

Ko Taku Reo Deaf Education New Zealand



ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

KO TAKU REO DEAF EDUCATION NEW ZEALAND

Annual Report - For the year ended 31 December 2020

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Ko Taku Reo Deaf Education New Zealand

Statement of Responsibility

For the year ended 31 December 2020

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 2020 fairly reflect the financial position and operations of the School.

The School's 2020 financial statements are authorised for issue by the Board.

Denise Powell

Full Name of Board Chairperson



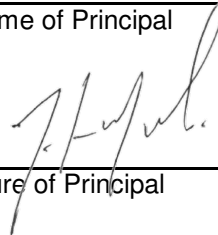
Signature of Board Chairperson

31/05/2021

Date:

James Le Marquand

Full Name of Principal



Signature of Principal

31/05/2021

Date:



Mike Rondel
Limited Statutory Manager (LSM)
31/05/2021

Ko Taku Reo Deaf Education New Zealand

Members of the Board of Trustees

For the year ended 31 December 2020

Name	Position	How Position Gained	Held Until
Denise Powell	Chairperson	Elected	May 2022
James Le Marquand	Principal	ex Officio	
Rachael Coppage	Parent Rep	Elected	May 2022
Crystal Skinley	Parent Rep	Elected	May 2022
Sina Aiolupotea-Aiono	Parent Rep	Elected	May 2022
Katya Blair	Parent Rep	Elected	May 2022
Anthonie de Heer	Parent Rep	Elected	May 2022
Krista Clifford	Staff Rep	Elected	May 2022
Louis Tomlinson	Student Rep	Elected	May 2022
Lukas Gill	Student Rep	Elected	May 2022

Ko Taku Reo Deaf Education New Zealand

Statement of Comprehensive Revenue and Expense

For the year ended 31 December 2020

		2020	2020	2019
	Notes	Actual	Budget	Actual
		\$	(Unaudited)	\$
			\$	
Revenue				
Government Grants	2	37,179,133	35,016,430	32,964,587
Locally Raised Funds	3	283,830	979,544	378,650
Interest Income		119,834	150,000	228,880
		<u>37,582,797</u>	<u>36,145,974</u>	<u>33,572,117</u>
Expenses				
Learning Resources	4	27,920,767	26,957,765	24,442,351
Administration	5	5,572,889	5,667,951	5,349,620
Finance		76,591	558,526	41,460
Property	6	3,053,094	2,678,762	3,003,806
Depreciation	7	572,530	282,970	524,833
Amortisation of Intangible Assets	13	15,106	-	20,719
Loss on Disposal of Property, Plant and Equipment		166,354	-	10,817
		<u>37,377,331</u>	<u>36,145,974</u>	<u>33,393,606</u>
Net Surplus for the year		205,466	-	178,511
Other Comprehensive Revenue and Expenses		-	-	-
Total Comprehensive Revenue and Expense for the Year		<u>205,466</u>	<u>-</u>	<u>178,511</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 2020

	Notes	2020 Actual \$	2020 Budget (Unaudited) \$	2019 Actual \$
Balance at 1 January		<u>7,044,717</u>	<u>7,044,717</u>	<u>6,863,434</u>
Total comprehensive revenue and expense for the year		205,466	-	178,511
Capital Contributions from the Ministry of Education				
Contribution - Furniture and Equipment Grant		15,668	-	2,772
Equity at 31 December	23	<u>7,265,851</u>	<u>7,044,717</u>	<u>7,044,717</u>
Retained Earnings		7,265,851	7,044,717	7,044,717
Equity at 31 December		<u>7,265,851</u>	<u>7,044,717</u>	<u>7,044,717</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.



Statement of Financial Position

As at 31 December 2020

		2020	2020	2019
	Notes	Actual	Budget (Unaudited)	Actual
		\$	\$	\$
Current Assets				
Cash and Cash Equivalents	8	1,544,713	1,549,367	1,266,397
Accounts Receivable	9	1,568,770	1,588,554	1,588,554
GST Receivable		138,393	130,072	130,072
Prepayments		7,656	64,020	64,020
Inventories	10	30,880	46,303	46,303
Investments	11	5,537,923	5,311,884	5,311,884
		<u>8,828,335</u>	<u>8,690,200</u>	<u>8,407,230</u>
Current Liabilities				
Accounts Payable	14	2,981,151	3,060,627	3,060,627
Revenue Received in Advance	15	136,112	178,387	178,387
Finance Lease Liability - Current Portion	16	426,540	295,149	295,149
Funds held in Trust	17	-	5,305	5,305
		<u>3,543,803</u>	<u>3,539,468</u>	<u>3,539,468</u>
Working Capital Surplus/(Deficit)		5,284,532	5,150,732	4,867,762
Non-current Assets				
Investments	11	-	200,000	200,000
Property, Plant and Equipment	12	2,615,651	1,947,365	2,230,335
Intangible Assets	13	9,881	25,638	25,638
		<u>2,625,532</u>	<u>2,173,003</u>	<u>2,455,973</u>
Non-current Liabilities				
Finance Lease Liability	16	644,213	279,018	279,018
		<u>644,213</u>	<u>279,018</u>	<u>279,018</u>
Net Assets		<u>7,265,851</u>	<u>7,044,717</u>	<u>7,044,717</u>
Equity	23	<u>7,265,851</u>	<u>7,044,717</u>	<u>7,044,717</u>

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



Statement of Cash Flows

For the year ended 31 December 2020

	Note	2020 Actual \$	2020 Budget (Unaudited) \$	2019 Actual \$
Cash flows from Operating Activities				
Government Grants		14,109,740	13,418,444	12,248,872
Locally Raised Funds		337,395	979,544	446,999
Goods and Services Tax (net)		(8,321)	-	(234)
Payments to Employees		(8,372,591)	(7,654,453)	(6,163,147)
Payments to Suppliers		(5,254,971)	(6,610,565)	(6,221,901)
Funds Administered on Behalf of Third Parties		(5,305)	-	(28,475)
Interest Received		186,294	150,000	341,043
Net cash from/(to) Operating Activities		992,241	282,970	623,157
Cash flows from Investing Activities				
Purchase of Property Plant & Equipment (and Intangibles)		(185,342)	-	(190,206)
Purchase of Investments		(26,039)	-	(56,532)
Net cash from/(to) Investing Activities		(211,381)	-	(246,738)
Cash flows from Financing Activities				
Furniture and Equipment Grant		15,668	-	2,772
Finance Lease Payments		(518,212)	-	(339,370)
Net cash from/(to) Financing Activities		(502,544)	-	(336,598)
Net increase/(decrease) in cash and cash equivalents		278,316	282,970	39,821
Cash and cash equivalents at the beginning of the year	8	1,266,397	1,266,397	1,226,576
Cash and cash equivalents at the end of the year	8	1,544,713	1,549,367	1,266,397

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.



Notes to the Financial Statements

For the year ended 31 December 2020

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 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 2020 to 31 December 2020 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 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 Benefit Entity (PBE) Standards 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".

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. 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 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.

1.9. 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	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 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. 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, 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 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.

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, 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

	2020 Actual \$	2020 Budget (Unaudited) \$	2019 Actual \$
Operational Grants	12,612,965	12,317,025	11,315,183
Teachers' Salaries Grants	19,810,137	18,400,297	17,235,757
Use of Land and Buildings Grants	2,287,195	2,194,262	2,194,262
Other MoE Grants	1,799,206	1,572,303	1,318,854
Other Government Grants	669,630	532,543	900,531
	<u>37,179,133</u>	<u>35,016,430</u>	<u>32,964,587</u>

The School has opted in to the donations scheme for this year. Total amount received was \$18,300.

3. Locally Raised Funds

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

	2020 Actual \$	2020 Budget (Unaudited) \$	2019 Actual \$
Revenue			
Donations	5,520	-	4,084
Bequests & Grants	-	-	50
Other Revenue	278,310	979,544	374,516
	<u>283,830</u>	<u>979,544</u>	<u>378,650</u>
<i>Surplus for the year Locally raised funds</i>	<u>283,830</u>	<u>979,544</u>	<u>378,650</u>

4. Learning Resources

	2020 Actual \$	2020 Budget (Unaudited) \$	2019 Actual \$
Curricular	1,875,942	2,338,005	2,787,348
Equipment Repairs	-	-	68,646
Information and Communication Technology	222,572	139,276	306,102
Library Resources	6,508	26,375	-
Employee Benefits - Salaries	25,754,015	24,252,108	21,137,206
Staff Development	61,730	202,001	143,049
	<u>27,920,767</u>	<u>26,957,765</u>	<u>24,442,351</u>

5. Administration

	2020 Actual \$	2020 Budget (Unaudited) \$	2019 Actual \$
Audit Fee	22,509	31,000	22,433
Board of Trustees Fees	13,884	8,000	14,050
Board of Trustees Expenses	9,136	135,771	317,724
Intervention Costs & Expenses	409,400	250,000	275,913
Communication	196,230	165,897	212,848
Consumables	115,817	250,486	95,364
Operating Lease	518,553	473,600	605,417
Legal Fees	82,582	185,500	3,600
Other	1,035,441	1,012,320	249,380
Employee Benefits - Salaries	2,819,872	2,806,069	3,067,540
Insurance	57,369	102,208	109,051
Service Providers, Contractors and Consultancy	292,096	247,100	376,300
	<u>5,572,889</u>	<u>5,667,951</u>	<u>5,349,620</u>



6. Property

	2020	2020	2019
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Caretaking and Cleaning Consumables	12,658	16,500	109,355
Consultancy and Contract Services	194,945	106,000	-
Grounds	78,162	71,000	45,411
Heat, Light and Water	101,804	133,000	141,307
Rates	14,913	23,000	13,027
Repairs and Maintenance	107,508	95,000	230,189
Use of Land and Buildings	2,287,195	2,194,262	2,194,262
Security	34,288	40,000	41,189
Employee Benefits - Salaries	221,621	-	229,066
	<u>3,053,094</u>	<u>2,678,762</u>	<u>3,003,806</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 nationwide revaluation exercise that is conducted every 30 June for the Ministry of Education's year-end reporting purposes.

7. Depreciation of Property, Plant and Equipment

	2020	2020	2019
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Building Improvements	71,279	50,000	75,763
Furniture and Equipment	93,518	70,000	115,462
Information and Communication Technology	55,605	50,970	63,918
Motor Vehicles	427	-	427
Leased Assets	340,018	100,000	256,621
Library Resources	11,683	12,000	12,642
	<u>572,530</u>	<u>282,970</u>	<u>524,833</u>

8. Cash and Cash Equivalents

	2020	2020	2019
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Cash on Hand	-	-	250
Bank Current Account	1,446,011	1,549,367	965,958
Bank Call Account	98,702	-	189
Short-term Bank Deposits	-	-	300,000
Cash and cash equivalents for Statement of Cash Flows	<u>1,544,713</u>	<u>1,549,367</u>	<u>1,266,397</u>

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

9. Accounts Receivable

	2020	2020	2019
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Receivables	74,140	169,980	169,980
Receivables from the Ministry of Education	-	31,366	31,366
Interest Receivable	13,927	80,387	80,387
Teacher Salaries Grant Receivable	1,480,703	1,306,821	1,306,821
	<u>1,568,770</u>	<u>1,588,554</u>	<u>1,588,554</u>
Receivables from Exchange Transactions	88,067	250,367	250,367
Receivables from Non-Exchange Transactions	1,480,703	1,338,187	1,338,187
	<u>1,568,770</u>	<u>1,588,554</u>	<u>1,588,554</u>



10. Inventories

	2020 Actual \$	2020 Budget (Unaudited) \$	2019 Actual \$
Stationery	30,880	46,303	46,303
	<u>30,880</u>	<u>46,303</u>	<u>46,303</u>

11. Investments

The School's investment activities are classified as follows:

	2020 Actual \$	2020 Budget (Unaudited) \$	2019 Actual \$
Current Asset			
Short-term Bank Deposits	5,537,923	5,311,884	5,311,884
Non-current Asset			
Long-term Bank Deposits	-	200,000	200,000
Total Investments	<u>5,537,923</u>	<u>5,511,884</u>	<u>5,511,884</u>

12. Property, Plant and Equipment

	Opening Balance (NBV) \$	Additions \$	Disposals \$	Impairment \$	Depreciation \$	Total (NBV) \$
2020						
Building Improvements	911,002	75,645	(61,318)	-	(71,279)	854,050
Furniture and Equipment	603,319	38,595	(76,010)	-	(93,518)	472,386
Information and Communication Technology	97,909	55,936	(18,181)	-	(55,605)	80,059
Motor Vehicles	907	-	-	-	(427)	480
Leased Assets	528,701	938,207	-	-	(340,018)	1,126,890
Library Resources	88,497	15,165	(10,193)	-	(11,683)	81,786
Work in Progress	-	-	-	-	-	-
Balance at 31 December 2020	<u>2,230,335</u>	<u>1,123,548</u>	<u>(165,702)</u>	<u>-</u>	<u>(572,530)</u>	<u>2,615,651</u>

	Cost or Valuation \$	Accumulated Depreciation \$	Net Book Value \$
2020			
Building Improvements	1,176,620	(322,570)	854,050
Furniture and Equipment	1,848,664	(1,376,278)	472,386
Information and Communication Technology	1,020,661	(940,602)	80,059
Motor Vehicles	300,770	(300,290)	480
Leased Assets	1,646,627	(519,737)	1,126,890
Library Resources	357,110	(275,324)	81,786
Balance at 31 December 2020	<u>6,350,452</u>	<u>(3,734,801)</u>	<u>2,615,651</u>

The net carrying value of equipment held under a finance lease is \$1,126,890 (2019: \$528,701)

	Opening Balance (NBV) \$	Additions \$	Disposals \$	Impairment \$	Depreciation \$	Total (NBV) \$
2019						
Building Improvements	936,307	50,458	-	-	(75,763)	911,002
Furniture and Equipment	638,262	81,910	(1,391)	-	(115,462)	603,319
Information and Communication Technology	142,562	48,833	(29,568)	-	(63,918)	97,909
Motor Vehicles	1,334	-	-	-	(427)	907
Leased Assets	390,234	395,088	-	-	(256,621)	528,701
Library Resources	66,999	43,564	(9,424)	-	(12,642)	88,497
Balance at 31 December 2019	<u>2,175,698</u>	<u>619,853</u>	<u>(40,383)</u>	<u>-</u>	<u>(524,833)</u>	<u>2,230,335</u>

	Cost or Valuation \$	Accumulated Depreciation \$	Net Book Value \$
2019			
Building Improvements	1,273,827	(362,825)	911,002
Furniture and Equipment	2,037,705	(1,434,386)	603,319
Information and Communication Technology	986,539	(888,630)	97,909
Motor Vehicles	300,769	(299,862)	907
Leased Assets	811,324	(282,623)	528,701
Library Resources	418,583	(330,086)	88,497
Balance at 31 December 2019	<u>5,828,747</u>	<u>(3,598,412)</u>	<u>2,230,335</u>



13. Intangible Assets

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

	Acquired software	Total \$
Cost		
Balance at 1 January 2019	125,830	125,830
Additions	1,520	1,520
Disposals	-	-
Balance at 31 December 2019/1 January 2020	127,350	127,350
Additions	-	-
Disposals	(652)	(652)
Balance at 31 December 2020	126,698	126,698
Accumulated Amortisation and impairment losses		
Balance at 1 January 2019	74,481	74,481
Amortisation expense	20,719	20,719
Disposals	6,512	6,512
Impairment losses	-	-
Balance at 31 December 2019/1 January 2020	101,712	101,712
Amortisation expense	15,106	15,106
Disposals	-	-
Impairment losses	-	-
Balance at 31 December 2020	116,818	116,818
Carrying amounts		
At 1 January 2019	51,349	51,349
At 31 December 2019/ 1 January 2020	25,638	25,638
At 31 December 2020	9,880	9,880

14. Accounts Payable

	2020 Actual \$	2020 Budget (Unaudited) \$	2019 Actual \$
Operating creditors	205,262	296,659	296,659
Accruals	327,488	98,802	98,802
Banking staffing overuse	707,916	1,003,427	1,003,427
Employee Entitlements - salaries	1,480,703	1,309,844	1,309,844
Employee Entitlements - leave accrual	259,782	351,895	351,895
	<u>2,981,151</u>	<u>3,060,627</u>	<u>3,060,627</u>
Payables for Exchange Transactions	2,981,151	3,060,627	3,060,627
	<u>2,981,151</u>	<u>3,060,627</u>	<u>3,060,627</u>

The carrying value of payables approximates their fair value.

15. Revenue Received in Advance

	2020 Actual \$	2020 Budget (Unaudited) \$	2019 Actual \$
Other	136,112	178,387	178,387
	<u>136,112</u>	<u>178,387</u>	<u>178,387</u>

16. Finance Lease Liability

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

	2020 Actual \$	2020 Budget (Unaudited) \$	2019 Actual \$
No Later than One Year	493,514	341,605	341,605
Later than One Year and no Later than Five Years	691,217	305,048	305,048
	<u>1,184,731</u>	<u>646,653</u>	<u>646,653</u>



17. Funds Held in Trust

	2020 Actual \$	2020 Budget (Unaudited) \$	2019 Actual \$
Funds Held in Trust on Behalf of Third Parties - Current	-	5,305	5,305
	-	5,305	5,305

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

18. 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, Principals and Deputy Principals.

	2020 Actual \$	2019 Actual \$
<i>Board Members</i>		
Remuneration	13,884	14,050
Full-time equivalent members	0.19	0.19
<i>Leadership Team</i>		
Remuneration	1,801,280	1,540,364
Full-time equivalent members	14.00	14.50
Total key management personnel remuneration	1,815,164	1,554,414
Total full-time equivalent personnel	14.19	14.69

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 1

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

	2020 Actual \$000	2019 Actual \$000
Salaries and Other Short-term Employee Benefits:		
Salary and Other Payments	0 - 100	160 - 170
Benefits and Other Emoluments	0 - 0	4 - 5
Termination Benefits	0 - 0	0 - 0

Principal 2

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

	2020 Actual \$000	2019 Actual \$000
Salaries and Other Short-term Employee Benefits:		
Salary and Other Payments	160 - 170	150 - 160
Benefits and Other Emoluments	2 - 3	4 - 5
Termination Benefits	170 - 180	0 - 0



Principal 3

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

	2020	2019
	Actual	Actual
	\$000	\$000
Salaries and Other Short-term Employee Benefits:		
Salary and Other Payments	230 - 240	0 - 0
Benefits and Other Emoluments	5 - 6	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	2020	2019
\$000	FTE Number	FTE Number
100 - 110	3.00	5.00
110 - 120	5.00	2.00
120 - 130	4.00	-
130 - 140	1.00	-
140 - 150	-	2.00
150 - 160	1.00	-
	<u>14.00</u>	<u>9.00</u>

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:

	2020	2019
	Actual	Actual
Total	\$ 1,116,073	\$ 25,616
Number of People	33	1

21. Contingencies

There are no contingent liabilities (except as noted below) and no contingent assets as at 31 December 2020 (Contingent liabilities and assets at 31 December 2019: nil).

Staff Mediation

As at the 31 December 2020 there was ongoing mediation with a staff member. No settlement or agreement has been reached, therefore the potential obligation cannot reasonably be quantified at 31 December 2020, a contingent liability in relation to this may exist for the school.

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's review of the schools sector payroll to ensure compliance with the Holidays Act 2003 is ongoing. The current phase of this review is to design potential solutions for any compliance breaches discovered in the initial phase of the Programme. 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 2020, 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 recently finished a rebuild process and as such 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.

22. Commitments

(a) Capital Commitments

As at 31 December 2020 the Board has not entered into any contract agreements for capital works.

(Capital commitments at 31 December 2019: nil)



(b) Operating Commitments

As at 31 December 2020 the Board has entered into the following contracts:

(a) operating lease of a photocopier and motor vehicles;

	2020 Actual \$	2019 Actual \$
No later than One Year	-	120,675
Later than One Year and No Later than Five Years	-	70,736
Later than Five Years	-	-
	<u>-</u>	<u>191,411</u>

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

	2020 Actual \$	2020 Budget (Unaudited) \$	2019 Actual \$
Cash and Cash Equivalents	1,544,713	1,549,367	1,266,397
Receivables	1,568,770	1,588,554	1,588,554
Investments - Term Deposits	5,537,923	5,511,884	5,511,884
Total Financial assets measured at amortised cost	<u>8,651,406</u>	<u>8,649,805</u>	<u>8,366,835</u>

Financial liabilities measured at amortised cost

Payables	2,981,151	3,060,627	3,060,627
Finance Leases	1,070,753	574,167	574,167
Total Financial liabilities measured at amortised Cost	<u>4,051,904</u>	<u>3,634,794</u>	<u>3,634,794</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
	\$	\$	\$	\$	\$	\$
2020						
Accounts Payable	2,931,053	2,931,053	2,931,053	-	-	-
Finance leases	1,070,753	1,070,753	426,540	644,213	-	-
Total	4,001,806	4,001,806	3,357,593	644,213	-	-
2019						
Accounts Payable	3,060,627	3,060,627	3,060,627	-	-	-
Finance leases	574,167	574,167	295,149	279,018	-	-
Total	3,634,794	3,634,794	3,355,776	279,018	-	-

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

	2020 Actual \$	2019 Actual \$
Reported surplus for the period	205,466	178,511
Non Cash items		
Depreciation	572,530	524,833
Loss on asset disposal	166,354	10,817
Amortisation	15,106	22,868
Finance costs	6,100	41,460
Movement in working capital items		
(Increase)/Decrease in accounts receivable	19,784	(195,161)
(Increase)/Decrease in prepayments	56,364	6,308
(Increase)/Decrease in inventories	15,423	(3,442)
(Increase)/Decrease in GST	(8,321)	(234)
Increase/(Decrease) in accounts payable	(129,574)	(144,475)
Increase/(Decrease) in revenue in advance	(42,275)	178,387
Increase/(Decrease) in Funds Held in Trust	(5,305)	-
Increase/(Decrease) in Finance leases	496,586	
Net cash flow from operating activities	<u>1,368,238</u>	<u>619,872</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 setup 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 totalled \$479,374.





INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF KO TAKU REO DEAF EDUCATION NEW ZEALAND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

The Auditor-General is the auditor of Ko Taku Reo Deaf Education New Zealand (the School). The Auditor-General has appointed me, Mike Hoshek, 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 2020, 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 2020; 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 31 May 2021. 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 arises from the Public Audit Act 2001.

Other information

The Board is responsible for the other information. The other information comprises the information included, 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.



Mike Hoshek
Deloitte Limited
On behalf of the Auditor-General
Christchurch, New Zealand