

# MARLBOROUGH BOYS' COLLEGE



## ANNUAL REPORT

**FOR THE YEAR ENDED 31 DECEMBER 2019**

Ministry Number:	288
Principal:	Jeremy Marshall (Acting)
School Address	Stephenson Street, Blenheim
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# MARLBOROUGH BOYS' COLLEGE

Annual Report - For the year ended 31 December 2019

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# Marlborough Boys' College

## 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 reflect the financial position and operations of the school.

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

Lynette Rayner  
Full Name of Board Chairperson

[Signature]  
Signature of Board Chairperson

7/9/2020  
Date:

Jeremy Marshall  
Full Name of Principal

[Signature]  
Signature of Principal

7/9/2020  
Date:

# **Marlborough Boys' College**

## **Members of the Board of Trustees**

For the year ended 31 December 2019

<b>Name</b>	<b>Position</b>	<b>How Position Gained</b>	<b>Held Until</b>	<b>Occupation</b>
Sturrock Saunders	Chairperson	Elected	Dec 2019	
Wayne Hegarty	Principal	ex Officio	Jan 2020	
Steve Wilkes	Parent Rep	Elected	Jun 2022	
Michael Loza	Parent Rep	Elected	Jun 2022	
Callum Anderson	Parent Rep	Elected	Jun 2022	
Geoff van Asch	Parent Rep	Selected	Nov 2020	
Lynette Rayner	Parent Rep	Co-opted	Dec 2020	
Johnnie Joseph	Parent Rep	Co-opted	Dec 2020	
Debbie Cave-Higgins	Parent Rep	Elected	Jun 2022	
Jacob Collins	Student Rep	Elected	Oct 2020	

# Marlborough Boys' College

## Statement of Comprehensive Revenue and Expense

For the year ended 31 December 2019

		2019	2019	2018
	Notes	Actual	Budget	Actual
		\$	(Unaudited)	\$
<b>Revenue</b>				
Government Grants	2	8,245,092	7,716,905	8,074,740
Locally Raised Funds	3	970,454	803,444	967,684
Interest Income		33,522	36,866	47,915
International Students	4	148,639	107,481	143,353
		<u>9,397,707</u>	<u>8,664,696</u>	<u>9,233,692</u>
<b>Expenses</b>				
Locally Raised Funds	3	376,287	272,862	287,822
International Students	4	98,266	86,948	74,767
Learning Resources	5	6,766,380	6,505,709	7,136,913
Administration	6	810,694	716,257	690,984
Finance Costs		5,646	-	5,012
Property	7	1,111,803	1,076,563	983,851
Depreciation	8	293,357	250,430	254,651
		<u>9,462,433</u>	<u>8,908,769</u>	<u>9,434,000</u>
<b>Net (Deficit)</b>		(64,726)	(244,073)	(200,308)
Other Comprehensive Revenue and Expenses		-	-	-
<b>Total Comprehensive Revenue and Expense for the Year</b>		<u>(64,726)</u>	<u>(244,073)</u>	<u>(200,308)</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.

**Marlborough Boys' College**  
**Statement of Changes in Net Assets/Equity**  
For the year ended 31 December 2019

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
<b>Balance at 1 January</b>	<u>1,240,842</u>	<u>1,240,842</u>	<u>1,418,866</u>
Total comprehensive revenue and expense for the year	(64,726)	(244,073)	(200,308)
Capital Contributions from the Ministry of Education			
Contribution - Furniture and Equipment Grant	-	-	22,284
<b>Equity at 31 December</b>	<u>1,176,116</u>	<u>996,769</u>	<u>1,240,842</u>
Retained Earnings	1,176,116	996,769	1,240,842
<b>Equity at 31 December</b>	<u>1,176,116</u>	<u>996,769</u>	<u>1,240,842</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.

**Marlborough Boys' College**  
**Statement of Financial Position**  
As at 31 December 2019

		2019	2019	2018
	Notes	Actual	Budget	Actual
		\$	(Unaudited)	\$
			\$	
<b>Current Assets</b>				
Cash and Cash Equivalents	9	1,080,194	720,836	714,479
Accounts Receivable	10	547,610	426,285	426,285
GST Receivable		77,944	31,355	31,355
Prepayments		-	2,560	2,560
Investments	11	-	459,747	459,747
Funds owing for Capital Works Projects	17	3,210	-	-
		<u>1,708,958</u>	<u>1,640,783</u>	<u>1,634,426</u>
<b>Current Liabilities</b>				
Accounts Payable	13	696,663	632,039	632,039
Revenue Received in Advance	14	112,211	178,004	178,004
Finance Lease Liability - Current Portion	15	100,064	105,323	105,323
Funds held in Trust	16	267,987	111,351	111,351
Funds held for Capital Works Projects	17	12,485	46,312	46,312
		<u>1,189,410</u>	<u>1,073,029</u>	<u>1,073,029</u>
<b>Working Capital Surplus/(Deficit)</b>		519,548	567,754	561,397
<b>Non-current Assets</b>				
Property, Plant and Equipment	12	690,946	505,281	755,711
		<u>690,946</u>	<u>505,281</u>	<u>755,711</u>
<b>Non-current Liabilities</b>				
Finance Lease Liability	15	34,378	76,266	76,266
		<u>34,378</u>	<u>76,266</u>	<u>76,266</u>
<b>Net Assets</b>		<u>1,176,116</u>	<u>996,769</u>	<u>1,240,842</u>
<b>Equity</b>		<u>1,176,116</u>	<u>996,769</u>	<u>1,240,842</u>

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

**Marlborough Boys' College**  
**Statement of Cash Flows**  
For the year ended 31 December 2019

		2019	2019	2018
	Note	Actual	Budget	Actual
		\$	(Unaudited)	\$
<b>Cash flows from Operating Activities</b>				
Government Grants		2,110,859	2,122,320	2,176,028
Locally Raised Funds		842,990	803,444	974,656
International Students		69,817	107,481	150,303
Goods and Services Tax (net)		(46,589)	-	(1,147)
Payments to Employees		(1,317,936)	(1,266,212)	(1,349,199)
Payments to Suppliers		(1,624,693)	(1,797,542)	(1,988,589)
Interest Received		33,306	36,866	47,915
Net cash from / (to) the Operating Activities		67,754	6,357	9,967
<b>Cash flows from Investing Activities</b>				
Purchase of PPE (and Intangibles)		(147,596)	-	(107,782)
Purchase of Investments		459,747	-	87,445
Net cash from the Investing Activities		312,151	-	(20,337)
<b>Cash flows from Financing Activities</b>				
Furniture and Equipment Grant		-	-	22,284
Finance Lease Payments		(133,789)	-	(17,153)
Funds Administered on Behalf of Third Parties		156,636	-	111,351
Funds held for Capital Works Projects		(37,037)	-	13,779
Net cash from Financing Activities		(14,190)	-	130,261
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>365,715</b>	<b>6,357</b>	<b>119,891</b>
Cash and cash equivalents at the beginning of the year	9	714,479	714,479	594,588
<b>Cash and cash equivalents at the end of the year</b>	<b>9</b>	<b>1,080,194</b>	<b>720,836</b>	<b>714,479</b>

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

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



# Marlborough Boys' College

## Notes to the Financial Statements

### 1. Statement of Accounting Policies

For the year ended 31 December 2019

#### 1.1. Reporting Entity

Marlborough Boys' College (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.

#### 1.2. 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 27.

##### *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.

### **1.3. 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.

### **1.4. 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.

### **1.5. 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.

### **1.6. 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.

### **1.7. 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.

### **1.8. 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.

### **1.9. 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.

### **1.10. Investments**

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

#### ***Prior Year Policy***

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

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

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

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

### **1.11. 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 – Crown	5-15 years
Furniture and equipment	5–20 years
Information and communication technology	3–5 years
Motor vehicles	5 years
Musical Equipment	8 years
Plant and Machinery	3 years
Sports Equipment	5 years
Textbooks	3 years
Leased assets held under a Finance Lease	3-5 years
Library resources	50 years

### **1.12. 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.

### **1.13. 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.

### **1.14. Employment 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

#### **1.15. Revenue Received in Advance**

Revenue received in advance relates to fees received from 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.

#### **1.16. 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.

#### **1.17. Shared Funds**

Shared Funds are held on behalf of a cluster of participating schools as agreed with the Ministry of Education. The cluster of schools operate activities outside of school control. These amounts are not recorded in the Statement of Comprehensive Revenue and Expense. The School holds sufficient funds to enable the funds to be used for their intended purpose.

#### **1.18. 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).

#### **1.19. 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, and finance lease liability. All of these financial liabilities are categorised as "financial liabilities measured at amortised cost" for accounting purposes in accordance with financial reporting standards.

#### **1.20. 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.

#### **1.21. Budget Figures**

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

#### **1.22. 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	1,943,645	1,990,158	2,005,254
Teachers' salaries grants	5,643,511	5,098,739	5,502,792
Use of Land and Buildings grants	495,846	495,846	395,920
Other MoE Grants	162,090	132,162	170,774
	<u>8,245,092</u>	<u>7,716,905</u>	<u>8,074,740</u>

## 3. Locally Raised Funds

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

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
<b>Revenue</b>			
Donations	60,033	67,760	129,571
Other revenue	560,384	480,656	578,442
Trading	9,000	9,000	9,000
Activities	<u>341,037</u>	<u>246,028</u>	<u>250,671</u>
	970,454	803,444	967,684
<b>Expenses</b>			
Activities	376,287	272,862	280,322
Fundraising (costs of raising funds)	-	-	7,500
	<u>376,287</u>	<u>272,862</u>	<u>287,822</u>
<i>Surplus for the year Locally raised funds</i>	<u>594,167</u>	<u>530,582</u>	<u>679,862</u>

## 4. International Student Revenue and Expenses

	2019 Actual Number	2019 Budget (Unaudited) Number	2018 Actual Number
International Student Roll	6	5	5
	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
<b>Revenue</b>			
International student fees	148,639	107,481	143,353
<b>Expenses</b>			
Advertising	2,856	8,125	2,124
Commissions	5,312	3,284	2,513
International student levy	241	-	1,307
Employee Benefit - Salaries	55,012	36,077	42,554
Other Expenses	34,845	39,462	26,269
	<u>98,266</u>	<u>86,948</u>	<u>74,767</u>
<i>Surplus for the year International Students</i>	<u>50,373</u>	<u>20,533</u>	<u>68,586</u>

## 5. Learning Resources

	2019	2019 Budget	2018
	Actual	(Unaudited)	Actual
	\$	\$	\$
Curricular	465,364	671,790	857,667
Information and communication technology	104,937	135,444	98,252
Employee benefits - salaries	6,155,433	5,664,718	6,095,918
Staff development	40,646	33,757	85,076
	<u>6,766,380</u>	<u>6,505,709</u>	<u>7,136,913</u>

## 6. Administration

	2019	2019 Budget	2018
	Actual	(Unaudited)	Actual
	\$	\$	\$
Audit Fee	8,565	8,565	8,773
Board of Trustees Fees	5,115	3,100	3,188
Board of Trustees Expenses	108,600	32,393	22,809
Communication	17,186	28,103	24,584
Consumables	24,429	14,245	18,750
Other	24,542	48,633	34,161
Employee Benefits - Salaries	599,462	564,633	558,692
Insurance	16,995	10,085	14,027
Service Providers, Contractors and Consultancy	5,800	6,500	6,000
	<u>810,694</u>	<u>716,257</u>	<u>690,984</u>

## 7. Property

	2019	2019 Budget	2018
	Actual	(Unaudited)	Actual
	\$	\$	\$
Caretaking and Cleaning Consumables	5,523	5,139	4,240
Consultancy and Contract Services	136,905	134,352	135,314
Grounds	11,086	10,130	10,829
Heat, Light and Water	160,986	165,355	153,921
Rates	15,340	22,645	22,255
Repairs and Maintenance	138,658	121,136	120,958
Use of Land and Buildings	495,846	495,846	395,920
Security	24,550	22,437	23,179
Employee Benefits - Salaries	122,909	99,523	117,235
	<u>1,111,803</u>	<u>1,076,563</u>	<u>983,851</u>

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 of Property, Plant and Equipment

	2019	2019 Budget	2018
	Actual	(Unaudited)	Actual
	\$	\$	\$
Building Improvements	25,844	25,000	25,672
Furniture and Equipment	63,676	60,000	90,698
Information and Communication Technology	78,704	50,000	90,199
Motor Vehicles	13,608	13,000	13,807
Leased Assets	111,115	102,000	33,806
Library Resources	410	430	469
	<u>293,357</u>	<u>250,430</u>	<u>254,651</u>

## 9. Cash and Cash Equivalents

	2019	2019 Budget (Unaudited)	2018
	Actual		Actual
	\$	\$	\$
Bank Current Account	578,310	720,836	190,741
Short-term Bank Deposits	501,884	-	523,738
Net cash and cash equivalents and bank overdraft for Cash Flow Statement	<u>1,080,194</u>	<u>720,836</u>	<u>714,479</u>

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

Of the \$1,080,194 Cash and Cash Equivalents, \$12,485 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 Five Year Property Plan.

Of the \$1,080,194 Cash and Cash Equivalents, \$5,124 of unspent grant funding is held by the School. This funding is subject to restrictions which specify how the grant is required to be spent in providing specified deliverables of the grant arrangement.

## 10. Accounts Receivable

	2019	2019 Budget (Unaudited)	2018
	Actual		Actual
	\$	\$	\$
Receivables	168,464	33,095	33,095
Interest Receivable	216	-	-
Teacher Salaries Grant Receivable	378,930	393,190	393,190
	<u>547,610</u>	<u>426,285</u>	<u>426,285</u>
Receivables from Exchange Transactions	168,680	33,095	33,095
Receivables from Non-Exchange Transactions	378,930	393,190	393,190
	<u>547,610</u>	<u>426,285</u>	<u>426,285</u>

## 11. Investments

The School's investment activities are classified as follows:

	2019	2019 Budget (Unaudited)	2018
	Actual		Actual
	\$	\$	\$
Current Asset			
Short-term Bank Deposits	-	459,747	459,747
Total Investments	<u>-</u>	<u>459,747</u>	<u>459,747</u>



## 12. Property, Plant and Equipment

	Opening Balance (NBV)	Additions	Disposals	Impairment	Depreciation	Total (NBV)
2019	\$	\$	\$	\$	\$	\$
Building Improvements	193,427	23,047	-	-	(25,844)	190,630
Furniture and Equipment	205,177	63,832	-	-	(63,676)	205,333
Information and Communication	204,358	65,830	-	-	(78,704)	191,484
Motor Vehicles	44,492	-	-	-	(13,608)	30,884
Leased Assets	99,863	80,996	-	-	(111,115)	69,744
Library Resources	3,281	-	-	-	(410)	2,871
Work in Progress	5,113	-	-	(5,113)	-	-
<b>Balance at 31 December 2019</b>	<b>755,711</b>	<b>233,705</b>	<b>-</b>	<b>(5,113)</b>	<b>(293,357)</b>	<b>690,946</b>

	Cost or Valuation	Accumulated Depreciation	Net Book Value
2019	\$	\$	\$
Building Improvements	595,260	(404,630)	190,630
Furniture and Equipment	1,279,338	(1,074,005)	205,333
Information and Communication	1,211,717	(1,020,233)	191,484
Motor Vehicles	129,829	(98,945)	30,884
Leased Assets	547,179	(477,435)	69,744
Library Resources	127,815	(124,944)	2,871
Work in Progress	-	-	-
<b>Balance at 31 December 2019</b>	<b>3,891,138</b>	<b>(3,200,192)</b>	<b>690,946</b>

The net carrying value of equipment held under a finance lease is \$69,744 (2018: \$99,863)

	Opening Balance (NBV)	Additions	Disposals	Impairment	Depreciation	Total (NBV)
2018	\$	\$	\$	\$	\$	\$
Building Improvements	219,099	-	-	-	(25,672)	193,427
Furniture and Equipment	222,689	73,186	-	-	(90,698)	205,177
Information and Communication	265,074	29,483	-	-	(90,199)	204,358
Motor Vehicles	58,299	-	-	-	(13,807)	44,492
Leased Assets	119,952	13,717	-	-	(33,806)	99,863
Library Resources	3,750	-	-	-	(469)	3,281
Work in Progress	-	5,113	-	-	-	5,113
<b>Balance at 31 December 2018</b>	<b>888,863</b>	<b>121,499</b>	<b>-</b>	<b>-</b>	<b>(254,651)</b>	<b>755,711</b>

	Cost or Valuation	Accumulated Depreciation	Net Book Value
2018	\$	\$	\$
Building Improvements	572,213	(378,786)	193,427
Furniture and Equipment	1,215,506	(1,010,329)	205,177
Information and Communication	1,145,887	(941,529)	204,358
Motor Vehicles	129,829	(85,337)	44,492
Leased Assets	466,183	(366,320)	99,863
Library Resources	127,815	(124,534)	3,281
Work in Progress	5,113	-	5,113
<b>Balance at 31 December 2018</b>	<b>3,662,546</b>	<b>(2,906,835)</b>	<b>755,711</b>

### 13. Accounts Payable

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Operating creditors	202,147	168,148	168,148
Accruals	73,516	-	-
Employee Entitlements - salaries	380,810	403,885	403,885
Employee Entitlements - leave accrual	40,190	60,006	60,006
	<u>696,663</u>	<u>632,039</u>	<u>632,039</u>
Payables for Exchange Transactions	696,663	632,039	632,039
	<u>696,663</u>	<u>632,039</u>	<u>632,039</u>

The carrying value of payables approximates their fair value.

### 14. Revenue Received in Advance

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Grants in Advance - Ministry of Education	5,124	-	-
International Student Fees	55,243	134,065	134,065
Other	51,844	43,939	43,939
	<u>112,211</u>	<u>178,004</u>	<u>178,004</u>

### 15. Finance Lease Liability

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

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
No Later than One Year	103,238	106,269	106,269
Later than One Year and no Later than Five Years	35,808	76,866	76,866
	<u>139,046</u>	<u>183,135</u>	<u>183,135</u>

### 16. Funds Held in Trust

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Funds Held in Trust on Behalf of Third Parties - Current	267,987	111,351	111,351
	<u>267,987</u>	<u>111,351</u>	<u>111,351</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.

## 17. Funds Held for Capital Works

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 Contribution	Closing Balances
		\$	\$	\$		\$
East West Toilets	In Progress	7,948	-	-	-	7,948
Careers Centre	In Progress	23,873	-	26,296	-	(2,423)
Library Skylights	In Progress	10,050	1,700	12,321	-	(571)
Heating Art & Science	In Progress	4,441	-	148	-	4,293
Security System	In Progress	-	-	216	-	(216)
Gym Roof	In Progress	-	41,713	41,469	-	244
Totals		46,312	43,413	80,450	-	9,275

### Represented by:

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

12,485  
(3,210)  
9,275

	2018	Opening Balances	Receipts from MoE	Payments	BOT Contribution	Closing Balances
		\$	\$	\$		\$
East West Toilets	Completed	24,296	-	-	16,348	7,948
Special Needs Project	Completed	(11,313)	11,313	-	-	-
A Block West ILE	Completed	19,550	34,019	53,569	-	-
Careers Centre	In Progress	-	38,700	14,827	-	23,873
Library Skylights	In Progress	-	15,300	5,250	-	10,050
Heating Art & Science	In Progress	-	4,441	-	-	4,441
Totals		32,533	103,773	73,646	16,348	46,312

## 18. 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.

## 19. Remuneration

### *Key management personnel compensation*

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

	2019 Actual \$	2018 Actual \$
<i>Board Members</i>		
Remuneration	5,115	3,188
Full-time equivalent members	0.10	0.30
<i>Leadership Team</i>		
Remuneration	663,566	743,943
Full-time equivalent members	6.00	7.00
Total key management personnel remuneration	668,681	747,131
Total full-time equivalent personnel	6.10	7.30

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	160 - 170	160 - 170
Benefits and Other Emoluments	4 - 5	4 - 5
Termination Benefits	0 - 0	0 - 0

### *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	3.00	3.00
110 -120	1.00	-
	4.00	3.00

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

## 20. 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	-	-

## 21. Contingencies

There are 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).

The school has a possible employee claim at balance date. The amount cannot be quantified and has not been accounted for. As at balance date the school exposure to the claim is unknown.

### 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.

## 22. Commitments

### (a) Capital Commitments

As at 31 December 2019 the Board has not entered into any contract agreements for capital works.

(Capital commitments at 31 December 2018: nil)

### (b) Operating Commitments

As at 31 December 2019 the Board has not entered into any operating contracts:

## 23. 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.

## 24. 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

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Cash and Cash Equivalents	1,080,194	720,836	714,479
Receivables	547,610	426,285	426,285
Investments - Term Deposits	-	459,747	459,747
Total Financial assets measured at amortised cost	1,627,804	1,606,868	1,600,511

### Financial liabilities measured at amortised cost

Payables	696,663	632,039	632,039
Finance Leases	134,442	181,589	181,589
Total Financial liabilities measured at amortised Cost	831,105	813,628	813,628

## 25. Events After Balance Date

### Impact from COVID-19

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 until 18 May 2020.

At the date of issuing the financial statements, the school has been financially impacted from the nationwide lockdown even though the annual Easter School holidays started 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 will have an impact on the school. The school will continue to receive funding from the Ministry of Education, even while closed.

## 26. Marlborough Boys' College Future Site

In November 2015, the Minister of Education announced a plan for the Marlborough Girls' and Marlborough Boys' Colleges to move to a new shared site with separate, co-located schools. On 5 December 2018 the Minister of Education announced that Marlborough Girls' and Marlborough Boys' Colleges will be co-located on the sites currently occupied by Marlborough Girls' College and Bohally Intermediate.

In the interim the Ministry of Education will continue to support the School to maintain their facilities with ongoing work such as repairs and maintenance, regardless of indicative timing for relocation.

The Board has an obligation to maintain the buildings in good order until the new College is built. The Board considers that it has adequate funds set aside to meet its property obligations. To fulfil its obligations the Board has a Property Plan, which is approved by the Ministry of Education. Currently, no Provision for Cyclical Maintenance is recognised. At some time in the future, when there is more certainty about the details and timing of the Schools' relocation, the Provision for Cyclical Maintenance may need to be reassessed and an adjustment made to the amount provided.

The Board owns leasehold building improvements, within its Property, Plant and Equipment as shown at Note 12. The Board believes that the financial statements adequately reflects their value as at 31 December 2019. At some time in the future, when there is more certainty about the details and timing of the Schools' relocation, the value of Property Plant and Equipment, including Building Improvements owned by the school may need to be reassessed and an adjustment made to the value.

## **27. 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:

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.

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.

## **28. Failure to comply with section 87 of the Education Act 1989**

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

**INDEPENDENT AUDIT REPORT TO THE READERS OF  
MARLBOROUGH BOYS' COLLEGE  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

The Auditor-General is the auditor of Marlborough Boys' College (the School). The Auditor-General has appointed me, Warren Johnstone, using the staff and resources of BDO Christchurch, 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 3 to 21 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:
  - financial position as at 31 December 2019; and
  - financial performance and cash flows for the year then ended; and
- comply with generally accepted accounting practices in New Zealand and have been prepared in accordance with Public Benefit Entity Standards with disclosure concessions.

Our audit was completed on 7 September 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 25 on page 20 which outline the possible effects of the Alert Level 4 lockdown as a result of the COVID-19 pandemic.

**Basis of Opinion**

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

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

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



## Responsibilities of the Board of Trustees

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 is responsible for the other information. The other information comprises the Analysis of Variance, Kiwisport notice and Board of Trustees listing, but does not include the financial statements, and our auditor's report thereon.

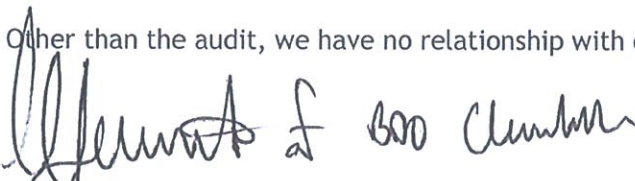
Our opinion on the financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

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

#### Independence

We are independent of the School in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: International Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

Other than the audit, we have no relationship with or interests in the School.



Warren Johnstone  
BDO Christchurch

On behalf of the Auditor-General  
Christchurch, New Zealand