

Hobsonville Point Schools

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

Address:

70 Hobsonville Point Road, Hobsonville Point

Postal Address:

PO Box 84211, Westgate, Auckland 0657

School Phone:

09 975 7400

School Email:

info@hobsonvillepoint.school.nz

Ministry Numbers:

6977 & 6788

HOBSONVILLE POINT SCHOOLS

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

School Directory

Ministry Number: 6977 & 6788

Principal: Maurie Abraham and Daniel Birch

School Address: 70 Hobsonville Point Road, Hobsonville Point

School Postal Address: PO Box 84211, Westgate, Auckland, 0657

School Phone: 09 975 7400

School Email: info@hobsonvillepoint.school.nz

Members of the Board of Trustees

Name	Position	How Position Gained	Occupation	Term Expired/ Expires
Meredith Kennett	Chair Person	Elected	Life Skills Educator	
Maurie Abraham	Principal	ex Officio	Principal	Jun-22
Daniel Birch	Principal	ex Officio	Principal	
Graeme Aitken	Parent Rep	Elected	Semi Retired - Professor	Jun-22
Philip Jellyman	Parent Rep	Elected	Deputy Principal	Jun-22
Ngahuia Lott	Staff Rep	Elected	Teacher	Jun-22
Ashley Pierce	Parent Rep	Elected	Associate Director	Jun-22
Nathan Rarere	Parent Rep	Elected	Presenter	Jun-22
Selena Wong	Student Rep	Elected	Student	Sep-20
Arman Devta	Student Rep	Elected	Student	Oct-21

Accountant / Service Provider: School Accounts Limited

HOBSONVILLE POINT SCHOOLS

Annual Report - For the year ended 31 December 2020

Index

Page	Statement
------	-----------

	Financial Statements
--	-----------------------------

<u>1</u>	Statement of Responsibility
--------------------------	-----------------------------

<u>2</u>	Statement of Comprehensive Revenue and Expense
--------------------------	--

<u>3</u>	Statement of Changes in Net Assets/Equity
--------------------------	---

<u>4</u>	Statement of Financial Position
--------------------------	---------------------------------

<u>5</u>	Statement of Cash Flows
--------------------------	-------------------------

<u>6 - 20</u>	Notes to the Financial Statements
-------------------------------	-----------------------------------

	Other Information
--	--------------------------

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

	Kiwisport
--	-----------

Hobsonville Point Schools

Statement of Responsibility

For the year ended 31 December 2020

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 2020 fairly reflects the financial position and operations of the school.

The School's 2020 financial statements are authorised for issue by the Board.

Meredith J. L. Kennett

Full Name of Board Chairperson

M Kennett

Signature of Board Chairperson

21-5-2021

Date:

Maurie Abraham

Full Name of Principal

M Abraham

Signature of Principal

21-5-2021

Date:

Hobsonville Point Schools

Statement of Comprehensive Revenue and Expense

For the year ended 31 December 2020

		2020	2020	2019
	Notes	Actual	Budget	Actual
		\$	(Unaudited)	\$
			\$	
Revenue				
Government Grants	2	19,685,039	9,377,361	17,607,752
Locally Raised Funds	3	490,417	301,832	711,758
Interest income		105,475	96,754	131,998
International Students	4	596,788	741,814	673,427
		20,877,719	10,517,761	19,124,936
Expenses				
Locally Raised Funds	3	-	-	53,312
International Students	4	450,489	517,798	457,083
Learning Resources	5	10,185,069	9,298,768	8,532,007
Administration	6	650,891	675,857	650,842
Finance		8,293	6,500	5,252
Property	7	8,880,298	226,874	8,957,054
Depreciation	8	208,737	225,000	211,449
Loss on Disposal of Property, Plant and Equipment		19,587	8,000	15,157
Amortisation of Intangible Assets	13	-	-	2,930
		20,403,364	10,958,797	18,885,085
Net Surplus / (Deficit) for the year		474,355	(441,036)	239,851
Other Comprehensive Revenue and Expense		-	-	-
Total Comprehensive Revenue and Expense for the Year		474,355	(441,036)	239,851

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



Hobsonville Point Schools

Statement of Changes in Net Assets/Equity

For the year ended 31 December 2020

	Notes	Actual 2020 \$	Budget (Unaudited) 2020 \$	Actual 2019 \$
Balance at 1 January		4,251,312	4,251,312	4,011,461
Total comprehensive revenue and expense for the year		474,355	(441,036)	239,851
Capital Contributions from the Ministry of Education				
Equity at 31 December	23	4,725,667	3,810,276	4,251,312
Retained Earnings		4,725,667	3,810,276	4,251,312
Equity at 31 December		4,725,667	3,810,276	4,251,312

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.



Hobsonville Point Schools

Statement of Financial Position

As at 31 December 2020

	Notes	2020 Actual \$	2020 Budget (Unaudited) \$	2019 Actual \$
Current Assets				
Cash and Cash Equivalents	9	201,040	167,769	297,578
Accounts Receivable	10	756,506	632,500	621,054
GST Receivable		16,505	-	-
Prepayments		69,252	46,000	45,320
Investments	11	4,370,514	3,880,000	4,094,059
		5,413,817	4,726,269	5,058,010
Current Liabilities				
GST Payable		-	5,000	4,833
Accounts Payable	14	921,564	807,500	693,921
Revenue Received in Advance	15	351,054	618,500	590,690
Finance Lease Liability - Current Portion	16	47,675	40,000	27,053
Funds held in Trust	17	188,037	350,000	296,591
		1,508,330	1,821,000	1,613,087
Working Capital Surplus/(Deficit)		3,905,487	2,905,269	3,444,923
Non-current Assets				
Property, Plant and Equipment	12	867,697	871,107	751,778
Capital Work in Progress		-	78,900	78,900
		867,697	950,007	830,678
Non-current Liabilities				
Finance Lease Liability	16	47,517	45,000	24,289
		47,517	45,000	24,289
Net Assets		4,725,667	3,810,276	4,251,312
Equity	23	4,725,667	3,810,276	4,251,312

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



Hobsonville Point Schools

Statement of Cash Flows

For the year ended 31 December 2020

		2020	2020 Budget	2019
	Note	Actual \$	(Unaudited) \$	Actual \$
Cash flows from Operating Activities				
Government Grants		2,972,612	2,392,908	2,144,915
Locally Raised Funds		451,581	300,035	704,489
International Students		349,883	769,826	738,932
Goods and Services Tax (net)		(21,338)	167	(22,849)
Funds Administered on Behalf of Third Parties		(108,554)	53,409	106,765
Payments to Employees		(1,794,582)	(1,888,264)	(1,688,128)
Payments to Suppliers		(1,515,142)	(1,709,707)	(1,569,552)
Interest Paid		(8,293)	(6,500)	(5,252)
Interest Received		108,042	96,588	155,321
Net cash from/(to) Operating Activities		434,209	8,462	564,642
Cash flows from Investing Activities				
Purchase of Property Plant & Equipment (and Intangibles)		(235,073)	(352,330)	(291,830)
Purchase of Investments		(276,455)	214,059	(218,257)
Net cash from/(to) Investing Activities		(511,528)	(138,271)	(510,086)
Cash flows from Financing Activities				
Finance Lease Payments		(19,217)	-	(14,145)
Net cash from/(to) Financing Activities		(19,217)	-	(14,145)
Net increase/(decrease) in cash and cash equivalents		(96,536)	(129,809)	40,411
Cash and cash equivalents at the beginning of the year	9	297,578	297,578	257,168
Cash and cash equivalents at the end of the year	9	201,040	167,769	297,578

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



Hobsonville Point Schools

Notes to the Financial Statements

For the year ended 31 December 2020

1. Statement of Accounting Policies

a) Reporting Entity

Hobsonville Point Schools (the Schools) are 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. The Crown has entered into a Public Private Partnership (PPP) with Learning Infrastructure Partners. As part of the PPP, the land from which the Schools provide education is owned by the Crown and the buildings from which the Schools provide education is owned by Learning Infrastructure Partners. The Crown has an obligation under the PPP to meet the cost of leasing the buildings from Learning Infrastructure Partners.

b) Basis of Preparation

Reporting Period

The financial reports have been prepared for the period 1 January 2020 to 31 December 2020 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 and Training Act 2020 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'.

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.

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.



Hobsonville Point Schools

Notes to the Financial Statements

For the year ended 31 December 2020

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.

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 (uncollectable debts). The schools receivables are largely made up of funding from the Ministry of Education, therefore the level of uncollectable debts is not considered to be material. However, short-term receivables are written off when there is no reasonable expectation of recovery.

i) Inventories

Inventories are consumable items held for sale and comprised 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.



Hobsonville Point Schools

Notes to the Financial Statements

For the year ended 31 December 2020

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.

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.

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:

Furniture and equipment	10–15 years
Information and communication technology	4–5 years
Motor vehicles	5 years
Textbooks	3 years
Leased assets held under a Finance Lease	4 years
Library resources	12.5% Diminishing value

l) Intangible Assets

Software costs

Computer software acquired by the School are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Costs associated with subsequent maintenance or licensing of software are recognised as an expense in the Statement of Comprehensive Revenue and Expense when incurred.

Computer software that the school receives from the Ministry of Education is normally acquired through a non-exchange transaction and is not of a material amount. Its fair value can be assessed at time of acquisition if no other methods lead to a fair value determination. Computer software purchased directly from suppliers at market rates are considered exchange transactions and the fair value is the amount paid for the software.

The carrying value of software is amortised on a straight line basis over its useful life. The useful life of software is estimated as three years. The amortisation charge for each period and any impairment loss is recorded in the Statement of Comprehensive Revenue and Expense.

m) Impairment of property, plant, and equipment and intangible assets

The school does not hold any cash generating assets. Assets are considered cash generating where their primary objective is to generate a commercial return.

Non cash generating assets

Property, plant, and equipment and intangible assets held at cost that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable service amount. The recoverable service amount is the higher of an asset's fair value less costs to sell and value in use.

Value in use is determined using an approach based on either a depreciated replacement cost approach, restoration cost approach, or a service units approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and availability of information.

If an asset's carrying amount exceeds its recoverable service amount, the asset is regarded as impaired and the carrying amount is written down to the recoverable amount. The total impairment loss is recognised in the surplus or deficit.

The reversal of an impairment loss is recognised in the surplus or deficit.



Hobsonville Point Schools

Notes to the Financial Statements

For the year ended 31 December 2020

n) 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.

o) 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, and also annual leave earned, by non teaching staff, to but not yet taken at balance date.

p) Revenue Received in Advance

Revenue received in advance relates to fees received from international and homestay funds 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) 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 'financial assets measured at amortised cost' for accounting purposes in accordance with financial reporting standards.

Investments that are shares are categorised as 'financial assets at fair value through other comprehensive revenue and expense' 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.

q) 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.

r) Budget Figures

The budget figures are extracted from the School budget that was approved by the Board.

s) 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

	2020	2020	2019
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Operational Grants	2,067,532	1,993,170	1,745,215
Teachers' Salaries Grants	8,067,802	6,984,180	6,705,481
Use of Land and Buildings Grants	8,647,352	-	8,757,356
Resource Teachers Learning and Behaviour Grants	179,700	133,000	137,700
Other MoE Grants	722,653	267,011	262,000
	19,685,039	9,377,361	17,607,752

The school has not opted in to the donations scheme for this year.

Other MOE Grants total includes additional COVID-19 funding totalling \$102,223 for the year ended 31 December 2020.

3. Locally Raised Funds

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

	2020	2020	2019
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Revenue			
Donations	161,153	166,000	156,229
Overseas Travel Income	-	-	50,952
Activities	3,300	10,000	22,067
Trading	31,439	50,000	38,439
Fundraising	386	5,000	2,759
Other Revenue	294,139	70,832	441,312
	490,417	301,832	711,758
Expenses			
Activities	-	-	2,360
Overseas Travel Expenses	-	-	50,952
	-	-	53,312
Surplus/ (Deficit) for the year Locally raised funds	490,417	301,832	658,446

No overseas trip took place in 2020 due to COVID-19. (2019: Overseas trip to Raratonga cost \$48,156 which was fully funded from external funding).



4. International Student Revenue and Expenses

	2020 Actual Number	2020 Budget (Unaudited) Number	2019 Actual Number
International Student Roll	37	47	39
	2020 Actual \$	2020 Budget (Unaudited) \$	2019 Actual \$
Revenue			
International Student Fees	596,788	741,814	673,427
Expenses			
Commissions	60,476	-	57,260
International Student Levy	13,770	-	13,073
Employee Benefit - Salaries	339,545	330,706	335,686
Other Expenses	36,698	187,092	44,481
Overseas Travel	-	-	6,583
	450,489	517,798	457,083
<i>Surplus/ (Deficit) for the year International Students</i>	146,299	224,016	216,344

Overseas Travel 2020 - Nil. (2019: Travel to Vietnam for International Student Marketing visit costing \$6,583).

5. Learning Resources

	2020 Actual \$	2020 Budget (Unaudited) \$	2019 Actual \$
Curricular	554,759	567,910	530,345
Information and Communication Technology	212,096	250,657	199,086
Library Resources	132,517	127,070	118,294
Employee Benefits - Salaries	9,226,928	8,222,181	7,599,502
Staff Development	58,062	130,950	73,698
Overseas Travel	707	-	11,082
	10,185,069	9,298,768	8,532,007

During 2020, the Secondary School Principal travelled to Australia costing \$707 to present at a school and conduct workshops. (2019: \$11,081 was incurred for Professional Development of 7 teaching staff and visit to Melbourne schools by the Principal).



6. Administration

	2020 Actual \$	2020 Budget (Unaudited) \$	2019 Actual \$
Audit Fee	11,236	10,590	10,590
Board of Trustees Fees	15,210	19,740	15,770
Board of Trustees Expenses	7,117	8,000	14,033
Communication	19,666	20,980	18,810
Consumables	8,744	13,540	9,972
Operating Lease	47,428	60,979	55,969
Other	99,115	101,575	65,123
Employee Benefits - Salaries	416,481	411,635	445,622
Insurance	13,634	12,308	10,984
Service Providers, Contractors and Consultancy	12,260	15,510	3,970
	650,891	675,857	650,842

7. Property

	2020 Actual \$	2020 Budget (Unaudited) \$	2019 Actual \$
Consultancy and Contract Services	2,891	19,200	17,637
Use of Land and Buildings	8,647,352	-	8,757,356
Public Partnership Levy	230,055	207,674	182,061
	8,880,298	226,874	8,957,054

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.

8. Depreciation

	2020 Actual \$	2020 Budget (Unaudited) \$	2019 Actual \$
Furniture and Equipment	66,263	65,000	62,102
Information and Communication Technology	67,714	70,000	66,706
Motor Vehicles	10,955	12,000	11,045
Textbooks	3,350	8,000	7,385
Leased Assets	41,656	50,000	46,453
Library Resources	18,799	20,000	17,758
	208,737	225,000	211,449



9. Cash and Cash Equivalents

	2020 Actual \$	2020 Budget (Unaudited) \$	2019 Actual \$
Bank Current Account	191,134	148,469	279,332
Bank Call Account	9,906	19,300	18,246
Cash and cash equivalents for Statement of Cash Flows	201,040	167,769	297,578

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

10. Accounts Receivable

	2020 Actual \$	2020 Budget (Unaudited) \$	2019 Actual \$
Receivables	89,510	45,000	43,405
Receivables from the Ministry of Education	-	3,000	2,727
Interest Receivable	11,767	14,500	14,334
Teacher Salaries Grant Receivable	655,229	570,000	560,589
	756,506	632,500	621,054
Receivables from Exchange Transactions	101,277	59,500	57,739
Receivables from Non-Exchange Transactions	655,229	573,000	563,315
	756,506	632,500	621,054

11. Investments

The School's investment activities are classified as follows:

	2020 Actual \$	2020 Budget (Unaudited) \$	2019 Actual \$
Current Asset			
Short-term Bank Deposits	4,370,514	3,880,000	4,094,059
Total Investments	4,370,514	3,880,000	4,094,059



12. Property, Plant and Equipment

	Opening Balance (NBV)	Additions	Disposals	Impairment	Depreciation	Total (NBV)
2020	\$	\$	\$	\$	\$	\$
Furniture and Equipment	386,355	150,624	(3,297)		(66,263)	467,418
Information and Communication Technology	163,810	52,462	(7,477)		(67,714)	141,081
Motor Vehicles	7,070	48,697			(10,955)	44,813
Textbooks	3,573	617			(3,350)	840
Leased Assets	57,020	63,067	(2,844)		(41,656)	75,591
Library Resources	133,948	28,777	(5,969)		(18,799)	137,957
Balance at 31 December 2020	751,778	344,244	(19,587)	-	(208,737)	867,697

The following note can be used for each class of asset that are held under a finance lease:

The net carrying value of equipment held under a finance lease is **\$75,591 (2019: \$57,022)**

	Cost or Valuation	Accumulated Depreciation	Net Book Value
2020	\$	\$	\$
Furniture and Equipment	789,263	(321,846)	467,418
Information and Communication Technology	917,524	(776,443)	141,081
Motor Vehicles	103,920	(59,108)	44,813
Textbooks	28,627	(27,788)	840
Leased Assets	212,698	(137,108)	75,591
Library Resources	224,926	(86,970)	137,957
Balance at 31 December 2020	2,276,958	(1,409,263)	867,697

	Opening Balance (NBV)	Additions	Disposals	Impairment	Depreciation	Total (NBV)
2019	\$	\$	\$	\$	\$	\$
Furniture and Equipment	407,271	45,207	(4,021)		(62,102)	386,355
Information and Communication Technology	90,682	139,834			(66,706)	163,810
Motor Vehicles	18,115				(11,045)	7,070
Textbooks	10,959				(7,385)	3,574
Leased Assets	48,172	55,301			(46,453)	57,020
Library Resources	134,953	27,889	(11,136)		(17,758)	133,948
Balance at 31 December 2019	710,152	268,231	(15,157)	-	(211,449)	751,778

The following note can be used for each class of asset that are held under a finance lease:

The net carrying value of equipment held under a finance lease is **\$57,020 (2018: \$48,175)**



	Cost or Valuation \$	Accumulated Depreciation \$	Net Book Value \$
2019			
Furniture and Equipment	645,101	(258,746)	386,355
Information and Communication Technology	895,464	(731,654)	163,810
Motor Vehicles	55,223	(48,153)	7,070
Textbooks	28,010	(24,438)	3,573
Leased Assets	182,429	(125,405)	57,022
Library Resources	205,297	(71,351)	133,947
Balance at 31 December 2019	2,011,524	(1,259,747)	751,778

13. Intangible Assets

The School's Intangible Assets are made up of acquired computer software.

	Acquired software	Internally generated software	Total \$
Cost			
Balance at 1 January 2019	12,003	-	12,003
Additions	-	-	-
Disposals	-	-	-
Balance at 31 December 2019 / 1 January 2020	12,003	-	12,003
Additions	-	-	-
Disposals	-	-	-
Balance at 31 December 2020	12,003	-	12,003
Accumulated Amortisation and impairment losses			
Balance at 1 January 2019	12,003	-	12,003
Amortisation expense	-	-	-
Disposals	-	-	-
Impairment losses	-	-	-
Balance at 31 December 2019 / 1 January 2020	12,003	-	12,003
Amortisation expense	-	-	-
Disposals	-	-	-
Impairment losses	-	-	-
Balance at 31 December 2020	12,003	-	12,003
Carrying amounts			
At 1 January 2019	-	-	-
At 31 December 2019 / 1 January 2020	-	-	-
At 31 December 2020	-	-	-

Restrictions

There are no restrictions over the title of the school's intangible assets, nor are any intangible assets pledged as security for liabilities.

Capital commitments

The amount of contractual commitments for the acquisition of intangible assets is \$nil (2019: \$nil)



14. Accounts Payable

	2020	2020	2019
	Actual	Budget (Unaudited)	Actual
	\$	\$	\$
Operating Creditors	116,244	131,500	122,368
Accruals	36,599	21,000	18,042
Employee Entitlements - Salaries	768,721	655,000	553,511
	<u>921,564</u>	<u>807,500</u>	<u>693,921</u>
Payables for Exchange Transactions	921,564	807,500	693,921
	<u>921,564</u>	<u>807,500</u>	<u>693,921</u>

The carrying value of payables approximates their fair value.

15. Revenue Received in Advance

	2020	2020	2019
	Actual	Budget (Unaudited)	Actual
	\$	\$	\$
Grants in Advance - Ministry of Education	-	-	887
International Student Fees	325,083	600,000	571,988
Other	25,971	18,500	17,815
	<u>351,054</u>	<u>618,500</u>	<u>590,690</u>

16. Finance Lease Liability

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

	2020	2020	2019
	Actual	Budget (Unaudited)	Actual
	\$	\$	\$
No Later than One Year	54,301	40,000	27,053
Later than One Year and no Later than Five Years	50,768	45,000	24,299
Later than Five Years			
	<u>105,069</u>	<u>85,000</u>	<u>51,352</u>



17. Funds held in Trust

	2020 Actual \$	2020 Budget \$	2019 Actual \$
Funds Held in Trust on Behalf of Third Parties - Current	188,037	350,000	296,591
	<u>188,037</u>	<u>350,000</u>	<u>296,591</u>

These Homestay funds relate to arrangements where the school is acting as an agent. These amounts are not revenue or expenditure of the school and therefore are not included in the Statement of Comprehensive Revenue and Expense.

18. Related Party Transactions

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

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

Leigh Abraham, wife of Maurie Abraham (Principal of the Secondary School), has been employed as a Library Leader at the Secondary School during 2020. (2019 : Same as 2020)

Thomas Abraham, son of Maurie Abraham (Principal of the Secondary School) has been employed as a Teacher Aide at the Secondary School during 2020. (2019 : Same as 2020)

Sarah Birch, wife of Daniel Birch (Principal of the Primary School) has been employed as a teacher at the Primary School during 2020. (2019 : Same as 2020)

Jack Birch, son of Daniel Birch (Principal of the Primary School), was employed as a Teacher Aide at the Primary School during 2020. (2019 : Same as 2020)



19. Remuneration

Key management personnel compensation

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

	2020 Actual \$	2019 Actual \$
<i>Board Members</i>		
Remuneration	15,210	15,770
Full-time equivalent members	0.11	0.11
<i>Leadership Team</i>		
Remuneration	1,068,550	896,013
Full-time equivalent members	8	8
Total key management personnel remuneration	1,083,760	911,783
Total full-time equivalent personnel	8.11	8.11

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 1

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

	2020 Actual \$000	2019 Actual \$000
Salaries and Other Short-term Employee Benefits:		
Salary and Other Payments	180 - 190	170-175
Benefits and Other Emoluments	0 - 5	3-4

Principal 2

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

	2020 Actual \$000	2019 Actual \$000
Salaries and Other Short-term Employee Benefits:		
Salary and Other Payments	190 - 200	175-180
Benefits and Other Emoluments	4 - 5	4-5

Other Employees

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

Remuneration \$000	2020 FTE Number	2019 FTE Number
100-110	6.00	3.00
120-130	4.00	-
	10.00	3.00

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



20. Compensation and Other Benefits Upon Leaving

There were no compensation or other benefits paid or payable to persons upon leaving. (2019: Nil).

21. Contingencies

There are no contingent liabilities and no contingent assets as at **31 December 2020** (Contingent liabilities and assets at **31 December 2019**: nil).

22. Commitments

(a) Capital Commitments

(i) \$767,629 quoted for Artificial Turf & Cover as per the quoted supplied by Team Turf & Nova Shades and including approximate project costs. The Project will be fully funded using BOT funds. This project has been approved by the Ministry.

(ii) \$106,976 five smaller projects. The projects will be funded using BOT funds.

(Capital commitments as 31 December 2019: Nil)

(b) Operating Commitments

As at 31 December 2020 the Board has entered into the following contracts:

(a) operating lease of a Photocopier;

	2020 Actual \$	2019 Actual \$
No later than One Year		30,294
Later than One Year and No Later than Five Years		60,587
Later than Five Years		
	-	90,881

The photocopier lease is now being recognised as finance lease hence no longer an operating lease.

(b) operating lease of a Garage;

	2020 Actual \$	2019 Actual \$
No later than One Year	8,849	8,636
Later than One Year and No Later than Five Years	44,244	34,544
Later than Five Years	88,453	138,176
	141,546	181,356



23. Managing Capital

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

24. Financial Instruments

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

Financial assets measured at amortised cost

	2020 Actual \$	2020 Budget (Unaudited) \$	2019 Actual \$
Cash and Cash Equivalents	201,040	167,769	297,578
Receivables	756,506	632,500	621,054
Investments - Term Deposits	4,370,514	3,880,000	4,094,059
Total Financial assets measured at amortised cost	5,328,060	4,680,269	5,012,690

Financial liabilities measured at amortised cost

Payables	921,564	807,500	693,921
Finance Leases	95,192	85,000	51,342
Total Financial Liabilities Measured at Amortised Cost	1,016,756	892,500	745,262

25. Events After Balance Date

There were two lockdowns in Auckland 2021 due to COVID-19 outbreak. First for 3 days in February 2021 then for a week in March 2021. These lockdowns did not have any significant impact on these financial statements.

26. Comparatives

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



INDEPENDENT AUDITOR'S REPORT**TO THE READERS OF HOBSONVILLE POINT SCHOOLS'
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

The Auditor-General is the auditor of Hobsonville Point Schools (the School). The Auditor-General has appointed me, Paul Lawrence, using the staff and resources of Crowe New Zealand Audit Partnership, 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 2020, 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 2020; 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 24 May 2021. 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 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.

The title 'Partner' conveys that the person is a senior member within their respective division, and is among the group of persons who hold an equity interest (shareholder) in its parent entity, Findex Group Limited. The only professional service offering which is conducted by a partnership is the Crowe Australasia external audit division. All other professional services offered by Findex Group Limited are conducted by a privately owned organisation and/or its subsidiaries.

Findex (Aust) Pty Ltd, trading as Crowe Australasia is a member of Crowe Global, a Swiss Verein. Each member firm of Crowe Global is a separate and independent legal entity. Findex (Aust) Pty Ltd and its affiliates are not responsible or liable for any acts or omissions of Crowe Global or any other member of Crowe Global. Crowe Global does not render any professional services and does not have an ownership or partnership interest in Findex (Aust) Pty Ltd.

Services are provided by Crowe New Zealand Audit Partnership an affiliate of Findex (Aust) Pty Ltd.

© 2019 Findex (Aust) Pty Ltd

Responsibilities of the Board for the financial statements

The Board 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 is responsible on behalf of the School for assessing the School's ability to continue as a going concern. The Board 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's responsibilities, in terms of the requirements of the Education and Training Act 2020, arise from section 87 of 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.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board 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 regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arises from the Public Audit Act 2001.

Other information

The Board is responsible for the other information. The other information comprises the Analysis of Variance and Kiwisport information, 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: *International 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.



Paul Lawrence
Crowe New Zealand Audit Partnership
On behalf of the Auditor-General
Auckland, New Zealand