

# HERETAUNGA COLLEGE

## ANNUAL REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2019

#### School Directory

**Ministry Number:** 00251

**Principal:** Fiona Craven

**School Address:** Ward Street  
Upper Hutt

**School Postal Address:** Ward Street  
Upper Hutt

**School Phone:** 04 939 9370

**School Email:** [info@heretaunga.school.nz](mailto:info@heretaunga.school.nz)

#### Members of the Board of Trustees

Name	Position	How Position Gained	Term Expired/ Expires
Ara Te Pohe	Chair Person	Elected	June 2022
Gavin Willbond	Deputy Chair	Elected	June 2022
Fiona Craven	Principal	ex Officio	
Nicole Banks	Parent Rep	Elected	June 2022
Rachel de Lima Brinkley	Parent Rep	Elected	June 2022
Chris Tock	Parent Rep	Elected	June 2022
Kathryn Munro	Staff Rep	Elected	June 2022
Euclid Papier	Student Rep	Elected	October 2020

**Accountant / Service Provider:** Jocelyn Best

# HERETAUNGA COLLEGE

Annual Report - For the year ended 31 December 2019

## Index

Page	Statement
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	<b>Financial Statements</b>
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<u>1</u>	Statement of Responsibility
<u>2</u>	Statement of Comprehensive Revenue and Expense
<u>3</u>	Statement of Changes in Net Assets/Equity
<u>4</u>	Statement of Financial Position
<u>5</u>	Statement of Cash Flows
<u>6 - 12</u>	Statement of Accounting Policies
<u>13- 23</u>	Notes to the Financial Statements

	<b>Other Information</b>
--	--------------------------

	Analysis of Variance
--	----------------------

	Kiwisport
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# Heretaunga College

## 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.

GAVIN WILSON

Full Name of Board Chairperson

DEPUTY CHAIR



Signature of Board Chairperson

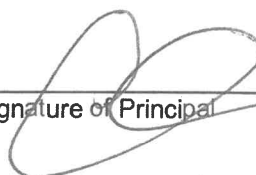
30/9/20

Date:

Jacqui Lucas

Full Name of Principal

Deputy Principal



Signature of Principal

30/9/2020

Date:

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

For the year ended 31 December 2019

		2019	2019	2018
	Notes	Actual	Budget	Actual
		\$	(Unaudited)	\$
<b>Revenue</b>				
Government Grants	2	9,296,723	9,136,223	8,852,929
Locally Raised Funds	3	812,578	415,021	852,018
Interest income		13,537	10,000	11,893
Gain on Sale of Property, Plant and Equipment		-		
International Students	4	552,634	606,000	635,844
Other Revenue		-	-	-
		10,675,471	10,167,244	10,352,683
<b>Expenses</b>				
Locally Raised Funds	3	544,293	240,500	596,166
International Students	4	561,277	566,500	607,544
Learning Resources	5	6,416,527	6,265,903	6,098,611
Administration	6	506,394	486,795	469,452
Finance		18,770	24,600	24,092
Property	7	2,395,654	2,416,477	2,374,369
Depreciation	8	172,302	156,000	170,830
Impairment of Property, Plant and Equipment	13	-	-	-
Loss on Disposal of Property, Plant and Equipment		3,361	-	1,688
Loss on Uncollectable Accounts Receivable		-	-	-
		10,618,577	10,156,775	10,342,751
<b>Net Surplus / (Deficit) for the year</b>		56,894	10,469	9,933
Other Comprehensive Revenue and Expenses		-	-	-
<b>Total Comprehensive Revenue and Expense for the Year</b>		56,894	10,469	9,933

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

## Heretaunga College

# Statement of Changes in Net Assets/Equity

For the year ended 31 December 2019

	Notes	Actual 2019 \$	Budget (Unaudited) 2019 \$	Actual 2018 \$
<b>Balance at 1 January</b>		153,025	77,559	102,787
Total comprehensive revenue and expense for the year		56,894	10,469	9,933
Capital Contributions from the Ministry of Education				
Contribution - Furniture and Equipment Grant		-	-	40,305
Adjustment to Accumulated surplus/(deficit) from adoption of PBE IFRS 9				
<b>Equity at 31 December</b>	26	209,919	88,028	153,025
Retained Earnings		209,919	88,028	153,025
Reserves		-	-	-
<b>Equity at 31 December</b>		209,919	88,028	153,025

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.

**Heretaunga College**  
**Statement of Financial Position**  
As at 31 December 2019

	Notes	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
<b>Current Assets</b>				
Cash and Cash Equivalents	9	761,286	900,000	955,806
Accounts Receivable	10	397,625	410,000	353,287
GST Receivable		7,024	5,000	2,789
Prepayments		26,676	40,000	58,640
Inventories	11	34,588	30,000	28,974
Investments	12	113,844	100,000	110,000
		1,341,044	1,485,000	1,509,495
<b>Current Liabilities</b>				
GST Payable		-	-	-
Accounts Payable	14	479,344	510,000	419,392
Revenue Received in Advance	15	430,268	530,000	526,661
Provision for Cyclical Maintenance	16	67,500	70,000	17,273
Finance Lease Liability - Current Portion	17	56,691	70,000	56,619
Funds held in Trust	18	321,206	320,000	426,889
Funds held for Capital Works Projects	19	(38,097)	-	106,603
		1,316,911	1,500,000	1,553,437
<b>Working Capital Surplus/(Deficit)</b>		24,133	(15,000)	(43,942)
<b>Non-current Assets</b>				
Investments	12	-	-	-
Property, Plant and Equipment	13	529,579	463,028	590,517
		529,579	463,028	590,517
<b>Non-current Liabilities</b>				
Provision for Cyclical Maintenance	16	263,886	270,000	265,033
Finance Lease Liability	17	79,906	90,000	128,518
Funds held in Trust	18	-	-	-
		343,792	360,000	393,551
<b>Net Assets</b>		209,920	88,028	153,024
<b>Equity</b>				
	26	209,919	88,028	153,025

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

**Heretaunga College**  
**Statement of Cash Flows**  
For the year ended 31 December 2019

	Note	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
<b>Cash flows from Operating Activities</b>				
Government Grants		2,450,559	2,300,542	2,331,637
Locally Raised Funds		728,655	415,021	761,886
International Students		473,966	606,000	699,232
Goods and Services Tax (net)		(4,235)	(7,000)	(4,664)
Payments to Employees		(1,604,986)	(1,631,567)	(1,591,204)
Payments to Suppliers		(1,800,012)	(1,445,839)	(1,902,819)
Cyclical Maintenance Payments in the year		(16,700)	(4,352)	(54,830)
Interest Paid		(18,770)	(24,600)	(24,092)
Interest Received		14,493	11,000	11,153
Net cash from Operating Activities		222,972	219,205	226,300
<b>Cash flows from Investing Activities</b>				
Proceeds from Sale of PPE (and Intangibles)		-	(2,000)	-
Purchase of PPE (and Intangibles)		(102,603)	105,972	(86,969)
Purchase of Investments		(3,844)	-	919
Proceeds from Sale of Investments		-	-	-
Net cash from Investing Activities		(106,447)	103,972	(86,049)
<b>Cash flows from Financing Activities</b>				
Furniture and Equipment Grant		-	-	40,305
Finance Lease Payments		(60,662)	30,000	(54,111)
Painting contract payments		-	-	-
Loans Received/ Repayment of Loans		-	-	-
Funds Administered on Behalf of Third Parties		(105,683)	(56,781)	87,448
Funds Held for Capital Works Projects		(144,700)	(115,000)	-
Net cash from Financing Activities		(311,045)	(141,781)	73,644
Net increase/(decrease) in cash and cash equivalents		(194,520)	181,396	213,894
Cash and cash equivalents at the beginning of the year	9	955,806	718,604	741,912
Cash and cash equivalents at the end of the year	9	761,286	900,000	955,806

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..

# **Heretaunga College**

## **Notes to the Financial Statements**

### **For the year ended 31 December 2019**

#### **1. Statement of Accounting Policies**

##### **a) Reporting Entity**

Heretaunga College (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 36.

###### ***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 13.

### ***Critical Judgements in applying accounting policies***

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

#### ***Classification of leases***

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

#### ***Recognition of grants***

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

## **c) Revenue Recognition**

### ***Government Grants***

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

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

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

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

### ***Other Grants***

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

**Donations, Gifts and Bequests**

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

**Interest Revenue**

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

**d) Use of Land and Buildings Expense**

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

**e) Operating Lease Payments**

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

**f) Finance Lease Payments**

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

**g) Cash and Cash Equivalents**

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

**h) Accounts Receivable**

Short-term receivables are recorded at the amount due, less an allowance for credit losses. 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 to Crown Owned Assets	50 years
Furniture and equipment	3–20 years
Information and communication technology	3–5 years
Motor vehicles	5 years
Textbooks	3 years
Leased assets held under a Finance Lease	3–5 years
Library resources	12.5% Diminishing value