

15 January 2021

David Makeef
Board of Trustees
Kelston Primary School
5 Archibald Road
Kelston
Auckland 0602

RSM Hayes Audit

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Newmarket, Auckland 1149
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Newmarket, Auckland 1023
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Dear Mr Makeef

Audit of your Financial Statements For the year ended 31 December 2019

We have substantially completed the audit of your financial statements for the year ended 31 December 2019.

Upon completion of your audit, we will enclose a complete set of your school's financial statements together with our formal audit report issued on behalf of the Controller and Auditor-General, as required by legislation.

Please note that a PDF copy of the audit report and signed financial statements is required to be uploaded to the MOE's school's data portal as soon as you receive them. We also remind you that you are required to publish the final audited version of your annual report on your website.

This letter and accompanying report of Audit Findings includes observations on the school's accounting procedures. As the Trustees are responsible for the financial operations of the school, we suggest this letter be considered at the next finance committee meeting and tabled at the next full board meeting.

Scope of the Audit

Our audit is designed to provide an independent opinion on the board's financial statements which are a public document. As a secondary output of this work, we also report on matters relevant to your financial and management systems that have come to our attention and are significant.

We have performed procedures to audit the information presented in your annual financial statements. We have also relied on representations made by your school's management team, including your accounting service provider Leading Edge. We assess the results of procedures and representations made when forming our audit opinion.

To ensure your school receives the maximum benefit from our audit we have turned our focus to the future and set out in the attached report some matters for the attention of your board. Our motive is to offer objective and constructive advice so that the accounting function and related issues can be improved in the future. Please note that this letter is sent only to you, with a copy to the Office of the Controller and Auditor-General. We do not send a copy of this letter to the Ministry of Education or any other party.

The Audit Doesn't End With Our Audit Report

If you wish, we would be pleased to discuss with you our recommendations in this letter or any other aspect of the school's audit. If it is of value to your board, one of our audit directors or managers would be happy to attend a board meeting to discuss any finance related issues you have.

In recognition of the value we place on our association with your school, we think it is appropriate to waive our normal fee for attending a meeting. Please contact our office if you wish to take up this offer.

Our Sincere Thanks

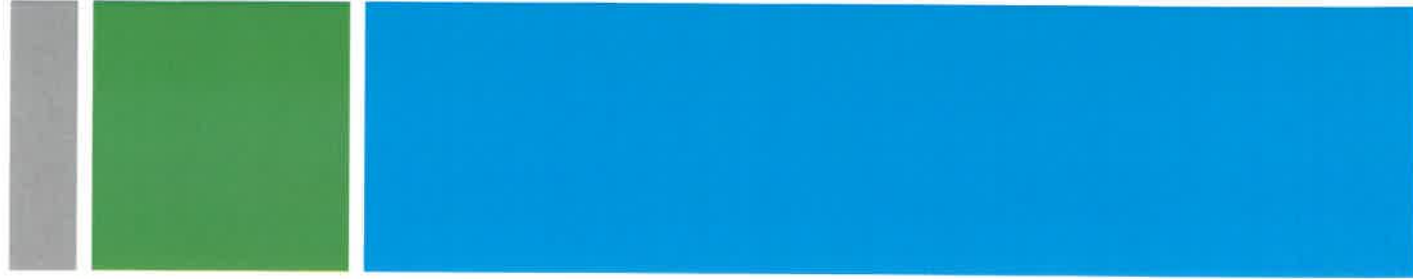
This year's audit has been uniquely challenging with us being unable to complete an audit visit onsite due to the COVID-19 lockdown. This has meant we have had to work remotely, and more iteratively, with your team and we give thanks for the assistance from your principal, Mr Cliff Hughes, and office manager, Ms Glennis Blakeborough, during this process. This unforeseeable disruption has resulted in some additional audit time incurred, and at a later time than normal, resulting in a number of schools not being able to have audited financial statements completed before the statutory deadline. This is common nationwide. As a result, a note to the financial statements has been added to disclose the breach of the statutory reporting deadline being due to the impact of COVID-19. The Ministry have confirmed that there will be no penalty for late filing of audited financial statements this year as a result.

Yours sincerely



Brendon Foy
Audit Partner





Kelston Primary School

Audit Findings

For the year ended 31 December 2019

1. Introduction
2. Expected Content of Our Formal Audit Report
3. Governance
4. The Financial Statements
5. The Day to Day Accounting System

1. Introduction

We set out below our findings from the audit work we have performed during the audit of your financial statements for the 2019 financial year. Matters raised in this report have been discussed with your management team during the audit fieldwork.

Our work focussed on the systems and controls set by your board and implemented by your management team, to the extent necessary in forming an audit opinion. Any matters arising from the audit are detailed in this letter.

2. Expected content of our formal audit report

Subject to receipt of signed financial statements, letter of representation, minutes of board meetings to the end of 2020 and final update of events subsequent to balance date, we expect to issue an unmodified audit report in our standard wording. Our audit opinion is however required to draw attention to the financial statement disclosure that discusses the impact of the COVID-19 pandemic on the school with the following paragraph:

Emphasis of Matter – COVID-19

Without modifying our opinion, we draw attention to the disclosures in note 24 on page 20 which outline the possible effects of the Alert Level 4 lockdown as a result of the COVID-19 pandemic.

3. Governance

Areas of Significant Audit Focus

We believe it is best practice to communicate with you as the governing body regarding matters which form an important part of our audit process.

An independent audit of your financial statements is a key part of ensuring that your organisation has appropriate controls in place regarding financial management and financial reporting. However, ultimately it is you, the governing body that remains responsible for your financial systems, internal controls including the detection and prevention of fraud, and financial statements.

While our audit necessarily involves evaluating your overall system of financial controls and reporting, the following are areas and issues we assessed as potentially significant risk areas in relation to your school during our audit. Accordingly, we believe that they are important issues that should be of interest to you in your governance capacity. In the case of your organisation in the current year these assessed areas of significant focus were as follows:

- Recognition and recording of locally raised funds income and expenditure and treatment of income in advance;
- Risk from limited segregation of duties;
- Expenditure being valid and appropriate for your school's purposes (probity of expenditure); and
- Cyclical maintenance expense and provisioning being appropriate.

In addition, we sought to ensure that your financial statements followed accounting practice in New Zealand as appropriate to public benefit entities that qualify for Tier 2 reporting. That is that Public Benefit Entity Standards - Reduced Disclosure Regime (PBE Standards RDR) have been appropriately adopted and that the mandatory Kiwi Park model has been followed.

We are pleased to advise that our testing of these assessed risks did not identify any significant issues or concerns. Any observations and recommendations related to these topics are detailed below.

Required Communications

We are required by auditing standards to report specific matters to you as follows:

- We have had no disagreements with management during our audit nor any serious difficulties in dealing with management;
- Other than the breach of the statutory reporting deadline reported in the notes to your financial statements, we have not identified any other breaches of legislation;
- We have not identified any instances of fraud involving management, or any other frauds that caused a material misstatement of the financial statements; and
- We have not noted any significant risks or exposures that are required to be separately disclosed in the financial statements.

Audit Independence

We reaffirm we are independent of your school, and that we have no relationship with your school that could impair our independence.

4. The Financial Statements

Unadjusted differences

There were no errors noted in the financial statements that remained uncorrected.

Adjustments made

Appendix A identifies all journal adjustments posted at our request in the final financial statements.

Your Board of Trustees has failed to comply with Section 87 of the Education Act 1989, as the Board were unable to provide their audited financial statements to the Ministry of Education by 31 May 2020. The disruption caused by the COVID-19 restrictions, including the closure of the school, meant that the audit could not progress as planned. This resulted in the school missing the statutory deadline and required disclosure in your financial statements.

5. The Day-to-Day Accounting System

It is important that we report any observations and areas for improvement in respect of the financial control environment at your school. As part of the RSM audit approach, we review the accounting systems established by the board to the extent that they could have a significant impact on the annual financial statements. The following observations are brought to your attention.

Segregation of Duties

In any organisation it is important that no single person has control over, or access to, all aspects of recording and control of school funds. Not only does this provide opportunity for abuse of the school funds, but also puts a great responsibility and burden of trust upon the person who has this control.

The separation of key accounting responsibilities is a critical internal control in any system to prevent misappropriation of funds, error, or unrecorded transactions.

Significant portions of the day-to-day accounting functions are solely under control of both the office managers. These activities include handling, counting and banking cash, and General Ledger coding in Xero. We wish to point out that nothing in our review of your systems has led us in any way to question the integrity of these employees. We appreciate that it would be difficult to segregate their duties but with careful monitoring and oversight by management and the board this risk can be mitigated.

Appendix A

Journal adjustments made in the final financial statements at our request

Account No	Name	Income Statement		Balance Sheet	
		DR	CR	DR	CR
71415	Cyclical Maint - Increase Prov		(6,013)		
93057	Prov for Cyclical Maintenance			62,989	
98025	Prov Cyclical Maint. Non-Curr				(56,976)
	To adjust for painting not performed in FY2020 - moved to FY2021				
65086	BOT Teachers' Salaries		(26,021)		
91025	Acc Rec - Tch Sal Accrual			26,021	
	To adjust for under accrual for bank staffing underuse				

KELSTON PRIMARY SCHOOL

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

School Directory

Ministry Number:	1331
Principal:	Cliff Hughes
School Address:	5 Archibald Road, Kelston, Waitakere City 0602
School Postal Address:	5 Archibald Road, Kelston, Waitakere City 0602
School Phone:	09 827 2187
School Email:	admin@kelstonprimary.school.nz

Members of the Board of Trustees

Name	How Position Gained	Position	Term Expires
Cliff Hughes	Appointed	Principal	Current
Clive Limmer	Co-opted	Chair Person	Apr-19
David Makeef	Co-opted	Chair Person	Apr-22
Feleni Salamo	Elected	Parent Rep	Apr-22
Keren Simon	Elected	Parent Rep	Apr-22
Linda Zoll	Elected	Parent Rep	Apr-22
Lucie Irvine	Co-opted	Parent Rep	Apr-22
Peter Edwards	Co-opted	Parent Rep	Apr-19
Sebastian Huch	Elected	Parent Rep	Apr-22
Tennille Gardiner	Elected	Staff Rep	Apr-22
Wendy Miller	Elected	Staff Rep	Apr-19

Service Provider:

Leading Edge Services (2017) Ltd, PO Box 20496, Glen Eden, Auckland

KELSTON PRIMARY SCHOOL

Annual Report - For the year ended 31 December 2019

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Kelston Primary 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.

David Makeer
Full Name of Board Chairperson

[Signature]
Signature of Board Chairperson

18/01/2021
Date:

CLIFFORD HUGHES
Full Name of Principal

[Signature]
Signature of Principal

18/01/2021
Date:

Kelston Primary School**Statement of Comprehensive Revenue and Expense**

For the year ended 31 December 2019

		2019	2019	2018
	Notes	Actual	Budget	Actual
		\$	(Unaudited)	\$
Revenue				
Government Grants	2	2,845,553	2,764,902	2,658,367
Locally Raised Funds	3	75,239	71,300	109,582
Interest income		5,597	6,500	6,543
		<u>2,926,389</u>	<u>2,842,702</u>	<u>2,774,492</u>
Expenses				
Locally Raised Funds	3	37,390	29,000	59,201
Learning Resources	4	1,747,792	1,687,235	1,648,648
Administration	5	139,104	126,750	125,907
Finance		4,891	4,287	4,753
Property	6	879,000	901,495	852,059
Depreciation	7	101,928	90,000	126,162
Loss on Disposal of Property, Plant and Equipment		2,435	-	1,956
		<u>2,912,540</u>	<u>2,838,767</u>	<u>2,818,686</u>
Net Surplus / (Deficit) for the year		13,849	3,935	(44,194)
Other Comprehensive Revenue and Expenses		-	-	-
Total Comprehensive Revenue and Expense for the Year		<u>13,849</u>	<u>3,935</u>	<u>(44,194)</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.

Kelston Primary 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		715,545	715,545	759,739
Total comprehensive revenue and expense for the year		13,849	3,935	(44,194)
Equity at 31 December	22	729,394	719,480	715,545
Retained Earnings		729,394	719,480	715,545
Equity at 31 December		729,394	719,480	715,545

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.

Kelston Primary School
Statement of Financial Position
As at 31 December 2019

	Notes	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Current Assets				
Cash and Cash Equivalents	8	313,857	329,426	275,498
Accounts Receivable	9	120,446	97,237	97,230
GST Receivable		12,145	2,254	2,254
Prepayments		1,790	13,006	13,006
Inventories	10	1,916	2,824	2,824
		<u>450,154</u>	<u>444,747</u>	<u>390,812</u>
Current Liabilities				
Accounts Payable	12	136,690	103,934	103,934
Revenue Received in Advance	13	3,250	-	-
Provision for Cyclical Maintenance	14	14,983	37,580	37,580
Finance Lease Liability - Current Portion	15	25,127	23,356	23,356
Funds held for Capital Works Projects	16	(17,285)	8,368	8,368
		<u>162,765</u>	<u>173,238</u>	<u>173,238</u>
Working Capital Surplus/(Deficit)		287,389	271,509	217,574
Non-current Assets				
Property, Plant and Equipment	11	<u>583,357</u>	<u>594,664</u>	<u>644,662</u>
		583,357	594,664	644,662
Non-current Liabilities				
Provision for Cyclical Maintenance	14	124,888	106,150	106,150
Finance Lease Liability	15	16,464	40,543	40,543
		<u>141,352</u>	<u>146,693</u>	<u>146,693</u>
Net Assets		<u><u>729,394</u></u>	<u><u>719,480</u></u>	<u><u>715,545</u></u>
Equity	22	<u><u>729,394</u></u>	<u><u>719,480</u></u>	<u><u>715,545</u></u>

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

Kelston Primary 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		709,222	667,340	649,215
Locally Raised Funds		80,782	75,252	110,326
Goods and Services Tax (net)		(9,891)	3,839	3,839
Payments to Employees		(371,563)	(348,380)	(375,073)
Payments to Suppliers		(268,467)	(298,842)	(331,296)
Cyclical Maintenance Payments in the year		(11,850)	(15,694)	(12,900)
Interest Paid		(4,891)	(4,287)	(4,753)
Interest Received		6,034	6,218	6,261
Net cash from Operating Activities		129,376	85,446	45,619
Cash flows from Investing Activities				
Purchase of PPE		(41,925)	(71,626)	(49,506)
Purchase of Investments		-	-	-
Proceeds from Sale of Investments		-	102,311	50,897
Net cash from Investing Activities		(41,925)	30,685	1,391
Cash flows from Financing Activities				
Finance Lease Payments		(23,439)	(37,556)	(30,603)
Funds Held for Capital Works Projects		(25,653)	8,368	46,288
Net cash from Financing Activities		(49,092)	(29,188)	15,685
Net increase/(decrease) in cash and cash equivalents		38,359	86,943	62,695
Cash and cash equivalents at the beginning of the year	8	275,498	242,483	212,803
Cash and cash equivalents at the end of the year	8	313,857	329,426	275,498

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.

Kelston Primary School

Notes to the Financial Statements

For the year ended 31 December 2019

1. Statement of Accounting Policies

a) Reporting Entity

Kelston Primary 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 26.

PBE Accounting Standards Reduced Disclosure Regime

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

Measurement Base

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

Presentation Currency

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

Specific Accounting Policies

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

Critical Accounting Estimates And Assumptions

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

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

Useful lives of property, plant and equipment

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

Critical Judgements in applying accounting policies

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

Classification of leases

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

Recognition of grants

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

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	40 Years
Furniture and equipment	10 Years
Information and communication technology	4 Years
Leased assets held under a Finance Lease	3-5 years
Library resources	12.5% Diminishing value

l) 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 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.

Long-term employee entitlements

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

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

o) Revenue Received in Advance

Revenue received in advance relates to fees received from students and grants received where there are unfulfilled obligations for the School to provide services in the future. The fees are recorded as revenue as the obligations are fulfilled and the fees earned.

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) Funds Held in Trust

Funds are held in trust where they have been received by the School for a specified purpose, or are being held on behalf of a third party and these transactions are not recorded in the Statement of Revenue and Expense. The School holds sufficient funds to enable the funds to be used for their intended purpose at any time.

q) Provision for Cyclical Maintenance

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

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

r) Financial 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.

s) 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.

t) 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.

u) Budget Figures

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

v) Services received in-kind

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

2. Government Grants

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Operational Grants	588,761	533,958	525,932
Teachers' Salaries Grants	1,471,896	1,410,635	1,359,728
Use of Land and Buildings Grants	664,435	716,750	649,424
Resource Teachers Learning and Behaviour Grants	17,980	5,000	14,083
Other MoE Grants	99,178	98,559	100,935
Other Government Grants	3,303	-	8,265
	2,845,553	2,764,902	2,658,367

3. Locally Raised Funds

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

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Revenue			
Donations	18,555	1,000	18,030
Activities	24,267	22,000	40,976
Trading	20,381	29,600	32,694
Fundraising	12,036	18,700	17,882
	75,239	71,300	109,582
Expenses			
Activities	25,475	19,500	47,460
Trading	8,930	9,500	9,627
Fundraising (Costs of Raising Funds)	2,985	-	2,114
	37,390	29,000	59,201
<i>Surplus/ (Deficit) for the year Locally raised funds</i>	37,849	42,300	50,381

4. Learning Resources

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Curricular	49,333	45,550	43,178
Equipment Repairs	406	550	701
Extra-Curricular Activities	3,200	4,000	3,022
Library Resources	2,349	3,700	2,524
Employee Benefits - Salaries	1,665,390	1,605,635	1,577,548
Staff Development	27,114	27,800	21,675
	1,747,792	1,687,235	1,648,648

Staff development contains \$3,200 from a trip to Singapore at which the Principal attended an international conference on education. The trip was fully funded by a grant.

5. Administration

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Audit Fee	6,450	4,600	6,290
Board of Trustees Fees	5,775	3,500	5,475
Board of Trustees Expenses	3,807	3,100	575
Communication	3,576	4,400	3,973
Consumables	17,701	21,000	19,953
Other	17,404	13,450	14,655
Employee Benefits - Salaries	66,724	57,200	57,590
Insurance	5,589	7,500	5,418
Service Providers, Contractors and Consultancy	12,078	12,000	11,978
	139,104	126,750	125,907

6. Property

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Caretaking and Cleaning Consumables	27,854	33,300	35,360
Cyclical Maintenance Provision	7,991	25,000	22,206
Grounds	18,108	7,000	7,992
Heat, Light and Water	29,496	26,500	32,732
Rates	105	145	143
Repairs and Maintenance	20,432	9,800	15,142
Use of Land and Buildings	664,435	716,750	649,424
Security	9,034	8,000	6,941
Employee Benefits - Salaries	101,545	75,000	82,119
	879,000	901,495	852,059

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

7. Depreciation

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Building Improvements - Crown	13,394	11,827	14,270
Furniture and Equipment	25,483	22,501	36,526
Information and Communication Technology	32,541	28,732	40,263
Leased Assets	26,784	23,650	31,450
Library Resources	3,726	3,290	3,653
	101,928	90,000	126,162

8. Cash and Cash Equivalents

	2019	2019	2018
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Cash on Hand	200	200	200
Bank Current Account	278,444	193,215	139,287
Bank Call Account	35,213	35,138	35,138
Short-term Bank Deposits	-	100,873	100,873
Cash and cash equivalents for Cash Flow Statement	313,857	329,426	275,498

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

9. Accounts Receivable

	2019	2019	2018
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Receivables	377	2,677	2,670
Interest Receivable	3	440	440
Teacher Salaries Grant Receivable	120,066	94,120	94,120
	120,446	97,237	97,230
Receivables from Exchange Transactions	380	3,117	3,110
Receivables from Non-Exchange Transactions	120,066	94,120	94,120
	120,446	97,237	97,230

10. Inventories

	2019	2019	2018
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Stationery	1,916	2,824	2,824
	1,916	2,824	2,824

11. Property, Plant and Equipment

	Opening Balance (NBV)	Additions	Disposals	Impairment	Depreciation	Total (NBV)
2019	\$	\$	\$	\$	\$	\$
Building Improvements	381,721	-	-	-	(13,394)	368,327
Furniture and Equipment	105,221	17,478	(640)	-	(25,483)	96,577
Information and Communication Technology	69,422	18,962	(551)	-	(32,541)	55,292
Leased Assets	62,728	1,131	-	-	(26,784)	37,077
Library Resources	25,572	5,483	(1,244)	-	(3,726)	26,084
Balance at 31 December 2019	644,664	43,054	(2,435)	-	(101,928)	583,357

	Cost or Valuation	Accumulated Depreciation	Net Book Value
2019	\$	\$	\$
Building Improvements	535,773	(167,446)	368,327
Furniture and Equipment	569,136	(472,559)	96,577
Information and Communication Technology	227,449	(172,157)	55,292
Leased Assets	81,210	(44,133)	37,077
Library Resources	72,089	(46,005)	26,084
Balance at 31 December 2019	1,485,657	(902,300)	583,357

	Opening Balance (NBV)	Additions	Disposals	Impairment	Depreciation	Total (NBV)
2018	\$	\$	\$	\$	\$	\$
Building Improvements	431,025	-	(35,034)	-	(14,270)	381,721
Furniture and Equipment	141,747	-	-	-	(36,526)	105,221
Information and Communication Technology	64,023	45,660	-	-	(40,263)	69,420
Leased Assets	37,048	60,017	(2,887)	-	(31,450)	62,728
Library Resources	27,233	3,947	(1,955)	-	(3,653)	25,572
Balance at 31 December 2018	701,076	109,624	(39,876)	-	(126,162)	644,662

	Cost or Valuation	Accumulated Depreciation	Net Book Value
2018	\$	\$	\$
Building Improvements	535,773	(154,052)	381,721
Furniture and Equipment	554,928	(449,707)	105,221
Information and Communication Technology	222,268	(152,846)	69,420
Leased Assets	80,077	(17,349)	62,728
Library Resources	70,012	(44,440)	25,572
Balance at 31 December 2018	1,463,058	(818,394)	644,662

12. Accounts Payable

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Operating Creditors	24,504	8,054	8,054
Accruals	6,450	6,290	6,290
Employee Entitlements - Salaries	94,469	89,590	89,590
Employee Entitlements - Leave Accrual	11,267	-	-
	<u>136,690</u>	<u>103,934</u>	<u>103,934</u>
Payables for Exchange Transactions	136,690	103,934	103,934
	<u>136,690</u>	<u>103,934</u>	<u>103,934</u>

The carrying value of payables approximates their fair value.

13. Revenue Received in Advance

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Other	3,250	-	-
	<u>3,250</u>	<u>-</u>	<u>-</u>

14. Provision for Cyclical Maintenance

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Provision at the Start of the Year	143,730	143,730	134,424
Increase/ (decrease) to the Provision During the Year	7,991	25,000	19,246
Use of the Provision During the Year	(11,850)	(25,000)	(9,940)
Provision at the End of the Year	<u>139,871</u>	<u>143,730</u>	<u>143,730</u>
Cyclical Maintenance - Current	14,983	37,580	37,580
Cyclical Maintenance - Term	124,888	106,150	106,150
	<u>139,871</u>	<u>143,730</u>	<u>143,730</u>

15. Finance Lease Liability

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

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
No Later than One Year	27,941	23,356	28,224
Later than One Year and no Later than Five Years	17,843	40,543	44,959
Later than Five Years	-	-	-
	<u>45,784</u>	<u>63,899</u>	<u>73,183</u>

16. 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 \$
Toilet Refurbishment	<i>in progress</i>	(3,899)	-	(20,604)	-	(24,503)
Fire Alarm Upgrade	<i>in progress</i>	3,244	146,929	(125,972)	-	24,201
Electrical Upgrade	<i>in progress</i>	23,484	-	(26,265)	-	(2,781)
Roof Replacement Blks 1,3,6,11	<i>in progress</i>	(14,461)	-	(654)	-	(15,115)
Boiler Replacement	<i>in progress</i>	-	63,473	(62,560)	-	913
Totals		<u>8,368</u>	<u>210,402</u>	<u>(236,055)</u>	<u>-</u>	<u>(17,285)</u>

Represented by:

Funds Held on Behalf of the Ministry of Education

Funds Due from the Ministry of Education

-
(17,285)

17,285

	2018	Opening Balances \$	Receipts from MoE \$	Payments \$	BOT Contributions \$	Closing Balances \$
Toilet Refurbishment	<i>in progress</i>	-	12,440	(16,339)	-	(3,899)
Fire Alarm Upgrade	<i>in progress</i>	-	10,276	(7,032)	-	3,244
Electrical Upgrade	<i>in progress</i>	-	26,164	(2,680)	-	23,484
Roof Replacement Blks 1,3,6,11	<i>in progress</i>	-	-	(14,461)	-	(14,461)
Library	<i>completed</i>	-	35,034	(35,034)	-	-
Totals		<u>-</u>	<u>83,914</u>	<u>(75,546)</u>	<u>-</u>	<u>8,368</u>

17. 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.

18. 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	5,775	5,475
Full-time equivalent members	0.14	0.08
<i>Leadership Team</i>		
Remuneration	374,148	353,584
Full-time equivalent members	3	3
Total key management personnel remuneration	379,923	359,059
Total full-time equivalent personnel	3.14	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:

	2019 Actual \$000	2018 Actual \$000
Salaries and Other Short-term Employee Benefits:		
Salary and Other Payments	160 - 170	160 - 170
Benefits and Other Emoluments	3 - 5	3 - 4
Termination Benefits	-	-

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
110-110	0.00	1.00
110-120	1.00	0.00
	1.00	1.00

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

19. 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	-	-
Number of People	-	-

20. Contingencies

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

Holidays Act Compliance – schools payroll

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

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

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

21. Commitments

(a) Capital Commitments

As at 31 December 2019 the Board has entered into contract agreements for capital works as follows:

- (a) \$124,397 contract for Toilet Refurbishment as agent for the Ministry of Education. The project is fully funded by the Ministry and \$12,440 has been received of which \$36,942 has been spent on the project to balance date. This project has been approved by the Ministry; and
- (b) \$102,762 contract for Fire Alarm Upgrade as agent for the Ministry of Education. The project is fully funded by the Ministry and \$157,205 has been received of which \$133,004 has been spent on the project to balance date. This project has been approved by the Ministry; and
- (c) \$124,650 contract for Roof Replacement Blks 1,3,6,11 as agent for the Ministry of Education. The project is fully funded by the Ministry and \$0 has been received of which \$15,115 has been spent on the project to balance date. This project has been approved by the Ministry.

22. 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.

23. 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 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Cash and Cash Equivalents	313,857	329,426	275,498
Receivables	120,446	97,237	97,230
Total Financial assets measured at amortised cost	434,303	426,663	372,728

Financial liabilities measured at amortised cost

Payables	136,690	103,934	103,934
Finance Leases	41,591	63,899	63,899
Total Financial Liabilities Measured at Amortised Cost	178,281	167,833	167,833

24. 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.

25. Comparatives

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

26. Adoption of PBE IFRS 9 Financial Instruments

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

- Note 9 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.

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

27. Failure to comply with section 87 of the Education Act 1989

The Board of Trustees has failed to comply with Section 87 of the Education Act 1989, as the Board were unable to provide their audited financial statements to the Ministry of Education by 31 May 2020. The disruption caused by the Covid-19 restrictions, including the closure of the school, meant that the audit could not progress as planned. This resulted in the school missing the statutory deadline.

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Independent Auditor's Report

To the readers of Kelston Primary School's Financial statements For the year ended 31 December 2019

The Auditor-General is the auditor of Kelston Primary School (the School). The Auditor-General has appointed me, Brendon Foy, using the staff and resources of RSM Hayes Audit, 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 20, 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 (PBE) Standards Reduced Disclosure Regime.

Our audit was completed on 18 January 2021. This is the date at which our opinion is expressed.

The basis for our opinion is explained below and we draw your attention to other matters. 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 24 on page 20 which outline the possible effects of the Alert Level 4 lockdown as a result of the COVID-19 pandemic.

Basis of 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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RSM Hayes Audit is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

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 includes the statement of responsibility, board member list, analysis of variance, 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 Kelston Primary School.

A handwritten signature in blue ink, appearing to read 'Brendon Foy'.

Brendon Foy
RSM Hayes Audit
On behalf of the Auditor-General
Auckland, New Zealand

Analysis of Variance Reporting



School Name:	Kelston Primary	School Number: 1331
Strategic Aim:	To ensure all teaching staff are familiar with and can implement the Digital Technologies Curriculum. To provide students with the opportunity to be digitally competent and use digital technology to enhance learning and problem solving.	
Annual Aim:	To implement and trial all aspects of the Digital Technology curriculum in preparation for full integration into classroom planning in 2020.	
Target:	To establish strong teacher capacity in the area of Digital Technologies through a support team and targeted PLD. All teachers will be prepared to deliver this curriculum area in 2020.	
Baseline Data:	Current 2017 KPS Learning with Digital Technologies plan indicated the need to improve and strengthen the use of digital technologies to raise the achievement of priority students. See links with Accelerated Learning Plan. Our survey showed that 70% of students had access to digital resources in their homes on a regular basis.	

Actions <i>What did we do?</i>	Outcomes <i>What happened?</i>	Reasons for the variance <i>Why did it happen?</i>	Evaluation <i>Where to next?</i>
<p>Use of staff meetings to reinforce and clarify aspects of DT curriculum.</p> <p>Digital technologies survey to be given to students/community</p> <p>Imbed the 5 technological areas into the curriculum and classroom practice.</p> <p>-Designing and developing materials outcomes.</p> <p>-Designing and developing processed outcomes.</p> <p>-Design and visual communication</p> <p>-Computational thinking for digital technologies</p> <p>-Designing and developing digital outcomes</p> <p>Undertook a community survey in March 2019 to gauge the extent of digital technology use in homes.</p> <p>Contracted facilitator to deliver 150 PLD hours as per journal.</p>	<p>Staff implemented and trialled new DT strategies into classroom planning and programmes.</p> <p>Sharing at staff/syndicate meetings.</p> <p>Evidence collected and shared through teacher inquiry regarding use of digital technologies in classroom practice as well as the wider school setting.</p> <p>Our survey revealed that only 70% of our families had regular and reliable internet connection in their homes.</p> <p>Our approach to digital use in the classroom was standardised throughout the school and relevant apps used to reinforce development in accordance with the SAMR model.</p> <p>The Digital team updated our initial plan from 2017 to incorporate the requirements of the new curriculum document.</p>	<p>There is a growing level of consistency across the school and digital technology is being utilised in a more cross-curricular way. We still need to embed this pedagogy and some staff have self-assessed themselves as needing more PLD in this area.</p> <p>Some staff were unfamiliar with the apps being used and the facilitator will need to provide further support to maximise their use in the classroom.</p> <p>The Digital team have been effective in providing sustainability and on-going support for staff and students. It is hoped that this knowledge base can be extended further.</p>	<p>Early in 2020 all parents will be engaged in the sharing of classroom work around digital technology through the See Saw and other school apps.</p> <p>Parents to be registered at Family Fun Night in Feb 2020.</p> <p>Digital team to deliver ongoing staff workshops and updates throughout 2020.</p> <p>Continued in class support with ongoing work by the facilitator, digital team and senior leaders.</p> <p>Framework designed and implemented for delivery and assessment of digital fluency and technology.</p> <p>Increase resourcing for equipment across all classes to allow equity for all students in terms of access to digital tools.</p>

Formation of Digital Technology team to implement delivery across the school and be a resource for all staff. This team has representation across all 3 school syndicates.

Planning for next year:

Continue to complete PLD hours-look at a further application if necessary as this will also be a focus area in 2020. We will be strengthening the SAMR model across the school and provide strategic resourcing for delivery of the curriculum at all year levels. More equipment to be purchased/leased-chromebooks, ipads. This is a 2020 budget consideration.

School

Kelston Primary School

KIWISPORT NOTE

Kiwisport is a Government funding initiative to support students' participation in organised sport. In 2019, the school received total Kiwisport funding of \$4235.06 (excluding GST). The funding was spent on swimming programmes at the Westwave pools, the Footsteps Dance Programme and athletics at the Trusts Stadium. The number of students participating in organised sport increased from 90-100% of the school roll.