

# **Mt Albert Grammar School**

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

|                               |   |
|-------------------------------|---|
| <b>Ministry Number:</b>       | 0069                                      |
| <b>Principal:</b>             | Patrick Drumm                             |
| <b>School Address:</b>        | 36 Alberton Ave, Mt Albert, Auckland      |
| <b>School Postal Address:</b> | 36 Alberton Ave, Mt Albert, Auckland 1025 |
| <b>School Phone:</b>          | 09 846 2044                               |
| <b>School Email:</b>          | headmaster@mags.school.nz                 |
| <b>Service Provider:</b>      | Edtech Financial Services Ltd             |

# Members of the Board of Trustees

For the year ended 31 December 2019

| Name                 | Position       | How position on Board gained | Occupation                                     | Term expired/expires |
|----------------------|----------------|------------------------------|--|----------------------|
| Graham Fletcher      | Parent Rep     | Elected                      | Scientist                                      | Jun-19               |
| Tui Gallagher        | Parent Rep     | Elected                      | Field Officer                                  | Jun-22               |
| Dale Griffiths       | Parent Rep     | Elected                      | - Auck Prisoner's Aid & Rehabilitation Society | Jun-19               |
| John Liddell         | Foundation Rep | Elected                      | Pharmacist                                     | Mar-20               |
| Simon Mitchell       | Parent Rep     | Elected                      | Army Officer                                   | Jun-22               |
| Paul Moon            | Parent Rep     | Elected                      | Lawyer   | Jun-22               |
| Gregory Moyle        | Chairman       | Elected                      | Lecturer                                       | Jun-22               |
| Catherine Murphy     | Parent Rep     | Elected                      | Finance Manager                                | Jun-22               |
| Vaibhav Nayyar       | Student rep    | Elected                      | Director                                       | Jun-22               |
| Malcolm Nuttall      | staff rep      | Elected                      | Student  | Jun-20               |
| Lisa Oakden          | Albertian rep  | Elected                      | Teacher  | Jun-22               |
| Samuel Pickering     | Parent Rep     | Elected                      | Legal Executive                                | Jun-21               |
| Lemauga Lydia Sosene | Parent Rep     | co-opted                     | Business Analyst                               | Jun-19               |
| Ofisa Tonu'u         | Parent Rep     | co-opted                     | Office Manager                                 | Jun-22               |
| Neil Waka            | Parent Rep     | Elected                      | Program coordinator                            | Jun-19               |
| Te Kani Williams     | Parent Rep     | Elected                      | GM Corporate Affairs                           | Jun-22               |
| Hugo Young           | Student rep    | co-opted                     | Lawyer   | Jun-19               |
|                      |                | Elected                      | Student  | Jun-19               |

# **Mt Albert Grammar School**

## **Annual Report**

For the year ended 31 December 2019

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**Mt Albert Grammar School**  
**Statement of Responsibility**  
For the year ended 31 December 2019

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

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

It is the opinion of the Board and management that the annual financial statements for the financial year ended 31 December 2019 fairly reflects the financial position and operations of the school.

The School's 2019 financial statements are authorised for issue by the Board.

GREGORY JAMES MOYLE  
Full Name of Board Chairperson

[Signature]  
Signature of Board Chairperson

22/07/2020  
Date:

Patrick Denis Dorman  
Full Name of Principal

[Signature]  
Signature of Principal

22/07/2021  
Date:

# Mt Albert Grammar School

## Statement of Comprehensive Revenue and Expense

For the year ended 31 December 2019

|   | Notes | 2019<br>Actual<br>\$ | 2019<br>Budget<br>(Unaudited)<br>\$ | 2018<br>Actual<br>\$ |
|---|-------|----------------------|-------------------------------------|----------------------|
| <b>Revenue</b>  |       |                      |                                     |                      |
| Government Grants   | 2     | 31,017,011           | 29,630,093                          | 29,867,078           |
| Local Raised Funds  | 3     | 3,041,558            | 1,496,890                           | 3,054,391            |
| Interest Earned   |       | 220,919              | 138,120                             | 206,930              |
| Hostel  | 4     | 1,247,657            | 1,265,031                           | 1,253,677            |
| International Students                                      | 5     | 3,025,897            | 3,373,068                           | 3,112,423            |
|   |       | <hr/>                | <hr/>                               | <hr/>                |
|   |       | 38,553,042           | 35,903,202                          | 37,494,499           |
| <b>Expenses</b>   |       |                      |                                     |                      |
| Local Raised Funds  | 3     | 818,652              | 89,928                              | 1,030,846            |
| Hostel  | 4     | 1,055,660            | 1,047,748                           | 1,010,863            |
| International Students                                      | 5     | 1,576,872            | 1,862,364                           | 1,379,908            |
| Learning Resources  | 6     | 20,899,300           | 19,760,737                          | 20,087,634           |
| Administration  | 7     | 981,075              | 1,128,728                           | 869,346              |
| Finance Costs   |       | 174,285              | 127,188                             | 85,963               |
| Property  | 8     | 10,889,698           | 10,933,986                          | 10,877,704           |
| Depreciation  | 9     | 1,063,863            | 945,000                             | 1,035,875            |
| Loss on Disposal of Property, Plant and Equipment           |       | 3,614                | -                                   | 157,731              |
|   |       | <hr/>                | <hr/>                               | <hr/>                |
|   |       | 37,463,019           | 35,895,679                          | 36,535,870           |
| <b>Net Surplus for the year</b>                             |       | 1,090,023            | 7,523                               | 958,629              |
| Other Comprehensive Revenue and Expenses                    |       | -                    | -                                   | -                    |
| <b>Total Comprehensive Revenue and Expense for the Year</b> |       | <hr/>                | <hr/>                               | <hr/>                |
|   |       | 1,090,023            | 7,523                               | 958,629              |

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

# Mt Albert Grammar School

## Statement of Changes in Net Assets/Equity

For the year ended 31 December 2019

|  | 2019<br>Actual<br>\$ | 2019<br>Budget<br>(Unaudited)<br>\$ | 2018<br>Actual<br>\$ |
|--|----------------------|-------------------------------------|----------------------|
| Balance at 1 January   | 12,462,037           | 12,543,768                          | 11,127,854           |
| Total comprehensive revenue and expense for the year   | 1,090,023            | 7,523                               | 958,629              |
| Capital Contributions from the Ministry of Education<br>Contribution - Furniture and Equipment Grant | 124,630              | -                                   | 375,554              |
| Equity at 31 December  | 13,676,690           | 12,551,291                          | 12,462,037           |
| Retained Earnings  | 13,676,690           | 12,551,291                          | 12,462,037           |
| Equity at 31 December  | 13,676,690           | 12,551,291                          | 12,462,037           |

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.



# Mt Albert Grammar School

## Statement of Financial Position

As at 31 December 2019

|   |       | 2019              | 2019                        | 2018              |
|---|-------|-------------------|-----------------------------|-------------------|
|   | Notes | Actual<br>\$      | Budget<br>(Unaudited)<br>\$ | Actual<br>\$      |
| <b>Current Assets</b>                     |       |                   |                             |                   |
| Cash and Cash Equivalents                 | 10    | 2,272,831         | 142,860                     | 1,326,291         |
| Accounts Receivable                       | 11    | 1,098,725         | 950,000                     | 941,085           |
| Prepayments                               |       | 93,590            | 100,000                     | 103,168           |
| Inventories                               | 12    | 11,300            | 15,750                      | 15,750            |
| Investments                               | 13    | 4,923,594         | 6,334,000                   | 6,333,790         |
|   |       | <u>8,400,040</u>  | <u>7,542,610</u>            | <u>8,720,084</u>  |
| <b>Current Liabilities</b>                |       |                   |                             |                   |
| GST Payable                               |       | 28,498            | 30,000                      | 60,433            |
| Accounts Payable                          | 15    | 1,708,045         | 1,443,000                   | 1,658,635         |
| Revenue Received in Advance               | 17    | 2,468,697         | 3,948,000                   | 2,310,768         |
| Provision for Cyclical Maintenance        | 18    | 139,148           | 387,820                     | 441,662           |
| Finance Lease Liability - Current Portion | 19    | 281,260           | 241,739                     | 241,740           |
| Funds Held in Trust                       | 20    | 1,389,745         | -                           | 1,382,964         |
| Funds Held for Capital Works Projects     | 21    | 47,800            | -                           | 41,503            |
|   |       | <u>6,063,193</u>  | <u>6,050,559</u>            | <u>6,137,705</u>  |
| <b>Working Capital Surplus/(Deficit)</b>  |       | <u>2,336,847</u>  | <u>1,492,051</u>            | <u>2,582,379</u>  |
| <b>Non-current Assets</b>                 |       |                   |                             |                   |
| Property, Plant and Equipment             | 14    | 12,946,811        | 13,515,403                  | 12,627,822        |
|   |       | <u>12,946,811</u> | <u>13,515,403</u>           | <u>12,627,822</u> |
| <b>Non-current Liabilities</b>            |       |                   |                             |                   |
| Borrowings - Due beyond one year          | 16    | 1,000,000         | 2,050,000                   | 2,300,000         |
| Provision for Cyclical Maintenance        | 18    | 492,025           | 131,100                     | 173,100           |
| Finance Lease Liability                   | 19    | 114,943           | 275,063                     | 275,064           |
|   |       | <u>1,606,968</u>  | <u>2,456,163</u>            | <u>2,748,164</u>  |
| <b>Net Assets</b>                         |       | <u>13,676,690</u> | <u>12,551,291</u>           | <u>12,462,037</u> |
| <b>Equity</b>                             |       | <u>13,676,690</u> | <u>12,551,291</u>           | <u>12,462,037</u> |

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



# Mt Albert Grammar School

## Statement of Cash Flows

For the year ended 31 December 2019

|   |           | 2019             | 2019                        | 2018             |
|---|-----------|------------------|-----------------------------|------------------|
|   | Note      | Actual<br>\$     | Budget<br>(Unaudited)<br>\$ | Actual<br>\$     |
| <b>Cash flows from Operating Activities</b>                 |           |                  |                             |                  |
| Government Grants   |           | 7,597,268        | 6,977,638                   | 7,214,623        |
| Locally Raised Funds  |           | 3,153,345        | 1,750,929                   | 3,122,433        |
| Hostel  |           | 1,247,657        | 1,265,031                   | 1,253,677        |
| International Students                                      |           | 3,036,133        | 4,756,261                   | 2,785,570        |
| Goods and Services Tax (net)                                |           | (31,935)         | (30,433)                    | (85,120)         |
| Payments to Employees                                       |           | (5,478,892)      | (5,726,419)                 | (4,747,478)      |
| Payments to Suppliers                                       |           | (7,341,327)      | (6,691,160)                 | (7,723,536)      |
| Interest Paid   |           | (174,285)        | (127,188)                   | (85,963)         |
| Interest Received   |           | 190,584          | 163,281                     | 205,120          |
| Net cash from / (to) the Operating Activities               |           | 2,198,548        | 2,337,940                   | 1,939,326        |
| <b>Cash flows from Investing Activities</b>                 |           |                  |                             |                  |
| Proceeds from Sale of PPE (and Intangibles)                 |           | -                | -                           | 3,000            |
| Purchase of PPE (and Intangibles)                           |           | (1,222,108)      | (1,471,138)                 | (889,057)        |
| Purchase of Investments                                     |           | 1,417,351        | (210)                       | (802,329)        |
| Net cash from / (to) the Investing Activities               |           | 195,243          | (1,471,348)                 | (1,688,386)      |
| <b>Cash flows from Financing Activities</b>                 |           |                  |                             |                  |
| Furniture and Equipment Grant                               |           | 124,630          | (375,554)                   | 375,554          |
| Finance Lease Payments                                      |           | (284,959)        | (2)                         | (229,619)        |
| Loans Received/ Repayment of Loans                          |           | (1,300,000)      | (250,000)                   | (250,000)        |
| Funds Administered on Behalf of Third Parties               |           | 6,781            | (1,382,964)                 | (47,743)         |
| Funds Held for Capital Works Projects                       |           | 6,297            | (41,503)                    | 26,153           |
| Net cash from / (to) Financing Activities                   |           | (1,447,251)      | (2,050,023)                 | (125,655)        |
| <b>Net increase/(decrease) in cash and cash equivalents</b> |           | <b>946,540</b>   | <b>(1,183,431)</b>          | <b>125,285</b>   |
| Cash and cash equivalents at the beginning of the year      | 10        | 1,326,291        | 1,326,291                   | 1,201,006        |
| <b>Cash and cash equivalents at the end of the year</b>     | <b>10</b> | <b>2,272,831</b> | <b>142,860</b>              | <b>1,326,291</b> |

The statement of cash flows records only those cash flows directly within the control of the School. This means centrally funded teachers' salaries and the use of land and buildings grant and expense have been excluded.

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





# Mt Albert Grammar School

## Reconciliation of Net Cash Flows From Operating Activities to Net Surplus

For the year ended 31 December 2019

|   | 2019             | 2019                        | 2018             |
|---|------------------|-----------------------------|------------------|
| Note  | Actual<br>\$     | Budget<br>(Unaudited)<br>\$ | Actual           |
| <b>Net Surplus for the year</b>                             | 1,090,023        | 7,523                       | 958,629          |
| <b>Add Non-Cash Items</b>                                   |                  |                             |                  |
| Depreciation  | 1,063,863        | 945,000                     | 1,035,875        |
| Non-Cash Movement in Cyclical Maintenance Provision         | 16,411           | -                           | 37,487           |
|   | <u>1,080,274</u> | <u>945,000</u>              | <u>1,073,362</u> |
| <b>Add/(Loss) Movements in other working capital items:</b> |                  |                             |                  |
| (Increase) decrease in receivables                          | (157,640)        | (8,915)                     | (12,563)         |
| (Increase) decrease in prepayments                          | 9,578            | 3,168                       | 23,113           |
| (Increase) decrease in inventory                            | 4,450            | -                           | 14,456           |
| Increase (decrease) in payables                             | 49,410           | (215,635)                   | 191,426          |
| Increase (decrease) in revenue in advance                   | 147,693          | 1,637,232                   | (326,853)        |
| Increase (decrease) in fees in advance                      | 10,236           | -                           | (47,700)         |
| Increase (decrease) net GST                                 | (31,935)         | (30,433)                    | (85,120)         |
| Increase (decrease) in Trust Funds (Net)                    | (7,155)          | -                           | (7,155)          |
|   | <u>24,637</u>    | <u>1,385,417</u>            | <u>(250,396)</u> |
| <b>Add (less) Items classified as investing activities:</b> |                  |                             |                  |
| Loss (Gain) on sale of fixed assets                         | 3,614            | -                           | 157,731          |
|   | <u>3,614</u>     | <u>-</u>                    | <u>157,731</u>   |
| <b>Net Cash Flow from Operating activities</b>              | <u>2,198,548</u> | <u>2,337,940</u>            | <u>1,939,326</u> |



# Mt Albert Grammar School

## Notes to the Financial Statements

For the year ended 31 December 2019

### 1. Statement of Accounting Policies

#### **Reporting Entity**

Mt Albert Grammar School (the School) is domiciled in New Zealand and is a Crown entity as specified in the Crown Entities Act 2004 and a school as described in the Education Act 1989. The Board of Trustees (the Board) is of the view that the School is a public benefit entity for financial reporting purposes.

#### **Basis of Preparation**

##### ***Reporting Period***

The financial reports have been prepared for the period 1 January 2019 to 31 December 2019 and in accordance with the requirements of the Public Finance Act 1989.

##### ***Basis of Preparation***

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

##### ***Financial Reporting Standards Applied***

The Education Act 1989 requires the School, as a Crown entity, to prepare financial statements in accordance with generally accepted accounting practice. The financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand, applying Public Sector Public Benefit Entity (PBE) Standards as appropriate to public benefit entities that qualify for Tier 1 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".

##### ***New standards and interpretations issued not yet adopted***

A number of new standards and interpretations have been issued but not yet effective as of the date of the financial statements. For the year ended 31 December 2019, these are:

PBE FRS 48 - Service Performance Reporting, effective for periods beginning on or after 1 January 2021.

The School has not yet assessed the impact of these new standards and interpretations. The Trustees expect to adopt the above Standards in the period in which they become mandatory. With the exception of PBE FRS 48 whose relevance is currently being assessed the MOE, the Trustees anticipate that the above Standards are not expected to have a material impact on the financial statements in the period of initial applications, however a detailed assessment of the impact has yet to be performed.

##### ***Standard Early Adopted***

In line with the Financial Statements of the Government, the School has elected to early adopt PBE IFRS 9 Financial Instruments. PBE IFRS 9 replaces PBE IPSAS 29 Financial Instruments: Recognition and Measurement.

##### ***PBE Accounting Standards***

The School qualifies for Tier 1 as the school is not publicly accountable and is considered large as it falls within the expenditure threshold of exceeding \$30 million per year.

##### ***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.



## Mt Albert Grammar School

# Notes to the Financial Statements (cont.)

For the year ended 31 December 2019

### *Critical Accounting Estimates And Assumptions*

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

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

### *Useful lives of property, plant and equipment*

The School reviews the estimated useful lives of property, plant and equipment at the end of each reporting date. The School believes that the estimated useful lives of the property, plant and equipment as disclosed in the Significant Accounting Policies are appropriate to the nature of the property, plant and equipment at reporting date. Property, plant and equipment is disclosed at note 14.

### *Critical Judgements in applying accounting policies*

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

### *Classification of leases*

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

### *Recognition of grants*

The School reviews the grants monies received at the end of each reporting period and whether any require a provision to carry forward amounts unspent. The School believes all grants received have been appropriately recognised as a liability if required. Government grants are disclosed at note 2.

## Revenue Recognition

### *Government Grants*

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

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

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

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

### *Other Grants*

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

### *Donations, Gifts and Bequests*

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

### *Interest Revenue*

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

### *Use of Land and Buildings Expense*

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

## **Mt Albert Grammar School**

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

For the year ended 31 December 2019

### **Finance Lease Payments**

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

### **Cash and Cash Equivalents**

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

### **Accounts Receivable**

Short-term receivables are recorded at the amount due, less an allowance for credit losses. The school applies the simplified expected credit loss model of recognising lifetime expected credit losses for receivables. In measuring expected credit losses, short-term receivables have been assessed on a collective basis as they possess shared credit risk characteristics. They have been grouped based on the days past due. Short-term receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include the debtor being in liquidation.

### **Prior Year Policy**

Accounts Receivable represents items that the School has issued invoices for or accrued for, but has not received payment for at year end. Receivables are initially recorded at fair value and subsequently recorded at the amount the School realistically expects to receive. A receivable is considered uncollectable where there is objective evidence the School will not be able to collect all amounts due. The amount that is uncollectable (the provision for uncollectibility) is the difference between the amount due and the present value of the amounts expected to be collected.

### **Inventories**

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

### **Investments**

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

### **Prior Year Policy**

Bank term deposits for periods exceeding 90 days are classified as investments and are initially measured at the amount invested. Interest is subsequently accrued and added to the investment balance. After initial recognition bank term deposits are measured at amortised cost using the effective interest method less impairment.

Investments that are shares are categorised as “available for sale” for accounting purposes in accordance with financial reporting standards. Share investments are recognised initially by the School at fair value plus transaction costs. At balance date the School has assessed whether there is any evidence that an investment is impaired. Any impairment, gains or losses are recognised in the Statement of Comprehensive Revenue and Expense.

After initial recognition any investments categorised as available for sale are measured at their fair value without any deduction for transaction costs the School may incur on sale or other disposal.

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

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

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

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

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

## Mt Albert Grammar School

# Notes to the Financial Statements (cont.)

For the year ended 31 December 2019

Property, plant and equipment acquired with individual values under \$500 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:

|  |                              |
|--|------------------------------|
| Buildings - School                       | 40 years                     |
| Building improvements - Crown            | 25 years                     |
| Furniture and equipment                  | 5-20 years                   |
| Information and communication technology | 5 years                      |
| Motor vehicles                           | 5 years                      |
| Textbooks                                | 1-4 years                    |
| Leased assets held under a Finance Lease | over the terms of the leases |
| Library resources                        | 12.5% Diminishing value      |

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

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

#### **Non cash generating assets**

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

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

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

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

### **Accounts Payable**

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

### **Employee Entitlements**

#### **Short-term employee entitlements**

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



## **Mt Albert Grammar School**

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

For the year ended 31 December 2019

### **Revenue Received in Advance**

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

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

### **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 Comprehensive Revenue and Expense. The School holds sufficient funds to enable the funds to be used for their intended purpose at any time.

### **Provision for Cyclical Maintenance**

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

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

### **Financial Assets and Liabilities**

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

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

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

### **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.

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

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

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

Commitments and contingencies are disclosed exclusive of GST.

### **Budget Figures**

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

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

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

## Mt Albert Grammar School

# Notes to the Financial Statements (cont.)

For the year ended 31 December 2019

## 2 Government Grants

|   | 2019              | 2019<br>Budget    | 2018              |
|---|-------------------|-------------------|-------------------|
|   | Actual            | (Unaudited)       | Actual            |
|   | \$                | \$                | \$                |
| Operational grants                              | 4,995,483         | 4,865,724         | 4,851,669         |
| Teachers' salaries grants                       | 14,439,063        | 13,545,549        | 13,545,549        |
| Use of Land and Buildings grants                | 8,980,680         | 9,106,906         | 9,106,906         |
| Resource teachers learning and behaviour grants | 522               | -                 | 2,176             |
| Other MoE Grants                                | 2,473,856         | 2,025,718         | 2,277,080         |
| Other government grants                         | 127,407           | 86,196            | 83,698            |
|   | <b>31,017,011</b> | <b>29,630,093</b> | <b>29,867,078</b> |

## 3 Locally Raised Funds

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

### Revenue

|                 | 2019             | 2019<br>Budget   | 2018             |
|-----------------|------------------|------------------|------------------|
|                 | Actual           | (Unaudited)      | Actual           |
|                 | \$               | \$               | \$               |
| Donations       | 519,736          | 499,702          | 513,447          |
| Fundraising     | 6,675            | 3,504            | 4,454            |
| Other revenue   | 313,649          | 196,403          | 308,752          |
| Farm            | 60,624           | 49,104           | 60,786           |
| Trading         | 33,000           | 20,000           | 29,480           |
| Activities      | 1,691,510        | 728,177          | 1,731,584        |
| Overseas travel | 416,364          | -                | 405,888          |
|                 | <b>3,041,558</b> | <b>1,496,890</b> | <b>3,054,391</b> |

### Expenses

|  | 2019           | 2019<br>Budget | 2018             |
|--|----------------|----------------|------------------|
|  | Actual         | (Unaudited)    | Actual           |
|  | \$             | \$             | \$               |
| Activities                             | 303,372        | 26,880         | 380,879          |
| Overseas Travel                        | 421,837        | -              | 404,098          |
| Trading                                | 16,525         | -              | 7,672            |
| Farm                                   | 76,918         | 63,048         | 68,743           |
| Other Locally Raised Funds Expenditure | -              | -              | 169,454          |
|  | <b>818,652</b> | <b>89,928</b>  | <b>1,030,846</b> |

*Surplus for the year Locally Raised Funds*

|  |                  |                  |                  |
|--|------------------|------------------|------------------|
|  | <b>2,222,906</b> | <b>1,406,962</b> | <b>2,023,545</b> |
|--|------------------|------------------|------------------|

### Overseas Travel

During the year ended December 2019, 10 students and 3 adults undertook a trip to Estonia at a cost of \$56,240 to attend the Orienteering World Championships; 40 Students and 4 staff undertook a trip to the USA at a cost of \$217,133 to visit the NASA space camp; 18 students and 2 staff undertook a trip to Australia at a cost of \$28,358 to attend football training camp, play games and attend games of football; 24 students and 3 staff undertook a trip to France at a cost of \$120,105 for four weeks to experience day to day living and speaking French. All tours were funded through locally raised funds. The total cost of these trips was \$421,837. The travel was funded from payments made by the students for these trips of \$416,364.

(2018: During the year staff members travelled with students to the USA (Media Studies), Melbourne (Orchestra), Singapore (Netball) and Rarotonga (Rugby). The cost of these four trips was \$404,098. The travel was funded from payments made by the students for these trips of \$405,888.)

## 4 Hostel Revenue and Expenses

|                                     | 2019             | 2019<br>Budget   | 2018             |
|-------------------------------------|------------------|------------------|------------------|
|                                     | Actual           | (Unaudited)      | Actual           |
|                                     | Number           | Number           | Number           |
| <i>Hostel Financial Performance</i> |                  |                  |                  |
| Hostel Full Boarders                | 105              | 0                | 105              |
|                                     | 2019             | 2019<br>Budget   | 2018             |
|                                     | Actual           | (Unaudited)      | Actual           |
|                                     | \$               | \$               | \$               |
| <i>Revenue</i>                      |                  |                  |                  |
| Hostel Fees                         | 1,194,775        | 1,232,592        | 1,160,884        |
| Other Revenue                       | 52,882           | 32,439           | 92,793           |
|                                     | <b>1,247,657</b> | <b>1,265,031</b> | <b>1,253,677</b> |
| <i>Expenses</i>                     |                  |                  |                  |
| Kitchen                             | 635,319          | 644,160          | 621,089          |
| Extra curricular/activities         | 45,638           | 25,504           | 41,822           |
| Administration                      | 39,990           | 48,504           | 29,028           |
| Property                            | 152,327          | 175,512          | 161,926          |
| Student supplies                    | 2,659            | 2,496            | 1,349            |
| Employee Benefit - Salaries         | 179,727          | 151,572          | 155,649          |
|                                     | <b>1,055,660</b> | <b>1,047,748</b> | <b>1,010,863</b> |
|                                     | <b>191,997</b>   | <b>217,283</b>   | <b>242,814</b>   |

*Surplus for the year Hostel*

## Notes to the Financial Statements (cont.)

For the year ended 31 December 2019

## 5 International Student Revenue and Expenses

|   | 2019             | 2019             | 2018             |
|---|------------------|------------------|------------------|
|   | Actual           | Budget           | Actual           |
|   | Number           | (Unaudited)      | Number           |
|   |                  | Number           |                  |
| International Student Roll                          | 171              | 0                | 173              |
|   | 2019             | 2019             | 2018             |
|   | Actual           | Budget           | Actual           |
|   | \$               | (Unaudited)      | \$               |
| <b>Revenue</b>                                      |                  |                  |                  |
| International student fees                          | 3,025,897        | 3,373,068        | 3,112,423        |
| <b>Expenses</b>                                     |                  |                  |                  |
| Commissions   | 348,926          | 513,000          | 209,572          |
| Recruitment   | 77,243           | 120,000          | 115,258          |
| International student levy                          | 68,103           | 70,872           | 59,094           |
| Employee Benefit - Salaries                         | 960,959          | 972,900          | 849,691          |
| Other Expenses                                      | 121,641          | 185,592          | 146,293          |
|   | 1,576,872        | 1,862,364        | 1,379,908        |
| <b>Surplus for the year International Students'</b> | <b>1,449,025</b> | <b>1,510,704</b> | <b>1,732,515</b> |

**Overseas Travel**

During the year ended December 2019 the Director of International Students and the Assistant International Director travelled to Vietnam, Thailand, Japan, China, Europe, Singapore and Mexico at a cost of \$247,000 for the purpose of recruiting new students for the school. The travel was funded from the net surplus from international student fees revenue.

(2018: During the year ended 31 December 2018 the Director of International Students, the Assistant Director of International Students and/or the Headmaster travelled to Europe, Mexico, Vietnam, Japan, Thailand, Argentina and Korea at a cost of \$64,866 for the purpose of recruiting new students for the school. The travel was funded from the net surplus from international student fees revenue.)

## 6 Learning Resources

|  | 2019       | 2019        | 2018       |
|--|------------|-------------|------------|
|  | Actual     | Budget      | Actual     |
|  | \$         | (Unaudited) | \$         |
|  |            | \$          |            |
| Curricular                               | 1,681,397  | 1,505,172   | 2,322,957  |
| Equipment repairs                        | -          | -           | 97,914     |
| Information and communication technology | 317,866    | 407,268     | 252,044    |
| Extra-curricular activities              | 932,406    | 641,072     | 916,945    |
| Library resources                        | 20,178     | 18,480      | 11,166     |
| Employee benefits - salaries             | 17,841,563 | 17,091,245  | 16,383,424 |
| Staff development                        | 105,890    | 97,500      | 103,184    |
|  | 20,899,300 | 19,760,737  | 20,087,634 |

**Overseas Travel**

During the year ended December 2019, the Headmaster travelled to Australia at a cost of \$1,250 to attend the annual ACEL conference for professional development on school leadership and curriculum design and the costs were funded by the board. The Headmaster travelled to Canada and Washington at a cost of \$6,700 to attend the International Boys Schools Coalition Conference and to connect with MAGS Alumni in Washington DC and the costs were funded by the board. (2018:Nil)





## Mt Albert Grammar School

# Notes to the Financial Statements (cont.)

For the year ended 31 December 2019

### 7 Administration

|  | 2019           | 2019             | 2018           |
|--|----------------|------------------|----------------|
|  | Actual         | Budget           | Actual         |
|  | \$             | (Unaudited)      | \$             |
| Audit Fee                                      | 23,643         | 13,848           | 14,199         |
| Board of Trustees Fees                         | 5,935          | 9,000            | 6,375          |
| Board of Trustees Expenses                     | 23,616         | 14,004           | 7,261          |
| Communication                                  | 20,021         | 22,704           | 20,283         |
| Consumables                                    | (97,379)       | 49,164           | (140,549)      |
| Operating Lease                                | -              | -                | 15,158         |
| Legal Fees                                     | 6,229          | -                | -              |
| Postage  | 3,793          | 2,496            | 441            |
| Other  | 151,265        | 220,616          | 164,557        |
| Employee Benefits - Salaries                   | 744,172        | 716,352          | 695,685        |
| Insurance                                      | 82,344         | 68,004           | 73,336         |
| Service Providers, Contractors and Consultancy | 17,436         | 12,540           | 12,600         |
|  | <u>981,075</u> | <u>1,128,728</u> | <u>869,346</u> |

### 8 Property

|                                     | 2019              | 2019              | 2018              |
|-------------------------------------|-------------------|-------------------|-------------------|
|                                     | Actual            | Budget            | Actual            |
|                                     | \$                | (Unaudited)       | \$                |
| Caretaking and Cleaning Consumables | 434,161           | 84,252            | 400,038           |
| Consultancy and Contract Services   | 150,283           | 463,500           | 160,389           |
| Cyclical Maintenance Provision      | 16,411            | -                 | 37,487            |
| Grounds                             | 46,172            | 35,004            | 106,133           |
| Heat, Light and Water               | 204,481           | 187,992           | 193,435           |
| Repairs and Maintenance             | 743,218           | 756,368           | 599,590           |
| Use of Land and Buildings           | 8,980,680         | 9,106,906         | 9,106,906         |
| Security                            | 84,365            | 95,004            | 71,481            |
| Employee Benefits - Salaries        | 229,927           | 204,960           | 202,245           |
|                                     | <u>10,889,698</u> | <u>10,933,986</u> | <u>10,877,704</u> |

The use of land and buildings figure represents 8% of the school's total property value. This is used as a 'proxy' for the market rental of the property. Property values are established as part of the nation-wide revaluation exercise that is conducted every 30 June for the Ministry of Education's year-end reporting purposes.

### 9 Depreciation of Property, Plant and Equipment

|  | 2019             | 2019           | 2018             |
|--|------------------|----------------|------------------|
|  | Actual           | Budget         | Actual           |
|  | \$               | (Unaudited)    | \$               |
| Buildings - School                       | 198,808          | 173,000        | 169,496          |
| Building Improvements - Crown            | 65,080           | 65,000         | 65,070           |
| Furniture and Equipment                  | 291,561          | 250,000        | 259,065          |
| Information and Communication Technology | 207,508          | 239,000        | 229,278          |
| Motor Vehicles                           | 7,975            | 8,000          | 7,975            |
| Textbooks                                | 14,813           | -              | 23,932           |
| Leased Assets                            | 267,882          | 200,000        | 269,830          |
| Library Resources                        | 10,236           | 10,000         | 11,229           |
|  | <u>1,063,863</u> | <u>945,000</u> | <u>1,035,875</u> |



## Notes to the Financial Statements (cont.)

For the year ended 31 December 2019

## 10 Cash and Cash Equivalents

|  | 2019             | 2019                  | 2018             |
|--|------------------|-----------------------|------------------|
|  | Actual           | Budget<br>(Unaudited) | Actual           |
|  | \$               | \$                    | \$               |
| Bank Current Account   | 1,672,337        | 142,860               | 826,291          |
| Bank Call Account  | 600,494          | -                     | 500,000          |
| Net cash and cash equivalents and bank overdraft for Cash Flow Statement | <u>2,272,831</u> | <u>142,860</u>        | <u>1,326,291</u> |

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

## 11 Accounts Receivable

|  | 2019             | 2019                  | 2018           |
|--|------------------|-----------------------|----------------|
|  | Actual           | Budget<br>(Unaudited) | Actual         |
|  | \$               | \$                    | \$             |
| Receivables                                | 35,906           | -                     | -              |
| Interest Receivable                        | 48,341           | -                     | 25,161         |
| Teacher Salaries Grant Receivable          | 1,014,478        | 950,000               | 915,924        |
|  | <u>1,098,725</u> | <u>950,000</u>        | <u>941,085</u> |
| Receivables from Exchange Transactions     | 84,247           | -                     | 25,161         |
| Receivables from Non-Exchange Transactions | 1,014,478        | 950,000               | 915,924        |
|  | <u>1,098,725</u> | <u>950,000</u>        | <u>941,085</u> |

The Ageing Profile of Receivables at year end is detailed below

|                       | Gross            | 2019 Actual<br>Impairment | Net              | Gross          | 2018 Actual<br>Impairment | Net            |
|-----------------------|------------------|---------------------------|------------------|----------------|---------------------------|----------------|
|                       | \$               | \$                        | \$               | \$             | \$                        | \$             |
| Not Past Due          | 1,094,048        | -                         | 1,094,048        | 941,085        | -                         | 941,085        |
| Past Due 1 - 30 Days  | 2,300            | -                         | 2,300            | -              | -                         | -              |
| Past Due 31 - 60 Days | 1,483            | -                         | 1,483            | -              | -                         | -              |
| Past Due 61 - 90 Days | 894              | -                         | 894              | -              | -                         | -              |
| Past Due over 90 Days | -                | -                         | -                | -              | -                         | -              |
| Total                 | <u>1,098,725</u> | <u>-</u>                  | <u>1,098,725</u> | <u>941,085</u> | <u>-</u>                  | <u>941,085</u> |

## 12 Inventories

|           | 2019          | 2019                  | 2018          |
|-----------|---------------|-----------------------|---------------|
|           | Actual        | Budget<br>(Unaudited) | Actual        |
|           | \$            | \$                    | \$            |
| Livestock | 11,300        | 15,750                | 15,750        |
|           | <u>11,300</u> | <u>15,750</u>         | <u>15,750</u> |

## 13 Investments

The School's investment activities are classified as follows:

|                          | 2019             | 2019                  | 2018             |
|--------------------------|------------------|-----------------------|------------------|
|                          | Actual           | Budget<br>(Unaudited) | Actual           |
|                          | \$               | \$                    | \$               |
| Current Asset            |                  |                       |                  |
| Short-term Bank Deposits | 4,923,594        | 6,334,000             | 6,333,790        |
|                          | <u>4,923,594</u> | <u>6,334,000</u>      | <u>6,333,790</u> |

The carrying value of long term deposits longer than 12 months approximates their fair value at 31 December 2019.



## Notes to the Financial Statements (cont.)

For the year ended 31 December 2019

## 14 Property, Plant and Equipment

|   | Opening<br>Balance (NBV) | Additions | Disposals | Impairment | Depreciation | Total (NBV) |
|---|--------------------------|-----------|-----------|------------|--------------|-------------|
|   | \$                       | \$        | \$        | \$         | \$           | \$          |
| 2019  |                          |           |           |            |              |             |
| Land  | 1,960,000                | -         | -         | -          | -            | 1,960,000   |
| Buildings                                   | 6,921,460                | 213,896   | -         | -          | (198,808)    | 6,936,548   |
| Building improvements                       | 811,235                  | 5,134     | -         | -          | (65,080)     | 751,289     |
| Furniture and equipment                     | 2,062,654                | 629,658   | (897)     | -          | (291,561)    | 2,399,854   |
| Information and communication<br>technology | 429,888                  | 352,612   | -         | -          | (207,508)    | 574,992     |
| Motor vehicles                              | 51,915                   | -         | -         | -          | (7,975)      | 43,940      |
| Textbooks                                   | -                        | 14,813    | -         | -          | (14,813)     | -           |
| Leased assets                               | 312,063                  | 164,358   | -         | -          | (267,882)    | 208,539     |
| Library resources                           | 78,607                   | 5,995     | (2,717)   | -          | (10,236)     | 71,649      |
| Balance at 31 December 2019                 | 12,627,822               | 1,386,466 | (3,614)   | -          | (1,063,863)  | 12,946,811  |

|  | Cost or<br>Valuation | Accumulated<br>Depreciation | Net Book Value |
|--|----------------------|-----------------------------|----------------|
|  | \$                   | \$                          | \$             |
| 2019                                     |                      |                             |                |
| Land                                     | 1,960,000            | -                           | 1,960,000      |
| Buildings                                | 8,101,843            | (1,165,295)                 | 6,936,548      |
| Building improvements                    | 1,400,077            | (648,788)                   | 751,289        |
| Furniture and equipment                  | 7,646,359            | (5,246,505)                 | 2,399,854      |
| Information and communication technology | 3,375,357            | (2,800,365)                 | 574,992        |
| Motor vehicles                           | 115,247              | (71,307)                    | 43,940         |
| Textbooks                                | 639,925              | (639,925)                   | -              |
| Leased assets                            | 1,296,045            | (1,087,506)                 | 208,539        |
| Library resources                        | 245,723              | (174,074)                   | 71,649         |
| Balance at 31 December 2019              | 24,780,576           | (11,833,765)                | 12,946,811     |

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

The net carrying value of equipment held under a finance lease is \$208,539 (2018: \$312,063).

|   | Opening<br>Balance (NBV) | Additions | Disposals | Impairment | Depreciation | Total (NBV) |
|---|--------------------------|-----------|-----------|------------|--------------|-------------|
|   | \$                       | \$        | \$        | \$         | \$           | \$          |
| 2018  |                          |           |           |            |              |             |
| Land  | -                        | 1,960,000 | -         | -          | -            | 1,960,000   |
| Buildings                                   | 5,364,075                | 1,732,431 | (5,550)   | -          | (169,496)    | 6,921,460   |
| Building improvements                       | 876,305                  | -         | -         | -          | (65,070)     | 811,235     |
| Furniture and equipment                     | 1,980,335                | 487,153   | (145,769) | -          | (259,065)    | 2,062,654   |
| Information and communication<br>technology | 446,444                  | 214,455   | (1,733)   | -          | (229,278)    | 429,888     |
| Motor vehicles                              | 63,557                   | -         | (3,667)   | -          | (7,975)      | 51,915      |
| Leased assets                               | 366,856                  | 215,037   | -         | -          | (269,830)    | 312,063     |
| Library resources                           | 79,635                   | 14,213    | (4,012)   | -          | (11,229)     | 78,607      |
| Balance at 31 December 2018                 | 9,177,207                | 4,647,221 | (160,731) | -          | (1,035,875)  | 12,627,822  |

|  | Cost or<br>Valuation | Accumulated<br>Depreciation | Net Book Value |
|--|----------------------|-----------------------------|----------------|
|  | \$                   | \$                          | \$             |
| 2018                                     |                      |                             |                |
| Land                                     | 1,960,000            | -                           | 1,960,000      |
| Buildings                                | 7,887,947            | (966,487)                   | 6,921,460      |
| Building improvements                    | 1,394,943            | (583,708)                   | 811,235        |
| Furniture and equipment                  | 7,024,491            | (4,961,837)                 | 2,062,654      |
| Information and communication technology | 3,022,745            | (2,592,857)                 | 429,888        |
| Motor vehicles                           | 115,247              | (63,332)                    | 51,915         |
| Textbooks                                | 625,112              | (625,112)                   | -              |
| Leased assets                            | 1,131,687            | (819,624)                   | 312,063        |
| Library resources                        | 248,309              | (169,702)                   | 78,607         |
| Balance at 31 December 2018              | 23,410,481           | (10,782,659)                | 12,627,822     |

## Mt Albert Grammar School

# Notes to the Financial Statements (cont.)

For the year ended 31 December 2019

### 15 Accounts Payable

|                                       | 2019<br>Actual<br>\$ | 2019<br>Budget<br>(Unaudited)<br>\$ | 2018<br>Actual<br>\$ |
|---------------------------------------|----------------------|-------------------------------------|----------------------|
| Operating creditors                   | 444,917              | 493,000                             | 526,848              |
| Accruals                              | 75,318               | -                                   | 80,924               |
| Employee Entitlements - salaries      | 1,031,703            | 950,000                             | 915,924              |
| Employee Entitlements - leave accrual | 156,107              | -                                   | 134,939              |
|                                       | <u>1,708,045</u>     | <u>1,443,000</u>                    | <u>1,658,635</u>     |
| Payables for Exchange Transactions    | 1,708,045            | 1,443,000                           | 1,658,635            |
|                                       | <u>1,708,045</u>     | <u>1,443,000</u>                    | <u>1,658,635</u>     |

The carrying value of payables approximates their fair value.

### 16 Borrowings

|                     | 2019<br>Actual<br>\$ | 2019<br>Budget<br>(Unaudited)<br>\$ | 2018<br>Actual<br>\$ |
|---------------------|----------------------|-------------------------------------|----------------------|
| Due in One Year     | -                    | -                                   | -                    |
| Due Beyond One Year | 1,000,000            | 2,050,000                           | 2,300,000            |
|                     | <u>1,000,000</u>     | <u>2,050,000</u>                    | <u>2,300,000</u>     |

The school has borrowings at 31 December 2019 of \$1,000,000. This loan is from the ASB Bank for the purpose of acquiring 45 Lloyd Avenue, Mount Albert. The loan is unsecured, interest is 4.9 - 6.1 % per annum and the loan is interest only. The borrowings are secured over the property situated at 45 Lloyd Avenue, Mount Albert. The carrying value of the loan approximates its fair value.

### 17 Revenue Received in Advance

|                            | 2019<br>Actual<br>\$ | 2019<br>Budget<br>(Unaudited)<br>\$ | 2018<br>Actual<br>\$ |
|----------------------------|----------------------|-------------------------------------|----------------------|
| International Student Fees | 1,915,043            | 3,288,000                           | 1,904,807            |
| Other                      | 553,654              | 660,000                             | 405,961              |
|                            | <u>2,468,697</u>     | <u>3,948,000</u>                    | <u>2,310,768</u>     |



# Mt Albert Grammar School

## Notes to the Financial Statements (cont.)

For the year ended 31 December 2019

### 18 Provision for Cyclical Maintenance

|   | 2019         | 2019<br>Budget<br>(Unaudited) | 2018         |
|---|--------------|-------------------------------|--------------|
|   | Actual<br>\$ | \$                            | Actual<br>\$ |
| Provision at the Start of the Year        | 614,762      | 614,762                       | 614,762      |
| Increase to the Provision During the Year | 16,411       | -                             | -            |
| Use of the Provision During the Year      | -            | (95,842)                      | -            |
| Provision at the End of the Year          | 631,173      | 518,920                       | 614,762      |
| Cyclical Maintenance - Current            | 139,148      | 387,820                       | 441,662      |
| Cyclical Maintenance - Term               | 492,025      | 131,100                       | 173,100      |
|   | 631,173      | 518,920                       | 614,762      |

### 19 Finance Lease Liability

The school has entered into a number of finance lease agreements for Laptops (TELA) and other electronic equipment.

Minimum lease payments payable (includes interest portion):

|   | 2019         | 2019<br>Budget<br>(Unaudited) | 2018         |
|---|--------------|-------------------------------|--------------|
|   | Actual<br>\$ | \$                            | Actual<br>\$ |
| <b>Minimum lease payments payable:</b>                  |              |                               |              |
| No Later than One Year                                  | 316,783      | 241,739                       | 299,904      |
| Later than One Year and no Later than Five Years        | 120,832      | 275,063                       | 301,611      |
|   | 437,615      | 516,802                       | 601,515      |
| Future finance charges                                  | 41,412       | -                             | 84,711       |
| Present value of minimum lease payments                 | 396,203      | 516,802                       | 516,804      |
| <b>Present value of minimum lease payments payable:</b> |              |                               |              |
| No Later than One Year                                  | 281,260      | 241,739                       | 241,740      |
| Later than One Year and no Later than Five Years        | 114,943      | 275,063                       | 275,064      |
| Present value of minimum lease payments                 | 396,203      | 516,802                       | 516,804      |

The fair value of finance leases is \$437,836 (2018 \$601,515). Fair value has been determined using contractual cash flows discounted using a rate based on market borrowing rates.

### 20 Funds held in Trust

|  | 2019         | 2019<br>Budget<br>(Unaudited) | 2018         |
|--|--------------|-------------------------------|--------------|
|  | Actual<br>\$ | \$                            | Actual<br>\$ |
| Funds Held in Trust on Behalf of Third Parties - Current | 1,389,745    | -                             | 1,382,964    |
|  | 1,389,745    | -                             | 1,382,964    |



## Notes to the Financial Statements (cont.)

For the year ended 31 December 2019

## 21 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:

|                          |                    |                           |                            |                | BOT<br>Contribution/<br>(Write-off to<br>R&M) |                           |
|--------------------------|--------------------|---------------------------|----------------------------|----------------|---|---------------------------|
|                          | 2019               | Opening<br>Balances<br>\$ | Receipts<br>from MoE<br>\$ | Payments<br>\$ |   | Closing<br>Balances<br>\$ |
| Seismic Strengthening    | <i>in progress</i> | 38,368                    | -                          | -              | -   | 38,368                    |
| T Block Roof             | <i>completed</i>   | 2,314                     | -                          | -              | (2,314)                                       | -                         |
| Library Roof             | <i>completed</i>   | 6,246                     | -                          | -              | (6,246)                                       | -                         |
| Squash Court Roof        | <i>completed</i>   | (5,425)                   | -                          | -              | 5,425   | -                         |
| Dance & Drama conversion | <i>in progress</i> | -                         | 163,433                    | 113,975        | -   | 49,458                    |
| Lift                     | <i>in progress</i> | -                         | -                          | 40,026         | -   | (40,026)                  |
| Totals                   |                    | 41,503                    | 163,433                    | 154,001        | (3,135)                                       | 47,800                    |

Represented by:

Funds Held on Behalf of the Ministry of Education

47,800

47,800

|                       |                    |                           |                            |                | BOT<br>Contribution/<br>(Write-off to<br>R&M) |                           |
|-----------------------|--------------------|---------------------------|----------------------------|----------------|---|---------------------------|
|                       | 2018               | Opening<br>Balances<br>\$ | Receipts<br>from MoE<br>\$ | Payments<br>\$ |   | Closing<br>Balances<br>\$ |
| Seismic Strengthening | <i>in progress</i> | 38,368                    | -                          | -              | -   | 38,368                    |
| T Block Roof          | <i>completed</i>   | (9,365)                   | 11,679                     | -              | -   | 2,314                     |
| Library Roof          | <i>completed</i>   | (4,835)                   | 11,081                     | -              | -   | 6,246                     |
| Squash Court Roof     | <i>completed</i>   | (8,818)                   | 3,393                      | -              | -   | (5,425)                   |
| Totals                |                    | 15,350                    | 26,153                     | -              | -   | 41,503                    |

## 22 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.



## Notes to the Financial Statements (cont.)

For the year ended 31 December 2019

**23 Remuneration***Key management personnel compensation*

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

|   | 2019<br>Actual<br>\$ | 2018<br>Actual<br>\$ |
|---|----------------------|----------------------|
| <i>Board Members</i>                        |                      |                      |
| Remuneration                                | 5,935                | 6,375                |
| Full-time equivalent members                | 0.21                 | 0.20                 |
| <i>Leadership Team</i>                      |                      |                      |
| Remuneration                                | 2,733,083            | 2,692,967            |
| Full-time equivalent members                | 26.00                | 26.00                |
| Total key management personnel remuneration | 2,739,018            | 2,699,342            |
| Total full-time equivalent personnel        | 26.21                | 26.20                |

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

*Principal*

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

|  | 2019<br>Actual<br>\$000 | 2018<br>Actual<br>\$000 |
|--|-------------------------|-------------------------|
| Salaries and Other Short-term Employee Benefits: |                         |                         |
| Salary and Other Payments                        | 240 - 250               | 240-250                 |
| Benefits and Other Emoluments                    | 1 - 10                  | 1-10                    |
| Termination Benefits                             | -                       | -                       |

*Other Employees*

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

| Remuneration<br>\$000 | 2019<br>FTE Number | 2018<br>FTE Number |
|-----------------------|--------------------|--------------------|
| 150-160               | -                  | 1                  |
| 130-140               | 1                  | -                  |
| 120-130               | 1                  | 1                  |
| 110-120               | 5                  | 1                  |
| 100-110               | 4                  | 6                  |
|                       | 11                 | 9                  |

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

**24 Compensation and Other Benefits Upon Leaving**

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

|                  | 2019<br>Actual | 2018<br>Actual |
|------------------|----------------|----------------|
| Total            | \$27,540       | -              |
| Number of People | 3              | -              |



## Notes to the Financial Statements (cont.)

For the year ended 31 December 2019

### 25 Contingencies

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

(Contingent liabilities and assets as at 31 December 2018: Nil)

#### Holidays Act Compliance – School payroll

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

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

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

### 26 Commitments

#### (a) Capital Commitments

The Board considers there to be no contractual commitments at the above date other than those disclosed in the preceding financial statements and detailed below.

The Board entered a contract on 20/11/19 to purchase a PVC sports pavilion canopy for \$677,247 incl GST. This structure is to be built in 2020.

(Capital commitments as at 31 December 2018: Nil)

#### (b) Operating Commitments

As at 31 December 2019 the Board has entered into the following contracts:

- motor vehicles

No later than One Year

Later than One Year and No Later than Five Years

| 2019<br>Actual<br>\$ | 2018<br>Actual<br>\$ |
|----------------------|----------------------|
| 16,218               | 3,115                |
| 18,700               | -                    |
| <u>34,918</u>        | <u>3,115</u>         |

### 27 Managing Capital

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





## Notes to the Financial Statements (cont.)

For the year ended 31 December 2019

## 28 Financial Instruments

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

|  | 2019             | 2019                  | 2018             |
|--|------------------|-----------------------|------------------|
|  | Actual           | Budget<br>(Unaudited) | Actual           |
| <b>Financial assets measured at amortised cost (2018: Loans and receivables)</b> | \$               | \$                    | \$               |
| Cash and Cash Equivalents  | 2,272,831        | 142,860               | 1,326,291        |
| Receivables  | 1,098,725        | 950,000               | 941,085          |
| Investments - Term Deposits  | 4,923,594        | 6,334,000             | 6,333,790        |
| <b>Total Loans and Receivables</b>   | <b>8,295,150</b> | <b>7,426,860</b>      | <b>8,601,166</b> |
| <b>Financial liabilities measured at amortised cost</b>                          |                  |                       |                  |
| Payables   | 1,708,045        | 1,443,000             | 1,658,635        |
| Borrowings - Loans   | 1,000,000        | 2,050,000             | 2,300,000        |
| Finance Leases   | 396,203          | 516,802               | 516,804          |
| <b>Total Financial Liabilities Measured at Amortised Cost</b>                    | <b>3,104,248</b> | <b>4,009,802</b>      | <b>4,475,439</b> |

Fair Value

The fair value of financial instruments is the carrying value. See notes 10 and 13 for the fair value of deposits.

Credit Risk

The maximum exposure to credit risk is disclosed in the Statement of Financial Position.

Credit risk is the risk that a third party will default on its obligations to Mt Albert Grammar School, causing the school to incur a loss.

In the normal course of its business, credit risk arises from debtors, deposits with banks and derivative financial assets. Maximum credit risks are disclosed in the Statement of Financial Position. The concentration of credit risk in respect of cash and cash equivalents is mitigated by investing with high credit rating registered banks (in accordance with Section 28, Schedule 6 of the Education Act 1989).

Receivables include grants and funding due from MOE. No collateral is held to mitigate the risk of loss as a result of default.

In accordance with Section 28, Schedule 6 of the Education Act 1989 all surplus monies are invested with registered banks.

The following cash and deposit balances represent concentrations of credit risk.

|   | 2019             | 2019                  | 2018             |
|---|------------------|-----------------------|------------------|
|   | Actual           | Budget<br>(Unaudited) | Actual           |
| <b>Auckland Savings Bank Limited</b>                        | \$               | \$                    | \$               |
| Bank Current Account  | 1,672,337        | 142,860               | 826,291          |
| Bank Call Account   | 600,494          | -                     | 500,000          |
| Short-term Bank Deposits - Maturities less than 3 months    | -                | -                     | 1,917,625        |
| Short-term Bank Deposits with Maturities more than 3 months | 4,923,594        | 6,334,000             | 4,416,165        |
| Accrued Interest  | 48,341           | -                     | 25,161           |
|   | <b>7,244,766</b> | <b>6,476,860</b>      | <b>7,685,242</b> |

## Notes to the Financial Statements (cont.)

For the year ended 31 December 2019

**Interest Rate Risk**

The board's treasury policy objectives are to

- (a) ensure there is sufficient liquidity to meet the operational commitments:
- (b) invest in risk free or near risk free investments
- (c) purchase investments with a range of maturity dates.

The maturity periods for the investments are as follows:

|                 | 2019<br>\$ | 2018<br>\$ |
|-----------------|------------|------------|
| Within 180 days | 4,923,594  | 6,333,790  |

All of the above investments can be readily liquidated, although not necessarily at the amounts recorded above.

**Currency Risk**

The School had no exposure to currency risk as at reporting date.

**Liquidity Risk***Management of liquidity risk*

Liquidity risk is the risk that the School will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and the ability to close out market positions. The School manages liquidity risk by continuously monitoring forecast and actual cash flow requirements.

*Contractual maturity analysis of financial liabilities, excluding derivatives*

The table below analyses financial liabilities (excluding derivatives) into relevant maturity groupings based on the remaining period at balance date to the contractual maturity date.

|                         | Carrying<br>Amount<br>\$ | Contractual<br>Cashflows<br>\$ | Within One<br>Year<br>\$ | More than One<br>Year<br>\$ |
|-------------------------|--------------------------|--------------------------------|--------------------------|-----------------------------|
| <b>31 December 2019</b> |                          |                                |                          |                             |
| Payables                | 1,708,045                | 1,708,045                      | 1,708,045                | -                           |
| Borrowings - Loans      | 1,000,000                | 1,000,000                      | -                        | 1,000,000                   |
| Finance Leases          | 396,203                  | 296,203                        | 281,260                  | 114,943                     |
|                         | <u>3,104,248</u>         | <u>3,004,248</u>               | <u>1,989,305</u>         | <u>1,114,943</u>            |
| <b>31 December 2018</b> |                          |                                |                          |                             |
| Payables                | 1,658,635                | 1,658,635                      | 1,658,635                | -                           |
| Borrowings - Loans      | 2,300,000                | 2,300,000                      | -                        | 2,300,000                   |
| Finance Leases          | 601,515                  | 601,505                        | 299,904                  | 301,611                     |
|                         | <u>4,560,150</u>         | <u>4,560,140</u>               | <u>1,958,539</u>         | <u>2,601,611</u>            |

**29 Prior Year Comparatives**

Comparative figures included in the financial statements relate to the financial year ended 31 December 2018. Where necessary these figures have been reclassified on a basis consistent with current disclosure for the year ended 31 December 2019.



## Notes to the Financial Statements (cont.)

For the year ended 31 December 2019

### 30 Events After Balance Date

On March 11, 2020, the World Health Organisation declared the outbreak of COVID-19 (a novel Coronavirus) a pandemic. Two weeks later, on 26 March, New Zealand increased its COVID-19 alert level to level 4 and a nationwide lockdown commenced. As part of this lockdown all schools were closed. Subsequently all schools and kura reopened on the 18th of May 2020.

At the date of issuing the financial statements, the school has been able to absorb the majority of the impact from the nationwide lockdown as it was decided to start the annual Easter School holidays early. In the periods the school is open for tuition, the school has switched to alternative methods of delivering the curriculum, so students can learn remotely.

At this time the full financial impact of the COVID-19 pandemic is not able to be determined. The school will continue to receive funding from the Ministry of Education, even while closed. However, economic uncertainties have arisen which are likely to negatively affect the operations and services of the school. We describe below the possible effects on the school that we have identified, resulting from the COVID-19 pandemic:

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

### 31 Adoption of PBE IFRS 9 Financial Instruments

In accordance with the transitional provisions of PBE IFRS 9, the school has elected not to restate the information for previous years to comply with PBE IFRS 9. Adjustments arising from the adoption of PBE IFRS 9 are recognised in opening equity at 1 January 2019. Accounting policies have been updated to comply with PBE IFRS 9. The main updates are:

- Note 11 Receivables: This policy has been updated to reflect that the impairment of short-term receivables is now determined by applying an expected credit loss model.
- Note 13 Investments: Term deposits: This policy has been updated to explain that a loss allowance for expected credit losses is recognised only if the estimated loss allowance is not trivial.

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

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

The Board of Trustees has failed to comply with Section 87C of the Education Act 1989, as the Board were unable to provide their audited financial statements to the Ministry of Education by 31 May 2020. The disruption caused by the COVID-19 restrictions, including the closure of the School, meant that the audit could not progress as planned. This resulted in the School missing the statutory deadline.



**INDEPENDENT AUDITOR'S REPORT****TO THE READERS MT ALBERT GRAMMAR SCHOOL'S  
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019**

The Auditor-General is the auditor of Mt Albert Grammar School (the School). The Auditor-General has appointed me, Paul Lawrence, using the staff and resources of Crowe New Zealand Audit Partnership, 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 24, that comprise the statement of financial position as at 31 December 2019, 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 2019; 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 23 July 2020. This is the date at which our opinion is expressed.

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

**Emphasis of Matter – COVID-19**

Without modifying our opinion, we draw attention to the disclosures in note 30 on page 24 which outline the possible effects of the Alert Level 4 lockdown as a result of the COVID-19 pandemic.

**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.

*The title 'Partner' conveys that the person is a senior member within their respective division, and is among the group of persons who hold an equity interest (shareholder) in its parent entity, Findex Group Limited. The only professional service offering which is conducted by a partnership is the Crowe Australasia external audit division. All other professional services offered by Findex Group Limited are conducted by a privately owned organisation and/or its subsidiaries.*

*Findex (Aust) Pty Ltd, trading as Crowe Australasia is a member of Crowe Global, a Swiss Verein. Each member firm of Crowe Global is a separate and independent legal entity. Findex (Aust) Pty Ltd and its affiliates are not responsible or liable for any acts or omissions of Crowe Global or any other member of Crowe Global. Crowe Global does not render any professional services and does not have an ownership or partnership interest in Findex (Aust) Pty Ltd.*

*Services are provided by Crowe New Zealand Audit Partnership an affiliate of Findex (Aust) Pty Ltd.*

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

### **Responsibilities of the Board of Trustees for the financial statements**

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

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

The Board of Trustees' responsibilities arise from the Education Act 1989.

### **Responsibilities of the auditor for the audit of the financial statements**

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

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

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

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

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

- We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Trustees.

- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Trustees and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the School's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the School to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We assess the risk of material misstatement arising from the Novopay payroll system, which may still contain errors. As a result, we carried out procedures to minimise the risk of material errors arising from the system that, in our judgement, would likely influence readers' overall understanding of the financial statements.

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

Our responsibilities arise from the Public Audit Act 2001.

#### **Other information**

The Board of Trustees are responsible for the other information. The other information obtained at the date of our report is the 2019 Analysis of Variance report and the Kiwisport Funding 2019 report, but does not include the financial statements and our auditor's report thereon.

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

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

#### **Independence**

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



Paul Lawrence  
Crowe New Zealand Audit Partnership  
On behalf of the Auditor-General  
Auckland, New Zealand

# Mount Albert Grammar School

## 2019 Analysis of Variance

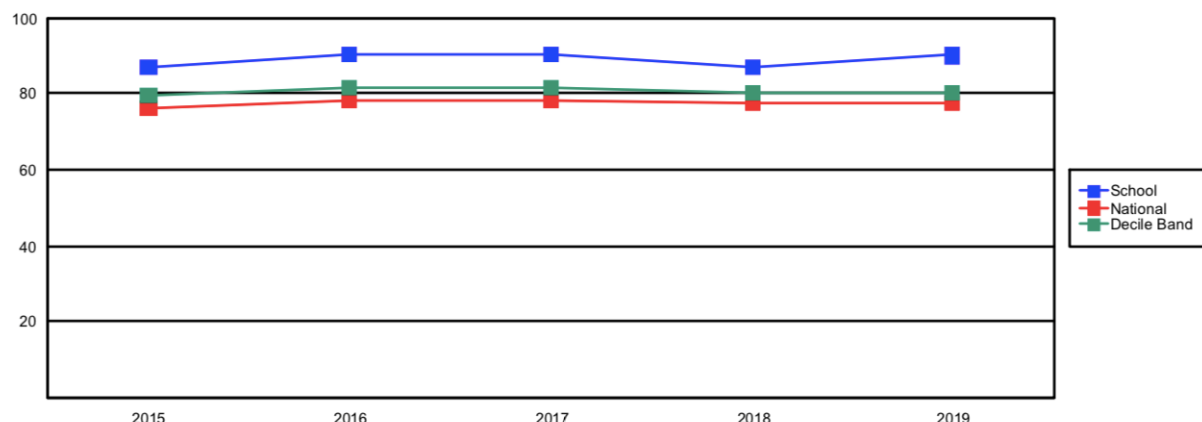


MOUNT ALBERT  
GRAMMAR SCHOOL



Goal 1: 2019 NCEA Level 2 Achievement ABOVE 85% for all Year 12 students

Year 12 - NCEA Level 2



Year 12 – NCEA Level 2

| Academic Year | MAGS  | National | Decile 4 - 7 |
|---------------|-------|----------|--------------|
| 2015          | 87.2% | 76.3%    | 79.8%        |
| 2016          | 90.2% | 78.4%    | 81.5%        |
| 2017          | 90.6% | 78.5%    | 81.3%        |
| 2018          | 86.9% | 77.6%    | 80.1%        |
| 2019          | 90.1% | 77.4%    | 80.1%        |

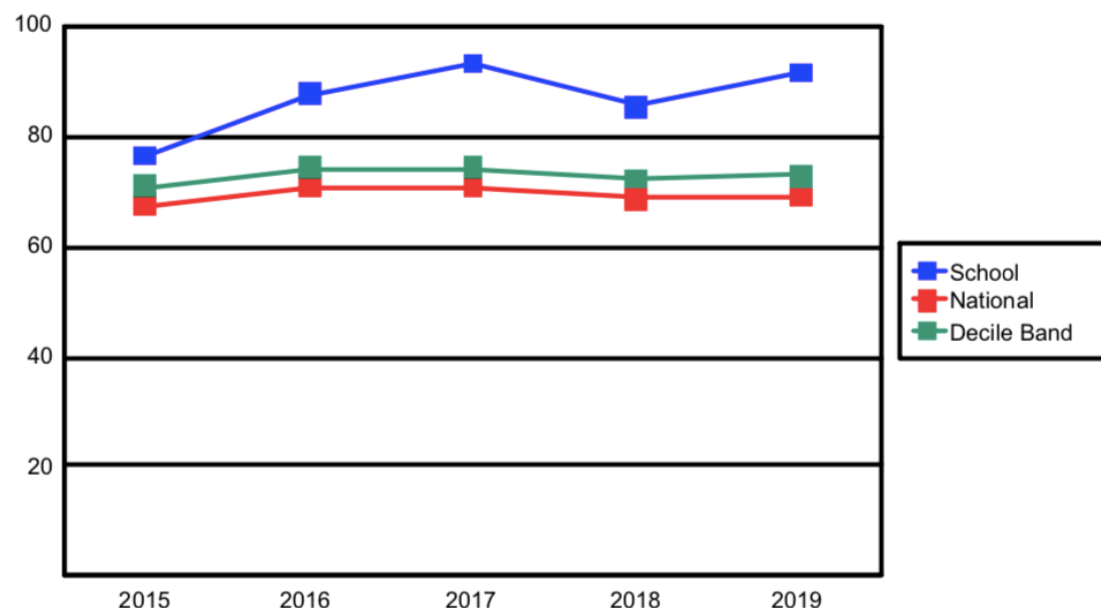
### Commentary:

We were successful in achieving this Goal with 90.1% of all Year 12 students gaining NCEA Level 2 in 2019 (5.1% above the Target)

- This result was a significant increase on 2018 and in line with previous year's results.
- MAGS results were 10% above the Decile 4 – 7 data which is the greatest differential in the past 5 years
- MAGS results were 6.7% above the Decile 8 – 10 data (83.4%)

## Goal 2: 2019 NCEA Level 2 Achievement ABOVE 80% for Year 12 Maori students

### Year 12 NCEA Level 2 - Māori



### Year 12 NCEA Level 2 - Māori

| Academic Year | MAGS  | National | Decile 4 - 7 |
|---------------|-------|----------|--------------|
| 2015          | 76.4% | 67.3%    | 70.8%        |
| 2016          | 87.3% | 70.9%    | 74.0%        |
| 2017          | 93.0% | 70.7%    | 74.0%        |
| 2018          | 85.3% | 68.6%    | 72.2%        |
| 2019          | 91.4% | 68.9%    | 72.7%        |

### Commentary:

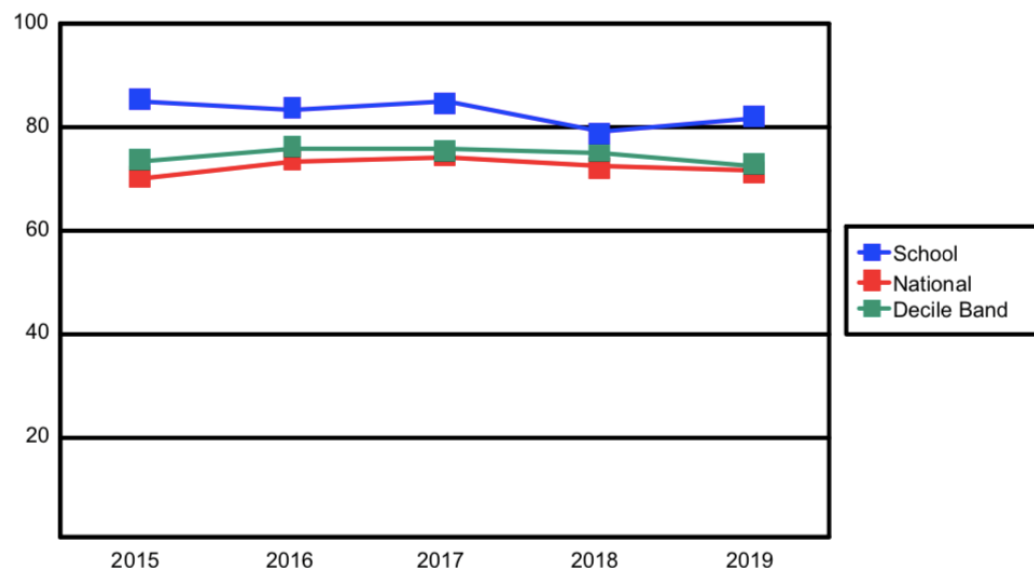
We were successful in achieving this Goal with 90.4% of Year 12 Māori students gaining NCEA Level 2 in 2019 (11.4% above the Target)

- This result was a significant increase on 2018 but not quite as high as the 2017 results. However, it is worth noting that both the National and Decile 4 – 7 results for 2017 were also higher than the 2019 National and Decile 4 – 7 results.
- MAGS results were 18.7% above the Decile 4 – 7 data. The only other time there was a greater differential was in 2017 with a difference of 19% - but this implies that whilst the overall results are lower, the tracking compared to Decile 4 – 7 schools is in line with 2017.
- MAGS results were 11.8% above the Decile 8 – 10 data (79.6%). Of particular note is that the 2017 differential compared to Decile 8 – 10 was only 10.4% - this suggests that not only are results tracking well compared to 4 – 7 data, that we are narrowing the gap to the Decile 8 – 10 results.



### Goal 3: 2019 NCEA Level 2 Achievement ABOVE 80% for all Year 12 Pasifika students

**Year 12 NCEA Level 2 - Pacific Peoples**



**Year 12 NCEA Level 2 – Pacific Peoples**

| Academic Year | MAGS  | National | Decile 4 - 7 |
|---------------|-------|----------|--------------|
| 2015          | 84.9% | 70.1%    | 73.4%        |
| 2016          | 83.3% | 73.3%    | 75.9%        |
| 2017          | 84.6% | 73.9%    | 75.3%        |
| 2018          | 78.6% | 72.1%    | 74.7%        |
| 2019          | 81.7% | 71.3%    | 72.6%        |

### Commentary:

We were marginally successful in achieving this Goal 81.7% of Year 12 Pasifika students gaining NCEA Level 2 in 2019 (1.7% above the Target)

- This result was an increase on 2018 but not as high as results from 2015 through to 2017. However, it is worth noting that both the National and Decile 4 – 7 results for 2015 through to 2017 were also higher than the 2019 National and Decile 4 – 7 results apart from the 2015 National data.
- MAGS results were 9.1% above the Decile 4 – 7 data. This is a big increase from the difference of 3.9% in 2018 and is more in line with the differences for 2017. The only time this difference was greater was in 2015 with a difference of 11.5%. It is pleasing that despite a decrease in results to other years that the difference above Nationals is still generally higher than in previous years.
- MAGS results were 2.5% above the Decile 8 – 10 data (79.3%).

## Kiwisport Funding 2019

The amount given to MAGS for the above year was \$69,243. The bulk of it, went into the school's sports administration as payment of wages of three personnel. Three people working full time for a total of 105 hours per week. The remaining contributed to the salaries of our 1<sup>st</sup> XV Rugby Boys and Girls, 1<sup>st</sup> XI Football Boys and Girls, Hockey and Rowing coaches.

We participated in 42 different sports all sanctioned by ASB College Sport of Auckland and NZSSSC. We continue to increase the number of students participating in playing sport with 1700 students engaging in one or more sports in 2019.

Sport is a major part of life for many students at this school and the school is continually looking to improve and provide more opportunities, so the funding is imperative in making MAGS sport the success it is.

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