



SACRED HEART COLLEGE

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

School Directory

Ministry Number:	59
Principal:	Mr Stephen Dooley
School Address:	250 West Tamaki Road Glendowie Auckland
School Postal Address:	250 West Tamaki Road Glendowie Auckland
School Phone:	09 529 3660
School Email:	office@sacredheart.school.nz

Members of the Board of Trustees

Name	Position	How Position Gained		Term Expired/ Expires
Mr Stephen Dooley	Headmaster	ex Officio	Headmaster	-
Mrs Frances Witana	Chairperson and Proprietor Representative	Appointed by Proprietor	Lawyer/District Court Judge	May-22
Mrs Michelle Olsen	Proprietors Rep	Appointed by Proprietor	Operations Manager - Logistics	May-22
Br Kevin Wanden	Proprietors Rep	Appointed by Proprietor	Marist Brother	May-22
Mr Nick Ansley	Proprietors Rep	Appointed by Proprietor	Property Manager	May-22
Mrs Nathalie Watson	Parent Rep	Re-Elected June 2019	Lawyer	May-22
Mr Simon Hayden	Parent Rep	Elected June 2019	Director	May-22
Mr David Lewis	Parent Rep	Elected June 2019	Director	May-22
Mr Brendon Gibson	Parent Rep (Deputy Chair)	Elected June 2019	Company Partner	May-22
Mr John O'Brien	Parent Rep	Elected June 2019	Property Manager	May-22
Mr Grant van Ansem	Staff Rep	Elected June 2019	Teacher	May-22
Mr Fergus Harland	Student Rep	Elected February 2020	Student	Nov-20
Mr Anthony Bolton	Student Rep	Elected October 2020	Student	Nov-21
Mr Peleseuma Anitelea	Pasifika Rep	Invited to attend	Manager	-

Accountant: Mrs Brigitte Owers

SACRED HEART COLLEGE

Annual Report - For the year ended 31 December 2020

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Sacred Heart College

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.

Francis Jean Witana

Full Name of Board Chairperson



Signature of Board Chairperson

20/5/21

Date:

Stephen Dooley

Full Name of Headmaster



Signature of Headmaster

20/5/21

Date:

Sacred Heart College

Statement of Comprehensive Revenue and Expense

For the year ended 31 December 2020

	Notes	2020 Actual \$	2020 Budget (Unaudited) \$	2019 Actual \$
Revenue				
Government Grants	2	9,391,883	8,542,764	8,598,727
Locally Raised Funds	3	4,527,983	4,501,155	4,641,841
Use of Proprietor's Land and Buildings		4,728,000	4,728,000	4,728,000
Interest income		57,574	53,000	60,705
International Students	4	1,117,289	1,091,323	1,140,463
		<u>19,822,729</u>	<u>18,916,242</u>	<u>19,169,736</u>
Expenses				
Locally Raised Funds	3	897,286	1,006,132	1,123,090
International Students	4	275,825	349,996	287,209
Learning Resources	5	9,957,886	9,578,030	9,593,970
Administration	6	1,442,640	1,448,252	1,529,108
Finance		5,484	11,000	21,768
Property	7	5,993,453	5,976,271	5,999,828
Depreciation	8	520,517	535,000	600,804
		<u>19,093,091</u>	<u>18,904,681</u>	<u>19,155,777</u>
Net Surplus / (Deficit) for the year		729,638	11,561	13,959
Other Comprehensive Revenue and Expense		-	-	-
Total Comprehensive Revenue and Expense for the Year		<u><u>729,638</u></u>	<u><u>11,561</u></u>	<u><u>13,959</u></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.

Sacred Heart College

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		<u>1,472,975</u>	<u>1,352,176</u>	<u>1,420,265</u>
Total comprehensive revenue and expense for the year		729,638	11,561	13,959
Capital Contributions from the Ministry of Education Contribution - Furniture and Equipment Grant		39,801	35,000	38,751
Prior year adjustment		-	-	-
Equity at 31 December	23	<u>2,242,414</u>	<u>1,398,737</u>	<u>1,472,975</u>
Retained Earnings		2,242,414	1,398,737	1,472,975
Equity at 31 December		<u>2,242,414</u>	<u>1,398,737</u>	<u>1,472,975</u>

The prior year adjustment relates to audit fees pertaining to prior years.

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.

Sacred Heart College

Statement of Financial Position

As at 31 December 2020

	Notes	2020 Actual \$	2020 Budget (Unaudited) \$	2019 Actual \$
Current Assets				
Cash and Cash Equivalents	9	213,214	895,824	883,652
Accounts Receivable	10	590,942	650,000	543,886
GST Receivable		185,423	160,000	170,266
Prepayments		108,019	95,000	89,733
Inventories	11	80,908	155,000	111,729
Investments	12	4,000,000	2,800,000	3,000,000
		<u>5,178,506</u>	<u>4,755,824</u>	<u>4,799,266</u>
Current Liabilities				
Accounts Payable	15	1,074,117	900,000	1,402,646
Revenue Received in Advance	16	2,385,591	3,485,000	2,407,908
Provision for Cyclical Maintenance	17	42,950	34,000	31,150
Finance Lease Liability - Current Portion	18	106,931	100,000	108,053
Funds held in Trust	26	402,245	-	775,900
		<u>4,011,834</u>	<u>4,519,000</u>	<u>4,725,657</u>
Working Capital Surplus/(Deficit)		1,166,672	236,824	73,609
Non-current Assets				
Property, Plant and Equipment	13	1,479,476	1,541,913	1,760,876
Intangible Assets	14	-	-	9,848
		<u>1,479,476</u>	<u>1,541,913</u>	<u>1,770,724</u>
Non-current Liabilities				
Provision for Cyclical Maintenance	17	369,230	250,000	253,035
Finance Lease Liability	18	34,504	130,000	118,323
		<u>403,734</u>	<u>380,000</u>	<u>371,358</u>
Net Assets		<u>2,242,414</u>	<u>1,398,737</u>	<u>1,472,975</u>
Equity	23	<u>2,242,414</u>	<u>1,398,737</u>	<u>1,472,975</u>

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

Sacred Heart College

Statement of Cash Flows

For the year ended 31 December 2020

	2020	2020	2019
Note	Actual	Budget	Actual
	\$	(Unaudited)	\$
	\$	\$	\$
Cash flows from Operating Activities			
Government Grants	2,472,008	3,526,901	2,163,860
Locally Raised Funds	4,627,597	6,286,155	4,173,859
International Students	1,070,666	2,691,323	1,425,574
Goods and Services Tax (net)	(15,160)	(160,000)	(96,599)
Payments to Employees	(3,602,896)	(3,474,548)	(3,560,872)
Payments to Suppliers	(3,592,073)	(3,635,094)	(3,473,451)
Cyclical Maintenance Payments in the year	(15,604)	246,000	21,720
Interest Paid	(5,484)	(11,000)	(21,767)
Interest Received	57,573	38,000	62,436
Net cash from/(to) Operating Activities	<u>996,627</u>	<u>5,507,737</u>	<u>694,760</u>
Cash flows from Investing Activities			
Proceeds from Sale of Property Plant & Equipment (and Intangibles)	-	(16,740)	(531,062)
Purchase of Property Plant & Equipment (and Intangibles)	(216,242)	(2,060,173)	-
Purchase of Investments	(1,000,000)	(2,800,000)	(1,400,000)
Net cash from/(to) Investing Activities	<u>(1,216,242)</u>	<u>(4,876,913)</u>	<u>(1,931,062)</u>
Cash flows from Financing Activities			
Furniture and Equipment Grant	39,801	35,000	38,753
Finance Lease Payments	(116,969)	230,000	(15,610)
Funds Administered on Behalf of Third Parties	(373,655)	-	260,834
Net cash from/(to) Financing Activities	<u>(450,823)</u>	<u>265,000</u>	<u>283,977</u>
Net increase/(decrease) in cash and cash equivalents	<u>(670,438)</u>	<u>895,824</u>	<u>(952,325)</u>
Cash and cash equivalents at the beginning of the year	9 883,652	-	1,835,977
Cash and cash equivalents at the end of the year	9 <u>213,214</u>	<u>895,824</u>	<u>883,652</u>

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.

Sacred Heart College

Notes to the Financial Statements

For the year ended 31 December 2020

1. Statement of Accounting Policies

a) Reporting Entity

Sacred Heart College (the School) is a Crown entity as specified in the Crown Entities Act 2004 and a school as described in the Education and Training Act 2020. The Board of Trustees (the Board) is of the view that the School is a public benefit entity for financial reporting purposes.

b) Basis of Preparation

Reporting Period

The financial reports have been prepared for the period 1 January 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.

Cyclical maintenance

A school recognises its obligation to maintain intergrated and non-intergrated buildings in a good state of repair as a provision for cyclical maintenance. This provision relates mainly to the painting of the school buildings. The estimate is based on the school's long term maintenance plan which is prepared as part of its 10 Year Property Planning process. During the year, the Board assesses the reasonableness of its 10 Year Property Plan on which the provision is based. Cyclical maintenance is disclosed at note 17.

Useful lives of property, plant and equipment

The School reviews the estimated useful lives of property, plant and equipment at the end of each reporting date. The School believes that the estimated useful lives of the property, plant and equipment as disclosed in the significant accounting policies are appropriate to the nature of the property, plant and equipment at reporting date. Property, plant and equipment is disclosed at note 13.

Critical Judgements in applying accounting policies

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

Classification of leases

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

Recognition of grants

The School reviews the grants monies received at the end of each reporting period and whether any require a provision to 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 Proprietor.

Other Grants

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

Grants for the use of land and buildings are also not received in cash by the School as they equate to the deemed expense for using the land and buildings which are owned by the Proprietor. Use of land and building grants are recorded as income in the period the school uses the land and building.

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

e) 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.

f) 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.

g) 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.

h) 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.

i) 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.

j) Property, Plant and Equipment

Land and buildings owned by the Proprietor are excluded from these financial statements. The Board's use of the land and buildings as 'occupant' is based on a property occupancy document.

Improvements to buildings owned by the Proprietor are recorded at cost, less accumulated depreciation and impairment losses.

Property, plant and equipment are recorded at cost or, in the case of donated assets, fair value at the date of receipt, less accumulated depreciation and impairment losses. Cost or fair value as the case may be, includes those costs that relate directly to bringing the asset to the location where it will be used and making sure it is in the appropriate condition for its intended use.

Gains and losses on disposals (i.e. sold or given away) are determined by comparing the proceeds received with the carrying amounts (i.e. the book value). The gain or loss arising from the disposal of an item of property, plant and equipment is recognised in the Statement of Comprehensive Revenue and Expense.

Finance Leases

A finance lease transfers to the lessee substantially all the risks and rewards incidental to ownership of an asset, whether or not title is eventually transferred. At the start of the lease term, finance leases are recognised as assets and liabilities in the statement of financial position at the lower of the fair value of the leased asset or the present value of the minimum lease payments. The finance charge is charged to the surplus or deficit over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability. The amount recognised as an asset is depreciated over its useful life. If there is no reasonable certainty whether the school will obtain ownership at the end of the lease term, the asset is fully depreciated over the shorter of the lease term and its useful life.

Depreciation

Property, plant and equipment except for library resources are depreciated over their estimated useful lives on a straight line basis. Library resources are depreciated on a diminishing value basis. Depreciation of all assets is reported in the Statement of Comprehensive Revenue and Expense.

The estimated useful lives of the assets are:

Building improvements to Crown Owned Assets	20 years
Furniture and equipment	8–10 years
Information and communication technology	4 years
Motor vehicles	5 years
Textbooks	3 years
Leased assets held under a Finance Lease	5 years
Library resources	12.5% Diminishing value

k) 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.

l) 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.

m) Accounts Payable

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

n) Employee Entitlements

Short-term employee entitlements

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

Long-term employee entitlements

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

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

o) Revenue Received in Advance

Revenue received in advance relates to fees received from [international, hostel students and grants received] (delete as appropriate) 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.

q) Provision for Cyclical Maintenance

The property from which the school operates is owned by the Proprietor. The Board is responsible for maintaining the land, buildings and other facilities on the School site in a state of good order and repair.

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

r) Financial Instruments

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.

s) 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.

t) Budget Figures

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

u) 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 Actual \$	2020 Budget (Unaudited) \$	2019 Actual \$
Operational Grants	2,143,494	2,076,523	2,030,444
Teachers' Salaries Grants	6,919,875	6,368,039	6,434,868
Resource Teachers Learning and Behaviour Grants	102,608	86,202	92,233
Other MoE Grants	225,906	12,000	41,182
	<u>9,391,883</u>	<u>8,542,764</u>	<u>8,598,727</u>

Other MOE Grants total includes additional COVID-19 funding totalling \$118,909 for the year ended 31 December 2020.

3. Locally Raised Funds

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

	2020 Actual \$	2020 Budget (Unaudited) \$	2019 Actual \$
Revenue			
Donations	2,652,714	2,639,431	2,417,210
Activities	174,836	171,880	439,450
Trading	569,690	634,220	562,537
Fundraising	420,812	697,264	368,117
Other Revenue	709,931	358,360	854,527
	<u>4,527,983</u>	<u>4,501,155</u>	<u>4,641,841</u>
Expenses			
Activities	312,006	409,318	567,181
Trading	585,280	596,814	555,910
	<u>897,286</u>	<u>1,006,132</u>	<u>1,123,091</u>
<i>Surplus/ (Deficit) for the year Locally raised funds</i>	<u>3,630,697</u>	<u>3,495,023</u>	<u>3,518,750</u>

4. International Student Revenue and Expenses

	2020 Actual Number	2020 Budget (Unaudited) Number	2019 Actual Number
International Student Roll	73	71	75

	2020 Actual \$	2020 Budget (Unaudited) \$	2019 Actual \$
Revenue			
International Student Fees	1,117,289	1,091,323	1,140,463
Expenses			
Advertising	6,284	52,500	-
Commissions	113,999	114,170	108,633
International Student Levy	24,531	50,853	-
Employee Benefit - Salaries	127,855	122,973	130,385
Other Expenses	3,156	9,500	48,191
	<u>275,825</u>	<u>349,996</u>	<u>287,209</u>
<i>Surplus/ (Deficit) for the year International Students</i>	<u>841,464</u>	<u>741,327</u>	<u>853,254</u>

5. Learning Resources

	2020	2020	2019
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Curricular	552,638	794,803	681,600
Information and Communication Technology	100,769	86,500	73,477
Library Resources	36,523	78,206	37,513
Employee Benefits - Salaries	9,236,715	8,572,521	8,762,709
Staff Development	31,241	46,000	38,671
	<u>9,957,886</u>	<u>9,578,030</u>	<u>9,593,970</u>

6. Administration

	2020	2020	2019
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Audit Fee	41,983	17,034	15,450
Board of Trustees Fees	3,750	5,440	2,860
Board of Trustees Expenses	104,834	57,000	41,638
Communication	29,502	31,000	28,763
Consumables	6,632	16,000	16,078
Legal Fees	52,688	20,000	29,593
Other	245,594	270,800	309,238
Employee Benefits - Salaries	902,678	989,722	1,045,754
Insurance	54,979	41,256	39,733
	<u>1,442,640</u>	<u>1,448,252</u>	<u>1,529,108</u>

7. Property

	2020	2020	2019
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Caretaking and Cleaning Consumables	285,303	309,000	340,156
Consultancy and Contract Services	64,367	65,000	64,367
Cyclical Maintenance Provision	143,599	38,000	52,387
Grounds	130,563	131,000	124,682
Heat, Light and Water	169,304	210,000	207,142
Amortisation of asset	9,849	9,900	9,848
Repairs and Maintenance	265,898	263,000	246,166
Use of Land and Buildings	4,728,000	4,728,000	4,728,000
Employee Benefits - Salaries	196,570	222,371	227,080
	<u>5,993,453</u>	<u>5,976,271</u>	<u>5,999,828</u>

8. Depreciation

	2020	2020	2019
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Furniture and Equipment	336,203	361,636	385,484
Information and Communication Technology	31,864	27,432	29,312
Motor Vehicles	16,742	16,740	4,185
Textbooks	21,014	20,640	20,946
Leased Assets	112,806	106,752	160,877
Library Resources	1,888	1,800	-
	<u>520,517</u>	<u>535,000</u>	<u>600,804</u>

9. Cash and Cash Equivalents

	2020 Actual \$	2020 Budget (Unaudited) \$	2019 Actual \$
Cash on Hand	2,000	2,000	2,000
Bank Current Account	211,146	893,824	670,359
Bank Call Account	68	-	211,293
Cash and cash equivalents for Statement of Cash Flows	<u>213,214</u>	<u>895,824</u>	<u>883,652</u>

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	36,191	100,000	111,499
Interest Receivable	13,591	15,000	13,590
Teacher Salaries Grant Receivable	541,160	535,000	418,797
	<u>590,942</u>	<u>650,000</u>	<u>543,886</u>
Receivables from Exchange Transactions	49,782	115,000	125,090
Receivables from Non-Exchange Transactions	541,160	535,000	418,796
	<u>590,942</u>	<u>650,000</u>	<u>543,886</u>

11. Inventories

	2020 Actual \$	2020 Budget (Unaudited) \$	2019 Actual \$
School Uniforms	80,908	155,000	111,729
	<u>80,908</u>	<u>155,000</u>	<u>111,729</u>

12. Investments

The School's investment activities are classified as follows:

	2020 Actual \$	2020 Budget (Unaudited) \$	2019 Actual \$
Current Asset			
Short-term Bank Deposits	4,000,000	2,800,000	3,000,000
Non-current Asset			
Long-term Bank Deposits	-	-	-
Total Investments	<u>4,000,000</u>	<u>2,800,000</u>	<u>3,000,000</u>

13. Property, Plant and Equipment

	Opening Balance (NBV)	Additions	Impairment	Depreciation	Total (NBV)
2020	\$	\$	\$	\$	\$
Furniture and Equipment	1,329,706	105,704		(336,203)	1,099,207
Information and Communication Technology	75,539	73,518	-	(31,864)	117,193
Motor Vehicles	79,525	-		(16,742)	62,783
Textbooks	53,824	20,185		(21,014)	52,995
Leased Assets	207,819	32,027		(112,806)	127,040
Library Resources	14,463	7,683		(1,888)	20,258
Balance at 31 December 2020	1,760,876	239,117	-	(520,517)	1,479,476

The net carrying value of equipment held under a finance lease is \$127,040 (2019: \$207,819)

	Cost or Valuation	Accumulated Depreciation	Net Book Value
2020	\$	\$	\$
Furniture and Equipment	5,520,873	(4,421,666)	1,099,207
Information and Communication Technology	2,034,785	(1,917,592)	117,193
Motor Vehicles	83,711	(20,928)	62,783
Textbooks	147,869	(94,874)	52,995
Leased Assets	450,912	(323,872)	127,040
Library Resources	236,889	(216,631)	20,258
Balance at 31 December 2020	8,475,039	(6,995,563)	1,479,476

	Opening Balance (NBV)	Additions	Impairment	Depreciation	Total (NBV)
2019	\$	\$	\$	\$	\$
Furniture and Equipment	1,475,816	239,374	-	(385,484)	1,329,706
Information and Communication Technology	66,865	37,986	-	(29,312)	75,539
Motor Vehicles	-	83,711	-	(4,186)	79,525
Textbooks	37,257	37,512	-	(20,945)	53,824
Leased Assets	240,832	127,864	-	(160,877)	207,819
Library Resources	-	14,463	-	-	14,463
Balance at 31 December 2019	1,820,770	540,910	-	(600,804)	1,760,876

The net carrying value of equipment held under a finance lease is \$207,819 (2018: \$240,832)

2019	Cost or Valuation \$	Accumulated Depreciation \$	Net Book Value \$
Furniture and Equipment	5,395,629	(4,085,223)	1,310,406
Information and Communication Technology	1,961,506	(1,885,967)	75,539
Motor Vehicles	83,711	(4,186)	79,525
Textbooks	127,684	(73,860)	53,824
Leased Assets	484,288	(276,469)	207,819
Library Resources	248,506	(214,743)	33,763
Balance at 31 December 2019	<u>8,301,324</u>	<u>(6,540,448)</u>	<u>1,760,876</u>

14. Equitable Leasehold Interest

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

A lease between the board and the proprietor records the terms of the equitable leasehold interest and includes a detailed schedule of capital works assets. The equitable leasehold interest is amortised over 25 years based on the economic life of the capital works asset(s) involved. The interest may be realised on the sale of the capital works by the proprietor or the closure of the school.

The major capital works assets included in the equitable leasehold interest are:	2020 Actual \$	2020 Budget \$	2019 Actual \$
Driveway	-	-	9,848
Total	<u>-</u>	<u>-</u>	<u>9,848</u>

15. Accounts Payable

	2020 Actual \$	2020 Budget (Unaudited) \$	2019 Actual \$
Operating Creditors	248,875	200,000	610,443
Accruals	80,319	100,000	112,689
Employee Entitlements - Salaries	648,480	520,000	585,379
Employee Entitlements - Leave Accrual	96,443	80,000	94,135
	<u>1,074,117</u>	<u>900,000</u>	<u>1,402,646</u>
Payables for Exchange Transactions	<u>1,074,117</u>	<u>900,000</u>	<u>1,402,646</u>
	<u>1,074,117</u>	<u>900,000</u>	<u>1,402,646</u>

The carrying value of payables approximates their fair value.

16. Revenue Received in Advance

	2020	2020	2019
	Actual	Budget (Unaudited)	Actual
	\$	\$	\$
International Student Fees	1,308,462	1,600,000	1,355,085
Other	1,077,129	1,885,000	1,052,823
	<u>2,385,591</u>	<u>3,485,000</u>	<u>2,407,908</u>

17. Provision for Cyclical Maintenance

	2020	2020	2019
	Actual	Budget (Unaudited)	Actual
	\$	\$	\$
Provision at the Start of the Year	284,185	284,185	262,465
Increase/ (decrease) to the Provision During the Year	96,845	(31,335)	52,386
Use of the Provision During the Year	31,150	31,150	(30,666)
Provision at the End of the Year	<u>412,180</u>	<u>284,000</u>	<u>284,185</u>
Cyclical Maintenance - Current	42,950	34,000	31,150
Cyclical Maintenance - Term	369,230	250,000	253,035
	<u>412,180</u>	<u>284,000</u>	<u>284,185</u>

18. 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	29,509	100,000	121,573
Later than One Year and no Later than Five Years	14,533	130,000	124,047
	<u>44,042</u>	<u>230,000</u>	<u>245,620</u>

19. Related Party Transactions

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

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

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

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

Under an agency agreement, the School collects funds on behalf of the Proprietor. These include: Attendance dues, Marist Brothers Development Fund Levy, Diocesan Levy, income received on behalf of Sacred Heart College Hostel Ltd and income received on behalf of the Sacred Heart Development Foundation Trust. The amounts collected in total were \$2,910,134 (2019: \$2,776,847). These do not represent revenue in the financial statements of the school. Any balance not transferred at the year end is treated as a liability. The total funds held by the school on behalf of the proprietor are \$22,131 (2019: \$172,479).

In addition the school has entered into a Service Level Agreement with the Sacred Heart College Hostel Limited for the provision of services, including administration and payroll, for the amount of \$65,000.

The Sacred Heart College Development Foundation Trust is a registered Charitable Trust which was settled by the Sacred Heart College Old Boy's Association Incorporated. Its purpose is for the wider benefit of Sacred Heart College and the Mission of Marist Brothers. The Trust is controlled by an independent Board of Trustees, none of which are on the School Board.

20. 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	3,750	2,860
Full-time equivalent members	0.34	0.58
<i>Leadership Team</i>		
Remuneration	1,124,486	753,297
Full-time equivalent members	8	7
Total key management personnel remuneration	1,128,236	756,157
Total full-time equivalent personnel	8.34	7.58

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	190 - 200	130 - 140
Benefits and Other Emoluments	5 - 6	3 - 4
Termination Benefits	-	-

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	7.00	2.00
110 - 120	0.00	1.00
120 - 130	0.00	0.00
130 - 140	0	1.00
	<u>7.00</u>	<u>4.00</u>

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

21. 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:

	2020 Actual	2019 Actual
Total	\$26,172	-
Number of People	1	-

22. Contingencies

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

Holidays Act Compliance – schools payroll

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

The Ministry's review of the schools sector payroll to ensure compliance with the Holidays Act 2003 is ongoing. The current phase of this review is to design potential solutions for any compliance breaches discovered in the initial phase of the Programme. Final calculations and potential impact on any specific individual will not be known until further detailed analysis and solutions have been completed.

To the extent that any obligation cannot reasonably be quantified at 31 December 2020, a contingent liability for the school may exist.

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	213,214	895,824	883,652
Receivables	590,942	650,000	543,886
Investments - Term Deposits	4,000,000	2,800,000	3,000,000
Total Financial assets measured at amortised cost	<u>4,804,156</u>	<u>4,345,824</u>	<u>4,427,538</u>

Financial liabilities measured at amortised cost

Payables	1,074,117	900,000	1,402,646
Finance Leases	141,435	230,000	226,376
Total Financial Liabilities Measured at Amortised Cost	<u>1,215,552</u>	<u>1,130,000</u>	<u>1,629,022</u>

25. Comparatives

There has been a reclassification of revenue received in advance to funds held in trust. As such the prior period comparative figures have been restated in Notes 16 and 26 respectively by \$515,066.

26. Funds held in Trust

	2020 Actual \$	2020 Budget (Unaudited) \$	2019 Actual \$
Funds Held in Trust on Behalf of Third Parties - Current	402,245	-	775,900
Funds Held in Trust on Behalf of Third Parties - Non-current	-	-	-
	<u>402,245</u>	<u>-</u>	<u>775,900</u>

These 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.



INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF SACRED HEART COLLEGE'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

The Auditor-General is the auditor of Sacred Heart College (the School). The Auditor-General has appointed me, Melissa Youngson, using the staff and resources of Deloitte Limited, to carry out the audit of the financial statements of the School on his behalf.

Opinion

We have audited the financial statements of the School on pages 2 to 18, that comprise the statement of financial position as at 31 December 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 20 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 of Trustees and our responsibilities relating to the financial statements, we comment on other information, and we explain our independence.

Basis for our opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Trustees for the financial statements

The Board of Trustees is responsible on behalf of the School for preparing financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand. The Board of Trustees is responsible for such internal control as it determines is necessary to enable it to prepare financial statements that are free from material misstatement, whether due to fraud or error.



In preparing the financial statements, the Board of Trustees is responsible on behalf of the School for assessing the School's ability to continue as a going concern. The Board of Trustees is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to close or merge the School, or there is no realistic alternative but to do so.

The Board of Trustees' responsibilities, 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 of Trustees.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Trustees and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the School's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the School to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- We assess the risk of material misstatement arising from the Novopay payroll system, which may still contain errors. As a result, we carried out procedures to minimise the risk of material errors arising from the system that, in our judgement, would likely influence readers' overall understanding of the financial statements.

We communicate with the Board of Trustees regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

Other information

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

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

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

Independence

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



Melissa Youngson

Partner

for Deloitte Limited

On behalf of the Auditor-General

Hamilton, New Zealand