



SACRED HEART COLLEGE

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

School Directory

Ministry Number:	59
Principal:	Mr Patrick Walsh
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 Patrick Walsh	Headmaster	ex Officio May 2022	Headmaster	-
Mr Stephen Dooley	Headmaster	ex Officio	Headmaster	Jan-22
Mr Brendon Gibson	Chairperson and Parent Representative	Elected June 2019	Company Partner	Sep-22
Mr Simon Hayden	Parent Representative	Elected June 2019	Director	Sep-22
Mr David Lewis	Parent Representative	Elected June 2019	Director	Sep-22
Mr John O'Brien	Parent Representative	Elected June 2019	Property Manager	Sep-22
Mrs Nathalie Watson	Parent Representative	Re-Elected June 2019	Lawyer	Sep-22
Mrs Frances Witana	Deputy Chairperson and Proprietors Representative	Appointed by Proprietor	Lawyer/District Court Judge	Sep-22
Mr Nick Ansley	Proprietors Representative	Appointed by Proprietor	Property Manager	Sep-22
Mrs Michelle Olsen	Proprietors Representative	Appointed by Proprietor	Operations Manager - Logistics	Sep-22
Br Kevin Wanden	Proprietors Representative	Appointed by Proprietor	Marist Brother	Sep-22
Mr Grant van Ansem	Staff Representative	Elected June 2019	Teacher	Sep-22
Mr Anthony Bolton	Student Representative	Elected October 2020	Student	Nov-21
Mr Peleseuma Anitelea	Pasifika Representative	Invited to attend	Manager	-

Accountant: Mrs Brigitte Owers

SACRED HEART COLLEGE

Annual Report - For the year ended 31 December 2021

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Sacred Heart College

Statement of Responsibility

For the year ended 31 December 2021

The Board 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 2021 fairly reflects the financial position and operations of the school.

The School's 2021 financial statements are authorised for issue by the Board.

Brendan James Gibson
Full Name of Chairperson

[Signature]
Signature of Chairperson

30/5/22
Date:

Patrick John Walsh
Full Name of Headmaster

[Signature]
Signature of Headmaster

30/5/22
Date:

Sacred Heart College

Statement of Comprehensive Revenue and Expense

For the year ended 31 December 2021

	Notes	2021 Actual \$	2021 Budget (Unaudited) \$	2020 Actual \$
Revenue				
Government Grants	2	9,602,809	8,675,865	9,391,883
Locally Raised Funds	3	4,430,948	4,538,972	4,484,990
Use of Proprietor's Land and Buildings		4,728,000	4,728,000	4,728,000
Interest Income		31,822	22,526	57,574
International Students	4	783,712	726,163	1,117,289
		<u>19,577,291</u>	<u>18,691,526</u>	<u>19,779,736</u>
Expenses				
Locally Raised Funds	3	799,707	928,415	897,286
International Students	4	219,016	311,515	275,825
Learning Resources	5	9,854,300	9,721,960	9,914,893
Administration	6	1,379,466	1,605,656	1,442,640
Finance		2,735	11,200	5,484
Property	7	5,854,358	5,967,001	5,993,453
Depreciation	12	492,503	465,848	520,517
		<u>18,602,085</u>	<u>19,011,595</u>	<u>19,050,098</u>
Net Surplus / (Deficit) for the year		975,206	(320,069)	729,638
Other Comprehensive Revenue and Expense		-	-	-
Total Comprehensive Revenue and Expense for the Year		<u>975,206</u>	<u>(320,069)</u>	<u>729,638</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 2021

	Notes	2021 Actual \$	2021 Budget (Unaudited) \$	2020 Actual \$
Equity at 1 January		2,242,414	2,149,137	1,472,975
Total comprehensive revenue and expense for the year		975,206	(320,069)	729,638
Capital Contributions from the Ministry of Education Contribution - Furniture and Equipment Grant		48,068	40,000	39,801
Equity at 31 December		3,265,688	1,869,068	2,242,414
Retained Earnings		3,265,688	1,869,068	2,242,414
Equity at 31 December		3,265,688	1,869,068	2,242,414

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 2021

	Notes	2021 Actual \$	2021 Budget (Unaudited) \$	2020 Actual \$
Current Assets				
Cash and Cash Equivalents	8	835,119	730,000	213,214
Accounts Receivable	9	750,248	582,500	590,942
GST Receivable		8,002	80,000	185,423
Prepayments		83,570	70,000	108,019
Inventories	10	96,629	80,000	80,908
Investments	11	3,900,000	3,100,000	4,000,000
		5,673,568	4,642,500	5,178,506
Current Liabilities				
Accounts Payable	13	1,169,962	1,095,000	1,074,117
Revenue Received in Advance	14	1,700,026	1,950,000	2,385,593
Provision for Cyclical Maintenance	15	128,200	82,950	42,950
Finance Lease Liability	16	31,409	40,000	106,931
Funds held in Trust	17	356,168	450,000	402,245
		3,385,765	3,617,950	4,011,836
Working Capital Surplus/(Deficit)		2,287,803	1,024,550	1,166,670
Non-current Assets				
Property, Plant and Equipment	12	1,265,595	1,294,518	1,479,476
		1,265,595	1,294,518	1,479,476
Non-current Liabilities				
Provision for Cyclical Maintenance	15	284,615	430,000	369,230
Finance Lease Liability	16	3,095	20,000	34,504
		287,710	450,000	403,734
Net Assets		3,265,688	1,869,068	2,242,412
Equity		3,265,688	1,869,068	2,242,414

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 2021

	Note	2021 Actual \$	2021 Budget (Unaudited) \$	2020 Actual \$
Cash flows from Operating Activities				
Government Grants		2,450,954	3,021,398	2,472,008
Locally Raised Funds		4,193,940	3,863,822	4,627,597
International Students		256,395	26,163	1,070,666
Goods and Services Tax (net)		177,423	80,000	(15,160)
Payments to Employees		(3,373,514)	(3,708,623)	(3,602,896)
Payments to Suppliers		(2,804,368)	(3,045,007)	(3,592,073)
Cyclical Maintenance Payments in the year		(29,106)	(198,950)	(15,604)
Interest Paid		(2,735)	(11,200)	(5,484)
Interest Received		34,482	35,026	57,573
Net cash from/(to) Operating Activities		903,471	62,629	996,627
Cash flows from Investing Activities				
Proceeds from Sale of Property Plant & Equipment (and Intangibles)		-	(16,742)	-
Purchase of Property Plant & Equipment (and Intangibles)		(276,625)	(196,711)	(216,242)
Sale of Investments		100,000	(300,000)	(1,000,000)
Net cash from/(to) Investing Activities		(176,625)	(513,453)	(1,216,242)
Cash flows from Financing Activities				
Furniture and Equipment Grant		48,068	5,000	39,801
Finance Lease Payments		(106,931)	(170,000)	(116,969)
Funds Administered on Behalf of Third Parties		(46,078)	450,000	(373,655)
Net cash from/(to) Financing Activities		(104,941)	285,000	(450,823)
Net increase/(decrease) in cash and cash equivalents		621,905	(165,824)	(670,438)
Cash and cash equivalents at the beginning of the year	8	213,214	895,824	883,652
Cash and cash equivalents at the end of the year	8	835,119	730,000	213,214

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 2021

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 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 2021 to 31 December 2021 and in accordance with the requirements of the Education and Training Act 2020.

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 15.

Useful lives of property, plant and equipment

The School reviews the estimated useful lives of property, plant and equipment at the end of each reporting date. The School believes that the estimated useful lives of the property, plant and equipment as disclosed in the significant accounting policies are appropriate to the nature of the property, plant and equipment at reporting date. Property, plant and equipment is disclosed at note 12.

Critical Judgements in applying accounting policies

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

Classification of leases

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

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.

The property from which the School operates is owned by the Proprietor. Grants for the use of land and buildings are also not received in cash by the school however they equate to the deemed expense for using the land and buildings. This expense is based on an assumed market rental yield on the land and buildings as used for rating purposes.

This is a non-cash revenue that is offset by a non-cash expense. The use of land and buildings grants and associated expenditure are recorded in the period the School uses the land and buildings.

Other Grants

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

Donations, Gifts and Bequests

Donations, gifts and bequests are recorded as revenue when their receipt is formally acknowledged by the School.

Interest Revenue

Interest Revenue earned on cash and cash equivalents and investments is recorded as revenue in the period it is earned.

d) 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.

e) 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.

f) 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.

g) Inventories

Inventories are consumable items held for sale and comprised of 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.

h) 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.

i) 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 Proprietor 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	Term of Lease
Library resources	12.5% Diminishing value

j) 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.

k) 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.

l) Employee Entitlements

Short-term employee entitlements

Employee entitlements that are expected to be settled within 12 months after the end of the reporting period in which the employees provide 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, by non teaching staff, to but not yet taken at balance date.

Long-term employee entitlements

Employee benefits that are not expected to be settled wholly before twelve months after the end of the reporting period in which the employee provides the related service, such as retirement and long service leave, have been calculated on an actuarial basis.

The calculations are based on the likely future entitlements accruing to employees, based on years of service, years to entitlement, the likelihood that employees will reach the point of entitlement, and contractual entitlement information, and the present value of the estimated future cash flows

m) Revenue Received in Advance

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

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

n) Funds Held in Trust

Funds are held in trust where they have been received by the School for a specified purpose, or are being held on behalf of a third party and these transactions are not recorded in the Statement of Revenue and Expense.

The School holds sufficient funds to enable the funds to be used for their intended purpose at any time.

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:

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Leased assets held under a Finance Lease	Term of Lease
Library resources	12.5% Diminishing value

j) 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.

k) 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.

l) Employee Entitlements

Short-term employee entitlements

Employee entitlements that are expected to be settled within 12 months after the end of the reporting period in which the employees provide 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, by non teaching staff, to but not yet taken at balance date.

Long-term employee entitlements

Employee benefits that are not expected to be settled wholly before twelve months after the end of the reporting period in which the employee provides the related service, such as retirement and long service leave, have been calculated on an actuarial basis.

The calculations are based on the likely future entitlements accruing to employees, based on years of service, years to entitlement, the likelihood that employees will reach the point of entitlement, and contractual entitlement information, and the present value of the estimated future cash flows

m) Revenue Received in Advance

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

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

n) Funds Held in Trust

Funds are held in trust where they have been received by the School for a specified purpose, or are being held on behalf of a third party and these transactions are not recorded in the Statement of Revenue and Expense.

The School holds sufficient funds to enable the funds to be used for their intended purpose at any time.

2. Government Grants

	2021 Actual	2021 Budget (Unaudited)	2020 Actual
	\$	\$	\$
Operational Grants	2,283,957	2,108,572	2,143,494
Teachers' Salaries Grants	7,153,295	6,439,867	6,919,875
Other MoE Grants	59,046	33,342	225,906
Other Government Grants	106,511	94,084	102,608
	<u>9,602,809</u>	<u>8,675,865</u>	<u>9,391,883</u>

Other MoE Grants total includes additional COVID-19 funding totalling \$22,425 for the year ended 31 December 2021.

3. Locally Raised Funds

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

	2021 Actual	2021 Budget (Unaudited)	2020 Actual
	\$	\$	\$
Revenue			
Donations	2,759,734	2,751,402	2,652,714
Curriculum related Activities - Purchase of goods and services	385,641	457,980	309,652
Fees for Extra Curricular Activities	178,770	124,880	174,836
Trading	503,877	579,400	569,690
Fundraising	243,326	248,440	420,812
Other Revenue	359,600	376,870	357,286
	<u>4,430,948</u>	<u>4,538,972</u>	<u>4,484,990</u>
Expenses			
Extra Curricular Activities Costs	305,949	363,574	312,006
Trading	493,758	564,841	585,280
	<u>799,707</u>	<u>928,415</u>	<u>897,286</u>
<i>Surplus/ (Deficit) for the year Locally raised funds</i>	<u>3,631,241</u>	<u>3,610,557</u>	<u>3,587,704</u>

4. International Student Revenue and Expenses

	2021 Actual	2021 Budget (Unaudited)	2020 Actual
	Number	Number	Number
International Student Roll	52	49	73
	2021 Actual	2021 Budget (Unaudited)	2020 Actual
	\$	\$	\$
Revenue			
International Student Fees	783,712	726,163	1,117,289
Expenses			
Student Recruitment	72,380	91,875	113,999
Employee Benefit - Salaries	130,504	147,186	127,855
Other Expenses	16,132	72,454	33,971
	<u>219,016</u>	<u>311,515</u>	<u>275,825</u>
<i>Surplus/ (Deficit) for the year International Students</i>	<u>564,696</u>	<u>414,648</u>	<u>841,464</u>

5. Learning Resources

	2021 Actual	2021 Budget (Unaudited)	2020 Actual
	\$	\$	\$
Curricular	491,600	689,049	509,645
Information and Communication Technology	73,224	82,500	100,769
Library Resources	41,118	72,911	36,523
Employee Benefits - Salaries	9,219,474	8,819,538	9,236,715
Staff Development	28,884	57,962	31,241
	<u>9,854,300</u>	<u>9,721,960</u>	<u>9,914,893</u>

6. Administration

	2021 Actual	2021 Budget (Unaudited)	2020 Actual
	\$	\$	\$
Audit Fee	24,906	16,391	41,983
Board Fees	2,255	5,440	3,750
Board Expenses	40,214	34,203	104,834
Communication	28,189	33,000	29,502
Consumables	8,608	13,000	6,632
Legal Fees	14,976	60,000	52,688
Other	268,310	288,390	245,594
Employee Benefits - Salaries	942,984	1,102,132	902,678
Insurance	49,024	53,100	54,979
	<u>1,379,466</u>	<u>1,605,656</u>	<u>1,442,640</u>

7. Property

	2021 Actual	2021 Budget (Unaudited)	2020 Actual
	\$	\$	\$
Caretaking and Cleaning Consumables	270,847	311,000	285,303
Consultancy and Contract Services	64,367	64,367	64,367
Cyclical Maintenance Provision	29,741	30,000	143,599
Grounds	151,083	135,000	130,563
Heat, Light and Water	170,597	207,000	169,304
Amortisation of asset	-	-	9,849
Repairs and Maintenance	215,550	267,000	265,898
Use of Land and Buildings	4,728,000	4,728,000	4,728,000
Employee Benefits - Salaries	224,173	224,634	196,570
	<u>5,854,358</u>	<u>5,967,001</u>	<u>5,993,453</u>

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

8. Cash and Cash Equivalents

	2021 Actual	2021 Budget (Unaudited)	2020 Actual
Cash on Hand	\$ 2,000	\$ 2,000	\$ 2,000
Bank Accounts	633,119	728,000	211,214
Short-term Bank Deposits	200,000	-	-
Cash and cash equivalents for Statement of Cash Flows	<u>835,119</u>	<u>730,000</u>	<u>213,214</u>

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

Of the \$835,119 Cash and Cash Equivalents, \$10,547 of unspent grant funding is held by the School. This funding is subject to restrictions which specify how the grant is required to be spent. If these requirements are not met, the funds will need to be returned.

9. Accounts Receivable

	2021 Actual	2021 Budget (Unaudited)	2020 Actual
Receivables	\$ 114,214	\$ 40,000	\$ 36,191
Interest Receivable	10,929	2,500	13,591
Teacher Salaries Grant Receivable	625,105	540,000	541,160
	<u>750,248</u>	<u>582,500</u>	<u>590,942</u>
Receivables from Exchange Transactions	125,143	42,500	49,782
Receivables from Non-Exchange Transactions	625,105	540,000	541,160
	<u>750,248</u>	<u>582,500</u>	<u>590,942</u>

10. Inventories

	2021 Actual	2021 Budget (Unaudited)	2020 Actual
School Uniforms	\$ 96,629	\$ 80,000	\$ 80,908
	<u>96,629</u>	<u>80,000</u>	<u>80,908</u>

11. Investments

The School's investment activities are classified as follows:

	2021 Actual	2021 Budget (Unaudited)	2020 Actual
Current Asset	\$	\$	\$
Short-term Bank Deposits	3,900,000	3,100,000	4,000,000
Non-current Asset			
Long-term Bank Deposits	-	-	-
Total Investments	<u>3,900,000</u>	<u>3,100,000</u>	<u>4,000,000</u>

12. Property, Plant and Equipment

2021	Opening Balance (NBV) \$	Additions \$	Disposals \$	Impairment \$	Depreciation \$	Total (NBV) \$
Furniture and Equipment	1,099,207	148,433	-	-	(305,242)	942,398
Information and Communication Technology	117,193	47,233	-	-	(40,292)	124,134
Motor Vehicles	62,783	45,652	-	-	(20,547)	87,888
Textbooks	52,995	21,584	-	-	(27,033)	47,546
Leased Assets	127,040	-	-	-	(96,701)	30,339
Library Resources	20,258	15,720	-	-	(2,688)	33,290
Balance at 31 December 2021	1,479,476	278,622	-	-	(492,503)	1,265,595

The net carrying value of equipment held under a finance lease is \$30,339 (2020: \$127,040)

	2021 Cost or Valuation \$	2021 Accumulated Depreciation \$	2021 Net Book Value \$	2020 Cost or Valuation \$	2020 Accumulated Depreciation \$	2020 Net Book Value \$
Furniture and Equipment	5,669,306	(4,726,908)	942,398	5,520,873	(4,421,666)	1,099,207
Information and Communication T	2,082,018	(1,957,884)	124,134	2,034,785	(1,917,592)	117,193
Motor Vehicles	129,363	(41,475)	87,888	83,711	(20,928)	62,783
Textbooks	169,452	(121,906)	47,546	147,869	(94,874)	52,995
Leased Assets	450,912	(420,573)	30,339	450,912	(323,872)	127,040
Library Resources	252,611	(219,321)	33,290	236,889	(216,631)	20,258
Balance at 31 December	8,753,662	(7,488,067)	1,265,595	8,475,039	(6,995,563)	1,479,476

13. Accounts Payable

	2021 Actual \$	2021 Budget (Unaudited) \$	2020 Actual \$
Creditors	222,827	260,000	248,875
Accruals	127,944	85,000	80,319
Employee Entitlements - Salaries	708,446	650,000	648,480
Employee Entitlements - Leave Accrual	110,745	100,000	96,443
	1,169,962	1,095,000	1,074,117
Payables for Exchange Transactions	1,169,962	1,095,000	1,074,117
	1,169,962	1,095,000	1,074,117

The carrying value of payables approximates their fair value.

14. Revenue Received in Advance

	2021 Actual	2021 Budget (Unaudited)	2020 Actual
	\$	\$	\$
Grants in Advance - Ministry of Education	21,439	-	-
International Student Fees in Advance	781,144	900,000	1,308,462
Other revenue in Advance	897,443	1,050,000	1,077,129
	<u>1,700,026</u>	<u>1,950,000</u>	<u>2,385,591</u>

15. Provision for Cyclical Maintenance

	2021 Actual	2021 Budget (Unaudited)	2020 Actual
	\$	\$	\$
Provision at the Start of the Year	412,180	412,180	284,185
Increase/ (decrease) to the Provision During the Year	29,741	30,000	96,845
Use of the Provision During the Year	(29,106)	-	31,150
Provision at the End of the Year	<u>412,815</u>	<u>442,180</u>	<u>412,180</u>
Cyclical Maintenance - Current	128,200	82,950	42,950
Cyclical Maintenance - Term	284,615	430,000	369,230
	<u>412,815</u>	<u>512,950</u>	<u>412,180</u>

16. Finance Lease Liability

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

	2021 Actual	2021 Budget (Unaudited)	2020 Actual
	\$	\$	\$
No Later than One Year	32,501	38,000	114,201
Later than One Year and no Later than Five Years	3,205	23,500	35,706
Future Finance Charges	(1,202)	(1,500)	(8,472)
	<u>34,504</u>	<u>60,000</u>	<u>141,435</u>
Represented by			
Finance lease liability - Current	31,409	40,000	106,931
Finance lease liability - Term	3,095	20,000	34,504
	<u>34,504</u>	<u>60,000</u>	<u>141,435</u>

17. Funds held in Trust

	2021 Actual	2021 Budget (Unaudited)	2020 Actual
	\$	\$	\$
Funds Held in Trust on Behalf of Third Parties - Current	356,168	450,000	402,245
Funds Held in Trust on Behalf of Third Parties - Non-current	-	-	-
	<u>356,168</u>	<u>450,000</u>	<u>402,245</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.

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.

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 fund 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 and income received on behalf of Sacred Heart College Hostel Ltd. The amounts collected in total were \$2,332,587 (2020: \$2,910,134). 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 \$31,778 (2020: \$22,131).

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 \$70,000.

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.

19. Remuneration

Key management personnel compensation

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

	2021 Actual \$	2020 Actual \$
<i>Board Members</i>		
Remuneration	2,255	3,750
 <i>Leadership Team</i>		
Remuneration	1,159,324	1,124,486
Full-time equivalent members	9	8
 Total key management personnel remuneration	1,161,579	1,128,236

There are 12 members of the Board excluding the Principal. The Board had held 8 full meetings of the Board in the year. The Board also has Finance (3 members) that met 8 times in 2021; Property (3 members) that met 4 times in 2021; Personnel & Policy (3 members) that met 2 times in 2021; Special Character (6 members) that met 4 times in 2021; Marketing (x 1 member) that met 4 times in 2021. As well as these regular meetings, including preparation time, the Chair and other Board members have also been involved in ad hoc meetings to consider student welfare matters including stand downs, suspensions, and other disciplinary matters.

Principal 1

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

	2021 Actual \$000	2020 Actual \$000
Salaries and Other Short-term Employee Benefits:		
Salary and Other Payments	210 - 220	190 - 200
Benefits and Other Emoluments	6 - 7	5 - 6
Termination Benefits	-	-

Other Employees

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

Remuneration \$000	2021 FTE Number	2020 FTE Number
100 - 110	3.00	3.00
110 - 120	2.00	2.00
120 -130	0.00	2.00
130 -140	3.00	1.00
	8.00	8.00

20. Contingencies

There are no contingent liabilities and no contingent assets as at 31 December 2021 (Contingent liabilities and assets at 31 December 2020: nil).

Holidays Act Compliance – schools payroll

The Ministry of Education performs payroll processing and payments on behalf of boards, 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. 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 2021, a contingent liability for the school may exist.

21. 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

	2021 Actual \$	2021 Budget (Unaudited) \$	2020 Actual \$
Cash and Cash Equivalents	835,119	730,000	213,214
Receivables	725,621	582,500	590,942
Investments - Term Deposits	3,900,000	3,100,000	4,000,000
Total Financial assets measured at amortised cost	5,460,740	4,412,500	4,804,156

Financial liabilities measured at amortised cost

Payables	1,169,962	1,095,000	1,074,117
Finance Leases	34,504	60,000	141,435
Total Financial Liabilities Measured at Amortised Cost	<u>1,204,466</u>	<u>1,155,000</u>	<u>1,215,552</u>

22. Events After Balance Date

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

23. COVID 19 Pandemic on going implications

Impact of Covid-19

During 2021 the country moved between alert levels. During February and March 2021 Auckland was placed into alert levels 3 and 2 and other parts of the country moved into alert level 2.

Towards the end of August 2021, the entire country moved to alert level 4, with a move to alert level 3 and 2 for everyone outside the Auckland region three weeks later. While Auckland has remained in alert level 3 for a prolonged period of time the Northland and Waikato regions have also returned to alert level 3 restrictions during this period.

Impact on operations

Schools have been required to continue adapting to remote and online learning practices when physical attendance is unable to occur in alert level 4 and 3. Schools continue to receive funding from the Te Tāhuhu o te Mātauranga | Ministry to Education, even while closed.

However, the ongoing interruptions resulting from the moves in alert levels have impacted schools in various ways which potentially will 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 ongoing impacts of the COVID-19 alert level changes.

Reduction in locally raised funds

Under alert levels 4,3, and 2 the school's ability to undertake fund raising events in the community and/ or collect financial contributions or other contributions from parents, may have been compromised. Costs already incurred arranging future events may not be recoverable.

Increased Remote learning additional costs

Under alert levels 4 and 3 ensuring that students have the ability to undertake remote or distance learning often incurs additional costs in the supply of materials and devices to students to enable alternative methods of curriculum delivery.

Reduction in International students

Under alert levels 4, 3, 2, and 1 International travel is heavily restricted. The school has been unable to welcome prospective international students which has resulted in a reduction in revenue from student fees & charges from International students.

24. Comparative note

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



INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF SACRED HEART COLLEGE'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

The Auditor-General is the auditor of Sacred Heart College (the School). The Auditor-General has appointed me, Matt Laing, 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 17 that comprise the statement of financial position as at 31 December 2021, 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 2021 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 30 May 2022. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Board and our responsibilities relating to the financial statements, we comment on other information, and we explain our independence.

Basis for our opinion

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

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

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

Responsibilities of the Board for the financial statements

The Board is responsible on behalf of the School for preparing financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand.

The Board is responsible for such internal control as it determines is necessary to enable it to prepare financial statements that are free from material misstatement, whether due to fraud or error.



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

The Board's responsibilities, in terms of the requirements of the Education and Training Act 2020, arise from section 87 of the Education Act 1989

Responsibilities of the auditor for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of these financial statements.

For the budget information reported in the financial statements, our procedures were limited to checking that the information agreed to the School's approved budget.

We did not evaluate the security and controls over the electronic publication of the financial statements.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the School's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the School to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Our responsibilities arises from the Public Audit Act 2001.

Other information

The Board is responsible for the other information. The other information comprises the 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.



Matt Laing

Partner

for Deloitte Limited

On behalf of the Auditor-General

Hamilton, New Zealand