

Masterton Primary School



Annual Report For the year ended 31 December 2019

School Directory

Ministry Number:	1660
Principal:	Sue Walters
School Postal Address:	PO Box 2001 Masterton 5842
School Address:	53 South Road Masterton 5810
School Phone:	06 377-5297
School Email:	office@masterton.school.nz

Members of the Board of Trustees

Prior to Election 7th June 2019

Haley Feringa-Howley	Chairperson	Secretary	Elected
Chris Walczak	Parent Rep	Business owner	Co-opted
Sue Walters	Principal	Principal	Ex Officio
Nicola Jepsen	Parent Rep	Contractor	Elected
Phil Buddell	Parent Rep	Engineer	Elected
Angela Thornton	Parent Rep	Student Nurse	Elected
Anne Donald	Staff Rep	Deputy Principal	Elected

Post Election:

Haley Feringa-Howley	Chairperson	Secretary	Elected
Chris Walczak	Parent Rep	Business owner	Co-opted
Sue Walters	Principal	Principal	ex Officio
Nicola Jepsen	Parent Rep	Contractor	Elected
Jo-Anne Twiggins	Parent Rep	Chiropractor	Elected
Kevin Twiggins	Parent Rep	Landscaper	Elected
Anne Donald	Staff Rep	Deputy Principal	Elected
Camille Armstrong	Parent Rep	Dairy Farmer	Elected

Accountant: Amy Kerr and Associates Limited

Masterton Primary 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, 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.

Full Name of Board Chairperson

Full Name of Principal

Signature of Board Chairperson

Signature of Principal

Date

Date

Masterton Primary School

Statement of Comprehensive Revenue and Expense For the Year ended 31st December 2019

	Note	2019 Actual \$	2019 Budget \$ (unaudited)	2018 Actual \$
Revenue				
Government Grants	1	3,952,385	4,072,981	3,824,715
Locally Raised Funds	2	152,247	83,020	97,061
Interest Income		<u>12,477</u>	<u>6,492</u>	<u>14,670</u>
		4,117,109	4,162,493	3,936,446
Expenditure				
Learning Resources	3	3,290,424	3,311,756	3,076,950
Administration	4	146,627	154,789	166,293
Finance Costs		2,254	-	2,285
Property Management	5	633,244	612,207	613,663
Locally Raised Funds	2	30,306	28,376	29,292
Depreciation	10	64,402	20,003	59,045
Loss on Disposal of Property, Plant & Equipment		<u>1,067</u>	<u>-</u>	<u>3</u>
		4,168,324	4,127,131	3,947,531
Net Surplus / (Deficit)		<u>(51,215)</u>	<u>35,362</u>	<u>(11,085)</u>
Other Comprehensive Revenue & Expenses		-	-	-
Total Comprehensive Revenue and Expense for the Year		<u><u>(51,215)</u></u>	<u><u>35,362</u></u>	<u><u>(11,085)</u></u>

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

Masterton Primary School
Statement of Changes in Net Assets/Equity
For the Year ended 31st December 2019

	Note	2019 Actual \$	2019 Budget \$ (unaudited)	2018 Actual \$
Balance at 1 January		490,038	490,038	494,631
Total comprehensive revenue and expense for the year		(51,215)	35,362	(11,085)
MoE Furniture & Equipment Grant		-	-	6,493
Equity at 31 December		<u>\$438,823</u>	<u>\$525,400</u>	<u>\$490,039</u>
Retained Earnings		438,823	525,400	490,039
Reserves		-	-	-
Equity at 31 December		<u>438,823</u>	<u>525,400</u>	<u>490,039</u>

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

Masterton Primary School
Statement of Financial Position
As at 31st December 2019

	Note	2019 Actual \$	2019 Budget \$ (unaudited)	2018 Actual \$
Current Assets				
Cash & Cash Equivalents	7	167,772	172,225	226,746
Investments	9	347,155	348,000	390,570
GST Refund Due		37,264	34,999	50,984
Accounts Receivable	8	266,567	282,500	198,074
Prepayments		4,332	4,500	4,179
		<u>823,090</u>	<u>842,224</u>	<u>870,553</u>
Current Liabilities				
Accounts Payable	11	366,195	260,800	245,547
Funds for RTLB Services	15	162,875	190,366	307,989
Funds held for Capital Works projects	14	11,217	11,217	11,217
Provision For Cyclical Maintenance	12	47,917	47,917	22,917
Finance Lease Liability - Current Portion	13	12,517	12,517	12,331
		<u>600,721</u>	<u>522,817</u>	<u>600,001</u>
Working Capital Surplus / (Deficit)		<u>222,369</u>	<u>319,407</u>	<u>270,552</u>
Non Current Assets				
Property, Plant & Equipment	10	<u>265,500</u>	<u>255,039</u>	<u>274,465</u>
		265,500	255,039	274,465
Non Current Liabilities				
Provision for Cyclical Maintenance	12	35,916	35,916	49,333
Finance Lease Liability	13	<u>13,130</u>	<u>13,130</u>	<u>5,645</u>
		49,046	49,046	54,978
Net Assets		<u><u>438,823</u></u>	<u><u>525,400</u></u>	<u><u>490,039</u></u>
Equity	21	<u><u>438,823</u></u>	<u><u>525,400</u></u>	<u><u>490,039</u></u>

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

Masterton Primary School

Statement of Cash Flows

For the Year Ended 31 December 2019

	Note	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Cash flows from Operating Activities				
Government Grants		505,907	617,845	532,858
Locally Raised Funds		152,247	83,020	97,031
Goods and Services Tax (net)		13,720	(15,001)	(31,993)
Payments to Employees		(351,233)	(401,410)	(394,270)
Payments to Suppliers		(241,227)	(287,104)	(231,747)
Cyclical Maintenance Payments in the year		0	0	0
Interest Paid		(2,254)	0	(2,285)
Interest Received		14,399	6,492	11,061
Net cash from / (to) the Operating Activities		91,559	3,842	(19,345)
Cash flows from Investing Activities				
Proceeds from sale of PPE (and Intangibles)		261	0	0
Purchase of PPE (and Intangibles)		(33,052)	(22,329)	(156,279)
Proceeds from Sale of Investments		43,415	42,570	0
Purchase of Investments		0	0	(172,835)
Net cash from / (to) the Investing Activities		10,624	20,241	(329,114)
Cash flows from Financing Activities				
Furniture and Equipment Grant		0	0	6,493
Finance Leases Payments		(16,044)	(16,000)	(14,479)
Loans Received/Repayment of loans		0	0	0
Funds Administered on Behalf of Third Parties		(145,113)	(62,604)	(21,828)
Funds held for Capital Works projects		0	0	(3,588)
Net cash from Financing Activities		(161,157)	(78,604)	(33,402)
Net increase/(decrease) in cash and cash equivalents		(58,974)	(54,521)	(381,861)
Cash and cash equivalents at the beginning of the year	8	226,746	226,746	608,607
Cash and cash equivalents at the end of the year	8	167,772	172,225	226,746

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 omitted.

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

Masterton Primary School

Notes to the Financial Statements

For the Year Ended 31 December 2019

1. Statement of Accounting Policies

a) Reporting Entity

Masterton Primary School (the School) 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.

b) 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 Reduced Disclosure Regime as appropriate to public benefit entities that qualify for Tier 2 reporting. The school is considered a Public Benefit Entity as it meets the criteria specified as "having a primary objective to provide goods and/or services for community or social benefit and where any equity has been provided with a view to supporting that primary objective rather than for financial return to equity holders".

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. Information about the adoption of PBE IFRS 9 is provided in Note 25.

PBE Accounting Standards Reduced Disclosure Regime

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

Measurement Base

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

Presentation Currency

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

Specific Accounting Policies

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

Critical Accounting Estimates And Assumptions

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

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

Cyclical Maintenance

A school recognises its obligation to maintain the Ministry's buildings in a good state of repair as a provision for cyclical maintenance. This provision relates mainly to the painting of the school buildings. The estimate is based on the school's long term maintenance plan which is prepared as part of its 10 Year Property Planning process. During the year, the Board assesses the reasonableness of its 10 Year Property Plan on which the provision is based. Cyclical maintenance is disclosed at Note 12.

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 10.

Masterton Primary School

Notes to the Financial Statements

For the Year Ended 31 December 2019

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 carryforward amounts unspent. The School believes all grants received have been appropriately recognised as a liability if required. Government grants are disclosed at note 1.

c) Revenue Recognition

Government Grants

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

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

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

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

Other Grants

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

Donations, Gifts and Bequests

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

Interest Revenue

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

d) Use of Land and Buildings Expense

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

e) Operating Lease Payments

Payments made under operating leases are recognised in the Statement of Comprehensive Revenue and Expense on a straight line basis over the term of the lease.

Masterton Primary School

Notes to the Financial Statements

For the Year Ended 31 December 2019

f) 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.

g) 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.

h) 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.

i) Investments

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

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.

j) Property, Plant and Equipment

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

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

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

Property, plant and equipment acquired with individual values under \$1,000 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.

Masterton Primary School

Notes to the Financial Statements

For the Year Ended 31 December 2019

Financed Leases

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

Depreciation

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

The estimated useful lives of the assets are:

Building improvements to Crown Owned Assets	20 - 100 years
Furniture and equipment	5 - 10 years
Motor vehicles	5 years
Leased assets held under a Finance Lease	3 years
Library resources	8 years

k) Impairment of property, plant, and equipment and intangible assets

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

Non cash generating assets

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

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

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

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

l) 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.

Masterton Primary School

Notes to the Financial Statements

For the Year Ended 31 December 2019

m) 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.

Long-term employee entitlements

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

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

n) Provision for Cyclical Maintenance

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

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

o) Financial 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, finance lease liability, and painting contract liability. All of these financial liabilities are categorised as "financial liabilities measured at amortised cost" for accounting purposes in accordance with financial reporting standards.

p) Borrowings

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

Grants determined by the Minister of Education for operational activities includes all items (core components) included in the Operational Funding notice.

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

q) Goods and Services Tax (GST)

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

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

Commitments and contingencies are disclosed exclusive of GST.

Masterton Primary School

Notes to the Financial Statements

For the Year Ended 31 December 2019

r) Budget Figures

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

s) Services received in-kind

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

Masterton Primary School
Notes to the Financial Statements
For the Year Ended 31 December 2019

	2019 Actual \$	2019 Budget \$ (unaudited)	2018 Actual \$
1 Government Grants			
Operating Grant	468,862	534,100	448,696
Other MoE Grants	99,134	83,745	81,945
Teaching Salaries Grants	2,926,270	3,005,343	2,820,512
Use of Land & Building Grant	449,793	449,793	443,160
Other Govt Grants	8,326	-	30,402
	<u>3,952,385</u>	<u>4,072,981</u>	<u>3,824,715</u>
2 Locally Raised Funds			
Local Funds raised within the School's community are made up of:			
Revenue			
Donations	83,506	54,000	62,258
Activities	27,262	21,730	21,491
Grants & Sundry Income	34,061	290	5,975
Trading	7,418	7,000	7,337
	<u>152,247</u>	<u>83,020</u>	<u>97,061</u>
Expenses			
Trading	7,280	7,000	7,910
Activities	22,593	21,376	19,849
Donations	433	-	1,533
	<u>30,306</u>	<u>28,376</u>	<u>29,292</u>
Surplus for the year Locally raised funds	<u>121,941</u>	<u>54,644</u>	<u>67,769</u>

Masterton Primary School
Notes to the Financial Statements
For the Year Ended 31 December 2019

	2019 Actual \$	2019 Budget \$ (unaudited)	2018 Actual \$
3 Learning Resources			
Teaching Resources	45,782	63,348	35,103
Employee Benefits - Salaries	3,235,562	3,237,256	3,030,420
Staff Development	4,653	6,996	8,268
Library Resources	1,907	1,656	639
Student Management Systems	2,520	2,500	2,520
	<u>3,290,424</u>	<u>3,311,756</u>	<u>3,076,950</u>
4 Administration			
Advertising & Marketing	1,102	1,200	991
Communication Costs	2,870	3,000	3,164
Accident Compensation Levy	901	1,300	1,317
Audit Fees	5,639	2,400	5,475
Accountancy	5,000	3,381	4,400
BOT Fees	3,075	4,000	2,685
BOT Expenses	2,944	1,526	723
Consumables	15,539	22,852	14,363
Insurance	5,052	5,484	5,024
Lease Costs	-	-	736
Employee Benefits - Salaries	91,998	93,773	111,444
Other	12,507	15,873	15,971
	<u>146,627</u>	<u>154,789</u>	<u>166,293</u>

Masterton Primary School
Notes to the Financial Statements
For the Year Ended 31 December 2019

	2019 Actual \$	2019 Budget \$ (unaudited)	2018 Actual \$
5 Property Management			
Heat, Light & Water	24,183	25,000	25,395
Grounds	2,736	4,998	2,173
Rates	9,062	8,857	8,858
Repairs & Maintenance	15,051	12,652	17,592
Cyclical Maintenance	11,583	11,583	18,500
Consultancy 10YPP	5,700	-	-
Employee Benefits - Salaries	69,264	75,724	73,768
Use of Land & Building	449,793	449,793	443,160
Caretaking & Cleaning Costs	45,872	23,600	24,217
	<u>633,244</u>	<u>612,207</u>	<u>613,663</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.

6 Depreciation of Property, Plant & Equipment

	2019 Actual \$	2019 Budget \$ (unaudited)	2018 Actual \$
Building Improvements - Crown	22,540	7,006	10,779
Furniture and Equipment	23,045	7,162	32,338
Motor Vehicles	1,623	504	0
Leased Assets	15,856	4,928	14,577
Library Resources	1,294	402	1,351
	<u>64,358</u>	<u>20,003</u>	<u>59,045</u>

Masterton Primary School
Notes to the Financial Statements
For the Year Ended 31 December 2019

	2019 Actual \$	2019 Budget \$ (unaudited)	2018 Actual \$
7 Cash and Cash Equivalents			
Bank Current Account	94,573	99,725	61,442
Bank Call Account	3,408	3,500	38,400
Bank Current Account - Yr 6 Kids Camp	2,887	2,000	1,953
Bank Current Account - RTLB	66,044	66,000	79,098
Bank Call Account - RTLB	860	1,000	45,853
Net cash and cash equivalents for Cash Flow Statement	<u>167,772</u>	<u>172,225</u>	<u>226,746</u>

Of the \$167,772 Cash and Cash Equivalents, \$11,217 is held by the School on behalf of the Ministry of Education. These funds are required to be spent in 2020 on Crown owned school buildings under the School's Ten Year Property Plan.

Of the \$167,772 Cash and Cash Equivalents, \$66,904 is held by the School on behalf of the RTLB cluster. See note 15 for details of how the funding received for the cluster has been spent in the year.

	2019 Actual \$	2019 Budget \$ (unaudited)	2018 Actual \$
8 Accounts Receivable			
Debtors	40,090	40,000	30
Debtors - RTLB	568	500	15
Teachers Salaries Grant	223,884	240,000	194,082
Interest Accrual	2,025	2,000	3,947
	<u>266,567</u>	<u>282,500</u>	<u>198,074</u>
Receivables from Exchange Transactions	42,683	42,500	3,992
Receivables from Non-Exchange Transactions	223,884	240,000	194,082
	<u>266,567</u>	<u>282,500</u>	<u>198,074</u>

9 Investments

The School's investment activities are classified as follows:

	2019 Actual \$	2019 Budget \$ (unaudited)	2018 Actual \$
Current Asset			
Short-term Bank Deposits	347,155	348,000	390,570
Non-current Asset			
Long-term Bank Deposits	0	0	0
Total Investments	<u>347,155</u>	<u>348,000</u>	<u>390,570</u>

Masterton Primary School

Notes to the Financial Statements

For the Year Ended 31 December 2019

10 Property Plant & Equipment

	Opening Balance (NBV) \$	Additions \$	Disposals \$	Impairment \$	Depreciation \$	Total (NBV) \$
2019						
Building Improvements	183,863	14,336			(22,584)	175,615
Furniture and Equipment	64,285	3,898	(261)	(1,057)	(23,045)	43,820
Motor Vehicles	0	13,909			(1,623)	12,286
Leased Assets	16,863	23,714			(15,856)	24,721
Library Resources	9,454	908		(10)	(1,294)	9,058
Balance at 31 December 2019	274,465	56,765	(261)	(1,067)	(64,402)	265,500

	Cost or Valuation \$	Accumulated Depreciation \$	Net Book Value \$
2019			
Building Improvements	274,723	(99,108)	175,615
Furniture and Equipment	377,176	(333,356)	43,820
Motor Vehicles	15,909	(3,623)	12,286
Leased Assets	69,239	(44,518)	24,721
Library Resources	80,039	(70,981)	9,058
Balance at 31 December 2019	817,086	(551,586)	265,500

	Opening Balance (NBV) \$	Additions \$	Disposals \$	Impairment \$	Depreciation \$	Total (NBV) \$
2018						
Building Improvements	60,770	133,872			(10,779)	183,863
Furniture and Equipment	75,192	21,431			(32,338)	64,285
Motor Vehicles	0					0
Leased Assets	24,260	7,180			(14,577)	16,863
Library Resources	9,831	976	(3)		(1,351)	9,454
Balance at 31 December 2018	170,053	163,459	(3)	0	(59,045)	274,465

	Cost or Valuation \$	Accumulated Depreciation \$	Net Book Value \$
2018			
Building Improvements	260,387	(76,524)	183,863
Furniture and Equipment	374,595	(310,310)	64,285
Motor Vehicles	2,000	(2,000)	0
Leased Assets	45,525	(28,662)	16,863
Library Resources	79,141	(69,687)	9,454
Balance at 31 December 2018	761,648	(487,183)	274,465

Masterton Primary School
Notes to the Financial Statements
For the Year Ended 31 December 2019

	2019 Actual \$	2019 Budget \$ (unaudited)	2018 Actual \$
11 Accounts Payable			
Creditors	15,076	15,000	8,961
Accrued Expenses	8,447	8,500	7,832
Creditors - RTLB	885	800	6,289
Employee Benefits - Salary Accrual	238,158	227,000	212,266
Employee Benefits - Leave Accrual	9,518	9,500	10,199
Banking Staffing Overuse	94,111	-	-
	<u>366,195</u>	<u>260,800</u>	<u>245,547</u>
Payables for Exchange Transactions	366,195	260,800	245,547
Payables for Non-Exchange Transactions	-	-	-
	<u>366,195</u>	<u>260,800</u>	<u>245,547</u>
	2019 Actual \$	2019 Budget \$ (unaudited)	2018 Actual \$
12 Provision for Cyclical Maintenance			
Opening Balance	72,250	72,250	53,750
Increase to the provision during the year	11,583	11,583	11,583
Adjustment to the provision	-	-	6,917
Use of the provision during the year	-	-	-
Provision at the end of the year	<u>83,833</u>	<u>83,833</u>	<u>72,250</u>
Current Liability	47,917	47,917	22,917
Non Current Liability	<u>35,916</u>	<u>35,916</u>	<u>49,333</u>
	<u>83,833</u>	<u>83,833</u>	<u>72,250</u>

Masterton Primary School

Notes to the Financial Statements

For the Year Ended 31 December 2019

13 Finance Lease Liability

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

	2019 Actual \$	2019 Budget \$ (Unaudited)	2018 Actual \$
No Later than One Year	14,426	14,426	12,331
Later than One Year and no Later than Five Years	14,226	14,226	5,645
Later than Five Years	-	-	-
	28,652	28,652	17,976

14 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.

		Opening Balance	Receipts from Ministry	Payments	School Contribution	Closing Balance
Harley Block	In Progress	11,217	0	0	0	11,217
Classroom carpet	Completed	0	0	0	0	0
		11,217				11,217

Represented by:

Funds Held on Behalf of the Ministry of Education	11,217
Funds Due from the Ministry of Education	0
	11,217

		Opening Balance	Receipts from Ministry	Payments	School Contribution	Closing Balance
Harley Block	In Progress	11,217	0	0	0	11,217
Classroom carpet	In Progress	3,588	0	(4,833)	1,245	0
		0				11,217

Masterton Primary School

Notes to the Financial Statements

For the Year Ended 31 December 2019

15 Funds for RTLB Services

Masterton Primary School is the lead school funded by the Ministry of Education to provide the services of Resource Teachers of Learning and Behaviour to its cluster of schools.

	2019 Actual \$	2019 Budget \$	2018 Actual \$
Funds held at beginning of the year	231,977	231,977	260,094
Less: Unused funds repaid to MoE 19 Feb 2019	(188,084)	(188,084)	0
Income			
Administration Grant	58,087	58,087	58,087
Learning Support Funding	113,050	113,050	113,049
Travel Grant	121,322	121,322	119,521
Other Revenue	14,450	14,450	16,661
	306,908	306,909	307,318
Total funds available	350,802	350,802	567,412
Expenses			
Administration	61,549	34,059	35,495
Learning Support	117,858	117,858	199,580
Year 11-13	0	0	3,299
Travel	52,398	52,398	55,615
Other Expenses	32,133	32,133	21,168
	263,938	236,448	315,158
Purchase of Assets	0	0	20,277
Funds held at year end	86,864	114,354	231,977
Current Assets			
Cash at Bank	66,904	94,377	217,974
Operating Receivables	568	500	15
Non Current Assets			
Property Plant & Equipment	20,277	20,277	20,277
Current Liabilities			
Operating Creditors	(885)	(800)	(6,289)
Non Current Liabilities			
Borrowings	0	0	0
Equity	86,864	114,354	231,977

Opening Funds have been amended to reflect Equity.

Masterton Primary School

Notes to the Financial Statements

For the Year Ended 31 December 2019

16 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.

Masterton Primary School

Notes to the Financial Statements

For the Year Ended 31 December 2019

17 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	2018
	Actual	Actual
	\$	\$
<i>Board Members</i>		
Remuneration	3,075	2,685
Full-time equivalent members	0.17	0.17
<i>Leadership Team</i>		
Remuneration	349,461	336,664
Full-time equivalent members	3.00	3.00
Total key management personnel remuneration	<u>352,536</u>	<u>339,349</u>
Total full-time equivalent personnel	3.17	3.17

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	2018
	Actual	Actual
	\$000	\$000
Salaries and Other Short-term Employee Benefits:		
Salary and Other Payments	150 - 160	140 - 150
Benefits and Other Emoluments	0 - 5	0 - 5
Termination Benefits	-	-

Other Employees

No other employees received remuneration greater than \$100,000.

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

18 Compensation & other benefits upon leaving

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

	2019	2018
	\$	\$
Number of People	-	-

Masterton Primary School

Notes to the Financial Statements

For the Year Ended 31 December 2019

19 **Contingencies**

There were no contingent liabilities (except as noted below) and no contingent assets as at 31 December 2019. (Contingent liabilities and assets at 31 December 2018: nil).

Holidays Act Compliance - schools payroll

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

The Ministry has commenced a review of the schools 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.

20 **Commitments**

(a) **Capital Commitments**

As at 31 December 2019 the Board had entered into no capital commitments.

(b) **Operating Commitments**

As at 31 December 2019 the Board had entered into no operating lease agreements.

	2019	2018
	Actual	Actual
	\$	\$
No later than One Year	0	0
Later than One Year and No Later than Five Years	0	0
Later than Five Years	0	0
	0	0
	0	0

Masterton Primary School

Notes to the Financial Statements

For the Year Ended 31 December 2019

21 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.

22 Financial Instruments

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

Financial assets measured at amortised cost (2018: Loans and receivables)

	2019 Actual	2019 Budget (Unaudited)	2018 Actual
	\$	\$	\$
Cash and Cash Equivalents	167,772	172,225	226,746
Receivables	255,493	282,500	198,074
Investments - Term Deposits	347,155	348,000	390,570
Total Financial assets measured at amortised cost	<u>770,420</u>	<u>802,725</u>	<u>815,390</u>

Financial liabilities measured at amortised cost

Payables	261,010	260,800	245,547
Finance Leases	25,647	25,647	17,976
Total Financial Liabilities Measured at Amortised Cost	<u>286,657</u>	<u>286,447</u>	<u>263,523</u>

Masterton Primary School

Notes to the Financial Statements

For the Year Ended 31 December 2019

23 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, but it is not expected to be significant to the school. The school will continue to receive funding from the Ministry of Education, even while closed.

24 Comparatives

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

Masterton Primary School

Notes to the Financial Statements

For the Year Ended 31 December 2019

25 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 8 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 9 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.

26 Breach of Legislation

The school breached the following statutory reporting deadline in relation to these financial statements;

Section 87C of the Education Act requires the school to provide its audited statements to the Ministry of Education by 31 May each year. The deadline has been breached due to the COVID-19 pandemic which had an impact on the school's ability to gain access to documentation located at the school premise. Furthermore, the audit service provider was also affected by the pandemic, with constraints on their resources, which has resulted an increase in time required to complete the audit. For these reasons, the school was not able to comply with the statutory deadline for 2019.

Masterton Primary School
Annual Report
For the Year Ended 31st December 2019

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Other Information

Analysis of Variance

Kiwisport