

Holy Cross School (Papatoetoe)

Annual Report for the year ended 31 December 2018

Ministry Number:	1315
Principal:	Bruce Young
School Address:	21 Carruth Road, Papatoetoe
School Postal Address:	PO Box 23033, Hunters Corner, 2155
School Phone:	09 278 8224
School Email:	office@hcsp.school.nz
Service Provider:	Edtech Financial Services Ltd

Holy Cross School Papatoetoe 1315

Members of the Board of Trustees

For the year ended 31 December 2018

Name	Position	How position on Board gained	Occupation	Term expired/expires
Don Siluuga	Chairperson - Proprietor's Rep	Co-opted on BoT	Vodafone - Special Events Mgr	May-19
Clare Mafi	Parent Rep	Elected	University Study	May-19
Tiana Samasoni	Parent Rep	Elected	University Study	May-19
Saleli Lelaulu	Parent Rep	Elected	Flight Service Mgr	May-19
Louis Solia	Proprietor's Rep	Elected	NZ Police	May-19
Seuma Anitelea	Parent Rep	Elected	Sales Rep	May-19
Stephen Grey	Proprietor's Rep	Co-opted on BoT	Accountant	May-19
Atoy Sagaoinit	Parent Rep	Co-opted on BoT	Librarian	May-19
Ane Vaotuuu	Proprietor's Rep	Co-opted on BoT	Sales Rep	May-19
Bruce Young	Principal		Principal	

Holy Cross School (Papatoetoe)

Annual Report

For the year ended 31 December 2018

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Holy Cross School (Papatoetoe)
Statement of Responsibility
For the year ended 31 December 2018

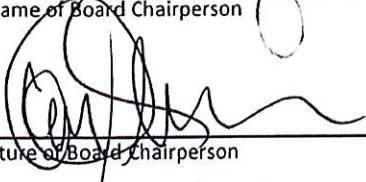
The Board of Trustees accepts responsibility for the preparation of the annual financial statements and the judgements used in these financial statements.

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 2018 fairly reflects the financial position and operations of the school.

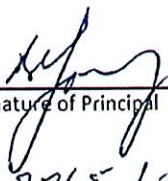
The School's 2018 financial statements are authorised for issue by the Board.

Don Siluaga
Full Name of Board Chairperson


Signature of Board Chairperson

27/5/2019
Date:

Bruce Young
Full Name of Principal


Signature of Principal

27/5/2019
Date:

Holy Cross School (Papatoetoe)

Statement of Comprehensive Revenue and Expense

For the year ended 31 December 2018

	Notes	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Revenue				
Government Grants	2	3,527,284	3,241,000	3,506,436
Locally Raised Funds	3	207,646	124,800	141,702
Use of Land and Buildings Integrated		1,088,938	-	317,528
Interest Earned		32,493	20,000	29,688
		4,856,361	3,385,800	3,995,354
Expenses				
Locally Raised Funds	3	175,037	145,500	139,727
Learning Resources	4	2,941,169	2,756,000	2,898,307
Administration	5	169,682	228,400	199,494
Finance Costs		4,267	-	1,459
Property	6	1,298,089	242,800	540,016
Depreciation	7	139,915	200,000	117,779
Amortisation of Equitable Lease		12,006	12,006	12,006
Loss on Disposal of Property, Plant and Equipment		1,375	-	162
		4,741,540	3,584,706	3,908,950
Net Surplus / (Deficit) for the year		114,821	(198,906)	86,404
Other Comprehensive Revenue and Expenses		-	-	-
Total Comprehensive Revenue and Expense for the Year		114,821	(198,906)	86,404

The above Statement of Comprehensive Revenue and Expense should be read in conjunction with the accompanying notes.

Holy Cross School (Papatoetoe)
Statement of Changes in Net Assets/Equity

For the year ended 31 December 2018

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Balance at 1 January	1,783,660	1,783,660	1,697,256
Total comprehensive revenue and expense for the year	114,821	(198,906)	86,404
Equity at 31 December	1,898,481	1,584,754	1,783,660
Retained Earnings	1,898,481	1,584,754	1,783,660
Equity at 31 December	1,898,481	1,584,754	1,783,660

The above Statement of Changes in Net Assets/Equity should be read in conjunction with the accompanying notes.

Holy Cross School (Papatoetoe)

Statement of Financial Position

As at 31 December 2018

	Notes	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Current Assets				
Cash and Cash Equivalents	8	382,066	557,805	609,891
Accounts Receivable	9	227,868	165,000	166,968
GST Receivable		15,450	16,000	15,787
Prepayments		18,556	14,000	13,349
Inventories	10	34,557	40,000	38,483
Investments	11	686,611	500,000	537,991
		1,365,108	1,292,805	1,382,469
Current Liabilities				
Accounts Payable	14	255,100	216,000	220,570
Revenue Received in Advance	15	50	6,000	5,602
Provision for Cyclical Maintenance	16	24,836	25,482	4,756
Painting Contract Liability - Current Portion	17	-	-	6,982
Finance Lease Liability - Current Portion	18	25,075	12,372	11,630
Funds Held on Behalf of Community of Learning Cluster	19	23,728	-	13,772
		328,789	259,854	263,312
Working Capital Surplus/(Deficit)		1,036,319	1,032,951	1,119,157
Non-current Assets				
Property, Plant and Equipment	12	755,265	414,007	530,007
Equitable Leasehold Interest	13	228,844	228,844	240,850
		984,109	642,851	770,857
Non-current Liabilities				
Provision for Cyclical Maintenance	16	79,760	79,760	83,752
Finance Lease Liability	18	42,187	11,288	22,602
		121,947	91,048	106,354
Net Assets		1,898,481	1,584,754	1,783,660
Equity		1,898,481	1,584,754	1,783,660

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

Holy Cross School (Papatoetoe) Statement of Cash Flows

For the year ended 31 December 2018

	2018	2018	2017
Note	Actual	Budget	Actual
	\$	(Unaudited)	\$
	\$	\$	\$
Cash flows from Operating Activities			
Government Grants	1,048,094	1,041,000	1,095,933
Locally Raised Funds	199,134	126,800	141,341
Goods and Services Tax (net)	337	-	(474)
Payments to Employees	(457,807)	(458,500)	(461,086)
Payments to Suppliers	(567,235)	(716,079)	(584,114)
Cyclical Maintenance Payments in the year	(8,199)	-	(3,169)
Interest Paid	(4,267)	-	(1,459)
Interest Received	29,263	20,000	29,978
	<hr/>	<hr/>	<hr/>
Net cash from / (to) the Operating Activities	239,320	13,221	216,950
Cash flows from Investing Activities			
Purchase of PPE (and Intangibles)	(314,925)	(213,602)	(116,651)
Purchase of Investments	(148,620)	-	106,785
Proceeds from Sale of Investments	-	130,000	-
	<hr/>	<hr/>	<hr/>
Net cash from / (to) the Investing Activities	(463,545)	(83,602)	(9,866)
Cash flows from Financing Activities			
Finance Lease Payments	(6,574)	22,154	4,749
Painting Contract Payments	(6,982)	(6,992)	(7,069)
Funds Administered on Behalf of Third Parties	9,956	-	13,772
	<hr/>	<hr/>	<hr/>
Net cash from / (to) Financing Activities	(3,600)	15,162	11,452
	<hr/>	<hr/>	<hr/>
Net increase/(decrease) in cash and cash equivalents	(227,825)	(55,219)	218,536
Cash and cash equivalents at the beginning of the year	8 609,891	613,024	391,355
	<hr/>	<hr/>	<hr/>
Cash and cash equivalents at the end of the year	8 382,066	557,805	609,891

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.

Holy Cross School (Papatoetoe)

Notes to the Financial Statements

For the year ended 31 December 2018

1. Statement of Accounting Policies

Reporting Entity

Holy Cross School (Papatoetoe) (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.

Basis of Preparation

Reporting Period

The financial reports have been prepared for the period 1 January 2018 to 31 December 2018 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".

The School has early adopted PBE IFRS 9 Financial Instruments from the year ended 31 December 2018 (although not mandatory until periods beginning on or after 1 January 2022). This accounting standard introduces new requirements for the classification and measurement of financial assets and financial liabilities, impairment of assets, and rules for hedge accounting. The Board of Trustees is of the view that there is no material impact to the recognition or measurement of financial instruments and disclosure of the school's financial assets and liabilities for the current period and each prior period presented.

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 12.

Holy Cross School (Papatoetoe)

Notes to the Financial Statements (cont.)

For the year ended 31 December 2018

Critical Judgements in applying accounting policies

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

Classification of leases

The School reviews the details of lease agreements at the end of each reporting date. The School believes the classification of each lease as either operation or finance is appropriate and reflects the nature of the agreement in place. Finance leases are disclosed at note 18.

Recognition of grants

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

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.

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.

Grants for the use of land and buildings are also 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 Proprietor. Use of land and building grants are recorded as revenue in the period the School uses the land and buildings.

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.

Use of Land and Buildings Expense

The property from which the School operates is owned by the Proprietor. The expense is based on an assumed market rental yield on the land and buildings as used for rating purposes. This is a non-cash expense that is offset by a non-cash grant from the Proprietor.

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.

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.

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.

Holy Cross School (Papatoetoe)

Notes to the Financial Statements (cont.)

For the year ended 31 December 2018

Accounts Receivable

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.

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.

Investments

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 under Schedule 6 Section 28 of the Education Act 1989 in relation to the acquisition of investment securities.

Property, Plant and Equipment

Land and buildings owned by the Proprietor 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 Proprietor 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 \$250 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.

Leased Assets

Leases where the School assumes substantially all the risks and rewards of ownership are classified as finance leases. The assets acquired by way of finance lease are measured at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and impairment losses. Leased assets and corresponding liability are recognised in the Statement of Financial Position and leased assets are depreciated over the period the School is expected to benefit from their use or over the term of the lease.

Holy Cross School (Papatoetoe)

Notes to the Financial Statements (cont.)

For the year ended 31 December 2018

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:

Buildings	40 years
Furniture and equipment	3-18 years
Information and communication technology	5-10 years
Motor vehicles	8 years
Leased assets held under a Finance Lease	Over the term of the lease
Library resources	12.5% Diminishing value

Impairment of property, plant, and equipment

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 are 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.

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.

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.

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.

Holy Cross School (Papatoetoe)

Notes to the Financial Statements (cont.)

For the year ended 31 December 2018

Revenue Received in Advance

Revenue received in advance relates to fees received from Catholic Levy 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 this revenue received in advance, should the School be unable to provide the services to which they relate.

Shared Funds

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

Provision for Cyclical Maintenance

The property from which the School operates is owned by the Proprietor. 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 Proprietor and is based on the Board's ten year property plan (10YPP).

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.

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 Statement of Cash Flows.

Commitments and contingencies are disclosed exclusive of GST.

Budget Figures

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

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.

Holy Cross School (Papatoetoe)

Notes to the Financial Statements (cont.)

For the year ended 31 December 2018

2 Government Grants

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Operational grants	923,486	991,000	930,809
Teachers' salaries grants	2,428,864	2,200,000	2,401,782
Resource teachers learning and behaviour grants	2,412	5,000	866
Other MoE Grants	154,506	45,000	172,979
Other government grants	18,016	-	-
	3,527,284	3,241,000	3,506,436

3 Locally Raised Funds

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

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Revenue			
Donations	80,347	-	18,625
Fundraising	3,034	6,000	-
Trading	69,264	65,000	66,810
Activities	55,001	53,800	56,267
	207,646	124,800	141,702
Expenses			
Activities	99,185	65,500	90,584
Trading	75,852	68,000	49,143
Fundraising costs	-	12,000	-
	175,037	145,500	139,727
<i>Surplus/ (Deficit) for the year Locally Raised Funds</i>	32,609	(20,700)	1,975

4 Learning Resources

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Curricular	133,437	120,000	91,829
Equipment repairs	-	3,000	-
Information and communication technology	24,137	48,000	50,349
Extra-curricular activities	-	5,000	2,063
Library resources	959	1,500	760
Employee benefits - salaries	2,720,956	2,497,000	2,703,035
Staff development	61,680	81,500	50,271
	2,941,169	2,756,000	2,898,307

Holy Cross School (Papatoetoe)
Notes to the Financial Statements (cont.)

For the year ended 31 December 2018

5 Administration

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Audit Fee	6,198	14,000	6,017
Board of Trustees Fees	6,105	15,000	5,210
Board of Trustees Expenses	6,659	8,000	8,183
Communication	5,590	8,700	7,197
Consumables	18,168	24,600	14,282
Operating Lease	4,712	9,800	8,667
Other	33,470	30,800	28,876
Employee Benefits - Salaries	73,514	98,500	106,334
Insurance	8,390	12,000	7,984
Service Providers, Contractors and Consultancy	6,876	7,000	6,744
	<u>169,682</u>	<u>228,400</u>	<u>199,494</u>

6 Property

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Caretaking and Cleaning Consumables	15,973	16,600	14,332
Consultancy and Contract Services	2,646	3,500	2,662
Cyclical Maintenance Expense	24,287	20,000	18,907
Grounds	4,573	10,200	7,557
Heat, Light and Water	43,074	57,000	48,110
Repairs and Maintenance	35,433	46,500	42,283
Use of Land and Buildings	1,088,938	-	317,528
Security	12,252	14,000	13,254
Employee Benefits - Salaries	70,913	75,000	75,383
	<u>1,298,089</u>	<u>242,800</u>	<u>540,016</u>

The use of land and buildings figure represents 8% of the school's total property value. This is used as a 'proxy' for the market rental of the property. 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

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Building Improvements	112	940	104
Furniture and Equipment	67,576	96,840	57,553
Information and Communication Technology	52,808	89,190	52,456
Leased Assets	17,165	8,160	5,346
Library Resources	2,254	4,870	2,320
	<u>139,915</u>	<u>200,000</u>	<u>117,779</u>

Holy Cross School (Papatoetoe)

Notes to the Financial Statements (cont.)

For the year ended 31 December 2018

8 Cash and Cash Equivalents

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Cash on Hand	1,000	1,000	1,000
Bank Current Account	94,942	56,805	99,675
Bank Call Account	121,391	200,000	220,204
Short-term Bank Deposits	164,733	300,000	289,012
Cash and cash equivalents for Cash Flow Statement	<u>382,066</u>	<u>557,805</u>	<u>609,891</u>

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

Of the \$385,066 Cash and Cash Equivalents, \$23,728 is held by the School on behalf of the Community of Learning Cluster. See note 19 for details of how the funding received for the cluster has been spent in the year.

9 Accounts Receivable

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Interest Receivable	7,652	5,000	4,422
Bank Staffing Underuse	49,352	-	8,325
Teacher Salaries Grant Receivable	170,864	160,000	154,221
	<u>227,868</u>	<u>165,000</u>	<u>166,968</u>
Receivables from Exchange Transactions	7,652	5,000	4,422
Receivables from Non-Exchange Transactions	220,216	160,000	162,546
	<u>227,868</u>	<u>165,000</u>	<u>166,968</u>

10 Inventories

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
School Uniforms	34,557	40,000	38,483
	<u>34,557</u>	<u>40,000</u>	<u>38,483</u>

11 Investments

The School's investment activities are classified as follows:

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Current Asset	686,611	500,000	537,991
Short-term Bank Deposits	<u>686,611</u>	<u>500,000</u>	<u>537,991</u>



Holy Cross School (Papatoetoe)

Notes to the Financial Statements (cont.)

For the year ended 31 December 2018

12 Property, Plant and Equipment

	Opening Balance (NBV)	Additions	Disposals	Impairment	Depreciation	Total (NBV)
2018	\$	\$	\$	\$	\$	\$
Building improvements	4,064	-	-	-	(112)	3,952
Furniture and equipment	332,874	282,207	-	-	(67,576)	547,505
Information and communication technology	143,395	32,501	-	-	(52,808)	123,088
Leased assets	33,436	48,663	-	-	(17,165)	64,934
Library resources	16,238	3,177	(1,375)	-	(2,254)	15,786
Balance at 31 December 2018	530,007	366,548	(1,375)	-	(139,915)	755,265

	Cost or Valuation	Accumulated Depreciation	Net Book Value
2018	\$	\$	\$
Building improvements	4,475	(523)	3,952
Furniture and equipment	1,472,372	(924,867)	547,505
Information and communication technology	1,117,997	(994,909)	123,088
Leased assets	155,630	(90,696)	64,934
Library resources	69,678	(53,892)	15,786
Balance at 31 December 2018	2,820,152	(2,064,887)	755,265

The net carrying value of equipment held under a finance lease is \$64,934 (2017: \$33,436).

	Opening Balance (NBV)	Additions	Disposals	Impairment	Depreciation	Total (NBV)
2017	\$	\$	\$	\$	\$	\$
Building improvements	3,673	495	-	-	(104)	4,064
Furniture and equipment	355,297	35,130	-	-	(57,553)	332,874
Information and communication technology	114,895	80,956	-	-	(52,456)	143,395
Leased assets	2,350	36,432	-	-	(5,346)	33,436
Library resources	16,190	2,530	(162)	-	(2,320)	16,238
Balance at 31 December 2017	492,405	155,543	(162)	-	(117,779)	530,007

	Cost or Valuation	Accumulated Depreciation	Net Book Value
2017	\$	\$	\$
Building improvements	4,475	(411)	4,064
Furniture and equipment	1,190,166	(857,292)	332,874
Information and communication technology	1,085,496	(942,101)	143,395
Leased assets	106,967	(73,531)	33,436
Library resources	72,650	(56,412)	16,238
Balance at 31 December 2017	2,459,754	(1,929,747)	530,007

Holy Cross School (Papatoetoe)

Notes to the Financial Statements (cont.)

For the year ended 31 December 2018

13 Equitable Leasehold Interest

An equitable leasehold interest recognises an interest in an asset without transferring ownership or creating a charge over the asset. This equitable leasehold interest represents the Board's interest in capital works assets owned by the Proprietor but paid for in whole or part by the Board of Trustees, either from Government funding or community raised funds.

A lease between the Board and the Proprietor records the terms of the equitable leasehold interest and includes a detailed schedule of capital works assets. The equitable leasehold interest is amortised over the economic life of the capital works assets(s) involved. The interest may be realised on the sale of the capital works by the Proprietor or the closure of the school.

	2018	2018	2017
	Actual	Budget (Unaudited)	Actual
	\$	\$	\$
The major capital works assets included in the equitable leasehold interest are:			
Building Alterations	62,141	62,141	65,796
Library Buildings	95,217	95,217	100,818
Toilet Block	71,486	71,486	74,236
	<u>228,844</u>	<u>228,844</u>	<u>240,850</u>

The amortisation charge in relation to the equitable leasehold interest during the year was \$12,006.
(2017: \$12,006).

14 Accounts Payable

	2018	2018	2017
	Actual	Budget (Unaudited)	Actual
	\$	\$	\$
Operating creditors	53,747	17,000	16,991
Accruals	6,508	4,000	4,089
Employee Entitlements - salaries	172,563	160,000	165,558
Employee Entitlements - leave accrual	22,282	35,000	33,932
	<u>255,100</u>	<u>216,000</u>	<u>220,570</u>
Payables for Exchange Transactions	255,100	216,000	220,570
	<u>255,100</u>	<u>216,000</u>	<u>220,570</u>

The carrying value of payables approximates their fair value.

15 Revenue Received in Advance

	2018	2018	2017
	Actual	Budget (Unaudited)	Actual
	\$	\$	\$
Other	50	6,000	5,602
	<u>50</u>	<u>6,000</u>	<u>5,602</u>

16 Provision for Cyclical Maintenance

	2018	2018	2017
	Actual	Budget (Unaudited)	Actual
	\$	\$	\$
Provision at the Start of the Year	88,508	88,508	72,770
Increase to the Provision During the Year	24,287	20,000	18,907
Use of the Provision During the Year	(8,199)	(3,266)	(3,169)
Provision at the End of the Year	<u>104,596</u>	<u>105,242</u>	<u>88,508</u>
Cyclical Maintenance - Current	24,836	25,482	4,756
Cyclical Maintenance - Term	79,760	79,760	83,752
	<u>104,596</u>	<u>105,242</u>	<u>88,508</u>

Holy Cross School (Papatōetoe)

Notes to the Financial Statements (cont.)

For the year ended 31 December 2018

17 Painting Contract Liability

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Current Liability	-	-	6,982
	<u>-</u>	<u>-</u>	<u>6,982</u>

18 Finance Lease Liability

The school has entered into 11 finance lease agreements for TELA Laptops & Chrombooks & Photocopiers.

Minimum lease payments payable (includes interest portion):

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
No Later than One Year	30,373	12,372	14,399
Later than One Year and no Later than Five Years	46,877	11,288	25,230
	<u>77,249</u>	<u>23,660</u>	<u>39,629</u>

19 Funds Held on Behalf of Community of Learning Cluster

Holy Cross School (Papatōetoe) is the lead school and holds the funds on behalf of the CoL cluster, a group of schools funded by the Ministry of Education for CoL meeting and traveling.

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Funds Held at Beginning of the Year	13,772	-	-
Funds Received from Cluster Members	9,956	-	13,772
Funds Received from MoE	-	-	-
Funds Spent on Behalf of the Cluster	-	-	-
Funds Held at Year End	<u>23,728</u>	<u>-</u>	<u>13,772</u>

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

Current Assets			
Cash at bank	23,728	-	13,772
Non Current Assets			
Property Plant and Equipment	-	-	-
Current Liabilities			
Funds Held on Behalf of Community of Learning Cluster	23,728	-	13,772
Non Current Liabilities			
Borrowings	-	-	-
Equity			
	-	-	-

Holy Cross School (Papatoetoe)

Notes to the Financial Statements (cont.)

For the year ended 31 December 2018

23 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.

The Proprietor of the School (Catholic Diocese of Auckland) is a related party of the Board because the proprietor appoints representatives to the Board, giving the proprietor significant influence over the Board. Any services or contributions between the Board and Proprietor have been disclosed appropriately, if the proprietor collects funds on behalf of the school (or vice versa) the amounts are disclosed.

The Proprietor provides land and buildings free of charge for use by the Board as noted in Note 1. The estimated value of this use during the current period is included in the Statement of Comprehensive Revenue and Expense as "Use of land and buildings".

24 Remuneration

Key management personnel compensation

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

	2018 Actual \$	2017 Actual \$
<i>Board Members</i>		
Remuneration	6,105	5,210
Full-time equivalent members	0.13	0.08
<i>Leadership Team</i>		
Remuneration	397,019	384,818
Full-time equivalent members	3.00	3.00
Total key management personnel remuneration	403,124	390,028
Total full-time equivalent personnel	3.13	3.08

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:

	2018 Actual \$000	2017 Actual \$000
Salaries and Other Short-term Employee Benefits:		
Salary and Other Payments	170-180	170-180
Benefits and Other Emoluments	19-20	15-20
Termination Benefits	-	-

Other Employees

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

Remuneration \$000	2018 FTE Number	2017 FTE Number
110-120	1	1
	1	1

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

25 Compensation and Other Benefits Upon Leaving

There were no compensation or other benefits paid or payable to persons upon leaving.

Holy Cross School (Papatoetoe)

Notes to the Financial Statements (cont.)

For the year ended 31 December 2018

26 Contingencies

There are no contingent liabilities and no contingent assets as at 31 December 2018.

(Contingent liabilities and assets as at 31 December 2017: 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, however the potential impact on any specific school or individual and any associated historical liability will not be known until further detailed analysis has been completed.

To the extent that any obligation cannot reasonably be quantified at 31 December 2018, a contingent liability for the school may exist.

27 Commitments

(a) Capital Commitments

The Board considers there to be no contractual commitments at the above date other than those disclosed in the preceding financial statements and detailed below.

(Capital commitments as at 31 December 2017: nil)

(b) Operating Commitments

As at 31 December 2018 the Board has entered into the following contracts:

- (a) operating leases for laptops (TELA)
- (b) operating lease for photocopiers

No later than One Year

	2018 Actual \$	2017 Actual \$
	-	3,633
	-	3,633

28 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.

29 Financial Instruments

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

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Loans and Receivables			
Cash and Cash Equivalents	382,066	557,805	609,891
Receivables	227,868	165,000	166,968
Investments - Term Deposits	686,611	500,000	537,991
Total Loans and Receivables	1,296,545	1,222,805	1,314,850
Financial liabilities measured at amortised cost			
Payables	255,100	216,000	220,570
Finance Leases	67,262	23,660	34,232
Painting Contract Liability	-	-	6,982
Total Financial Liabilities Measured at Amortised Cost	322,362	239,660	261,784

30 Events After Balance Date

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

INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF HOLY CROSS (PAPATOETOE) SCHOOL'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

The Auditor-General is the auditor of Holy Cross School (Papatoetoe) (the School). The Auditor-General has appointed me, Melissa Youngson, using the staff and resources of Deloitte Limited, 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 18 that comprise the statement of financial position as at 31 December 2018, 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 2018; 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 27 May 2019. 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.

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.

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 arise from the Public Audit Act 2001.



Other information

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

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

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

Independence

We are independent of the School in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1 (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.

A handwritten signature in black ink, appearing to read "M. Youngson".

Melissa Youngson
for Deloitte Limited
On behalf of the Auditor-General
Hamilton, New Zealand