

PROSPECT SCHOOL

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

School Directory

Ministry Number:	1447
Principal:	Gay Turner
School Address:	Rosier Road, Glen Eden
School Postal Address:	Rosier Road, Glen Eden
School Phone:	09 818 5219
School Email:	admin@prospect.school.nz

Members of the Board of Trustees

Name	Position	How Position	
		Gained	Term Expires
Adrianna Morrison	Chair Person	Elected	June 2022
Gay Turner	Principal ex Officio	Appointed	
Pania Andrews	Parent Rep	Elected	June 2022
Epi Taulanga	Parent Rep	Elected	June 2022
Tash Taneao	Parent Rep	Elected	June 2022
Crystal Lorigan	Parent Rep	Elected	June 2022
Sofia Wolf	Staff Rep	Elected	June 2022

Accountant / Service Provider: Top Class Financial Management Services

PROSPECT SCHOOL

Financial Statements - For the year ended 31 December 2020

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Other Information

Analysis of Variance

Kiwi Sport

Prospect School

Statement of Responsibility

For the year ended 31 December 2020

The Board of Trustees accepts responsibility for the preparation of the annual financial statements and the judgements used in these financial statements.

The management (including the principal and others as directed by the Board) accepts responsibility for establishing and maintaining a system of internal controls designed to provide reasonable assurance as to the integrity and reliability of the school's financial reporting.

It is the opinion of the Board and management that the annual financial statements for the financial year ended 31 December 2020 fairly reflects the financial position and operations of the school.

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

Adrianna Morrison

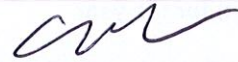
Full Name of Board Chairperson

Gay Turner

Full Name of Principal



Signature of Board Chairperson



Signature of Principal

17th May 2021

Date:

17th May 2021

Date:

Prospect School
Statement of Comprehensive Revenue and Expense
For the year ended 31 December 2020

	Notes	2020 Actual \$	2020 Budget (Unaudited) \$	2019 Actual \$
Revenue				
Government Grants	2	3,556,152	2,893,486	3,383,098
Locally Raised Funds	3	57,878	47,030	67,730
Interest Earned		8,029	10,000	14,625
		<hr/>	<hr/>	<hr/>
		3,622,059	2,950,516	3,465,453
Expenses				
Locally Raised Funds	3	52,891	32,100	51,209
Learning Resources	4	2,078,704	1,636,106	2,024,217
Administration	5	156,182	152,312	138,435
Finance		4,616	3,500	5,237
Property	6	1,074,573	1,061,005	999,815
Depreciation	7	114,348	160,000	107,200
Loss on Disposal of Property, Plant and Equipment		39,223	-	10,804
		<hr/>	<hr/>	<hr/>
		3,520,537	3,045,023	3,336,917
Net Surplus / (Deficit) for the year		101,522	(94,507)	128,536
Other Comprehensive Revenue and Expenses		-	-	-
Total Comprehensive Revenue and Expense for the Year		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
		101,522	(94,507)	128,536

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

Prospect School
Statement of Changes in Net Assets/Equity

For the year ended 31 December 2020

	Actual 2020 \$	Budget (Unaudited) 2020 \$	Actual 2019 \$
Balance at 1 January	<u>1,524,260</u>	<u>1,524,260</u>	<u>1,395,724</u>
Total comprehensive revenue and expense for the year	101,522	(94,507)	128,536
Capital Contributions from the Ministry of Education			
Contribution - Furniture and Equipment Grant	8,509	-	-
Adjustment to Accumulated surplus/(deficit) from adoption of PBE IFRS 9	-	-	-
Equity at 31 December	<u>24 1,634,291</u>	<u>1,429,753</u>	<u>1,524,260</u>
Retained Earnings	1,634,291	1,429,753	1,524,260
Reserves	-	-	-
Equity at 31 December	<u>1,634,291</u>	<u>1,429,753</u>	<u>1,524,260</u>

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

Prospect School

Statement of Financial Position

As at 31 December 2020

	Notes	2020 Actual \$	2020 Budget (Unaudited) \$	2019 Actual \$
Current Assets				
Cash and Cash Equivalents	8	1,155,825	506,820	962,143
Accounts Receivable	9	166,259	111,741	111,741
GST Receivable		-	30,000	-
Prepayments		9,295	12,748	12,748
Inventories	10	3,169	3,510	3,510
Investments	11	-	500,000	461,588
		<u>1,334,548</u>	<u>1,164,819</u>	<u>1,551,730</u>
Current Liabilities				
GST Payable		27,872	-	40,055
Accounts Payable	13	166,622	141,680	141,680
Borrowings - Due in one year	14	5,073	5,073	5,073
Revenue Received in Advance	15	1,255	-	-
Provision for Cyclical Maintenance	16	22,222	20,000	19,147
Finance Lease Liability - Current Portion	17	23,973	9,000	28,911
Funds held for Capital Works Projects	18	-	-	286,291
		<u>247,017</u>	<u>175,753</u>	<u>521,157</u>
Working Capital Surplus/(Deficit)		1,087,531	989,066	1,030,573
Non-current Assets				
Property, Plant and Equipment	12	682,907	548,906	594,906
		<u>682,907</u>	<u>548,906</u>	<u>594,906</u>
Non-current Liabilities				
Borrowings	14	15,219	15,219	20,292
Provision for Cyclical Maintenance	16	87,735	88,000	68,817
Finance Lease Liability	17	33,193	5,000	12,110
		<u>136,147</u>	<u>108,219</u>	<u>101,219</u>
Net Assets		<u><u>1,634,291</u></u>	<u><u>1,429,753</u></u>	<u><u>1,524,260</u></u>
Equity		<u><u>1,634,291</u></u>	<u><u>1,429,753</u></u>	<u><u>1,524,260</u></u>

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

Prospect School
Statement of Cash Flows
For the year ended 31 December 2020

	2020	2020 Budget	2019
Note	Actual	(Unaudited)	Actual
	\$	\$	\$
Cash flows from Operating Activities			
Government Grants	997,311	890,224	952,074
Locally Raised Funds	44,311	47,030	65,614
Goods and Services Tax (net)	(12,183)	(70,055)	58,663
Payments to Employees	(431,425)	(473,156)	(353,136)
Payments to Suppliers	(360,654)	(375,105)	(346,630)
Cyclical Maintenance Payments in the year	(5,000)	(9,964)	(42,957)
Interest Paid	(4,616)	(3,500)	(5,237)
Interest Received	13,792	10,000	14,566
Net cash from / (to) the Operating Activities	241,536	15,474	342,957
Cash flows from Investing Activities			
Purchase of Property Plant & Equipment	(206,396)	(114,000)	(136,381)
Purchase of Investments	461,588	(38,412)	(14,513)
Net cash from / (to) the Investing Activities	255,192	(152,412)	(150,894)
Cash flows from Financing Activities			
Furniture and Equipment Grant	8,509	-	-
Loans Received/Repayment of Loans	(5,073)	(5,073)	25,365
Finance Lease Payments	(20,192)	(27,021)	(13,595)
Funds Held for Capital Works Projects	(286,291)	(286,291)	286,291
Net cash from / (to) Financing Activities	(303,047)	(318,385)	298,061
Net increase/(decrease) in cash and cash equivalents	193,682	(455,323)	490,125
Cash and cash equivalents at the beginning of the year	8 962,143	962,143	472,018
Cash and cash equivalents at the end of the year	8 1,155,825	506,820	962,143

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.

Prospect School

Notes to the Financial Statements

For the year ended 31 December 2020

1. Statement of Accounting Policies

a) Reporting Entity

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

b) Basis of Preparation

Reporting Period

The financial reports have been prepared for the period 1 January 2020 to 31 December 2020 and in accordance with the requirements of the Public Finance Act 1989.

Basis of Preparation

The financial statements have been prepared on a going concern basis, and the accounting policies have been consistently applied throughout the period.

Financial Reporting Standards Applied

The Education and Training Act 2020 requires the School, as a Crown entity, to prepare financial statements in accordance with generally accepted accounting practice. The financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand, applying Public Sector Public Benefit Entity (PBE) Standards Reduced Disclosure Regime as appropriate to public benefit entities that qualify for Tier 2 reporting. The school is considered a Public Benefit Entity as it meets the criteria specified as 'having a primary objective to provide goods and/or services for community or social benefit and where any equity has been provided with a view to supporting that primary objective rather than for financial return to equity holders'.

PBE Accounting Standards Reduced Disclosure Regime

The School qualifies for Tier 2 as the school is not publicly accountable and is not considered large as it falls below the expenditure threshold of \$30 million per year. All relevant reduced disclosure concessions have been taken.

Measurement Base

The financial statements are prepared on the historical cost basis unless otherwise noted in a specific accounting policy.

Presentation Currency

These financial statements are presented in New Zealand dollars, rounded to the nearest dollar.

Specific Accounting Policies

The accounting policies used in the preparation of these financial statements are set out below.

Critical Accounting Estimates and Assumptions

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenue and expenses. "Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Cyclical Maintenance

The school recognises its obligation to maintain the Ministry's 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 19.

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.

Use of land and buildings grants are recorded as revenue in the period the School uses the land and buildings. These are not received in cash by the School as they equate to the deemed expense for using the land and buildings which are owned by the Crown.

Other Grants

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

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

Donations, Gifts and Bequests

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

Interest Revenue

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

d) Use of Land and Buildings Expense

The property from which the School operates is owned by the Crown and managed by the Ministry of Education on behalf of the Crown. The School's use of the land and buildings as occupant is based on a property occupancy document as gazetted by the Ministry. The expense is based on an assumed market rental yield on the value of land and buildings as used for rating purposes. This is a non-cash expense that is offset by a non-cash grant from the Ministry.

e) Finance Lease Payments

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

f) Cash and Cash Equivalents

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

g) Accounts Receivable

Short-term receivables are recorded at the amount due, less an allowance for credit losses (uncollectable debts). The schools receivables are largely made up of funding from the Ministry of Education, therefore the level of uncollectable debts is not considered to be material. However, short-term receivables are written off when there is no reasonable expectation of recovery.

h) Inventories

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

i) Investments

Bank term deposits are initially measured at the amount invested. Interest is subsequently accrued and added to the investment balance. A loss allowance for expected credit losses is recognised if the estimated loss allowance is not trivial.

j) Property, Plant and Equipment

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

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

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

Property, plant and equipment acquired with individual values under \$250 are not capitalised, they are recognised as an expense in the Statement of Comprehensive Revenue and Expense.

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

Finance Leases

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

Depreciation

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

The estimated useful lives of the assets are:

Building improvements to Crown Owned Assets	10–60 years
Furniture and equipment	2–20 years
Information and communication technology	2–20 years
Leased assets held under a Finance Lease	Term of Lease
Library resources	12.5% Diminishing value

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 benefits that are due to be settled within 12 months after the end of the period in which the employee renders the related service are measured based on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to balance date, and also annual leave earned, by non teaching staff, to but not yet taken at balance date.

m) Revenue Received in Advance

Revenue received in advance relates to fees received from other income 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.

n) Provision for Cyclical Maintenance

The property from which the School operates is owned by the Crown, and is vested in the Ministry. The Ministry has gazetted a property occupancy document that sets out the Board's property maintenance responsibilities. The Board is responsible for maintaining the land, buildings and other facilities on the School site in a state of good order and repair.

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

o) Financial Instruments

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

Investments that are shares are categorised as 'financial assets at fair value through other comprehensive revenue and expense' for accounting purposes in accordance with financial reporting standards.

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

p) Borrowings

Borrowings on normal commercial terms are initially recognised at the amount borrowed plus transaction costs. Interest due on the borrowings is subsequently accrued and added to the borrowings balance. Borrowings are classified as current liabilities unless the school has an unconditional right to defer settlement of the liability for at least 12 months after balance date.

Borrowings include but not limited to bank overdrafts, operating leases, finance leases, painting contracts and term loans.

q) Goods and Services Tax (GST)

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

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

Commitments and contingencies are disclosed exclusive of GST.

r) Budget Figures

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

s) Services received in-kind

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

2. Government Grants

	2020	2020	2019
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Operational grants	846,551	765,284	729,702
Teachers' salaries grants	1,726,361	1,200,000	1,720,534
Use of Land and Buildings grants	822,390	803,262	803,262
Other MoE Grants	160,850	124,940	129,600
	<u>3,556,152</u>	<u>2,893,486</u>	<u>3,383,098</u>

The school has opted in to the donations scheme for this year. Total amount received was \$55,500.

Other MOE Grants total includes additional COVID-19 funding totalling \$25,386 for the year ended 31 December 2020.

3. Locally Raised Funds

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

	2020	2020	2019
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Revenue			
Donations	3,298	22,000	5,493
Fundraising	23,392	10,180	35,904
Trading	22,447	6,550	11,134
Activities	8,741	8,300	15,199
	<u>57,878</u>	<u>47,030</u>	<u>67,730</u>
Expenses			
Activities	19,179	20,800	22,247
Trading	26,568	8,100	17,219
Fundraising (costs of raising funds)	7,144	3,200	11,743
	<u>52,891</u>	<u>32,100</u>	<u>51,209</u>
<i>Surplus for the year Locally raised funds</i>	<u>4,987</u>	<u>14,930</u>	<u>16,521</u>

4. Learning Resources

	2020	2020	2019
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Curricular	42,890	48,080	29,868
Equipment repairs	152	2,100	-
Information and communication technology	-	5,000	7,495
Library resources	1,096	1,550	1,936
Employee benefits - salaries	1,969,969	1,503,576	1,903,630
Resource/attached teacher costs	10,432	3,800	2,844
Staff development	54,165	72,000	78,444
	<u>2,078,704</u>	<u>1,636,106</u>	<u>2,024,217</u>

5. Administration

	2020	2020	2019
	Actual	Budget	Actual
	\$	(Unaudited)	\$
		\$	
Audit Fee	5,895	5,860	5,690
Board of Trustees Fees	2,300	3,800	2,770
Board of Trustees Expenses	1,686	7,000	3,595
Communication	6,735	5,400	6,211
Consumables	9,191	17,900	14,102
Other	24,091	16,200	12,224
Employee Benefits - Salaries	84,312	77,281	76,199
Insurance	8,972	9,871	8,644
Service Providers, Contractors and Consultancy	13,000	9,000	9,000
	<u>156,182</u>	<u>152,312</u>	<u>138,435</u>

6. Property

	2020	2020	2019
	Actual	Budget	Actual
	\$	(Unaudited)	\$
		\$	
Caretaking and Cleaning Consumables	16,464	11,200	11,647
Cyclical Maintenance Provision	26,993	30,000	8,738
Grounds	20,253	30,450	7,942
Heat, Light and Water	25,298	24,000	37,653
Rates	114	2,800	96
Repairs and Maintenance	61,485	61,994	28,746
Use of Land and Buildings	822,390	803,262	803,262
Security	4,247	5,000	5,660
Employee Benefits - Salaries	97,329	92,299	96,071
	<u>1,074,573</u>	<u>1,061,005</u>	<u>999,815</u>

7. Depreciation

	2020	2020	2019
	Actual	Budget	Actual
	\$	(Unaudited)	\$
		\$	
Buildings	9,567	13,386	9,379
Furniture and Equipment	67,908	95,020	58,250
Information and Communication Technology	19,601	27,427	19,173
Leased Assets	14,283	19,986	17,749
Library Resources	2,989	4,181	2,649
	<u>114,348</u>	<u>160,000</u>	<u>107,200</u>

8. Cash and Cash Equivalents

	2020	2020	2019
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Cash on Hand	300	300	300
Bank Current Account	1,155,525	506,520	909,935
Bank Call Account	-	-	51,908
Cash and cash equivalents for Statement of Cash Flows	<u>1,155,825</u>	<u>506,820</u>	<u>962,143</u>

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

Of the \$1,155,825 Cash and Cash Equivalents, \$20,292 pertains to borrowings as at 31 December 2020. This amount is to be used for the purpose of upgrading school lighting as specified in the loan agreement discussed in Note 14.

9. Accounts Receivable

	2020	2020	2019
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Receivables	15,528	706	706
Receivables from the Ministry of Education	10,090	-	-
Interest Receivable	-	5,763	5,763
Teacher Salaries Grant Receivable	140,641	105,272	105,272
	<u>166,259</u>	<u>111,741</u>	<u>111,741</u>
Receivables from Exchange Transactions	15,528	6,469	6,469
Receivables from Non-Exchange Transactions	150,731	105,272	105,272
	<u>166,259</u>	<u>111,741</u>	<u>111,741</u>

10. Inventories

	2020	2020	2019
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Stationery	3,169	3,510	3,510
	<u>3,169</u>	<u>3,510</u>	<u>3,510</u>

11. Investments

The School's investment activities are classified as follows:

	2020	2020	2019
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Current Asset			
Short-term Bank Deposits	-	500,000	461,588

12. Property, Plant and Equipment

	Opening Balance (NBV)	Additions	Disposals	Impairment	Depreciation	Total (NBV)
2020	\$	\$	\$	\$	\$	\$
Buildings	97,846	-	(39,771)	-	(9,567)	48,508
Furniture and Equipment	372,810	175,482	(6,417)	-	(67,908)	473,967
Information and Communication Technology	54,823	49,340	(3,070)	-	(19,601)	81,492
Leased Assets	50,887	50,688	(29,264)	-	(14,283)	58,028
Library Resources	18,540	5,833	(472)	-	(2,989)	20,912
Balance at 31 December 2020	594,906	281,343	(78,994)	-	(114,348)	682,907

	Cost or Valuation	Accumulated Depreciation	Net Book Value
2020	\$	\$	\$
Buildings	266,849	(218,341)	48,508
Furniture and Equipment	834,754	(360,789)	473,965
Information and Communication Technology	214,872	(133,380)	81,492
Leased Assets	79,276	(21,248)	58,028
Library Resources	60,444	(39,530)	20,914
Balance at 31 December 2020	1,456,195	(773,288)	682,907

The net carrying value of equipment held under a finance lease is **\$58,029 (2019: \$50,887)**

	Opening Balance (NBV)	Additions	Disposals	Impairment	Depreciation	Total (NBV)
2019	\$	\$	\$	\$	\$	\$
Buildings	54,169	53,057	-	-	(9,379)	97,847
Furniture and Equipment	363,307	68,737	(985)	-	(58,250)	372,809
Information and Communication Technology	74,048	6,733	(6,785)	-	(19,173)	54,823
Leased Assets	52,106	19,563	(3,033)	-	(17,749)	50,887
Library Resources	15,703	5,504	(18)	-	(2,649)	18,540
Balance at 31 December 2019	559,333	153,594	(10,821)	-	(107,200)	594,906

	Cost or Valuation	Accumulated Depreciation	Net Book Value
2019	\$	\$	\$
Buildings	351,967	(254,121)	97,846
Furniture and Equipment	750,326	(377,516)	372,810
Information and Communication Technology	186,293	(131,470)	54,823
Leased Assets	83,323	(32,436)	50,887
Library Resources	56,036	(37,496)	18,540
Balance at 31 December 2019	1,427,945	(833,039)	594,906

13 Accounts Payable

	2020	2020	2019
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Operating creditors	6,175	10,823	10,823
Accruals	7,357	6,960	6,960
Employee Entitlements - salaries	147,454	120,072	120,072
Employee Entitlements - leave accrual	5,636	3,825	3,825
	<u>166,622</u>	<u>141,680</u>	<u>141,680</u>
Payables for Exchange Transactions	166,622	141,680	141,680
	<u>166,622</u>	<u>141,680</u>	<u>141,680</u>

The carrying value of payables approximates their fair value.

14. Borrowings

	2020	2020	2019
	Actual	(Unaudited)	Actual
	\$	\$	\$
Due in One Year	5,073	-	5,073
Due Beyond One Year	15,219	-	20,292
	<u>20,292</u>	<u>-</u>	<u>25,365</u>

The school has borrowings at 31 December 2020 of \$20,292 (31 December 2019 \$25,365). This loan is from Energy Efficiency and Conservation Authority for the purpose of upgrading school lighting. The loan is unsecured, interest is 0% per annum and the loan is payable in equal instalments of \$1,268 per quarter over 5 years.

15. Revenue Received in Advance

	2020	2020	2019
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Other	1,255	-	-
	<u>1,255</u>	<u>-</u>	<u>-</u>

16. Provision for Cyclical Maintenance

	2020	2020	2019
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Provision at the Start of the Year	87,964	87,964	122,183
Increase to the Provision During the Year	26,993	8,817	8,738
Adjustment to the Provision	-	-	-
Use of the Provision During the Year	(5,000)	-	(42,957)
Provision at the End of the Year	<u>109,957</u>	<u>96,781</u>	<u>87,964</u>
Cyclical Maintenance - Current	22,222	20,000	19,147
Cyclical Maintenance - Term	87,735	88,000	68,817
	<u>109,957</u>	<u>108,000</u>	<u>87,964</u>

17. Finance Lease Liability

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

	2020 Actual \$	2020 Budget (Unaudited) \$	2019 Actual \$
No Later than One Year	27,894	9,000	29,084
Later than One Year and no Later than Five Years	35,566	5,000	25,967
Later than Five Years	-	-	-
	<u>63,460</u>	<u>14,000</u>	<u>55,051</u>

18. Funds Held for Capital Works Projects

During the year the School received and applied funding from the Ministry of Education for the following capital works projects:

	2020	Opening Balances \$	Receipts from MoE \$	Payments \$	BOT Contribution/ (Write-off to R&M)	Closing Balances \$
ILE Block 2, 3, 7	<i>completed</i>	286,291	250,000	(536,371)	(80)	-
Totals		<u>286,291</u>	<u>250,000</u>	<u>(536,371)</u>	<u>(80)</u>	<u>-</u>

Represented by:

Funds Held on Behalf of the Ministry of Education
Funds Due from the Ministry of Education

-
-

-

As at 31 December 2020 the Board has not entered into any contract agreements for capital works.

	2019	Opening Balances \$	Receipts from MoE \$	Payments \$	BOT Contribution/ (Write-off to R&M)	Closing Balances \$
ILE Block 2, 3, 7	<i>in progress</i>	-	287,371	(40,831)	39,771	286,311
Totals		<u>-</u>	<u>287,371</u>	<u>(40,831)</u>	<u>39,771</u>	<u>286,311</u>

Represented by:

Funds Held on Behalf of the Ministry of Education
Funds Due from the Ministry of Education

286,311

-

286,311

19. Related Party Transactions

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

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

20. Remuneration

Key management personnel compensation

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

	2020 Actual \$	2019 Actual \$
<i>Board Members</i>		
Remuneration	2,300	2,770
Full-time equivalent members	0.12	0.10
<i>Leadership Team</i>		
Remuneration	277,371	410,948
Full-time equivalent members	2.00	4.00
Total key management personnel remuneration	<u>279,671</u>	<u>413,718</u>
Total full-time equivalent personnel	<u>2.12</u>	<u>4.10</u>

The full time equivalent for Board members has been determined based on attendance at Board meetings, Committee meetings and for other obligations of the Board, such as stand downs and suspensions, plus the estimated time for Board members to prepare for meetings.

Principal

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

	2020 Actual \$000	2019 Actual \$000
Salaries and Other Short-term Employee Benefits:		
Salary and Other Payments	160 - 170	140 - 150
Benefits and Other Emoluments	1 - 5	1 - 5
Termination Benefits	-	-

Other Employees

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

Remuneration \$000	2020 FTE Number	2019 FTE Number
110-120	1	1
100-110	-	-
	<u>1.00</u>	<u>1.00</u>

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

21. Compensation and Other Benefits Upon Leaving

The total value of compensation or other benefits paid or payable to persons who ceased to be trustees, committee member, or employees during the financial year in relation to that cessation and number of persons to whom all or part of that total was payable was as follows:

	2020 Actual	2019 Actual
Total	-	-
Number of People	-	-

22. Contingencies

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

Holidays Act Compliance – schools payroll

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

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

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

23. Commitments

(a) Capital Commitments

During 2020 the School is in contract with Construction Management Group to upgrade ILE Block 2,3,7. The cost of this contract is a total of \$536,291. The School has received \$536,211 from the Ministry of Education, and spent \$536,371.

During 2019 the School entered into a contract with Construction Management Group to upgrade ILE Block 7 and Fire & Security. The cost of this contract is a total of \$439,385 GST exclusive. So far the School has received \$287,371 from the Ministry of Education, and spent \$40,851.

(b) Operating Commitments

As at 31 December 2020 the Board have no Operating Lease contracts.

(Operating commitments at 31 December 2018: nil)

24. Managing Capital

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

25. Financial Instruments

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

Financial assets measured at amortised cost

	2020	2020	2019
	Actual	Budget	Actual
	\$	(Unaudited)	\$
	\$	\$	\$
Cash and Cash Equivalents	1,155,825	506,820	962,143
Receivables	166,259	111,741	111,741
Investments - Term Deposits	-	500,000	461,588
Total Financial assets measured at amortised cost	<u>1,322,084</u>	<u>1,118,561</u>	<u>1,535,472</u>

Financial liabilities measured at amortised cost

Payables	166,622	141,680	141,680
Borrowings - Loans	20,292	-	25,365
Finance Leases	57,166	14,000	41,021
Total Financial Liabilities Measured at Amortised Cost	<u>244,080</u>	<u>155,680</u>	<u>208,066</u>

26. Events After Balance Date

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

27. Comparatives

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

Independent Auditor's Report

To the Readers of Prospect School's Financial Statements

For the Year Ended 31 December 2020

The Auditor-General is the auditor of Prospect School (the School). The Auditor-General has appointed me, Darren Wright, using the staff and resources of William Buck Audit (NZ) 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 19, that comprise the statement of financial position as at 31 December 2020, the statement of comprehensive revenue and expense, statement of changes in net assets/equity and statement of cash flows for the year ended on that date, and the notes to the financial statements that include accounting policies and other explanatory information.

In our opinion the financial statements of the School:

- present fairly, in all material respects:
 - its financial position as at 31 December 2020; and
 - its financial performance and cash flows for the year then ended; and
- comply with generally accepted accounting practice in New Zealand in accordance with PBE Accounting Standards (PBE IPSAS) Reduced Disclosure Regime.

Our audit was completed on 31 May 2021. This is the date at which our opinion is expressed.

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

Basis for our opinion

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

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

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

Responsibilities of the Board for the financial statements

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

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

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

Responsibilities of the auditor for the audit of the financial statements

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

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

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

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

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

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

the date of our auditor's report. However, future events or conditions may cause the School to cease to continue as a going concern.

- We evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We assess the risk of material misstatement arising from the Novopay payroll system, which may still contain errors. As a result, we carried out procedures to minimise the risk of material errors arising from the system that, in our judgement, would likely influence readers' overall understanding of the financial statements.

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

Our responsibilities 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 included in the annual report being the Kiwisport Report, the Members of the Board of Trustees and the Analyses of Variance, 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.



Darren Wright
William Buck Audit (NZ) Limited
On behalf of the Auditor-General
Auckland, New Zealand