

# Ko Taku Reo Deaf Education New Zealand



Deaf Education New Zealand

## ANNUAL REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2021

**School Directory**

**Ministry Number:** 903  
**Principal:** James Le Marquand  
**School Address:** 38 Truro Street, Sumner, Christchurch 8081  
**School Email:** [info@kotakureo.school.nz](mailto:info@kotakureo.school.nz)

# KO TAKU REO DEAF EDUCATION NEW ZEALAND

Annual Report - For the year ended 31 December 2021

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# Ko Taku Reo Deaf Education New Zealand

## Statement of Responsibility

For the year ended 31 December 2021

The Board 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 2021 fairly reflects the financial position and operations of the School.

The School's 2021 financial statements are authorised for issue by the Board.

Michael Peter Rondel

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Full Name of Commissioner



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Signature of Commissioner

29/11/2023

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Date:

Denise Rachel Allen Powell

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Full Name of Acting Executive Principal



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Signature of Acting Executive Principal

29/11/2023

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Date:

# Ko Taku Reo Deaf Education New Zealand

## Members of the Board

For the year ended 31 December 2021

<b>Name</b>	<b>Position</b>	<b>How Position Gained</b>	<b>Term Expired/ Expires</b>
Denise Powell	Chairperson	Elected	Sept 2022
James Le Marquand	Principal	ex Officio	
Rachel Coppage	Parent Rep	Elected	Sept 2022
Crystal Skinley	Parent Rep	Elected	Sept 2022
Sina Aiolupotea-Aiono	Parent Rep	Elected	Sept 2022
Katya Blair	Parent Rep	Elected	Sept 2022
Anthonie de Heer	Parent Rep	Elected	Sept 2022
Krista Clifford	Staff Rep	Elected	Sept 2022
Louis Tomlinson	Student Rep	Elected	Sept 2022
Lukas Gill	Student Rep	Elected	Sept 2022
Frances Karen Pointon	Board Member	Co-Opted Member	Sept 2022
Sam Te Maari	Board Member	Co-Opted Member	Sept 2022
Jennifer Smith	Board Member	Co-Opted Member	Sept 2022

# Ko Taku Reo Deaf Education New Zealand

## Statement of Comprehensive Revenue and Expense

For the year ended 31 December 2021

		2021	2021	2020
	Notes	Actual	Budget	Actual
		\$	(Unaudited)	\$
			\$	
<b>Revenue</b>				
Government Grants	2	36,823,420	37,295,382	37,179,133
Locally Raised Funds	3	18,338	10,000	283,830
Interest Income		68,870	53,000	119,834
		<u>36,910,628</u>	<u>37,358,382</u>	<u>37,582,797</u>
<b>Expenses</b>				
Learning Resources	4	26,343,154	28,113,511	27,920,767
Administration	5	5,610,367	6,051,956	5,572,889
Finance		76,426	-	76,591
Property	6	2,291,891	2,957,915	3,053,094
Depreciation	11	733,427	235,000	572,530
Loss on Disposal of Property, Plant and Equipment		-	-	166,354
Amortisation of Intangible Assets	12	4,104	-	15,106
		<u>35,059,369</u>	<u>37,358,382</u>	<u>37,377,331</u>
<b>Net Surplus / (Deficit) for the year</b>		1,851,259	-	205,466
Other Comprehensive Revenue and Expense		-	-	-
<b>Total Comprehensive Revenue and Expense for the Year</b>		<u><u>1,851,259</u></u>	<u><u>-</u></u>	<u><u>205,466</u></u>

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

# Ko Taku Reo Deaf Education New Zealand

## Statement of Changes in Net Assets/Equity

For the year ended 31 December 2021

	Notes	2021 Actual \$	2021 Budget (Unaudited) \$	2020 Actual \$
<b>Equity at 1 January</b>		7,265,851	7,265,851	7,044,717
Total comprehensive revenue and expense for the year		1,851,259	-	205,466
Capital Contributions from the Ministry of Education				
Contribution - Furniture and Equipment Grant		-	-	15,668
<b>Equity at 31 December</b>		9,117,110	7,265,851	7,265,851
Retained Earnings		9,117,110	7,265,851	7,265,851
<b>Equity at 31 December</b>		9,117,110	7,265,851	7,265,851

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.

# Ko Taku Reo Deaf Education New Zealand

## Statement of Financial Position

As at 31 December 2021

		2021	2021	2020
	Notes	Actual	Budget	Actual
		\$	(Unaudited)	\$
			\$	
<b>Current Assets</b>				
Cash and Cash Equivalents	7	3,916,811	1,779,713	1,544,713
Accounts Receivable	8	1,882,580	1,568,771	1,568,771
GST Receivable		158,508	138,393	138,393
Prepayments		102,367	7,656	7,656
Inventories	9	-	30,880	30,880
Investments	10	3,000,000	5,537,923	5,537,923
Funds owing for Capital Works Projects	17	21,641	-	-
		<u>9,081,907</u>	<u>9,063,336</u>	<u>8,828,336</u>
<b>Current Liabilities</b>				
Accounts Payable	13	2,724,800	2,981,151	2,981,151
Revenue Received in Advance	14	-	136,112	136,112
Finance Lease Liability	15	496,884	426,540	426,540
Funds held in Trust	16	592	-	-
		<u>3,222,276</u>	<u>3,543,803</u>	<u>3,543,803</u>
<b>Working Capital Surplus/(Deficit)</b>		5,859,631	5,519,533	5,284,533
<b>Non-current Assets</b>				
Investments	10	1,000,000	-	-
Property, Plant and Equipment	11	2,943,488	2,380,651	2,615,651
Intangible Assets	12	29,556	9,880	9,880
		<u>3,973,044</u>	<u>2,390,531</u>	<u>2,625,531</u>
<b>Non-current Liabilities</b>				
Finance Lease Liability	15	715,565	644,213	644,213
		<u>715,565</u>	<u>644,213</u>	<u>644,213</u>
<b>Net Assets</b>		<u>9,117,110</u>	<u>7,265,851</u>	<u>7,265,851</u>
<b>Equity</b>		<u>9,117,110</u>	<u>7,265,851</u>	<u>7,265,851</u>

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

# Ko Taku Reo Deaf Education New Zealand

## Statement of Cash Flows

For the year ended 31 December 2021

		2021	2021	2020
	Note	Actual	Budget	Actual
		\$	(Unaudited)	\$
			\$	
<b>Cash flows from Operating Activities</b>				
Government Grants		15,170,051	14,688,764	14,109,740
Locally Raised Funds		(317,492)	10,000	337,395
Goods and Services Tax (net)		(20,115)	-	(8,321)
Payments to Employees		(8,360,140)	(9,492,413)	(8,372,591)
Payments to Suppliers		(4,713,050)	(5,024,351)	(5,254,971)
Interest Received		65,873	53,000	186,294
Net cash from/(to) Operating Activities	27	1,825,127	235,000	997,546
<b>Cash flows from Investing Activities</b>				
Purchase of Property Plant & Equipment (and Intangibles)		(418,641)	-	(185,342)
Purchase of Intangibles		(23,780)	-	-
Purchase of Investments		1,537,923	-	(26,039)
Net cash from/(to) Investing Activities		1,095,502	-	(211,381)
<b>Cash flows from Financing Activities</b>				
Furniture and Equipment Grant		-	-	15,668
Finance Lease Payments		(527,482)	-	(518,212)
Funds Administered on Behalf of Third Parties		(21,049)	-	(5,305)
Net cash from/(to) Financing Activities		(548,531)	-	(507,849)
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>2,372,098</b>	<b>235,000</b>	<b>278,316</b>
Cash and cash equivalents at the beginning of the year	7	1,544,713	1,544,713	1,266,397
<b>Cash and cash equivalents at the end of the year</b>	<b>7</b>	<b>3,916,811</b>	<b>1,779,713</b>	<b>1,544,713</b>

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

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



# Ko Taku Reo Deaf Education New Zealand

## Notes to the Financial Statements

### For the year ended 31 December 2021

#### 1. Statement of Accounting Policies

##### 1.1. Reporting Entity

Ko Taku Reo Deaf Education New Zealand (the School) is a Crown entity as specified in the Crown Entities Act 2004 and a school as described in the Education and Training Act 2020. The Board is of the view that the School is a public benefit entity for financial reporting purposes. The principal activity of the school is to educate and support deaf students in New Zealand.

##### 1.2. Basis of Preparation

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

The financial reports have been prepared for the period 1 January 2021 to 31 December 2021 and in accordance with the requirements of the Education and Training Act 2020.

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

The financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand, applying Public Sector Public Benefit Entity (PBE) Standards as appropriate to public benefit entities that qualify for Tier 1 reporting as the school has had expenditure greater than \$30 million over the past two years.

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

The Education and Training Act 2020 requires the School, as a Crown entity, to prepare financial statements in accordance with generally accepted accounting practice. The financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand, applying Public Sector Public Benefit Entity (PBE) Standards as appropriate to public benefit entities that qualify for Tier 1 reporting as the school has had expenditure greater than \$30 million over the past two years. The School is considered a Public Benefit Entity as it meets the criteria specified as 'having a primary objective to provide goods and/or services for community or social benefit and where any equity has been provided with a view to supporting that primary objective rather than for financial return to equity holders'.

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

The school has applied all relevant PBE standards. There are no new PBE standards which have been issued, but are not yet effective and not early adopted which will affect the school.

###### **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 11.

### **Critical Judgements in applying accounting policies**

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

#### *Classification of leases*

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

#### *Recognition of grants*

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

### **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.

The property from which the School operates is owned by the Crown and managed by the Ministry of Education on behalf of the Crown. 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. 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 revenue that is offset by a non-cash expense. The use of land and buildings grants and associated expenditure are recorded in the period the School uses the land and buildings.

#### **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. 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.

### **1.5. 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.

### **1.6. 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.

### 1.7. Accounts Receivable

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

### 1.8. Inventories

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

### 1.9. 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.

### 1.10. 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.

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

#### **Finance Leases**

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

#### **Depreciation**

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

The estimated useful lives of the assets are:

Building improvements to Crown Owned Assets	10–75 years
Furniture and equipment	10–15 years
Information and communication technology	4–5 years
Motor vehicles	5 years
Leased assets held under a Finance Lease	Term of Lease
Library resources	12.5% Diminishing value

### 1.11. Intangible Assets

#### **Software costs**

Computer software acquired by the School is capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Costs associated with subsequent maintenance or licensing of software are recognised as an expense in the Statement of Comprehensive Revenue and Expense when incurred.

Computer software licences with individual values under \$1,000 are not capitalised, they are recognised as an expense in the Statement of Comprehensive Revenue and Expense when incurred.

Computer software that the school receives from the Ministry of Education is normally acquired through a non-exchange transaction and is not of a material amount. Its fair value can be assessed at time of acquisition if no other methods lead to a fair value determination. Computer software purchased directly from suppliers at market rates are considered exchange transactions and the fair value is the amount paid for the software.

The carrying value of software is amortised on a straight line basis over its useful life. The useful life of software is estimated as three years. The amortisation charge for each period and any impairment loss is recorded in the Statement of Comprehensive Revenue and Expense.

#### **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. Employee Entitlements**

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

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

##### *Long-term employee entitlements*

Employee benefits that are not expected to be settled wholly before twelve months after the end of the reporting period in which the employee provides the related service, such as retirement and long service leave, have been calculated on an actuarial basis.

The calculations are based on the likely future entitlements accruing to employees, based on years of service, years to entitlement, the likelihood that employees 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. Financial Instruments**

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

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

The School's financial liabilities comprise accounts payable, borrowings, painting contract liability 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.

### **1.18. Borrowings**

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

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

### **1.19. 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.

### **1.20. Budget Figures**

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

### **1.21. 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

	2021	2021	2020
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Operational Grants	13,249,913	13,083,008	12,612,965
Teachers' Salaries Grants	19,345,095	19,610,787	19,810,137
Use of Land and Buildings Grants	1,550,250	2,287,915	2,287,195
Other MoE Grants	2,450,551	2,047,400	1,799,206
Other Government Grants	227,611	266,272	669,630
	<u>36,823,420</u>	<u>37,295,382</u>	<u>37,179,133</u>

The School has opted in to the donations scheme for this year. Total amount received was \$16,050 (2020: \$18,300).

## 3. Locally Raised Funds

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

	2021	2021	2020
	Actual	Budget	Actual
	\$	(Unaudited)	\$
<b>Revenue</b>			
Donations & Bequests	4,730	-	5,520
Other Revenue	13,608	10,000	278,310
	<u>18,338</u>	<u>10,000</u>	<u>283,830</u>
<i>Surplus / (Deficit) for the year Locally raised funds</i>	<u>18,338</u>	<u>10,000</u>	<u>283,830</u>

## 4. Learning Resources

	2021	2021	2020
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Curricular	1,127,791	913,091	1,875,942
Equipment Repairs	26,544	132,704	-
Information and Communication Technology	379,546	195,629	222,572
Library Resources	15,359	26,375	6,508
Employee Benefits - Salaries	24,710,230	26,548,712	25,754,015
Staff Development	83,684	297,000	61,730
	<u>26,343,154</u>	<u>28,113,511</u>	<u>27,920,767</u>

## 5. Administration

	2021	2021	2020
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Audit Fee	23,101	31,000	22,509
Board Fees	19,727	13,900	13,884
Board Expenses	17,554	10,769	9,136
Intervention Costs	77,773	60,000	409,400
Communication	195,657	179,832	196,230
Consumables	45,748	97,700	115,817
Operating Lease	448,256	965,591	518,553
Legal Fees	54,484	10,000	82,582
Other	1,278,020	1,208,481	1,035,441
Employee Benefits - Salaries	3,123,715	3,262,404	2,819,872
Insurance	2,834	2,500	57,369
Service Providers, Contractors and Consultancy	323,498	209,779	292,096
	<u>5,610,367</u>	<u>6,051,956</u>	<u>5,572,889</u>

## 6. Property

	2021	2021	2020
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Caretaking and Cleaning Consumables	8,831	56,000	12,658
Consultancy and Contract Services	131,227	110,000	194,945
Grounds	225,239	170,000	78,162
Heat, Light and Water	83,738	148,000	101,804
Rates	15,929	15,000	14,913
Repairs and Maintenance	256,111	131,000	107,508
Use of Land and Buildings	1,550,250	2,287,915	2,287,195
Security	20,566	40,000	34,288
Employee Benefits - Salaries	-	-	221,621
	<u>2,291,891</u>	<u>2,957,915</u>	<u>3,053,094</u>

In 2021, the Ministry of Education revised the notional rent rate from 8% to 5% to align it with the Government Capital Charge rate. This is considered to be a reasonable proxy for the market rental yield on the value of land and buildings used by schools. Accordingly in 2021, the use of land and buildings figure represents 5% 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.

## 7. Cash and Cash Equivalents

	2021	2021	2020
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Bank Accounts	3,916,811	1,779,713	1,544,713
Short-term Bank Deposits	-	-	-
Cash and cash equivalents for Statement of Cash Flows	<u>3,916,811</u>	<u>1,779,713</u>	<u>1,544,713</u>

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

## 8. Accounts Receivable

	2021	2021	2020
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Receivables	273,858	74,140	74,140
Interest Receivable	16,924	13,927	13,927
Teacher Salaries Grant Receivable	1,591,798	1,480,704	1,480,704
	<u>1,882,580</u>	<u>1,568,771</u>	<u>1,568,771</u>
Receivables from Exchange Transactions	290,782	88,067	88,067
Receivables from Non-Exchange Transactions	1,591,798	1,480,704	1,480,704
	<u>1,882,580</u>	<u>1,568,771</u>	<u>1,568,771</u>

## 9. Inventories

	2021	2021	2020
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Stationery	-	30,880	30,880
	<u>-</u>	<u>30,880</u>	<u>30,880</u>

## 10. Investments

The School's investment activities are classified as follows:

	2021	2021	2020
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Current Asset			
Short-term Bank Deposits	3,000,000	5,537,923	5,537,923
Non-current Asset			
Long-term Bank Deposits	1,000,000	-	-
Total Investments	<u>4,000,000</u>	<u>5,537,923</u>	<u>5,537,923</u>

## 11. Property, Plant and Equipment

	Opening Balance (NBV)	Additions	Disposals	Impairment	Depreciation	Total (NBV)
2021	\$	\$	\$	\$	\$	\$
Building Improvements	854,050	-	-	-	(38,454)	815,596
Furniture and Equipment	472,386	283,914	-	-	(79,194)	677,106
Information and Communication Technology	80,059	133,580	-	-	(50,619)	163,020
Motor Vehicles	480	-	-	-	(96)	384
Leased Assets	1,126,890	642,623	-	-	(554,829)	1,214,684
Library Resources	81,786	1,147	-	-	(10,235)	72,698
<b>Balance at 31 December 2021</b>	<b>2,615,651</b>	<b>1,061,264</b>	<b>-</b>	<b>-</b>	<b>(733,427)</b>	<b>2,943,488</b>

The net carrying value of equipment held under a finance lease is \$1,214,684 (2020: \$1,126,890)

	2021 Cost or Valuation	2021 Accumulated Depreciation	2021 Net Book Value	2020 Cost or Valuation	2020 Accumulated Depreciation	2020 Net Book Value
	\$	\$	\$	\$	\$	\$
Building Improvements	1,176,620	(361,024)	815,596	1,176,620	(322,570)	854,050
Furniture and Equipment	2,132,579	(1,455,473)	677,106	1,848,664	(1,376,278)	472,386
Information and Communication Technology	1,154,241	(991,221)	163,020	1,020,661	(940,602)	80,059
Motor Vehicles	300,769	(300,385)	384	300,770	(300,290)	480
Leased Assets	2,289,249	(1,074,565)	1,214,684	1,646,627	(519,737)	1,126,890
Library Resources	358,257	(285,559)	72,698	357,110	(275,324)	81,786
<b>Balance at 31 December</b>	<b>7,411,715</b>	<b>(4,468,227)</b>	<b>2,943,488</b>	<b>6,350,452</b>	<b>(3,734,801)</b>	<b>2,615,651</b>

## 12. Intangible Assets

The School's Intangible Assets are made up of acquired computer software.

	Acquired software	Total \$
<b>Cost</b>		
Balance at 1 January 2020	127,350	127,350
Disposals	(652)	(652)
Balance at 31 December 2020 / 1 January 2021	126,698	126,698
Additions	23,780	
Balance at 31 December 2021	150,478	126,698
<b>Accumulated Amortisation and impairment losses</b>		
Balance at 1 January 2020	101,712	101,712
Amortisation expense	15,106	15,106
Balance at 31 December 2020 / 1 January 2021	116,818	116,818
Amortisation expense	4,104	4,104
Balance at 31 December 2021	120,922	120,922
<b>Carrying amounts</b>		
At 1 January 2020	25,638	25,638
At 31 December 2020 / 1 January 2021	9,880	9,880
At 31 December 2021	29,556	29,556

### Restrictions

There are no restrictions over the title of the school's intangible assets, nor are any intangible assets pledged as security for liabilities.

### Capital commitments

The amount of contractual commitments for the acquisition of intangible assets is \$nil (2020: \$nil)

## 13. Accounts Payable

	2021 Actual	2021 Budget (Unaudited)	2020 Actual
	\$	\$	\$
Creditors	719,566	205,262	205,262
Accruals	25,182	327,488	327,488
Banking Staffing Overuse	-	707,916	707,916
Employee Entitlements - Salaries	1,663,765	1,480,703	1,480,703
Employee Entitlements - Leave Accrual	316,287	259,782	259,782
	<b>2,724,800</b>	<b>2,981,151</b>	<b>2,981,151</b>
Payables for Exchange Transactions	2,724,800	2,981,151	2,981,151
	<b>2,724,800</b>	<b>2,981,151</b>	<b>2,981,151</b>

The carrying value of payables approximates their fair value.



#### 14. Revenue Received in Advance

	2021 Actual \$	2021 Budget (Unaudited) \$	2020 Actual \$
Other Revenue in Advance	-	136,112	136,112
	-	136,112	136,112

#### 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:

	2021 Actual \$	2021 Budget (Unaudited) \$	2020 Actual \$
No Later than One Year	551,039	493,514	493,514
Later than One Year and no Later than Five Years	751,254	691,217	691,217
Future Finance Charges	(89,844)	(113,978)	(113,978)
	1,212,449	1,070,753	1,070,753
<b>Represented by:</b>			
Finance lease liability - Current	496,884	426,540	426,540
Finance lease liability - Term	715,565	644,213	644,213
	1,212,449	1,070,753	1,070,753

Finance leases are recorded at amortised cost for accounting purposes in accordance with financial reporting standards. Refer note 23 for the school's assessment of its risks in relation to financial instruments and details of how these risks are managed.

#### 16. Funds Held in Trust

	2021 Actual \$	2021 Budget (Unaudited) \$	2020 Actual \$
Funds Held in Trust on Behalf of Third Parties - Current	592	-	-
	592	-	-

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 Projects

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

	2021	Opening Balances \$	Receipts from MoE \$	Payments \$	Board Contributions \$	Closing Balances \$
SIP - Lighting Carpets and Paintings		-	99,951	(99,951)	-	-
SIP - Marae Complex Upgrade		-	-	(21,641)	-	(21,641)
Totals		-	99,951	(121,592)	-	(21,641)

#### Represented by:

Funds Due from the Ministry of Education	(21,641)
	(21,641)

#### 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.

	2021 Actual \$	2020 Actual \$
<i>Board Members</i>		
Remuneration	19,607	13,884
<i>Leadership Team</i>		
Remuneration	1,692,911	1,801,280
Full-time equivalent members	13.00	14.00
Total key management personnel remuneration	1,712,518	1,815,164

There are 12 members of the Board excluding the Principal. The Board had held 11 full meetings of the Board in the year. The Board also has Finance and Property committees (4 members) that meet monthly. As well as these regular meetings, including preparation time, the Chair and other Board members have also been involved in ad hoc meetings to consider student welfare matters including stand downs, suspensions, and other disciplinary matters.

### Principal 1

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

	2021 Actual \$000	2020 Actual \$000
Salaries and Other Short-term Employee Benefits:		
Salary and Other Payments	240 - 250	230 - 240
Benefits and Other Emoluments	5 - 6	5 - 6
Termination Benefits	0 - 0	0 - 0

### Principal 2

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

	2021 Actual \$000	2020 Actual \$000
Salaries and Other Short-term Employee Benefits:		
Salary and Other Payments	0 - 0	160 - 170
Benefits and Other Emoluments	0 - 0	2 - 3
Termination Benefits	0 - 0	170 - 180

### Principal 3

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

	2021 Actual \$000	2020 Actual \$000
Salaries and Other Short-term Employee Benefits:		
Salary and Other Payments	0 - 0	0 - 100
Benefits and Other Emoluments	0 - 0	0 - 0
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	2021 FTE Number	2020 FTE Number
100 - 110	33.00	3.00
110 - 120	2.00	5.00
120 - 130	5.00	4.00
130 - 140	-	1.00
140 - 150	1.00	-
150 - 160	2.00	1.00
	43.00	14.00

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:

	2021 Actual \$	2020 Actual \$
Total	35,000	1,116,073
Number of People	2	33

## 21. Contingencies

There are no contingent liabilities (except as noted below) and no contingent assets as at 31 December 2021 (Contingent liabilities and assets at 31 December 2020: nil).

### Holidays Act Compliance – schools payroll

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

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

To the extent that any obligation cannot reasonably be quantified at 31 December 2021, a contingent liability for the school may exist.

### Cyclical Maintenance

The Combined School has an obligation to the Ministry of Education to maintain in good order at all times, land, buildings and other facilities on the School site. In respect to Van Ash Deaf Education Centre, the school is part of the Christchurch Schools Rebuild Programme which will result in the School's buildings either being repaired or rebuilt in the future. At the present time there is significant uncertainty over the maintenance requirements of the school in the future. In respect to Kelston Deaf Education Centre, the school has finished the rebuild process but as the Ministry of Education has yet to commence the 10YPP process, there is still significant uncertainty over the maintenance requirements of the school in the future. As a result the Combined School cannot make a reliable estimate of the maintenance required on the Combined Schools' buildings so no cyclical maintenance provision has been recognised, even though the Combined School will be required to maintain any buildings that are not replaced.

### Royal Commission of Inquiry

The Board have become aware of possible legal action arising from the Royal Commission of Inquiry into Abuse in Care. The Board have sought legal advice and have advised their insurers. The impact is not yet known.

## 22. Commitments

### (a) Capital Commitments

As at 31 December 2021 the Board has entered into the following contract agreements for capital works.

(Capital commitments in relation to Ministry projects at 31 December 2020: nil)

### (b) Operating Commitments

As at 31 December 2021 the Board has not entered into any operating contracts.

(Operating commitments at 31 December 2020: nil)

## 23. 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

	2021 Actual \$	2021 Budget (Unaudited) \$	2020 Actual \$
Cash and Cash Equivalents	3,916,811	1,779,713	1,544,713
Receivables	1,882,580	1,568,771	1,568,771
Investments - Term Deposits	4,000,000	5,537,923	5,537,923
Total Financial assets measured at amortised cost	<u>9,799,391</u>	<u>8,886,407</u>	<u>8,651,407</u>

### Financial liabilities measured at amortised cost

Payables	2,724,800	2,981,151	2,981,151
Finance Leases	1,212,449	1,070,753	1,070,753
Total Financial liabilities measured at amortised Cost	<u>3,937,249</u>	<u>4,051,904</u>	<u>4,051,904</u>

The School's activities expose it to a variety of financial instrument risks, including market risk, credit risk, and liquidity risk. The School has policies to manage the risks associated with financial instruments and seeks to minimise exposure from financial instruments.

**Market Risk**

**Price Risk**

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices. The School has no financial instruments that give rise to price risk.

**Fair value interest rate risk**

Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. The School's exposure to fair value interest rate risk arises from bank deposits that are at fixed rates of interest. The exposure to fair value interest rate risk is not actively managed by the School, as investments are generally held to maturity.

**Cash flow interest rate risk**

Cash flow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates. The School's exposure to cash flow interest rate risk is limited to on-call deposits. This exposure is not considered significant and is not actively managed.

**Currency risk**

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The School has no financial instruments that give rise to currency risk.

**Credit risk**

Credit risk is the risk that a third party will default on its obligation to the School, causing it to incur a loss.

Due to the timing of the School's cash inflows and outflows, surplus cash is invested with registered banks.

In the normal course of business, exposure to credit risk arises from cash and term deposits with bank and receivables. For each of these, the maximum credit risk exposure is best represented by the carrying amount in the statement of financial position.

Investments are entered into only with registered banks that are in accordance with section 158 of the Crown Entities Act 2004. The School has experienced no defaults of interest or principal payments for term deposits and forward foreign exchange contracts.

Concentrations of credit risk for receivables is limited to the Ministry of Education, hence the school is satisfied with the level of credit risk associated with the Ministry of Education.

No collateral or other credit enhancements are held for financial instruments that give rise to credit risk.

**Liquidity risk**

**Management of liquidity risk**

Liquidity risk is the risk that the School will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash, availability of funding through an adequate amount of committed credit facilities.

The School mostly manages liquidity risk by continuously monitoring forecast and actual cash flow requirements and maintaining sufficient on-call bank deposits.

**Contractual maturity analysis of financial liabilities**

The table below analyses financial liabilities into relevant maturity groupings based on the remaining period at balance date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows and include interest cash outflows.

	Carrying amount	Contractual cash flows	Less than 1 year	1-2 years	2-5 years	More than 5 years
	\$	\$	\$	\$	\$	\$
<b>2021</b>						
Accounts Payable	2,724,800	2,724,800	2,724,800	-	-	-
Finance leases	1,212,449	1,212,449	496,884	715,565	-	-
<b>Total</b>	<b>3,937,249</b>	<b>3,937,249</b>	<b>3,221,684</b>	<b>715,565</b>	-	-
<b>2020</b>						
Accounts Payable	2,931,053	2,931,053	2,931,053	-	-	-
Finance leases	1,070,753	1,070,753	426,540	644,213	-	-
<b>Total</b>	<b>4,001,806</b>	<b>4,001,806</b>	<b>3,357,593</b>	<b>644,213</b>	-	-

## 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. Events After Balance Date

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

## 26. Comparatives

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

## 27. Reconciliation of surplus/deficit with net cash flow from operating activities

	2021 Actual \$	2020 Actual \$
<b>Reported surplus for the period</b>	1,851,259	205,466
<b>Non Cash items</b>		
Depreciation	733,427	572,530
Loss on asset disposal	-	166,354
Amortisation	4,104	15,106
Finance costs	76,426	6,100
<b>Movement in working capital items</b>		
(Increase)/Decrease in accounts receivable	(313,809)	19,784
(Increase)/Decrease in prepayments	(94,711)	56,364
(Increase)/Decrease in inventories	30,880	15,423
(Increase)/Decrease in GST	(20,115)	(8,321)
Increase/(Decrease) in accounts payable	(206,351)	(129,574)
Increase/(Decrease) in revenue in advance	(136,112)	(42,275)
Increase/(Decrease) in Funds Held in Trust	(592)	(5,305)
Increase/(Decrease) in Finance leases	(99,279)	496,586
<b>Net cash flow from operating activities</b>	<u>1,825,127</u>	<u>1,368,238</u>

## 28. Ko Taku Reo (formerly Deaf Education Aotearoa New Zealand)

Kelston Deaf Education Centre and van Asch Deaf Education Centre merged on 20 July 2020 with van Asch Deaf Education Centre designated as the continuing school and Kelston Deaf Education Centre the closing school. The merged school was originally set up with the name Deaf education Aotearoa New Zealand and this has since changed to the current name of Ko Taku Reo Deaf Education New Zealand.

There was a Combined Board for both Kelston Deaf Education Centre and van Asch Deaf Education Centre prior to the merger. This board continued to govern both schools up to the date of the merger and then continued as the board for Ko Taku Reo Deaf Education New Zealand.

For Kelston Deaf Education Centre all liabilities were met with the remaining assets including fixed assets transferred at book value to Ko Taku Reo Deaf Education New Zealand.

Costs associated with the merger totaled \$479,374.

## 29. COVID 19 Pandemic on going implications

### Impact of Covid-19

During 2021 the country moved between alert levels. During February and March 2021 Auckland was placed into alert levels 3 and 2 and other parts of the country moved into alert level 2.

Towards the end of June 2021, the Wellington region was placed into alert level 2 for one week.

Towards the end of August 2021, the entire country moved to alert level 4, with a move to alert level 3 and 2 for everyone outside the Auckland region three weeks later. While Auckland has remained in alert level 3 for a prolonged period of time the Northland and Waikato regions have also returned to alert level 3 restrictions during this period.

### Impact on operations

Schools have been required to continue adapting to remote and online learning practices when physical attendance is unable to occur in alert level 4 and 3. Schools continue to receive funding from the Te Tāhuhu o te Mātauranga | Ministry to Education, even while closed.

However, the ongoing interruptions resulting from the moves in alert levels have impacted schools in various ways which potentially will negatively affect the operations and services of the school. We describe below the possible effects on the school that we have identified, resulting from the ongoing impacts of the COVID-19 alert level changes.

### Reduction in locally raised funds

Under alert levels 4,3, and 2 the school's ability to undertake fund raising events in the community and/ or collect donations or other contributions from parents, may have been compromised. Costs already incurred arranging future events may not be recoverable.

### Increased Remote learning additional costs

Under alert levels 4 and 3 ensuring that students have the ability to undertake remote or distance learning often incurs additional costs in the supply of materials and devices to students to enable alternative methods of curriculum delivery.

## INDEPENDENT AUDITOR'S REPORT

### TO THE READERS OF KO TAKU REO DEAF EDUCATION NEW ZEALAND'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

The Auditor-General is the auditor of Ko Taku Reo Deaf Education New Zealand (the School). The Auditor-General has appointed me, Anthony Smith, using the staff and resources of Deloitte Limited, to carry out the audit of the financial statements of the School on his behalf.

#### Opinion

We have audited the financial statements of the School on pages 3 to 20, that comprise the statement of financial position as at 31 December 2021 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 2021; 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 – Tier 1 Public Benefit Entity (PBE).

Our audit was completed on 29 November 2023. This is the date at which our opinion is expressed.

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

#### Basis for our opinion

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

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

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

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

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

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

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

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

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

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

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

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

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

- We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the School's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the School to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We assess the risk of material misstatement arising from the Novopay payroll system, which may still contain errors. As a result, we carried out procedures to minimise the risk of material errors arising from the system that, in our judgement, would likely influence readers' overall understanding of the financial statements.



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

Our responsibilities arise from the Public Audit Act 2001.

## **Other information**

The Board is responsible for the other information. The other information comprises the Analysis of Variance and the Board Members List, 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.



Anthony Smith  
Deloitte Limited

**On behalf of the Auditor-General**  
Christchurch, New Zealand