

# **Birkdale Intermediate School**

## **Annual Report for the year ended 31 December 2019**

<b>Ministry Number:</b>	1228
<b>Principal:</b>	Joanne Sutton
<b>School Address:</b>	200 Birkdale Road, Auckland
<b>School Postal Address:</b>	200 Birkdale Road, Auckland 0626
<b>School Phone:</b>	09 483 9168
<b>School Email:</b>	office@bis.school.nz
<b>Service Provider:</b>	Edtech Financial Services Ltd

## Birkdale Intermediate School

# Members of the Board of Trustees

For the year ended 31 December 2019

<b>Name</b>	<b>Position</b>	<b>How position on Board gained</b>	<b>Occupation</b>	<b>Term expired/expires</b>
Millie Richardson	Chairperson	Elected	Caregiver	Nov-20
Dean Andrew	Parent Rep	Elected	Manager	Jun-19
Owen Goodwin	Finance	Co-opted	Entrepreneur	Jun-19
Brett Stansfield	Parent Rep	Elected	Environment Scientist	Nov-20
JoAnne Sutton	Principal		Principal	
Katrina Bush	Staff Rep	Elected	Deputy Principal	Jun-19
Jenny Williams	Secretary		Office Administrator	
Dana Youngman	Parent Rep	Elected	Television Producer	Jun-21
Melinda Borland	Parent Rep	Elected	Deputy Principal - Willow Park	Jun-21
Shannon Leilua	Parent Rep	Elected	Student	Jun-21
Kylie Dalton	Staff Rep	Elected	Teacher	Jun-21

# **Birkdale Intermediate School**

## **Annual Report**

For the year ended 31 December 2019

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**Birkdale Intermediate 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.

Milibie Richardson  
Full Name of Board Chairperson

JoAnne Sutton  
Full Name of Principal

M Richardson  
Signature of Board Chairperson

JoAnne Sutton  
Signature of Principal

11/06/2020  
Date:

11/06/2020  
Date:

**Birkdale Intermediate School**  
**Statement of Comprehensive Revenue and Expense**

For the year ended 31 December 2019

	Notes	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
<b>Revenue</b>				
Government Grants	2	3,676,848	3,523,973	3,275,730
Locally Raised Funds	3	416,098	165,750	195,797
Interest Income		4,380	5,000	5,533
International Students	4	76,779	60,000	68,529
		<u>4,174,105</u>	<u>3,754,723</u>	<u>3,545,589</u>
<b>Expenses</b>				
Locally Raised Funds	3	297,941	98,350	131,751
International Students	4	6,481	10,000	11,978
Learning Resources	5	2,219,094	2,000,792	1,829,362
Administration	6	187,610	163,840	187,632
Finance		6,309	10,000	2,709
Property	7	1,281,910	1,363,700	1,230,865
Depreciation	8	161,422	115,150	132,311
Loss on Disposal of Property, Plant and Equipment		7,368	-	2,890
		<u>4,168,135</u>	<u>3,761,832</u>	<u>3,529,498</u>
<b>Net (Deficit) for the year</b>		5,970	(7,109)	16,091
Other Comprehensive Revenue and Expenses		-	-	-
<b>Total Comprehensive Revenue and Expense for the Year</b>		<u>5,970</u>	<u>(7,109)</u>	<u>16,091</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.

**Birkdale Intermediate School**  
**Statement of Changes in Net Assets/Equity**  
For the year ended 31 December 2019

	Notes	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
<b>Balance at 1 January</b>		<u>1,490,549</u>	<u>1,490,549</u>	<u>1,465,045</u>
Total comprehensive revenue and expense for the year		5,970	(7,109)	16,091
Capital Contributions from the Ministry of Education Contribution - Furniture and Equipment Grant		-	-	9,413
<b>Equity at 31 December</b>	23	<u>1,496,519</u>	<u>1,483,440</u>	<u>1,490,549</u>
Retained Earnings		1,496,519	1,483,440	1,490,549
<b>Equity at 31 December</b>		<u>1,496,519</u>	<u>1,483,440</u>	<u>1,490,549</u>

The above Statement of Changes in Net Assets/Equity should be read in conjunction with the accompanying notes which form part of these financial statements.

**Birkdale Intermediate School**  
**Statement of Financial Position**

As at 31 December 2019

	Notes	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
<b>Current Assets</b>				
Cash and Cash Equivalents	9	339,506	95,988	207,635
Accounts Receivable	10	150,813	107,200	132,197
GST Receivable		-	20,000	24,799
Prepayments		17,913	17,000	16,927
Inventories	11	1,043	3,000	3,230
		<u>509,275</u>	<u>243,188</u>	<u>384,788</u>
<b>Current Liabilities</b>				
GST Payable		18,862	-	-
Accounts Payable	13	159,410	163,931	215,141
Revenue Received in Advance	14	2,115	17,000	82,855
Provision for Cyclical Maintenance	15	48,602	40,000	16,794
Finance Lease Liability - Current Portion	16	43,332	15,000	17,046
Funds Held for Capital Works Projects	17	288,948	-	4,620
		<u>561,269</u>	<u>235,931</u>	<u>336,456</u>
<b>Working Capital Surplus/(Deficit)</b>		<b>(51,994)</b>	<b>7,257</b>	<b>48,332</b>
<b>Non-current Assets</b>				
Property, Plant and Equipment	12	1,779,280	1,666,183	1,665,333
		<u>1,779,280</u>	<u>1,666,183</u>	<u>1,665,333</u>
<b>Non-current Liabilities</b>				
Provision for Cyclical Maintenance	15	175,614	170,000	198,548
Finance Lease Liability	16	55,153	20,000	24,568
		<u>230,767</u>	<u>190,000</u>	<u>223,116</u>
<b>Net Assets</b>		<u><u>1,496,519</u></u>	<u><u>1,483,440</u></u>	<u><u>1,490,549</u></u>
<b>Equity</b>	23	<u><u>1,496,519</u></u>	<u><u>1,483,440</u></u>	<u><u>1,490,549</u></u>

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

# Birkdale Intermediate School

## Statement of Cash Flows

For the year ended 31 December 2019

		2019	2019	2018
	Note	Actual	Budget	Actual
		\$	(Unaudited)	\$
			\$	
<b>Cash flows from Operating Activities</b>				
Government Grants		762,789	823,973	687,797
Locally Raised Funds		377,773	127,840	226,633
International Students		61,599	59,320	58,174
Goods and Services Tax (net)		43,661	4,799	(12,605)
Payments to Employees		(417,085)	(391,740)	(354,715)
Payments to Suppliers		(746,517)	(603,544)	(498,922)
Cyclical Maintenance Payments in the year		(7,021)	-	-
Interest Paid		(6,309)	(10,000)	(2,709)
Interest Received		4,519	4,939	5,394
<b>Net cash from Operating Activities</b>		<b>73,409</b>	<b>15,587</b>	<b>109,047</b>
<b>Cash flows from Investing Activities</b>				
Proceeds from Sale of PPE (and Intangibles)		(7,368)	-	-
Purchase of PPE (and Intangibles)		(191,548)	(178,051)	(176,126)
<b>Net cash from Investing Activities</b>		<b>(198,916)</b>	<b>(178,051)</b>	<b>(176,126)</b>
<b>Cash flows from Financing Activities</b>				
Furniture and Equipment Grant		-	-	9,413
Finance Lease Payments		(26,950)	55,437	(9,559)
Funds Held for Capital Works Projects		284,328	(4,620)	(52,119)
<b>Net cash from Financing Activities</b>		<b>257,378</b>	<b>50,817</b>	<b>(52,265)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>131,871</b>	<b>(111,647)</b>	<b>(119,344)</b>
Cash and cash equivalents at the beginning of the year	9	207,635	207,635	326,979
<b>Cash and cash equivalents at the end of the year</b>	<b>9</b>	<b>339,506</b>	<b>95,988</b>	<b>207,635</b>

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.



# Birkdale Intermediate School

## Notes to the Financial Statements

For the year ended 31 December 2019

### 1. Statement of Accounting Policies

#### **Reporting Entity**

Birkdale Intermediate 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.

#### **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 12.

## **Birkdale Intermediate School**

# **Notes to the Financial Statements (cont.)**

For the year ended 31 December 2019

### ***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 carry forward amounts unspent. The School believes all grants received have been appropriately recognised as a liability if required. Government grants are disclosed at note 2.

### **Revenue Recognition**

#### ***Government Grants***

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

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

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

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.

#### ***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.

#### ***Finance Lease Payments***

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

#### ***Cash and Cash Equivalents***

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

## **Birkdale Intermediate School**

# **Notes to the Financial Statements (cont.)**

For the year ended 31 December 2019

### **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.

### **Inventories**

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

### **Investments**

Bank term deposits 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.

The School has met the requirements under Schedule 6 Section 28 of the Education Act 1989 in relation to the acquisition of investment securities.

### **Property, Plant and Equipment**

Land and buildings owned by the 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.

**Birkdale Intermediate School**

**Notes to the Financial Statements (cont.)**

For the year ended 31 December 2019

**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:

Buildings - Crown	40 years
Furniture and equipment	10 years
Information and communication technology	5-8 years
Leased assets held under a Finance Lease	3-5 years
Library resources	12.5% Diminishing value

**Impairment of property, plant, and equipment**

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

**Non cash generating assets**

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

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

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

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

**Accounts Payable**

Accounts Payable represents liabilities for goods and services provided to the School prior to the end of the financial year which are unpaid. Accounts Payable are recorded at the amount of cash required to settle those liabilities. The amounts are unsecured and are usually paid within 30 days of recognition.

**Employee Entitlements**

**Short-term employee entitlements**

Employee benefits that are due to be settled within 12 months after the end of the period in which the employee renders the related service are measured based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date, annual leave earned to but not yet taken at balance date.

## **Birkdale Intermediate School**

# **Notes to the Financial Statements (cont.)**

For the year ended 31 December 2019

### **Revenue Received in Advance**

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

The School holds sufficient funds to enable the refund of unearned fees in relation to this revenue received in advance, should the School be unable to provide the services to which they relate.

### **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).

### **Financial Assets and Liabilities**

The School's financial assets comprise cash and cash equivalents, accounts receivable, and investments. All of these financial assets, except for investments that are shares, are categorised as "loans and receivables" for accounting purposes in accordance with financial reporting standards.

Investments that are shares are categorised as "available for sale" for accounting purposes in accordance with financial reporting standards.

The School's financial liabilities comprise accounts payable and finance lease liability. All of these financial liabilities are categorised as "financial liabilities measured at amortised cost" for accounting purposes in accordance with financial reporting standards.

### **Goods and Services Tax (GST)**

The financial statements have been prepared on a GST exclusive basis, with the exception of accounts receivable and accounts payable which are stated as GST inclusive.

The net amount of GST paid to, or received from, the IRD, including the GST relating to investing and financing activities, is classified as a net operating cash flow in the Statement of Cash Flows.

Commitments and contingencies are disclosed exclusive of GST.

### **Budget Figures**

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

### **Services Received In-Kind**

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

**Birkdale Intermediate School**

**Notes to the Financial Statements (cont.)**

For the year ended 31 December 2019

**2 Government Grants**

	2019	2019	2018
	Actual	Budget	Actual
	\$	(Unaudited) \$	\$
Operational Grants	712,478	750,473	610,895
Teachers' Salaries Grants	1,854,197	1,600,000	1,551,863
Use of Land and Buildings Grants	1,046,691	1,100,000	1,035,900
Resource Teachers Learning and Behaviour Grants	2,319	-	3,309
Other MoE Grants	59,175	73,500	61,043
Other Government Grants	1,988	-	12,720
	<u>3,676,848</u>	<u>3,523,973</u>	<u>3,275,730</u>

**3 Locally Raised Funds**

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

	2019	2019	2018
	Actual	Budget	Actual
	\$	(Unaudited) \$	\$
<b>Revenue</b>			
Donations	94,844	40,000	27,138
Activities	172,657	102,750	123,471
Trading	19,926	23,000	23,192
Fundraising	25,225	-	21,996
Overseas Travel	103,446	-	-
	<u>416,098</u>	<u>165,750</u>	<u>195,797</u>
<b>Expenses</b>			
Activities	140,207	80,250	96,504
Trading	19,573	18,100	22,046
Fundraising (Costs of Raising Funds)	19,642	-	13,201
Overseas Travel	118,519	-	-
	<u>297,941</u>	<u>98,350</u>	<u>131,751</u>
<b>Surplus/ (Deficit) for the year Locally Raised Funds</b>	<u>118,157</u>	<u>67,400</u>	<u>64,046</u>

During the year ended 31 December 2018, the Acting Deputy Principal and a teacher travelled with 14 students on a visit to China at a total cost of \$54,368. The educational benefit of the trip was to experience the Chinese culture with our sister school. The travel was funded by the students who travelled to China.

During the year ended 31 December 2018, the Principal travelled to Korea at a cost of \$6,104 for the purpose of meeting the Principal of our sister school and attending the international student fair in Seoul. The travel was funded from the net surplus from International Students fees revenue.

**Birkdale Intermediate School**

**Notes to the Financial Statements (cont.)**

For the year ended 31 December 2019

**4 International Student Revenue and Expenses**

	2019 Actual Number	2019 Budget (Unaudited) Number	2018 Actual Number
International Student Roll	0	0	0
	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
<b>Revenue</b>			
International Student Fees	76,779	60,000	68,529
<b>Expenses</b>			
International Student Levy	1,150	1,000	849
Other Expenses	5,331	9,000	11,129
	<u>6,481</u>	<u>10,000</u>	<u>11,978</u>
<b>Surplus/ (Deficit) for the year International Students</b>	<u>70,298</u>	<u>50,000</u>	<u>56,551</u>

**5 Learning Resources**

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Curricular	80,558	98,000	55,899
Equipment Repairs	502	-	3,653
Information and Communication Technology	9,729	38,000	15,158
Library Resources	1,260	1,750	2,852
Employee Benefits - Salaries	2,108,684	1,843,042	1,747,022
Staff Development	18,361	20,000	4,778
	<u>2,219,094</u>	<u>2,000,792</u>	<u>1,829,362</u>

**6 Administration**

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Audit Fee	3,538	5,300	7,377
Board of Trustees Fees	2,010	2,280	2,580
Board of Trustees Expenses	14,345	9,960	8,753
Communication	3,222	3,500	2,561
Consumables	16,283	12,800	11,911
Other	25,698	12,800	28,246
Employee Benefits - Salaries	98,951	90,400	103,380
Insurance	15,411	20,000	15,666
Service Providers, Contractors and Consultancy	8,152	6,800	7,158
	<u>187,610</u>	<u>163,840</u>	<u>187,632</u>

**Birkdale Intermediate School**

**Notes to the Financial Statements (cont.)**

For the year ended 31 December 2019

**7 Property**

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Caretaking and Cleaning Consumables	13,143	12,800	12,087
Consultancy and Contract Services	66,344	70,000	60,479
Cyclical Maintenance Expense	15,895	-	(31,719)
Grounds	5,753	9,800	6,712
Heat, Light and Water	18,276	25,000	20,311
Rates	2,656	5,100	4,310
Repairs and Maintenance	45,949	72,000	52,522
Use of Land and Buildings	1,046,691	1,100,000	1,035,900
Security	7,117	12,000	11,473
Employee Benefits - Salaries	60,086	57,000	58,790
	<u>1,281,910</u>	<u>1,363,700</u>	<u>1,230,865</u>

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

**8 Depreciation**

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Buildings - School	38,955	37,790	37,374
Furniture and Equipment	54,252	45,280	59,234
Information and Communication Technology	38,398	23,750	25,440
Leased Assets	27,519	6,010	7,880
Library Resources	2,298	2,320	2,383
	<u>161,422</u>	<u>115,150</u>	<u>132,311</u>



**Birkdale Intermediate School**

**Notes to the Financial Statements (cont.)**

For the year ended 31 December 2019

**9 Cash and Cash Equivalents**

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Cash on Hand	150	150	150
Bank Current Account	335,115	95,638	57,316
Bank Call Account	4,241	200	169
Short-term Bank Deposits	-	-	150,000
Cash and cash equivalents for Cash Flow Statement	<u>339,506</u>	<u>95,988</u>	<u>207,635</u>

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

Of the \$339,506 Cash and Cash Equivalents, \$297,968 is held by the School on behalf of the Ministry of Education. These funds are required to be spent in 2020 on Crown owned school buildings under the School's Five Year Property Plan.

**10 Accounts Receivable**

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Receivables	2,030	2,000	29,265
Interest Receivable	-	200	139
Bank Staffing Underuse	13,171	-	-
Teacher Salaries Grant Receivable	135,612	105,000	102,793
	<u>150,813</u>	<u>107,200</u>	<u>132,197</u>
Receivables from Exchange Transactions	2,030	2,200	29,404
Receivables from Non-Exchange Transactions	148,783	105,000	102,793
	<u>150,813</u>	<u>107,200</u>	<u>132,197</u>

**11 Inventories**

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Stationery	1,043	3,000	3,230
	<u>1,043</u>	<u>3,000</u>	<u>3,230</u>

**Notes to the Financial Statements (cont.)**

For the year ended 31 December 2019

**12 Property, Plant and Equipment**

	Opening Balance (NBV)	Additions	Disposals	Impairment	Depreciation	Total (NBV)
	\$	\$	\$	\$	\$	\$
2019						
Buildings	1,195,073	53,288	-	-	(38,955)	1,209,406
Furniture and Equipment	307,875	59,496	-	-	(54,252)	313,119
Information and Communication Technology	104,921	84,428	(7,368)	-	(38,398)	143,583
Leased Assets	40,783	83,820	-	-	(27,519)	97,084
Library Resources	16,681	1,705	-	-	(2,298)	16,088
<b>Balance at 31 December 2019</b>	<b>1,665,333</b>	<b>282,737</b>	<b>(7,368)</b>	<b>-</b>	<b>(161,422)</b>	<b>1,779,280</b>

	Cost or Valuation	Accumulated Depreciation	Net Book Value
	\$	\$	\$
2019			
Buildings	1,588,466	(379,060)	1,209,406
Furniture and Equipment	1,493,732	(1,180,613)	313,119
Information and Communication Technology	480,124	(336,541)	143,583
Leased Assets	145,872	(48,788)	97,084
Library Resources	55,212	(39,124)	16,088
<b>Balance at 31 December 2019</b>	<b>3,763,406</b>	<b>(1,984,126)</b>	<b>1,779,280</b>

The Board considers that no assets have suffered an impairment during the year.

The net carrying value of equipment held under a finance lease is \$97,084 (2018: \$40,783).

	Opening Balance (NBV)	Additions	Disposals	Impairment	Depreciation	Total (NBV)
	\$	\$	\$	\$	\$	\$
2018						
Buildings	1,164,193	68,254	-	-	(37,374)	1,195,073
Furniture and Equipment	293,992	73,117	-	-	(59,234)	307,875
Information and Communication Technology	96,353	34,151	(143)	-	(25,440)	104,921
Leased Assets	18,650	30,013	-	-	(7,880)	40,783
Library Resources	21,206	604	(2,746)	-	(2,383)	16,681
<b>Balance at 31 December 2018</b>	<b>1,594,394</b>	<b>206,139</b>	<b>(2,889)</b>	<b>-</b>	<b>(132,311)</b>	<b>1,665,333</b>

	Cost or Valuation	Accumulated Depreciation	Net Book Value
	\$	\$	\$
2018			
Buildings	1,535,178	(340,105)	1,195,073
Furniture and Equipment	1,441,452	(1,133,577)	307,875
Information and Communication Technology	448,733	(343,812)	104,921
Leased Assets	62,051	(21,268)	40,783
Library Resources	53,506	(36,825)	16,681
<b>Balance at 31 December 2018</b>	<b>3,540,920</b>	<b>(1,875,587)</b>	<b>1,665,333</b>

**Birkdale Intermediate School**

**Notes to the Financial Statements (cont.)**

For the year ended 31 December 2019

**13 Accounts Payable**

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Operating Creditors	17,523	48,431	100,673
Accruals	3,538	5,500	5,377
Employee Entitlements - Salaries	130,998	100,000	97,679
Employee Entitlements - Leave Accrual	7,351	10,000	11,412
	<u>159,410</u>	<u>163,931</u>	<u>215,141</u>
Payables for Exchange Transactions	159,410	163,931	215,141
	<u>159,410</u>	<u>163,931</u>	<u>215,141</u>

The carrying value of payables approximates their fair value.

**14 Revenue Received in Advance**

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
International Student Fees	500	15,000	15,680
Other	1,615	2,000	67,175
	<u>2,115</u>	<u>17,000</u>	<u>82,855</u>

**15 Provision for Cyclical Maintenance**

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Provision at the Start of the Year	215,342	215,342	321,456
Increase/(decrease) to the Provision During the Year	15,895	-	(31,719)
Use of the Provision During the Year	(7,021)	(5,342)	(74,395)
Provision at the End of the Year	<u>224,216</u>	<u>210,000</u>	<u>215,342</u>
Cyclical Maintenance - Current	48,602	40,000	16,794
Cyclical Maintenance - Term	175,614	170,000	198,548
	<u>224,216</u>	<u>210,000</u>	<u>215,342</u>

**16 Finance Lease Liability**

The school has entered into a number of finance lease agreements for office equipment.

Minimum lease payments payable (includes interest portion):

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
No Later than One Year	50,732	15,000	20,228
Later than One Year and no Later than Five Years	59,313	20,000	26,432
	<u>110,044</u>	<u>35,000</u>	<u>46,660</u>

Birkdale Intermediate School

**Notes to the Financial Statements (cont.)**

For the year ended 31 December 2019

**17 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 Contribution/ (Write-off to R&M)	Closing Balances
		\$	\$	\$		\$
Drainage	<i>In progress</i>	11,813	-	9,020	-	2,793
Roof Refurbishment	<i>In progress</i>	(1,444)	298,461	299,425	-	(2,408)
1LE Upgarde Block 5	<i>In progress</i>	(5,749)	378,864	84,057	-	289,058
Block 1, 4 Heating	<i>completed</i>	-	-	-	-	-
Rm1 & 2 Mould	<i>completed</i>	-	-	-	-	-
Roof Rationalisation	<i>In progress</i>	-	-	495	-	(495)
<b>Totals</b>		<b>4,620</b>	<b>677,325</b>	<b>392,997</b>	<b>-</b>	<b>288,948</b>

Represented by:

Funds Held on Behalf of the Ministry of Education	291,851
Funds Due from the Ministry of Education	(2,903)
	<b>288,948</b>

	2018	Opening Balances	Receipts from MoE	Payments	BOT Contribution/ (Write-off to R&M)	Closing Balances
		\$	\$	\$	\$	\$
Block 1 Roofing	<i>Completed</i>	37,242	-	38,105	(863)	-
Drainage	<i>In progress</i>	19,497	-	7,684	-	11,813
Roof Refurbishment	<i>In progress</i>	-	-	-	-	(1,444)
1LE Upgarde Block 5	<i>In progress</i>	-	-	5,749	-	(5,749)
Block 1, 4 Heating	<i>In progress</i>	-	26,844	26,844	-	-
Rm1 & 2 Mould	<i>In progress</i>	-	28,498	29,520	(1,022)	-
<b>Totals</b>		<b>56,739</b>	<b>55,342</b>	<b>107,902</b>	<b>(1,885)</b>	<b>4,620</b>

**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.

**Birkdale Intermediate School**  
**Notes to the Financial Statements (cont.)**

For the year ended 31 December 2019

**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.

	2019 Actual \$	2018 Actual \$
<i>Board Members</i>		
Remuneration	2,010	2,580
Full-time equivalent members	0.05	0.11
<i>Leadership Team</i>		
Remuneration	342,404	222,378
Full-time equivalent members	3.00	3.00
<b>Total key management personnel remuneration</b>	<b>344,414</b>	<b>224,958</b>
<b>Total full-time equivalent personnel</b>	<b>3.05</b>	<b>3.11</b>

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	130 - 140	50-60
Benefits and Other Emoluments	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
100-110	2	-
	<b>2</b>	<b>-</b>

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

**20 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	-	\$8,000
Number of People	-	1

## Notes to the Financial Statements (cont.)

For the year ended 31 December 2019

### 21 Contingencies

There are no contingent liabilities (except as noted below) and no contingent assets as at 31 December 2019.

(Contingent liabilities and assets as at 31 December 2018: There was a contingent liability of \$8,000 payable in regard to an employment matter).

#### Holidays Act Compliance – schools payroll

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

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

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

### 22 Commitments

#### (a) Capital Commitments

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

(a) A contract for drainage work fully funded by the Ministry of Education. \$41,549 has been received of which \$38,756 has been spent on the project to date.

(b) Contracts for the refurbishment of the roof and Block 5 upgrade to be fully funded by the Ministry of Education. Funds received to date \$298,461 and funds spent to date \$306,618. Costs of \$33,863 yet to be incurred.

(c) I.E Upgrade funds received to date \$378,864 and funds spent to date \$93,077.

(d) Hall Rationalisation to be fully funded by the Ministry of Education. Spent to date \$495.

As at 31 December 2018 the Board has entered into contract agreements for capital works as follows:

(a) A contract for drainage work to be completed in 2019 which will be fully funded by the Ministry of Education. \$41,549 has been received of which \$29,736 has been spent on the project to date.

(b) Contracts for the refurbishment of the roof and Block 5 upgrade, to be completed in 2019 which will be fully funded by the Ministry of Education. Nil funds have been received for the year to date and \$7,193 has been spent on the projects to date.

### 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.

## Notes to the Financial Statements (cont.)

For the year ended 31 December 2019

### 24 Financial Instruments

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

	2019	2019	2018
	Actual	Budget (Unaudited)	Actual
	\$	\$	\$
<b>Financial assets measured at amortised cost (2018: Loans and receivables)</b>			
Cash and Cash Equivalents	339,506	95,988	207,635
Receivables	150,813	107,200	132,197
<b>Total Financial assets measured at amortised cost</b>	<b>490,319</b>	<b>203,188</b>	<b>339,832</b>
<b>Financial liabilities measured at amortised cost</b>			
Payables	159,410	163,931	215,141
Finance Leases	98,485	35,000	41,614
<b>Total Financial Liabilities Measured at Amortised Cost</b>	<b>257,895</b>	<b>198,931</b>	<b>256,755</b>

### 25 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. The school will continue to receive funding from the Ministry of Education, even while closed. However, economic uncertainties have arisen which are likely to negatively affect the operations and services of the school. We describe below the possible effects on the school that we have identified, resulting from the COVID-19 pandemic:

- A reduction in locally raised funds revenue because the schools ability to undertake fund raising events in the community and/ or collect donations or other contributions from parents, may be compromised. Costs already incurred arranging future events may not be recoverable.
- A reduction in revenue from student fees & charges from International students and/or Board of Trustee operated boarding facilities, including the potential loss of current and prospective students due to the disruption and/or pressures created by COVID-19.

Because of the matters noted above, the school has experienced a significant reduction in expected revenue and has not been able to reduce its costs as quickly (or experienced significant additional costs not budgeted for). As a result the school is experiencing financial difficulties.

### 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 10 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.
- **Investments: Term deposits:** This policy has been updated to explain that a loss allowance for expected credit losses is recognised only if the estimated loss allowance is not trivial.

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

### 27 Comparatives

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

### 28 Failure to comply with section 87C of the Education Act 1989

The Board of Trustees has failed to comply with Section 87C 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.

