

KATIKATI COLLEGE

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

School Directory

Ministry Number:	117
Principal:	Louise Buckley
School Address:	Beach Road
School Postal Address:	Beach Road, Katikati, 3129
School Phone:	07 549 0434
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Accountant / Service Provider:



KATIKATI COLLEGE

Annual Report - For the year ended 31 December 2022

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Katikati College

Statement of Responsibility

For the year ended 31 December 2022

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 2022 fairly reflects the financial position and operations of the school.

The School's 2022 financial statements are authorised for issue by the Board.

Bobbette Tanner

Full Name of Presiding Member



[Bobbette Tanner \(May 31, 2023 09:34 GMT+12\)](#)

Signature of Presiding Member

May 31, 2023

Date:

Louise Buckley

Full Name of Principal



Signature of Principal

May 30, 2023

Date:

Katikati College

Statement of Comprehensive Revenue and Expense

For the year ended 31 December 2022

		2022	2022	2021
	Notes	Actual	Budget	Actual
		\$	(Unaudited)	\$
			\$	
Revenue				
Government Grants	2	8,436,575	8,441,720	8,369,450
Locally Raised Funds	3	774,017	519,381	736,968
Interest Income		7,004	800	845
Gain on Sale of Property, Plant and Equipment		-	-	81
		<u>9,217,596</u>	<u>8,961,901</u>	<u>9,107,344</u>
Expenses				
Locally Raised Funds	3	334,352	167,565	272,207
Learning Resources	4	6,408,435	6,273,720	6,419,307
Administration	5	571,261	455,768	613,145
Finance		3,713	3,676	2,872
Property	6	1,716,400	2,112,181	1,646,002
		<u>9,034,161</u>	<u>9,012,910</u>	<u>8,953,533</u>
Net Surplus / (Deficit) for the year		183,435	(51,009)	153,811
Other Comprehensive Revenue and Expense		-	-	-
Total Comprehensive Revenue and Expense for the Year		<u><u>183,435</u></u>	<u><u>(51,009)</u></u>	<u><u>153,811</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.

Katikati College
Statement of Changes in Net Assets/Equity
For the year ended 31 December 2022

	2022	2022	2021
Notes	Actual \$	Budget (Unaudited) \$	Actual \$
Equity at 1 January	1,682,183	1,316,333	1,528,372
Total comprehensive revenue and expense for the year	183,435	(51,009)	153,811
Contributions from the Ministry of Education			
Contribution - Furniture and Equipment Grant	55,446	-	-
Contribution - Te Mana Tuhono	43,344	-	-
Equity at 31 December	1,964,408	1,265,324	1,682,183
Accumulated comprehensive revenue and expense	1,964,408	1,265,324	1,682,183
Equity at 31 December	1,964,408	1,265,324	1,682,183

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.

Katikati College

Statement of Financial Position

As at 31 December 2022

		2022	2022	2021
	Notes	Actual	Budget	Actual
		\$	(Unaudited)	\$
			\$	
Current Assets				
Cash and Cash Equivalents	7	707,621	555,002	670,880
Accounts Receivable	8	466,120	397,295	441,663
GST Receivable		36,825	70,685	48,978
Prepayments		50,644	5,949	25,983
Inventories	9	3,233	5,605	1,801
Investments	10	50,000	50,000	50,000
Funds Receivable for Capital Works Projects	17	57,555	-	26,957
Katikati Transport Group		16,800	315,941	333,208
		<u>1,388,798</u>	<u>1,400,477</u>	<u>1,599,470</u>
Current Liabilities				
Accounts Payable	12	519,086	693,482	491,803
Revenue Received in Advance	13	77,508	67,630	72,099
Provision for Cyclical Maintenance	14	65,411	55,220	32,537
Finance Lease Liability	15	42,733	34,817	43,379
Funds held in Trust	16	33,504	392,421	402,693
Funds held for Capital Works Projects	17	44,980	-	63,296
		<u>783,222</u>	<u>1,243,570</u>	<u>1,105,807</u>
Working Capital Surplus/(Deficit)		605,576	156,907	493,663
Non-current Assets				
Property, Plant and Equipment	11	1,582,687	1,324,583	1,374,637
Work in Progress		-	-	62,118
		<u>1,582,687</u>	<u>1,324,583</u>	<u>1,436,755</u>
Non-current Liabilities				
Provision for Cyclical Maintenance	14	174,850	163,223	168,424
Finance Lease Liability	15	49,005	52,943	79,811
		<u>223,855</u>	<u>216,166</u>	<u>248,235</u>
Net Assets		<u>1,964,408</u>	<u>1,265,324</u>	<u>1,682,183</u>
Equity		<u>1,964,408</u>	<u>1,265,324</u>	<u>1,682,183</u>

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

Katikati College

Statement of Cash Flows

For the year ended 31 December 2022

		2022	2022	2021
	Note	Actual \$	Budget (Unaudited) \$	Actual \$
Cash flows from Operating Activities				
Government Grants		2,281,822	2,054,228	2,061,069
Locally Raised Funds		788,547	180,748	748,129
International Students		13,043	13,999	(35,959)
Goods and Services Tax (net)		12,153	-	21,707
Payments to Employees		(1,512,271)	(752,490)	(1,422,949)
Payments to Suppliers		(860,083)	(1,363,150)	(1,089,681)
Interest Paid		(3,713)	(3,676)	(2,872)
Interest Received		7,004	800	1,356
Net cash from/(to) Operating Activities		726,502	130,459	280,800
Cash flows from Investing Activities				
Purchase of Property Plant & Equipment (and Intangibles)		(250,493)	(198,453)	(198,204)
Net cash from/(to) Investing Activities		(250,493)	(198,453)	(198,204)
Cash flows from Financing Activities				
Furniture and Equipment Grant		55,446	-	-
Finance Lease Payments		(32,679)	(45,508)	(29,075)
Funds Administered on Behalf of Third Parties		(462,035)	-	(51,145)
Net cash from/(to) Financing Activities		(439,268)	(45,508)	(80,220)
Net increase/(decrease) in cash and cash equivalents		36,741	(113,502)	2,376
Cash and cash equivalents at the beginning of the year	7	670,880	668,504	668,504
Cash and cash equivalents at the end of the year	7	707,621	555,002	670,880

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.

Katikati College

Notes to the Financial Statements

For the year ended 31 December 2022

1. Statement of Accounting Policies

a) Reporting Entity

Katikati College (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.

b) Basis of Preparation

Reporting Period

The financial statements have been prepared for the period 1 January 2022 to 31 December 2022 and in accordance with the requirements of the Education and Training Act 2020.

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

PBE Accounting Standards Reduced Disclosure Regime

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

Measurement Base

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

Presentation Currency

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

Specific Accounting Policies

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

Critical Accounting Estimates And Assumptions

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

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

Cyclical maintenance

A school recognises its obligation to maintain the Ministry's buildings in a good state of repair as a provision for cyclical maintenance. This provision relates mainly to the painting of the school buildings. The estimate is based on the school's best estimate of the cost of painting the school and when the school is required to be painted, based on an assessment of the school's condition. During the year, the Board assesses the reasonableness of its painting maintenance plan on which the provision is based. Cyclical maintenance is disclosed at note 14.

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. A lease is classified as a finance lease if it transfers substantially all risks and rewards incidental to ownership of an underlying asset to the lessee. In contrast, an operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset to the lessee. 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. Finance lease liability disclosures are contained in note 15. Future operating lease commitments are disclosed in note 22b.

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.

c) Revenue Recognition

Government Grants

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

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

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

Other Ministry Grants for directly funded programs are recorded as revenue when the School has the rights to the funding in the period they relate to. The grants are not received in cash by the School and are paid directly 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. Grants for the use of land and buildings 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 where conditions exist

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 recognised as an asset and revenue when the right to receive funding or the asset has been established unless there is an obligation to return funds if conditions are not met. If conditions are not met funding is recognised as revenue in advance and recognised as revenue when conditions are satisfied.

Interest Revenue

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

d) 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.

e) 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.

f) 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.

g) Accounts Receivable

Short-term receivables are recorded at the amount due, less an allowance for expected credit losses (uncollectable debts). The schools 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.

h) 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.

i) Investments

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

j) Property, Plant and Equipment

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

Improvements (funded by the Board) to buildings owned by the Crown or directly by the board 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 are depreciated over their estimated useful lives on a straight line 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	40 years
Furniture and Equipment	3-10 years
Information and Communication Technology	2-5 years
Textbooks	2-4 years
Library Resources	12.5% DV
Leased assets held under a Finance Lease	Term of Lease

k) Intangible Assets

Software costs

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

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.

l) 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. If such indication exists, the School estimates the asset's recoverable service amount. 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.

In determining fair value less costs to sell the school engages an independent valuer to assess market value based on the best available information. The valuation is based on a comparison to recent market transactions.

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. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable service amount since the last impairment loss was recognised.

m) Accounts Payable

Accounts Payable represents liabilities for goods and services provided to the School prior to the end of the financial year which are unpaid. Accounts Payable are recorded at the amount of cash required to settle those liabilities. The amounts are unsecured and are usually paid within 30 days of recognition.

n) Employee Entitlements

Short-term employee entitlements

Employee entitlements that are expected to be settled within 12 months after the end of the reporting period in which the employees provide the related service are measured based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date, annual leave earned, 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 12 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. Remeasurements are recognised in surplus or deficit in the period in which they arise.

o) 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 students, should the School be unable to provide the services to which they relate.

p) Funds Held in Trust

Funds are held in trust where they have been received by the School for a specified purpose, or are being held on behalf of a third party and these transactions are not recorded in the Statement of Comprehensive Revenue and Expense.

The School holds sufficient funds to enable the funds to be used for their intended purpose at any time.

q) Funds held for Capital works

The school directly receives funding from the Ministry of Education for capital works projects that are included in the School five year capital works agreement. These funds are held on behalf and for a specified purpose as such these transactions are not recorded in the Statement of Comprehensive Revenue and Expense.

The School holds sufficient funds to enable the funds to be used for their intended purpose at any time.

r) Shared Funds

Shared Funds are held on behalf of a cluster of participating schools as agreed with the Ministry of Education. In instances where funds are outside of the School's control, these amounts are not recorded in the Statement of Comprehensive Revenue and Expense. In instances where the school is determined to be the principal for providing the service related to the Shared Funds (such as the RTLB programme), all income and expenditure related to the provision of the service is recorded in the Statement of Comprehensive Revenue and Expense. The School holds sufficient funds to enable the funds to be used for their intended purpose.

s) Provision for Cyclical Maintenance

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

Cyclical maintenance, which involves painting the interior and exterior of the School, makes up the most significant part of the Board's responsibilities outside day-to-day maintenance. The provision is a reasonable estimate, based on the school's best estimate of the cost of painting the school and when the school is required to be painted, based on an assessment of the school's condition.

The schools carries out painting maintenance of the whole school over a 7 to 10 year period, the economic outflow of this is dependent on the plan established by the school to meet this obligation and is detailed in the notes and disclosures of these accounts.

t) 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 initially recognised at fair value and subsequently measured at amortised cost, using the effective interest method.

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. On initial recognition of an equity investment that is not held for trading, the School may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive revenue and expense. This election has been made for investments that are shares. Subsequent to initial recognition, these assets are measured at fair value. Dividends are recognised as income in surplus or deficit unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in other comprehensive revenue and expense and are never reclassified to surplus or deficit.

The School's financial liabilities comprise accounts payable, borrowings, finance lease liability, and painting contract liability. Financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and any gain or loss on derecognition are recognised in surplus or deficit.

u) 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.

v) 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.

w) Budget Figures

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

x) 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

	2022 Actual \$	2022 Budget (Unaudited) \$	2021 Actual \$
Government Grants - Ministry of Education	2,257,917	1,984,891	2,238,692
Teachers' Salaries Grants	4,917,408	4,849,253	4,899,135
Use of Land and Buildings Grants	1,134,251	1,538,239	1,137,284
Transport Network Disbursement	71,761	14,099	39,756
Other Government Grants	55,238	55,238	54,583
	<u>8,436,575</u>	<u>8,441,720</u>	<u>8,369,450</u>

3. Locally Raised Funds

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

	2022 Actual \$	2022 Budget (Unaudited) \$	2021 Actual \$
Revenue			
Donations & Bequests	13,242	15,000	16,620
Fees for Extra Curricular Activities	129,847	14,448	125,636
Trading	116,508	110,000	115,276
Fundraising & Community Grants	214,455	87,600	182,250
Other Revenue	286,922	278,334	284,056
International Students	13,043	13,999	13,130
	<u>774,017</u>	<u>519,381</u>	<u>736,968</u>
Expenses			
Extra Curricular Activities Costs	138,427	32,296	130,768
Trading	130,696	115,838	133,205
Fundraising & Community Grant Costs	54,944	-	805
Other Locally Raised Funds Expenditure	4,666	4,000	4,139
International Students - Student Recruitment	5,009	1,956	2,957
International Students - Other Expenses	610	13,475	333
	<u>334,352</u>	<u>167,565</u>	<u>272,207</u>
<i>Surplus for the year Locally raised funds</i>	<u>439,665</u>	<u>351,816</u>	<u>464,761</u>

During the year the School hosted 1 International student (2021:1)

4. Learning Resources

	2022 Actual \$	2022 Budget (Unaudited) \$	2021 Actual \$
Curricular	300,817	376,338	245,255
Employee Benefits - Salaries	5,792,801	5,601,743	5,865,018
Staff Development	8,527	15,000	17,112
Depreciation	239,900	196,051	229,585
Information And Communication Technology	66,390	84,588	62,337
	<u>6,408,435</u>	<u>6,273,720</u>	<u>6,419,307</u>

5. Administration

	2022 Actual \$	2022 Budget (Unaudited) \$	2021 Actual \$
Audit Fee	8,257	8,751	9,465
Board Fees	3,200	4,520	2,835
Board Expenses	6,840	6,550	11,565
Intervention Costs & Expenses	77,282	-	103,599
Communication	7,439	8,500	8,814
Consumables	5,705	5,750	4,964
Operating Lease	9,875	5,148	8,435
Legal Fees	4,705	15,000	47,940
Other	63,792	85,400	91,156
Employee Benefits - Salaries	328,841	261,849	279,611
Insurance	21,989	21,000	15,895
Service Providers, Contractors and Consultancy	33,336	33,300	28,866
	<u>571,261</u>	<u>455,768</u>	<u>613,145</u>

6. Property

	2022 Actual \$	2022 Budget (Unaudited) \$	2021 Actual \$
Caretaking and Cleaning Consumables	26,064	26,000	25,973
Cyclical Maintenance Provision	68,151	42,610	34,772
Grounds	13,097	15,500	14,200
Heat, Light and Water	102,133	88,500	86,685
Rates	25,302	25,290	25,290
Repairs and Maintenance	57,592	73,500	46,124
Use of Land and Buildings	1,134,251	1,538,239	1,137,284
Security	12,787	15,000	14,979
Employee Benefits - Salaries	277,023	287,542	260,695
	<u>1,716,400</u>	<u>2,112,181</u>	<u>1,646,002</u>

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

	2022 Actual \$	2022 Budget (Unaudited) \$	2021 Actual \$
Bank Accounts	707,621	555,002	670,880
Cash and cash equivalents for Statement of Cash Flows	<u>707,621</u>	<u>555,002</u>	<u>670,880</u>

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

Of the \$707,621 Cash and Cash Equivalents \$44,980 is held by the School on behalf of the Ministry of Education. These funds have been provided by the Ministry as part of the school's 5 Year Agreement funding for upgrades to the school's buildings. The funds are required to be spent in 2023 on Crown owned school buildings.

8. Accounts Receivable

	2022 Actual \$	2022 Budget (Unaudited) \$	2021 Actual \$
Receivables	36,877	13,249	37,216
Receivables from the Ministry of Education	-	-	21,857
Interest Receivable	-	511	-
Teacher Salaries Grant Receivable	429,243	383,535	382,590
	<u>466,120</u>	<u>397,295</u>	<u>441,663</u>
Receivables from Exchange Transactions	36,877	13,760	37,216
Receivables from Non-Exchange Transactions	429,243	383,535	404,447
	<u>466,120</u>	<u>397,295</u>	<u>441,663</u>

9. Inventories

	2022 Actual \$	2022 Budget (Unaudited) \$	2021 Actual \$
Stationery	3,233	1,413	1,354
Uniform	-	4,000	-
Canteen	-	192	447
	<u>3,233</u>	<u>5,605</u>	<u>1,801</u>

10. Investments

The School's investment activities are classified as follows:

	2022 Actual \$	2022 Budget (Unaudited) \$	2021 Actual \$
Current Asset			
Short-term Bank Deposits	50,000	50,000	50,000
Total Investments	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>

11. Property, Plant and Equipment

	Opening Balance (NBV)	Additions	Disposals	Impairment	Depreciation	Total (NBV)
2022	\$	\$	\$	\$	\$	\$
Building Improvements	855,679	18,887	-	-	(34,060)	840,508
Furniture and Equipment	294,545	286,025	-	-	(101,983)	478,586
Information and Communication Technology	66,657	125,816	-	-	(47,584)	144,889
Textbooks	8,527	850	-	-	(2,554)	6,822
Leased Assets	114,337	13,379	-	-	(48,431)	79,285
Library Resources	34,892	2,993	-	-	(5,288)	32,597
Balance at 31 December 2022	1,374,637	447,950	-	-	(239,900)	1,582,687

The net carrying value of equipment held under a finance lease is \$79,285 (2021: \$114,337)

Restrictions

There are no restrictions over the title of the school's property, plant and equipment, nor are any property, plant and equipment pledged as security for liabilities.

	2022	2022	2022	2021	2021	2021
	Cost or Valuation	Accumulated Depreciation	Net Book Value	Cost or Valuation	Accumulated Depreciation	Net Book Value
	\$	\$	\$	\$	\$	\$
Building Improvements	1,437,072	(596,564)	840,508	1,418,183	(562,504)	855,679
Furniture and Equipment	2,216,644	(1,738,058)	478,586	1,930,619	(1,636,074)	294,545
Information and Communication Technology	2,096,632	(1,951,743)	144,889	1,970,816	(1,904,159)	66,657
Textbooks	219,744	(212,922)	6,822	218,894	(210,367)	8,527
Leased Assets	196,571	(117,286)	79,285	248,366	(134,029)	114,337
Library Resources	129,016	(96,419)	32,597	126,024	(91,132)	34,892
Balance at 31 December	6,295,679	(4,712,992)	1,582,687	5,912,902	(4,538,265)	1,374,637

12. Accounts Payable

	2022	2022	2021
	Actual	Budget (Unaudited)	Actual
	\$	\$	\$
Creditors	34,809	238,368	65,205
Accruals	8,257	4,420	6,321
Banking Staffing Overuse	-	21,415	-
Employee Entitlements - Salaries	429,243	383,535	382,590
Employee Entitlements - Leave Accrual	46,777	45,744	37,687
	519,086	693,482	491,803
Payables for Exchange Transactions	519,086	693,482	491,803
Payables for Non-exchange Transactions - Taxes Payable (PAYE and Rates)	-	-	-
Payables for Non-exchange Transactions - Other	-	-	-
	519,086	693,482	491,803

The carrying value of payables approximates their fair value.

13. Revenue Received in Advance

	2022 Actual \$	2022 Budget (Unaudited) \$	2021 Actual \$
Revenue Received In Advance	42,356	67,630	43,115
Intl Students Revenue In Advance	35,152	-	28,984
	77,508	67,630	72,099

14. Provision for Cyclical Maintenance

	2022 Actual \$	2022 Budget (Unaudited) \$	2021 Actual \$
Provision at the Start of the Year	200,961	175,833	194,578
Increase to the Provision During the Year	42,012	42,610	42,284
Use of the Provision During the Year	(28,851)	-	(28,389)
Other Adjustments	26,139	-	(7,512)
Provision at the End of the Year	240,261	218,443	200,961
Cyclical Maintenance - Current	65,411	55,220	32,537
Cyclical Maintenance - Non current	174,850	163,223	168,424
	240,261	218,443	200,961

Per the cyclical maintenance schedule the school is next expected to undertake painting works during 2023. This plan is based on the schools 10 Year Property plan / painting quotes.

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:

	2022 Actual \$	2022 Budget (Unaudited) \$	2021 Actual \$
No Later than One Year	45,309	34,817	46,700
Later than One Year and no Later than Five Years	50,057	52,943	81,911
Future Finance Charges	(3,628)	-	(5,421)
	91,738	87,760	123,190
Represented by			
Finance lease liability - Current	42,733	34,817	43,379
Finance lease liability - Non current	49,005	52,943	79,811
	91,738	87,760	123,190

16. Funds held in Trust

	2022 Actual \$	2022 Budget (Unaudited) \$	2021 Actual \$
Funds Held in Trust on Behalf of Third Parties - Current	33,504	392,421	402,693
Funds Held in Trust on Behalf of Third Parties - Non-current	-	-	-
	<u>33,504</u>	<u>392,421</u>	<u>402,693</u>

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

17. Funds Held (Owed) for Capital Works Projects

During the year the School received and applied funding from the Ministry of Education for the following capital works projects. The amount of cash held on behalf of the Ministry for capital works projects is included under cash and cash equivalents in note 7.

2022	Project No.	Opening Balances \$	Receipts from MoE \$	Payments \$	Board Contributions	Closing Balances \$
	222997	21,481	-	(30,680)	-	(9,199)
	222999	(26,957)	360,000	(381,399)	-	(48,356)
	222991	41,815	-	-	-	41,815
	222994	-	22,679	(19,514)	-	3,165
Totals		<u>36,339</u>	<u>382,679</u>	<u>(431,593)</u>	<u>-</u>	<u>(12,575)</u>

Represented by:

Funds Held on Behalf of the Ministry of Education	44,980
Funds Receivable from the Ministry of Education	(57,555)

2021	Project No.	Opening Balances \$	Receipts from MoE \$	Payments \$	Board Contributions	Closing Balances \$
	213585	25,781	-	(25,781)	-	-
	222997	(29,864)	937,750	(886,405)	-	21,481
	222999	-	-	(26,957)	-	(26,957)
	222991	-	63,900	(22,085)	-	41,815
Totals		<u>(4,083)</u>	<u>1,001,650</u>	<u>(961,228)</u>	<u>-</u>	<u>36,339</u>

Represented by:

Funds Held on Behalf of the Ministry of Education	63,296
Funds Receivable from the Ministry of Education	(26,957)

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 conditions 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 Board members, Principal, Deputy Principals and Heads of Departments.

	2022 Actual \$	2021 Actual \$
<i>Board Members</i>		
Remuneration	3,200	2,835
<i>Leadership Team</i>		
Remuneration	542,651	1,849,520
Full-time equivalent members	4.11	17.15
Total key management personnel remuneration	<u>545,851</u>	<u>1,852,355</u>

There are 7 members of the Board excluding the Principal. The Board had held 8 full meetings of the Board in the year. The Board also has Finance (2 members) and Property (3 members) that met 8 and 8 times respectively. As well as these regular meetings, including preparation time, the Presiding Member 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:

	2022 Actual \$000	2021 Actual \$000
Salaries and Other Short-term Employee Benefits:		
Salary and Other Payments	170 - 180	160 - 170
Benefits and Other Emoluments	4 - 5	4 - 5
Termination Benefits	-	-

Other Employees

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

Remuneration \$000	2022 FTE Number	2021 FTE Number
100 - 110	11.00	12.00
110 - 120	2.00	1.00
120 - 130	2.00	2.00
140 - 150	-	1.00
	<u>15.00</u>	<u>16.00</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 board members, committee members, 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:

	2022 Actual	2021 Actual
Total	-	-
Number of People	-	-

21. Contingencies

There are no contingent liabilities and no contingent assets (except as noted below) as at 31 December 2022 (Contingent liabilities and assets at 31 December 2021: nil).

In 2022 the Ministry of Education provided additional funding for both the Support Staff in Schools' Collective Agreement (CA) Settlement and the Teacher Aide Pay Equity Settlement. The school is still yet to receive a final wash up that adjusts the estimated quarterly instalments for the actual teacher aides employed in 2022.

The Ministry is in the Process of determining the amount of the final wash up payment for the year ended 31 December 2022. Even though the payment is probable, the amount to be received is not known with a high level of certainty. The school has therefore not recognised the expected receipt (asset) and income in its financial statements. The payment is expected to be received in July 2023.

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 2022 a contingent liability for the school may exist.

22. Commitments

(a) Capital Commitments

As at 31 December 2022 the Board has entered into contract agreements for capital works as follows:

\$1,204,467 contract for the Technology Block Part2 as agent for the Ministry of Education. This project is fully funded by the Ministry and \$1,273,525 has been received of which \$1,282,724 has been spent on the project to balance date. This project has been approved by the Ministry; and

\$303,907 contract for the SIP - Hall, Admin & Sick Bay Refurbishment as agent for the Ministry of Education. This project is fully funded by the Ministry and \$360,000 has been received of which \$408,356 has been spent on the project to balance date. This project has been approved by the Ministry; and

\$64,739 contract for the B,H,Q Toilet upgrades as agent for the Ministry of Education. This project is fully funded by the Ministry and \$63,900 has been received of which \$22,085 has been spent on the project to balance date. This project has been approved by the Ministry; and

\$0 contract for the Action Centre as agent for the Ministry of Education. This project is fully funded by the Ministry and \$22,679 has been received of which \$19,514 has been spent on the project to balance date. This project has been approved by the Ministry.

(Capital commitments as at 31 December 2021:

\$1,314,571 contract for the Technology Block Part2 as agent for the Ministry of Education. This project is fully funded by the Ministry and \$1,273,525 has been received of which \$1,252,044 has been spent on the project to balance date. This project has been approved by the Ministry; and

\$400,000 contract for the SIP - Hall, Admin & Sick Bay Refurbishment as agent for the Ministry of Education. This project is fully funded by the Ministry and \$0 has been received of which \$26,957 has been spent on the project to balance date. This project has been approved by the Ministry; and

\$71,839 contract for the B,H,Q Toilet upgrades as agent for the Ministry of Education. This project is fully funded by the Ministry and \$63,900 has been received of which \$22,085 has been spent on the project to balance date. This project has been approved by the Ministry.)

(b) Operating Commitments

There are no operating commitments as at 31 December 2022 (Operating commitments at 31 December 2021: 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

	2022 Actual \$	2022 Budget (Unaudited) \$	2021 Actual \$
Cash and Cash Equivalents	707,621	555,002	670,880
Receivables	466,120	397,295	441,663
Investments - Term Deposits	50,000	50,000	50,000
Total Financial assets measured at amortised cost	<u>1,223,741</u>	<u>1,002,297</u>	<u>1,162,543</u>

Financial liabilities measured at amortised cost

Payables	519,086	693,482	491,803
Finance Leases	91,738	87,760	123,190
Total Financial Liabilities Measured at Amortised Cost	<u>610,824</u>	<u>781,242</u>	<u>614,993</u>

24. Events After Balance Date

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

25. Comparatives

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

INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF KATIKATI COLLEGE'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

The Auditor-General is the auditor of Katikati College (the School). The Auditor-General has appointed me, Fraser Lellman, using the staff and resources of BDO Tauranga, to carry out the audit of the financial statements of the School on his behalf.

Opinion

We have audited the financial statements of the School on pages 2 to 19, that comprise the statement of financial position as at 31 December 2022, 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 2022; 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 Benefit Entity Standards Reduced Disclosure Regime as applicable to entities that qualify as Tier 2.

Our audit was completed on 1 June 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.

PARTNERS: Fraser Lellman CA Janine Hellyer CA Paul Manning CA Donna Taylor CA Linda Finlay CA Michael Lim CA

BDO New Zealand Ltd, a New Zealand limited company, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms. BDO New Zealand is a national association of independent member firms which operate as separate legal entities.

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, Board of Trustees Listing, Kiwisport Report and Good Employer Statement, 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.



Fraser Lellman
BDO Tauranga
On behalf of the Auditor-General
Tauranga, New Zealand