



SACRED HEART COLLEGE

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

School Directory

Ministry Number: 59

Headmaster: 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

Name	Position	How Position Gained		Term Expired/ Expires
Mr Patrick Walsh	Headmaster	ex Officio	Headmaster	-
Mr Jason Cornford	Acting Headmaster	ex Officio	Acting Headmaster	Jul-23
Mr Brendon Gibson	Chairperson and Parent Representative	Re-Elected September 2022	Company Partner	Sep-25
Mr Simon Hayden	Parent Representative	Re-Elected September 2022	Director	Sep-25
Mr John O'Brien	Parent Representative	Re-Elected September 2022	Property Manager	Sep-25
Mrs Nathalie Watson	Parent Representative	Re-Elected September 2022	Lawyer	Sep-25
Mr Tiimala Fa'afu	Parent Representative	Elected September 2022	Professional Director	Sep-25
Mr Nick Ansley	Proprietors Representative	Appointed by Proprietor	Property Manager	Sep-25
Mrs Michelle Olsen	Deputy Chairperson and Proprietors Representative	Appointed by Proprietor	Operations Manager - Logistics	Sep-25
Mr Peleseuma Anitelea	Proprietors Representative	Elected November 2022	Manager	Sep-25
Mr Grant van Ansem	Staff Representative	Re-Elected September 2022	Teacher	Sep-25
Mr Anthony Hawke	Student Representative	Elected November 2022	Student	Nov-23
Mr David Lewis	Parent Representative	Elected June 2019	Director	Sep-22
Mrs Frances Witana	Proprietors Representative	Appointed by Proprietor	Lawyer/District Court Judge	Sep-22
Br Kevin Wanden	Proprietors Representative	Appointed by Proprietor	Marist Brother	Sep-22
Mr Adrian Oli	Student Representative	Elected February 2022	Student	Nov-22

Accountant: Mrs Brigitte Owers

SACRED HEART COLLEGE

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Sacred Heart College

Statement of Responsibility

For the year ended 31 December 2022

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 2022 fairly reflects the financial position and operations of the school.

The School's 2022 financial statements are authorised for issue by the Board.

Brendan Gibson

Full Name of Chairperson

JASON CORNFORD

Full Name of Acting Headmaster

[Signature]

Signature of Chairperson

[Signature]

Signature of Acting Headmaster

26/5/2023

Date:

26/5/23

Date:

Sacred Heart College

Statement of Comprehensive Revenue and Expense

For the year ended 31 December 2022

	Notes	2022 Actual \$	2022 Budget (Unaudited) \$	2021 Actual \$
Revenue				
Government Grants	2	10,011,366	9,522,117	9,602,809
Locally Raised Funds	3	5,418,802	5,255,459	5,214,660
Use of Proprietor's Land and Buildings		9,357,500	4,728,000	4,728,000
Interest Income		127,445	29,521	31,822
Total Revenue		24,915,113	19,535,097	19,577,291
Expenses				
Locally Raised Funds	3	1,162,663	1,076,674	1,018,723
Learning Resources	4	10,577,214	11,040,013	10,346,803
Administration	5	1,531,150	1,521,926	1,379,466
Finance		4,326	32,614	2,735
Property	6	10,598,929	6,193,124	5,854,358
		23,874,282	19,864,351	18,602,085
Net Surplus / (Deficit) for the year		1,040,831	(329,254)	975,206
Other Comprehensive Revenue and Expense		-	-	-
Total Comprehensive Revenue and Expense for the Year		1,040,831	(329,254)	975,206

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 2022

	Notes	2022 Actual \$	2022 Budget (Unaudited) \$	2021 Actual \$
Equity at 1 January		3,265,688	2,935,938	2,242,414
Total comprehensive revenue and expense for the year		1,040,831	(329,254)	975,206
Contributions from the Ministry of Education				
Contribution - Furniture and Equipment Grant		58,600	58,000	48,068
Equity at 31 December		4,365,119	2,664,684	3,265,688
Accumulated comprehensive revenue and expense		4,365,119	2,664,684	3,265,688
Equity at 31 December		4,365,119	2,664,684	3,265,688

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 2022

	Notes	2022 Actual \$	2022 Budget (Unaudited) \$	2021 Actual \$
Current Assets				
Cash and Cash Equivalents	7	701,701	552,000	835,119
Accounts Receivable	8	876,933	770,000	750,248
GST Receivable		-	-	8,002
Prepayments		123,841	95,000	83,570
Inventories	9	103,366	100,000	96,629
Investments	10	5,600,000	4,000,000	3,900,000
		<u>7,405,841</u>	<u>5,517,000</u>	<u>5,673,568</u>
Current Liabilities				
GST Payable		107,736	20,000	-
Accounts Payable	12	1,355,112	1,185,000	1,169,962
Revenue Received in Advance	13	1,810,830	1,958,450	1,700,026
Provision for Cyclical Maintenance	14	81,800	87,120	128,200
Finance Lease Liability	15	30,211	32,000	31,409
Funds held in Trust	16	687,758	400,000	356,168
		<u>4,073,447</u>	<u>3,682,570</u>	<u>3,385,765</u>
Working Capital Surplus/(Deficit)		3,332,394	1,834,430	2,287,803
Non-current Assets				
Property, Plant and Equipment	11	1,300,903	1,053,419	1,265,595
		<u>1,300,903</u>	<u>1,053,419</u>	<u>1,265,595</u>
Non-current Liabilities				
Provision for Cyclical Maintenance	14	257,310	216,165	284,615
Finance Lease Liability	15	10,868	7,000	3,095
		<u>268,178</u>	<u>223,165</u>	<u>287,710</u>
Net Assets		<u>4,365,119</u>	<u>2,664,684</u>	<u>3,265,688</u>
Equity		<u>4,365,119</u>	<u>2,664,684</u>	<u>3,265,688</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 2022

	Note	2022 Actual \$	2022 Budget (Unaudited) \$	2021 Actual \$
Cash flows from Operating Activities				
Government Grants		2,945,720	3,500,319	2,450,954
Locally Raised Funds		4,866,826	4,560,171	4,193,940
International Students		596,166	621,738	256,395
Goods and Services Tax (net)		115,740	100,000	177,423
Payments to Employees		(3,714,335)	(3,724,409)	(3,373,514)
Payments to Suppliers		(3,201,767)	(4,000,571)	(2,804,368)
Cyclical maintenance payments in the year		(60,090)	(27,677)	(29,106)
Interest Paid		(4,326)	(32,614)	(2,735)
Interest Received		68,973	12,021	34,482
Net cash from/(to) Operating Activities		1,612,907	1,008,978	903,471
Cash flows from Investing Activities				
Purchase of Property Plant & Equipment (and Intangibles)		(395,371)	(233,978)	(276,625)
Purchase of Investments		(1,700,000)	(900,000)	100,000
Net cash from/(to) Investing Activities		(2,095,371)	(1,133,978)	(176,625)
Cash flows from Financing Activities				
Furniture and Equipment Grant		58,600	18,000	48,068
Finance Lease Payments		(41,145)	(21,000)	(106,931)
Funds Administered on Behalf of Third Parties		331,591	(50,000)	(46,078)
Net cash from/(to) Financing Activities		349,046	(53,000)	(104,941)
Net increase/(decrease) in cash and cash equivalents		(133,418)	(178,000)	621,905
Cash and cash equivalents at the beginning of the year	7	835,119	730,000	213,214
Cash and cash equivalents at the end of the year	7	701,701	552,000	835,119

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 2022

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 statements have been prepared for the period 1 January 2022 to 31 December 2022 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 expense 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 integrated and non-integrated 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 best estimate of the cost of painting the school and when the school is required to be painted, based on an assessment of the school's condition. During the year, the Board assesses the reasonableness of its painting maintenance plan on which the provision is based. Cyclical maintenance is disclosed at note 14.

Useful lives of property, plant and equipment

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

Critical Judgements in applying accounting policies

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

Classification of leases

Determining whether a lease is a finance lease or an operating lease requires judgement as to whether the lease transfers substantially all the risks and rewards of ownership to the school. A lease is classified as a finance lease if it transfers substantially all risks and rewards incidental to ownership of an underlying asset to the lessee. In contrast, an operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset to the lessee. 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. Finance lease liability disclosures are contained in note 15.

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.

Other Ministry Grants for directly funded programs are recorded as revenue when the School has the rights to the funding in the period they relate to. The grants are either received in cash by the School or paid directly 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 where conditions exist

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 recognised as an asset and revenue when the right to receive funding or the asset has been established unless there is an obligation to return funds if conditions are not met. If conditions are not met funding is recognised as revenue in advance and recognised as revenue when conditions are satisfied.

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 expected 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 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 accounts receivable 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. 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 the 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	3 years

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. If such indication exists, the School estimates the asset's recoverable service amount. 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. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable service amount since the last impairment loss was recognised.

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 12 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. Remeasurements are recognised in surplus or deficit in the period in which they arise.

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.

o) 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 is a reasonable estimate, based on the school's best estimate of the cost of painting the school and when the school is required to be painted, based on an assessment of the school's condition.

The schools carries out painting maintenance of the whole school over a 7 to 10 year period, the economic outflow of this is dependent on the plan established by the school to meet this obligation and is detailed in the notes and disclosures of these accounts.

p) 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 initially recognised at fair value and subsequently measured at amortised cost, using the effective interest method.

The School's financial liabilities comprise accounts payable and finance lease liability. Financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and any gain or loss on derecognition are recognised in surplus or deficit.

q) Goods and Services Tax (GST)

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

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

Commitments and contingencies are disclosed exclusive of GST.

r) Budget Figures

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

s) Services received in-kind

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

2. Government Grants

	2022 Actual \$	2022 Budget (Unaudited) \$	2021 Actual \$
Government Grants - Ministry of Education	2,785,986	2,238,094	2,343,003
Teachers' Salaries Grants	7,062,816	7,128,668	7,153,295
Other Government Grants	162,564	155,355	106,511
	<u>10,011,366</u>	<u>9,522,117</u>	<u>9,602,809</u>

3. Locally Raised Funds

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

	2022 Actual \$	2022 Budget (Unaudited) \$	2021 Actual \$
Revenue			
Donations	3,091,355	3,113,235	2,759,734
Curriculum related Activities - Purchase of goods and services	445,419	502,256	385,641
Fees for Extra Curricular Activities	308,807	133,475	178,770
Trading	513,857	531,000	503,877
Fundraising & Community Grants	191,056	153,800	243,326
Other Revenue	364,032	368,405	359,600
International Student Fees	504,276	453,288	783,712
	<u>5,418,802</u>	<u>5,255,459</u>	<u>5,214,660</u>
Expenses			
Extra Curricular Activities Costs	474,498	362,744	305,949
Trading	443,330	477,009	493,758
International Student - Student Recruitment	48,717	58,000	72,380
International Student - Employee Benefit - Salaries	137,885	125,341	130,504
International Student - Overseas trips	22,527	20,000	-
International Student - Other Expenses	35,706	33,580	16,132
	<u>1,162,663</u>	<u>1,076,674</u>	<u>1,018,723</u>
Surplus/ (Deficit) for the year Locally raised funds	<u>4,256,139</u>	<u>4,178,785</u>	<u>4,195,937</u>

During the year the School hosted 37.5 FTE International students (2021:52)

International students

During the year ended December 2022 the director of International Students travelled to Vietnam, Thailand, South Korea, Japan, Hong Kong, Taipei and China at a cost of \$22,527 for the purpose of recruiting new students for the school. He also attended seminars and fairs. The travel was funded from the net surplus from international student fees revenue.

4. Learning Resources

	2022 Actual \$	2022 Budget (Unaudited) \$	2021 Actual \$
Curricular	609,631	809,225	491,600
Information and Communication Technology	58,373	85,000	73,224
Library Resources	52,914	72,220	41,118
Employee Benefits - Salaries	9,405,194	9,503,214	9,219,474
Staff Development	30,042	65,600	28,884
Depreciation	421,060	504,754	492,503
	<u>10,577,214</u>	<u>11,040,013</u>	<u>10,346,803</u>

5. Administration

	2022 Actual	2022 Budget (Unaudited)	2021 Actual
	\$	\$	\$
Audit Fee	18,301	18,301	24,906
Board Fees	3,350	5,440	2,255
Board Expenses	63,369	61,217	40,214
Communication	28,815	32,000	28,189
Consumables	11,043	10,000	8,608
Legal Fees	9,095	55,000	14,976
Other	266,454	310,260	268,310
Employee Benefits - Salaries	1,077,602	973,498	942,984
Insurance	53,121	56,210	49,024
	<u>1,531,150</u>	<u>1,521,926</u>	<u>1,379,466</u>

6. Property

	2022 Actual	2022 Budget (Unaudited)	2021 Actual
	\$	\$	\$
Caretaking and Cleaning Consumables	344,336	397,800	270,847
Consultancy and Contract Services	64,367	66,300	64,367
Cyclical Maintenance Provision	26,385	128,200	29,741
Grounds	158,427	153,800	151,083
Heat, Light and Water	198,382	195,000	170,597
Repairs and Maintenance	235,735	288,000	215,550
Use of Land and Buildings	9,357,500	4,728,000	4,728,000
Employee Benefits - Salaries	213,797	236,024	224,173
	<u>10,598,929</u>	<u>6,193,124</u>	<u>5,854,358</u>

The use of land and buildings figure represents 5% of the school's total property value. This is used as proxy for the market rental of the property.

7. Cash and Cash Equivalents

	2022 Actual	2022 Budget (Unaudited)	2021 Actual
	\$	\$	\$
Cash on Hand	2,000	2,000	2,000
Bank Accounts	99,701	100,000	633,119
Short-term Bank Deposits	600,000	450,000	200,000
Cash and cash equivalents for Statement of Cash Flows	<u>701,701</u>	<u>552,000</u>	<u>835,119</u>

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

Of the \$701,701 Cash and Cash Equivalents, \$21,516 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.

8. Accounts Receivable

	2022 Actual \$	2022 Budget (Unaudited) \$	2021 Actual \$
Receivables	183,658	120,000	114,214
Interest Receivable	69,401	20,000	10,929
Teacher Salaries Grant Receivable	623,874	630,000	625,105
	<u>876,933</u>	<u>770,000</u>	<u>750,248</u>
Receivables from Exchange Transactions	253,059	140,000	125,143
Receivables from Non-Exchange Transactions	623,874	630,000	625,105
	<u>876,933</u>	<u>770,000</u>	<u>750,248</u>

9. Inventories

	2022 Actual \$	2022 Budget (Unaudited) \$	2021 Actual \$
School Uniforms	103,366	100,000	96,629
	<u>103,366</u>	<u>100,000</u>	<u>96,629</u>

10. Investments

The School's investment activities are classified as follows:

	2022 Actual \$	2022 Budget (Unaudited) \$	2021 Actual \$
Current Asset			
Short-term Bank Deposits	5,600,000	4,000,000	3,900,000
Total Investments	<u>5,600,000</u>	<u>4,000,000</u>	<u>3,900,000</u>

11. Property, Plant and Equipment

	Opening Balance (NBV) \$	Additions \$	Disposals \$	Impairment \$	Depreciation \$	Total (NBV) \$
2022						
Furniture and Equipment	942,398	252,575	-	-	(262,629)	932,344
Information and Communication Technology	124,134	90,214	-	-	(46,597)	167,751
Motor Vehicles	87,888	-	-	-	(25,873)	62,015
Textbooks	47,546	36,096	-	-	(26,428)	57,214
Leased Assets	30,339	61,839	-	-	(54,800)	37,378
Library Resources	33,290	15,644	-	-	(4,733)	44,201
Balance at 31 December 2022	<u>1,265,595</u>	<u>456,368</u>	<u>-</u>	<u>-</u>	<u>(421,060)</u>	<u>1,300,903</u>

The net carrying value of equipment held under a finance lease is \$37,378 (2021: \$30,339)

There are no restrictions over the title of the school's property, plant and equipment, nor are any property, plant and equipment pledged as security for liabilities.

	2022	2022	2022	2021	2021	2021
	Cost or Valuation	Accumulated Depreciation	Net Book Value	Cost or Valuation	Accumulated Depreciation	Net Book Value
	\$	\$	\$	\$	\$	\$
Furniture and Equipment	5,921,878	(4,989,537)	932,341	5,669,306	(4,726,908)	942,398
Information and Communication T	2,172,233	(2,004,481)	167,752	2,082,018	(1,957,884)	124,134
Motor Vehicles	129,364	(67,348)	62,016	129,363	(41,475)	87,888
Textbooks	205,547	(148,334)	57,213	169,452	(121,906)	47,546
Leased Assets	463,392	(426,014)	37,378	450,912	(420,573)	30,339
Library Resources	268,257	(224,054)	44,203	252,611	(219,321)	33,290
Balance at 31 December	9,160,671	(7,859,768)	1,300,903	8,753,662	(7,488,067)	1,265,595

12. Accounts Payable

	2022	2022	2021
	Actual	Budget (Unaudited)	Actual
	\$	\$	\$
Creditors	342,728	230,000	222,827
Accruals	137,097	130,000	127,944
Employee Entitlements - Salaries	731,323	710,000	708,446
Employee Entitlements - Leave Accrual	143,964	115,000	110,745
	1,355,112	1,185,000	1,169,962
Payables for Exchange Transactions	1,355,112	1,185,000	1,169,962
	1,355,112	1,185,000	1,169,962

The carrying value of payables approximates their fair value.

13. Revenue Received in Advance

	2022	2022	2021
	Actual	Budget (Unaudited)	Actual
	\$	\$	\$
Grants in Advance - Ministry of Education	18,609	-	21,439
International Student Fees in Advance	873,034	1,068,450	781,144
Other revenue in Advance	919,187	890,000	897,443
	1,810,830	1,958,450	1,700,026

14. Provision for Cyclical Maintenance

	2022	2022	2021
	Actual	Budget (Unaudited)	Actual
	\$	\$	\$
Provision at the Start of the Year	412,815	412,815	412,180
Increase to the Provision During the Year	26,385	58,920	29,741
Use of the Provision During the Year	(100,090)	(100,000)	(29,106)
Provision at the End of the Year	339,110	371,735	412,815
Cyclical Maintenance - Current	81,800	87,120	128,200
Cyclical Maintenance - Non current	257,310	216,165	284,615
	339,110	303,285	412,815

The schools cyclical maintenance schedule details annual painting to be undertaken, the costs associated to this annual work will vary dependent on the requirements during the year. This plan is based on the schools 10 Year Property plan.

15. Finance Lease Liability

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

	2022 Actual	2022 Budget (Unaudited)	2021 Actual
	\$	\$	\$
No Later than One Year	32,278	32,000	32,501
Later than One Year and no Later than Five Years	11,357	8,500	3,205
Future Finance Charges	(2,556)	(1,500)	(1,202)
	<u>41,079</u>	<u>39,000</u>	<u>34,504</u>
Represented by			
Finance lease liability - Current	30,211	32,000	31,409
Finance lease liability - Non current	10,868	7,000	3,095
	<u>41,079</u>	<u>39,000</u>	<u>34,504</u>

16. Funds held in Trust

	2022 Actual	2022 Budget (Unaudited)	2021 Actual
	\$	\$	\$
Funds Held in Trust on Behalf of Third Parties - Current	687,758	400,000	356,168
	<u>687,758</u>	<u>400,000</u>	<u>356,168</u>

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

17. Related Party Transactions

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

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

The Proprietor of the School (Sacred Heart College Limited) is a related party of the School Board because the proprietor appoints representatives to the School Board, giving the proprietor significant influence over the School Board. Any services or contributions between the School 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 School 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 \$2,604,893 (2021: \$2,332,587). 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 \$110,457, (2021: \$31,778).

In addition the school has entered into a Service Level Agreement with 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, one trustee is on the School Board.

18. Remuneration

Key management personnel compensation

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

	2022 Actual \$	2021 Actual \$
<i>Board Members</i>		
Remuneration	3,350	2,255
<i>Leadership Team</i>		
Remuneration	1,224,370	1,159,324
Full-time equivalent members	9	9
Total key management personnel remuneration	1,227,720	1,161,579

There are 12 members of the Board excluding the Headmaster. The Board held 8 full meetings of the Board in the year. The Board also has Finance (3 members) that met 8 times in 2022; Property (3 members) that met 5 times in 2022; Personnel and Policy (3 members) that met 3 times in 2022; Special Character (4 members) who met once in 2022; Marketing (2 members) who met 4 times in 2022. As well as these regular meetings, including preparation time, the Board 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.

Headmaster 1

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

	2022 Actual \$000	2021 Actual \$000
Salaries and Other Short-term Employee Benefits:		
Salary and Other Payments	50 - 60	210 - 220
Benefits and Other Emoluments	1 - 2	6 - 7
Termination Benefits	-	-

Headmaster 2

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

	2022 Actual \$000	2021 Actual \$000
Salaries and Other Short-term Employee Benefits:		
Salary and Other Payments	190 - 200	-
Benefits and Other Emoluments	20 - 30	-
Termination Benefits	-	-

Other Employees

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

Remuneration \$000	2022 FTE Number	2021 FTE Number
100 - 110	18.00	17.00
110 - 120	8.00	5.00
120 - 130	3.00	0.00
130 - 140	1.00	3.00
	<u>30.00</u>	<u>25.00</u>

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

19. Contingencies

There are no contingent liabilities and no contingent assets as at **31 December 2022** (Contingent liabilities and assets at **31 December 2021**: 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 2022, a contingent liability for the school may exist.

TAPEC wash-up funding

The Ministry of Education provided additional funding for both the Support Staff in Schools' Collective Agreement (CA) Settlement and the Teacher Aide Pay Equity Settlement. The School has not been notified of the final wash up calculation relating to 31 December 2022. The final calculations impact on the financial statements is unable to be determined at the date of reporting.

20. 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

	2022 Actual	2022 Budget (Unaudited)	2021 Actual
	\$	\$	\$
Cash and Cash Equivalents	701,701	552,000	835,119
Receivables	876,933	770,000	750,248
Investments - Term Deposits	5,600,000	4,000,000	3,900,000
Total Financial assets measured at amortised cost	<u>7,178,634</u>	<u>5,322,000</u>	<u>5,485,367</u>

Financial liabilities measured at amortised cost

Payables	1,355,112	1,185,000	1,169,962
Finance Leases	41,079	39,000	34,504
Total Financial Liabilities Measured at Amortised Cost	<u>1,396,191</u>	<u>1,224,000</u>	<u>1,204,466</u>

21. Events After Balance Date

During February 2023 the North Island of New Zealand was struck by several extreme weather events which resulted in widespread flooding, road closures, slips, and prolonged power and water outages for many communities in the Northland, Auckland, Coromandel, Bay of Plenty, Gisborne, and Hawkes Bay/Tairāwhiti regions.

While many schools were able to reopen soon after the extreme weather events, some schools have remained closed for a prolonged period.

The damage caused by extreme weather events in the Auckland region and the full financial impact has not yet been determined, but it is not significant to the school. The school continued to receive funding from the Ministry of Education, even while closed.

22. Comparatives

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

INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF SACRED HEART COLLEGE'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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 2022, 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 2022 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 26th May 2023. 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 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, KiwiSport Report, and Statement of Compliance with their Good Employer Policy, 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