$	2018 Actual \$
<i>Board Members</i>		
Remuneration	3,880	2,870
Full-time equivalent members	0.16	0.26
<i>Leadership Team</i>		
Remuneration	1,537,559	1,836,740
Full-time equivalent members	18	19
Total key management personnel remuneration	1,541,439	1,839,610
Total full-time equivalent personnel	18.16	19.26

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

Principal

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

	2019 Actual	2018 Actual
Salaries and Other Short-term Employee Benefits:		
Salary and Other Payments	\$000	\$000
Benefits and Other Emoluments	160 - 170	160 - 170
Termination Benefits	0 - 5	0 - 5
	-	-

Other Employees

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

Remuneration \$000	2019 FTE Number	2018 FTE Number
100 - 110	-	3
110 - 120	1	-
	1.00	3.00

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

23. Compensation and Other Benefits Upon Leaving

The total value of compensation or other benefits paid or payable to persons who ceased to be trustees, committee member, or employees during the financial year in relation to that cessation and number of persons to whom all or part of that total was payable was as follows:

	2019 Actual	2018 Actual
Total	-	\$1,885
Number of People	-	6

24. 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).

The Board was notified of a pending employment matter alleging a breach of contract. The Board has not recognised this matter in the financial statements because the likelihood of the claim surfacing is not probable as there is no substance to the matter.

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.

25. Commitments

(a) Capital Commitments

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

(a) \$88,115 contract for wall and roof cladding to be completed in 2020, which will be fully funded by the Ministry of Education. \$88,115 has been received of which \$66,672 has been spent on the project to date.

(Capital commitments at 31 December 2018: \$nil)

(b) Operating Commitments

As at 31 December 2019 the Board has entered into the following contracts:

(a) operating lease of computers;

	2019 Actual \$	2018 Actual \$
No later than One Year	23,160	24,695
Later than One Year and No Later than Five Years	41,228	64,388
	<u>64,388</u>	<u>89,083</u>

26. Managing Capital

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

27. Financial Instruments

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

Financial assets measured at amortised cost (2018: Loans and receivables)

	2019	2019	2018
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Cash and Cash Equivalents	361,603	398,032	192,839
Receivables	413,819	517,274	517,274
Investments - Term Deposits	299	285	285
Total Financial assets measured at amortised cost	775,721	915,591	710,398
Financial liabilities measured at amortised cost			
Payables	520,082	554,088	554,088
Borrowings - Loans	24,398	24,404	59,333
Finance Leases	316,616	238,684	238,684
Total Financial Liabilities Measured at Amortised Cost	861,096	817,176	852,105

28. Events After Balance Date

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

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

At this time the full financial impact of the COVID-19 pandemic is not able to be determined, 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.

29. Comparatives

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

30. Adoption of PBE IFRS 9 Financial Instruments

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

- Note 11 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.
- Note 13 Investments: 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



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INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF SOUTHLAND BOYS HIGH SCHOOL'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

The Auditor-General is the auditor of Southland Boys High School (the School). The Auditor-General has appointed me, Greg Thomas, using the staff and resources of BDO Invercargill, 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 21, that comprise the statement of financial position as at 31 December 2019, 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 2019; 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.

Our audit was completed on 2 June 2020. 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 of Trustees and our responsibilities relating to the financial statements, we comment on other information, and we explain our independence.

Emphasis of Matter - COVID-19

Without modifying our opinion, we draw attention to the disclosures in note 28 on page 21 which outline the possible effects of the Alert Level 4 lockdown as a result of the COVID-19 pandemic.

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.



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Responsibilities of the Board of Trustees for the financial statements

The Board of Trustees 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 of Trustees is responsible on behalf of the School for assessing the School's ability to continue as a going concern. The Board of Trustees 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 of Trustees' responsibilities arise from 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 of Trustees.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Trustees 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 of Trustees regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arises from the Public Audit Act 2001.

Other information

The Board of Trustees is responsible for the other information. The other information comprises the analysis of variance, kiwisport paragraph and BOT listing included on pages 22 to 23 and the title page, but does not include the financial statements, and our auditor's report thereon.

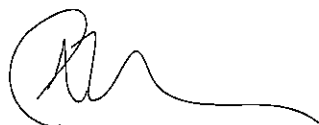
Our opinion on the financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

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 (Revised): 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.



Greg Thomas
BDO Invercargill
On behalf of the Auditor-General
Invercargill, New Zealand