

HENDERSON HIGH SCHOOL

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

School Directory

Ministry Number:	45
Principal:	Michael Purcell
School Address:	19 Henderson Valley Road, Henderson, Auckland
School Postal Address:	PO Box 21-141, Henderson, Auckland
School Phone:	09 838 9085
School Email:	mpurcell@hhs.school.nz

Members of the Board of Trustees

Name	How Position Gained	Position	Term Expires
David Lui	Elected	Chairman	Jul-22
David Munro	Elected	Board Member	Jul-22
Gaylene Sharman	Elected	Board Member	Jul-22
Jason Beeston	Elected	Staff Representative	Jul-22
Karen Bellhouse	Elected	Board Member	Jul-22
Karen Haskell	Elected	Student Representative	Sep-19
Louis Dehar-Webster	Elected	Student Representative	Sep-20
Mike Purcell	Appointed	Principal	Current
Robson Tavita	Elected	Board Member	Jul-22
Tamara Ujdur	Elected	Board Member	Jul-22
Wesley Hukui	Elected	Staff Representative	Jul-19

Service Provider:

Leading Edge Services (2017) Ltd, PO Box 20496, Glen Eden, Auckland

HENDERSON HIGH SCHOOL

Annual Report - For the year ended 31 December 2019

Index

Page	Statement
------	-----------

	Financial Statements
--	-----------------------------

<u>1</u>	Statement of Responsibility
----------	-----------------------------

<u>2</u>	Statement of Comprehensive Revenue and Expense
----------	--

<u>3</u>	Statement of Changes in Net Assets/Equity
----------	---

<u>4</u>	Statement of Financial Position
----------	---------------------------------

<u>5</u>	Statement of Cash Flows
----------	-------------------------

<u>6 - 11</u>	Statement of Accounting Policies
---------------	----------------------------------

<u>12- 22</u>	Notes to the Financial Statements
---------------	-----------------------------------

	Other Information
--	--------------------------

	Analysis of Variance
--	----------------------

	Kiwisport
--	-----------

Henderson High 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.

David Lui

Full Name of Board Chairperson

MICHAEL PURCELL

Full Name of Principal

Signature of Board Chairperson

Signature of Principal

Date:

19 / 5 / 2020 .

Date:

19 / 5 / 2020

Henderson High School

Statement of Comprehensive Revenue and Expense

For the year ended 31 December 2019

	Notes	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Revenue				
Government Grants	2	10,391,243	9,384,451	9,733,170
Locally Raised Funds	3	471,523	284,261	532,476
Interest income		66,179	60,000	64,761
Gain on Sale of Property, Plant and Equipment		5,217	-	-
International Students	4	282,801	260,000	242,444
		<u>11,216,963</u>	<u>9,988,712</u>	<u>10,572,851</u>
Expenses				
Locally Raised Funds	3	248,149	237,100	278,498
International Students	4	124,803	124,550	103,350
Learning Resources	5	6,431,731	5,700,513	5,878,511
Administration	6	496,053	351,785	478,024
Finance		16,393	15,081	7,566
Property	7	3,358,112	3,457,989	3,601,407
Depreciation	8	207,234	100,000	190,214
Loss on Disposal of Property, Plant and Equipment		5,707	-	13,526
		<u>10,888,182</u>	<u>9,987,018</u>	<u>10,551,096</u>
Net Surplus / (Deficit) for the year		328,781	1,694	21,755
Other Comprehensive Revenue and Expenses		-	-	-
Total Comprehensive Revenue and Expense for the Year		<u>328,781</u>	<u>1,694</u>	<u>21,755</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.

Henderson High School

Statement of Changes in Net Assets/Equity

For the year ended 31 December 2019

	Notes	Actual 2019 \$	Budget (Unaudited) 2019 \$	Actual 2018 \$
Balance at 1 January		<u>1,720,840</u>	<u>1,720,843</u>	<u>1,699,085</u>
Total comprehensive revenue and expense for the year		328,781	1,694	21,755
Capital Contributions from the Ministry of Education				
Contribution - Furniture and Equipment Grant		23,868	-	-
Equity at 31 December	24	<u>2,073,489</u>	<u>1,722,537</u>	<u>1,720,840</u>
Retained Earnings		2,073,489	1,722,537	1,720,840
Equity at 31 December		<u>2,073,489</u>	<u>1,722,537</u>	<u>1,720,840</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.

Henderson High School
Statement of Financial Position
As at 31 December 2019

		2019	2019	2018
	Notes	Actual	Budget	Actual
		\$	(Unaudited)	\$
			\$	
Current Assets				
Cash and Cash Equivalents	9	219,065	1,940,560	573,411
Accounts Receivable	10	415,883	358,226	358,225
GST Receivable		98,122	21,048	21,048
Prepayments		16,475	29,131	29,131
Investments	11	1,686,667	-	1,397,149
Funds held for Capital Works Projects	18	132,468	-	-
		<u>2,568,680</u>	<u>2,348,965</u>	<u>2,378,964</u>
Current Liabilities				
Accounts Payable	13	810,122	672,074	672,069
Revenue Received in Advance	14	125,160	197,254	197,254
Provision for Cyclical Maintenance	15	73,489	72,207	72,207
Finance Lease Liability - Current Portion	16	61,408	54,648	54,648
Funds held in Trust	17	68,319	128,970	128,977
Funds held for Capital Works Projects	18	-	1,496	1,496
Funds held on behalf of Teen Parent Unit	19	-	-	31,694
		<u>1,138,498</u>	<u>1,126,649</u>	<u>1,158,345</u>
Working Capital Surplus/(Deficit)		<u>1,430,182</u>	<u>1,222,316</u>	<u>1,220,619</u>
Non-current Assets				
Property, Plant and Equipment	12	<u>931,790</u>	<u>863,430</u>	<u>863,430</u>
		931,790	863,430	863,430
Non-current Liabilities				
Provision for Cyclical Maintenance	15	184,004	224,893	224,893
Finance Lease Liability	16	104,478	138,316	138,316
		<u>288,482</u>	<u>363,209</u>	<u>363,209</u>
Net Assets		<u><u>2,073,489</u></u>	<u><u>1,722,537</u></u>	<u><u>1,720,840</u></u>
Equity	24	<u><u>2,073,489</u></u>	<u><u>1,722,537</u></u>	<u><u>1,720,840</u></u>

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

Henderson High School

Statement of Cash Flows

For the year ended 31 December 2019

		2019	2019	2018
	Note	Actual	Budget	Actual
		\$	(Unaudited)	\$
Cash flows from Operating Activities				
Government Grants		2,372,361	2,313,192	2,046,235
Locally Raised Funds		460,707	185,312	433,528
International Students		220,801	293,015	275,459
Goods and Services Tax (net)		(77,074)	(7,123)	(7,123)
Payments to Employees		(938,605)	(869,518)	(802,095)
Payments to Suppliers		(1,534,166)	(1,443,925)	(1,546,723)
Cyclical Maintenance Payments in the year		(108,665)	(114,496)	(101,363)
Interest Paid		(16,393)	(15,081)	(7,566)
Interest Received		61,815	61,565	66,326
Net cash from Operating Activities		440,781	402,941	356,678
Cash flows from Investing Activities				
Proceeds from Sale of PPE		-	-	18,901
Purchase of PPE		(244,752)	(265,413)	(138,195)
Sale of Investments		-	1,688,667	391,518
Purchase of Investments		(289,518)	-	-
Net cash from Investing Activities		(534,270)	1,423,254	272,224
Cash flows from Financing Activities				
Furniture and Equipment Grant		23,868	-	-
Finance Lease Payments		(58,409)	(42,574)	(118,550)
Funds Administered on Behalf of Third Parties		(92,348)	(21,563)	(21,558)
Funds Held for Capital Works Projects		(133,964)	496	496
Net cash from Financing Activities		(260,853)	46,063	(139,612)
Net increase/(decrease) in cash and cash equivalents		(354,342)	1,872,258	489,290
Cash and cash equivalents at the beginning of the year	9	573,411	68,302	84,121
Cash and cash equivalents at the end of the year	9	219,065	1,940,560	573,411

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.



Henderson High School

Notes to the Financial Statements

For the year ended 31 December 2019

1. Statement of Accounting Policies

a) Reporting Entity

Henderson High 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 29.

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.

Useful lives of property, plant and equipment

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

Critical Judgements in applying accounting policies

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

Classification of leases

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

Recognition of grants

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

c) Revenue Recognition

Government Grants

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

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

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

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

Other Grants

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

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.

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) 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.

j) 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.

k) 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.

Finance Leases

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

Depreciation

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

The estimated useful lives of the assets are:

Building improvements to Crown Owned Assets	40 years
Furniture and equipment	10 years
Information and communication technology	4 years
Motor vehicles	5 years
Leased assets held under a Finance Lease	3 - 5 years
Library resources	12.5% Diminishing value

l) 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.

m) 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.

n) 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.

o) Revenue Received in Advance

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

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

p) Funds Held in Trust

Funds are held in trust where they have been received by the School for a specified purpose, or are being held on behalf of a third party and these transactions are not recorded in the Statement of Revenue and Expense. The School holds sufficient funds to enable the funds to be used for their intended purpose at any time.



q) 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).

r) 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.

s) 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.

t) 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.

u) Budget Figures

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

v) Services received in-kind

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

2. Government Grants

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Operational Grants	1,814,244	1,783,822	1,685,683
Teachers' Salaries Grants	5,184,914	4,433,244	4,795,026
Use of Land and Buildings Grants	2,833,968	2,810,689	2,790,294
Resource Teachers Learning and Behaviour Grants	139,399	145,000	158,896
Other MoE Grants	38,567	18,237	63,210
Other Government Grants	380,151	193,459	240,061
	<u>10,391,243</u>	<u>9,384,451</u>	<u>9,733,170</u>

3. Locally Raised Funds

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

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Revenue			
Donations	123,679	43,000	111,688
Overseas Travel	14,725	-	-
Trading	4,476	4,000	4,038
Fundraising	176,790	105,900	247,362
Other Revenue	151,853	131,361	169,388
	<u>471,523</u>	<u>284,261</u>	<u>532,476</u>
Expenses			
Activities	197,825	237,100	278,498
Overseas Travel	50,324	-	-
	<u>248,149</u>	<u>237,100</u>	<u>278,498</u>
Surplus/ (Deficit) for the year Locally raised funds	<u>223,374</u>	<u>47,161</u>	<u>253,978</u>

During the year ended 31 December 2019 3 Staff and 16 Students from the school travelled to China at a cost of \$50,324 to develop relationships with a sister school, and strengthen the sharing of business, technology and history. The travel was funded by the student and school. (2018:nil)

4. International Student Revenue and Expenses

	2019 Actual Number	2019 Budget (Unaudited) Number	2018 Actual Number
International Student Roll	15	13	13
	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Revenue			
International Student Fees	282,801	260,000	242,444
Expenses			
Advertising	21	1,500	1,347
Commissions	30,785	30,000	27,115
Recruitment	5,469	15,000	1,738
International Student Levy	9,308	4,000	3,013
Employee Benefit - Salaries	64,423	65,000	59,183
Other Expenses	5,810	9,050	4,755
Overseas Travel	8,987	-	6,199
	124,803	124,550	103,350
<i>Surplus/ (Deficit) for the year International Students'</i>	157,998	135,450	139,094

During the year ended 31 December 2019 the Principal travelled to China at a cost of \$3,406 to promote relationships with the sister school and the International Students Director travelled to Thailand to recruit international students for the school. The travel was funded by the school. (2018:\$nil)

5. Learning Resources

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Curricular	577,135	578,749	501,166
Information and Communication Technology	128,258	153,620	146,023
Library Resources	3,903	4,800	4,221
Employee Benefits - Salaries	5,707,860	4,943,344	5,207,823
Staff Development	14,575	20,000	19,278
	6,431,731	5,700,513	5,878,511

6. Administration

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Audit Fee	11,144	10,000	10,953
Board of Trustees Fees	4,175	5,500	5,205
Board of Trustees Expenses	9,062	9,300	2,488
Communication	23,919	22,000	18,416
Consumables	3,693	8,465	23,706
Operating Lease	-	-	3,750
Other	153,747	41,860	126,559
Employee Benefits - Salaries	250,183	214,500	250,484
Insurance	13,742	15,000	11,370
Service Providers, Contractors and Consultancy	26,388	25,160	25,093
	496,053	351,785	478,024

7. Property

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Caretaking and Cleaning Consumables	101,752	118,500	102,208
Cyclical Maintenance Provision	69,058	80,000	66,867
Grounds	29,102	115,000	209,113
Heat, Light and Water	94,350	98,000	103,154
Rates	3,174	3,000	2,687
Repairs and Maintenance	102,935	92,800	187,862
Use of Land and Buildings	2,833,968	2,810,689	2,790,294
Security	25,171	30,000	29,508
Employee Benefits - Salaries	98,602	110,000	109,714
	3,358,112	3,457,989	3,601,407

The use of land and buildings figure represents 8% of the school's total property value. 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.

8. Depreciation

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Building Improvements - Crown	5,043	2,434	5,043
Furniture and Equipment	75,390	36,379	75,783
Information and Communication Technology	46,095	22,243	33,142
Motor Vehicles	13,519	6,523	14,685
Leased Assets	64,988	31,360	59,234
Library Resources	2,199	1,061	2,327
	207,234	100,000	190,214

9. Cash and Cash Equivalents

	2019	2019	2018
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Cash on Hand	650	750	750
Bank Current Account	218,202	542,448	572,448
Bank Call Account	213	213	213
Short-term Bank Deposits	-	1,397,149	-
Cash and cash equivalents for Cash Flow Statement	219,065	1,940,560	573,411

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

10. Accounts Receivable

	2019	2019	2018
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Receivables	26,930	26,208	26,208
Interest Receivable	14,451	10,087	10,087
Teacher Salaries Grant Receivable	374,502	321,931	321,930
	415,883	358,226	358,225
Receivables from Exchange Transactions	41,381	36,295	36,295
Receivables from Non-Exchange Transactions	374,502	321,931	321,930
	415,883	358,226	358,225

11. Investments

The School's investment activities are classified as follows:

	2019	2019	2018
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Current Asset			
Short-term Bank Deposits	1,686,667	-	1,397,149
Total Investments	1,686,667	-	1,397,149

12. Property, Plant and Equipment

	Opening Balance (NBV)	Additions	Disposals	Impairment	Depreciation	Total (NBV)
2019	\$	\$	\$	\$	\$	\$
Building Improvements	144,039	-	-	-	(5,043)	138,996
Furniture and Equipment	346,453	179,383	(3,902)	-	(75,390)	446,544
Information and Communication Technology	124,828	40,097	-	-	(46,095)	118,830
Motor Vehicles	42,130	26,565	-	-	(13,519)	55,176
Leased Assets	189,691	32,145	-	-	(64,988)	156,848
Library Resources	16,289	3,111	(1,805)	-	(2,199)	15,396
Balance at 31 December 2019	863,430	281,301	(5,707)	-	(207,234)	931,790

	Cost or Valuation	Accumulated Depreciation	Net Book Value
2019	\$	\$	\$
Building Improvements	201,731	(62,735)	138,996
Furniture and Equipment	1,298,981	(852,438)	446,544
Information and Communication Technology	672,341	(553,511)	118,830
Motor Vehicles	125,057	(69,880)	55,176
Leased Assets	234,271	(77,423)	156,848
Library Resources	88,886	(73,491)	15,396
Balance at 31 December 2019	2,621,267	(1,689,478)	931,790

	Opening Balance (NBV)	Additions	Disposals	Impairment	Depreciation	Total (NBV)
2018	\$	\$	\$	\$	\$	\$
Building Improvements	149,082	-	-	-	(5,043)	144,039
Furniture and Equipment	387,189	35,857	(811)	-	(75,783)	346,453
Information and Communication Technology	62,970	96,241	(1,240)	-	(33,142)	124,828
Motor Vehicles	16,380	40,435	-	-	(14,685)	42,130
Leased Assets	84,755	183,070	(18,900)	-	(59,234)	189,691
Library Resources	25,789	4,300	(11,475)	-	(2,327)	16,289
Balance at 31 December 2018	726,165	359,903	(32,426)	-	(190,214)	863,430

	Cost or Valuation	Accumulated Depreciation	Net Book Value
2018	\$	\$	\$
Building Improvements	201,731	(57,692)	144,039
Furniture and Equipment	1,214,600	(868,147)	346,453
Information and Communication Technology	866,533	(741,705)	124,828
Motor Vehicles	120,183	(78,053)	42,130
Leased Assets	227,416	(37,725)	189,691
Library Resources	96,463	(80,174)	16,289
Balance at 31 December 2018	2,726,926	(1,863,496)	863,430

13. Accounts Payable

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Operating Creditors	382,481	274,204	274,203
Accruals	7,429	27,779	27,775
Employee Entitlements - Salaries	374,502	370,091	321,930
Employee Entitlements - Leave Accrual	45,710	-	48,161
	<u>810,122</u>	<u>672,074</u>	<u>672,069</u>

Payables for Exchange Transactions	810,122	672,074	672,069
	<u>810,122</u>	<u>672,074</u>	<u>672,069</u>

The carrying value of payables approximates their fair value.

14. Revenue Received in Advance

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
International Student Fees	76,087	138,087	138,087
Other	49,073	59,167	59,167
	<u>125,160</u>	<u>197,254</u>	<u>197,254</u>

15. Provision for Cyclical Maintenance

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Provision at the Start of the Year	297,100	297,100	331,596
Increase/ (decrease) to the Provision During the Year	69,058	80,000	66,867
Use of the Provision During the Year	(108,665)	(80,000)	(101,363)
Provision at the End of the Year	<u>257,493</u>	<u>297,100</u>	<u>297,100</u>
Cyclical Maintenance - Current	73,489	72,207	72,207
Cyclical Maintenance - Term	184,004	224,893	224,893
	<u>257,493</u>	<u>297,100</u>	<u>297,100</u>

16. Finance Lease Liability

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

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
No Later than One Year	73,800	54,648	69,729
Later than One Year and no Later than Five Years	113,753	138,316	156,525
Later than Five Years	-	-	-
	<u>187,553</u>	<u>192,964</u>	<u>226,254</u>

17. Funds held in Trust

	2019 Actual \$	2019 Budget \$	2018 Actual \$
Funds Held in Trust on Behalf of Third Parties - Current	68,319	128,970	128,973
	<u>68,319</u>	<u>128,970</u>	<u>128,973</u>

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

18. 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:

	2019	Opening Balances \$	Receipts from MoE \$	Payments \$	BOT Contributions \$	Closing Balances \$
Boiler Project <i>completed</i>		1,496	1,247	(2,743)	-	-
Reroofing and Cutters <i>in progress</i>		-	-	(103,869)	-	(103,869)
B Block Upgrade <i>in progress</i>		-	322,794	(351,393)	-	(28,599)
Totals		<u>1,496</u>	<u>324,041</u>	<u>(458,005)</u>	<u>-</u>	<u>(132,468)</u>

Represented by:

Funds Held on Behalf of the Ministry of Education

Funds Due from the Ministry of Education

-
(132,468)

132,468

	2018	Opening Balances \$	Receipts from MoE \$	Payments \$	BOT Contributions \$	Closing Balances \$
Boiler Project <i>in progress</i>		-	47,227	(45,731)	-	1,496
Emergency Roofing <i>completed</i>		1,000	-	-	(1,000)	-
Totals		<u>1,000</u>	<u>47,227</u>	<u>(45,731)</u>	<u>(1,000)</u>	<u>1,496</u>

19. Related Party Transactions

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

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

20. Remuneration

Key management personnel compensation

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

	2019 Actual \$	2018 Actual \$
<i>Board Members</i>		
Remuneration	4,175	5,205
Full-time equivalent members	0.11	0.11
<i>Leadership Team</i>		
Remuneration	1,356,694	1,217,732
Full-time equivalent members	14	12
Total key management personnel remuneration	1,360,869	1,222,937
Total full-time equivalent personnel	14.11	12.11

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 Actual \$000	2018 Actual \$000
Salaries and Other Short-term Employee Benefits:		
Salary and Other Payments	180 190	180 190
Benefits and Other Emoluments	1 - 2	5 - 6
Termination Benefits	-	-

Other Employees

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

Remuneration \$000	2019 FTE Number	2018 FTE Number
100 - 110	2	1
110 - 120	1	1
	3.00	2.00

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

21. Compensation and Other Benefits Upon Leaving

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

	2019 Actual	2018 Actual
Total	-	-
Number of People	-	-

22. Contingencies

There are no contingent liabilities 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.

23. Commitments

(a) Capital Commitments

As at 31 December 2019 the Board has entered into no contract agreements for capital works.
(Capital commitments at 31 December 2018: \$nil)

24. Managing Capital

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

25. Financial Instruments

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

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

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Cash and Cash Equivalents	219,065	1,940,560	573,411
Receivables	415,883	358,226	358,225
Investments - Term Deposits	1,686,667	-	1,397,149
Total Financial assets measured at amortised cost	2,321,615	2,298,786	2,328,785

Financial liabilities measured at amortised cost

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Payables	810,122	672,074	672,069
Finance Leases	165,886	192,964	192,964
Total Financial Liabilities Measured at Amortised Cost	976,008	865,038	865,033

26. 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. While the disruption is currently expected to be temporary, there is a level of uncertainty around the duration of the closures.

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.

27. Comparatives

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

28. 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 10 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 11 Investments:

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.

INDEPENDENT AUDITOR'S REPORT**TO THE READERS OF HENDERSON HIGH SCHOOL'S
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019**

The Auditor-General is the auditor of Henderson High 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 22, 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 20 May 2020. This is the date at which our opinion is expressed.

The basis for our opinion is explained below and we draw your attention to other matters. 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 26 on page 22 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.

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.

© 2019 Findex (Aust) Pty Ltd

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 Kiwi Sport note and the Analysis of Variance but does not include the financial statements and our auditor's report thereon.


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

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

Independence

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