

# Longburn Adventist College

## Annual Report

### For the year ended 31 December 2020

#### School Directory

**Ministry Number:** 0191  
**Principal:** Brendan van Oostveen  
**School Address:** 100 Walkers Road, Longburn  
**School Postal Address:** PO Box 14001, Longburn, 4866  
**School Phone:** 06 354 1059  
**School Email:** [info@lac.school.nz](mailto:info@lac.school.nz)

#### Members of the Board of Trustees

Name	Position	How Position Gained	Term Expired/ Expires
Pr. Eddie Tupa'i	Chair Person	Proprietor appointee	Jul-21
Graeme Drinkall	Chair Person	Proprietor appointee	Nov-20
Brendan van Oostveen	Principal	ex officio	
Robyn Van Klink	Parent Rep	Elected	May-22
Nilo Miado	Parent Rep	Elected	May-22
Julene Duerksen-Kapao	Parent Rep	Elected	May-22
Stephanie Horne	Parent Rep	Elected	May-22
Ben Timothy	Proprietor appointee	Proprietor appointee	Nov-20
Francis Aiono	Staff Rep	Elected	May-22
Lucas Talamaivao	Student Rep	Elected	Sep-21
Chrysolite Gali	Student Rep	Elected	Sep-20

**Accountant / Service Provider:** Openbook Solutions Limited



# Longburn Adventist College

Annual Report - For the year ended 31 December 2020

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# Longburn Adventist College 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 reflects the financial position and operations of the school.

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

KINGSLEY ROBERT WOOD  
Full Name of Board Chairperson

*Robert Wood*  
Signature of Board Chairperson

24/02/2022  
Date:

Brendan van Oostveen

Brendan van Oostveen  
Full Name of Principal

*Brendan van Oostveen*  
Signature of Principal

24/02/2022  
Date:

# Longburn Adventist College

## Statement of Comprehensive Revenue and Expense

For the year ended 31 December 2020

	Notes	2020 Actual \$	2020 Budget (Unaudited) \$	2019 Actual \$
<b>Revenue</b>				
Government Grants	2	2,893,594	2,543,790	2,562,409
Locally Raised Funds	3	251,578	244,467	202,345
Use of Land and Buildings Integrated		417,258	417,258	417,258
Interest income		7,745	7,000	7,124
International Students	4	215,148	141,029	216,887
		<b>3,785,324</b>	<b>3,353,544</b>	<b>3,406,023</b>
<b>Expenses</b>				
Locally Raised Funds	3	74,641	40,204	70,174
International Students	4	24,412	58,314	64,288
Learning Resources	5	2,350,777	2,214,985	2,112,118
Administration	6	297,107	226,149	285,237
Finance		2,972	0	0
Property	7	656,098	680,716	706,695
Depreciation	8	95,923	90,000	93,110
Amortisation of Intangible Assets	13	449	449	2,573
		<b>3,502,380</b>	<b>3,310,817</b>	<b>3,334,195</b>
<b>Net Surplus / (Deficit) for the year</b>		<b>282,944</b>	<b>42,727</b>	<b>71,828</b>
Other Comprehensive Revenue and Expenses		0	0	0
<b>Total Comprehensive Revenue and Expense for the Year</b>		<b>282,944</b>	<b>42,727</b>	<b>71,828</b>

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



# Longburn Adventist College

## Statement of Changes in Net Assets/Equity

For the year ended 31 December 2020

	Notes	Actual 2020 \$	Budget (Unaudited) 2020 \$	Actual 2019 \$
<b>Balance at 1 January</b>		<b>368,248</b>	<b>368,248</b>	<b>289,078</b>
Total comprehensive revenue and expense for the year		282,944	42,727	71,828
Capital Contributions from the Ministry of Education Contribution - Furniture and Equipment Grant		7,428	7,428	7,342
<b>Equity at 31 December</b>	24	<b>658,620</b>	<b>418,403</b>	<b>368,248</b>
Retained Earnings		508,620	268,403	290,299
Reserves		150,000	150,000	77,949
<b>Equity at 31 December</b>		<b>658,620</b>	<b>418,403</b>	<b>368,248</b>

*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.*

# Longburn Adventist College Statement of Financial Position

As at 31 December 2020

	Notes	2020 Actual \$	2020 Budget (Unaudited) \$	2019 Actual \$
<b>Current Assets</b>				
Cash and Cash Equivalents	9	777,739	419,957	488,775
Accounts Receivable	10	233,702	180,000	152,059
GST Receivable		11,108	20,000	16,345
Prepayments		1,072	2,000	4,441
Investments	11	46,230	45,000	78,230
		<u>1,069,851</u>	<u>666,957</u>	<u>739,850</u>
<b>Current Liabilities</b>				
Accounts Payable	14	368,254	210,000	182,421
Revenue Received in Advance	15	117,783	120,000	121,276
Provision for Cyclical Maintenance	16	205,860	163,060	181,100
Finance Lease Liability - Current Portion	17	13,630	13,630	22,476
Funds held in Trust	18	8,099	8,000	145
		<u>713,626</u>	<u>514,690</u>	<u>507,418</u>
<b>Working Capital Surplus/(Deficit)</b>		<b>356,225</b>	<b>152,267</b>	<b>232,432</b>
<b>Non-current Assets</b>				
Investments	11	150,000	150,000	0
Property, Plant and Equipment	12	181,838	188,378	209,674
Intangible Assets	13	0	0	449
		<u>331,838</u>	<u>338,378</u>	<u>210,123</u>
<b>Non-current Liabilities</b>				
Provision for Cyclical Maintenance	16	26,700	69,500	60,120
Finance Lease Liability	17	2,742	2,742	14,187
		<u>29,442</u>	<u>72,242</u>	<u>74,307</u>
<b>Net Assets</b>		<b>658,620</b>	<b>418,403</b>	<b>368,248</b>
<b>Equity</b>	24	<b>658,620</b>	<b>418,403</b>	<b>368,248</b>

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



# Longburn Adventist College

## Statement of Cash Flows

For the year ended 31 December 2020

		2020	2020	2019
	Note	Actual	Budget	Actual
		\$	(Unaudited)	\$
			\$	
<b>Cash flows from Operating Activities</b>				
Government Grants		877,875	895,250	673,222
Locally Raised Funds		247,007	244,467	271,551
International Students		205,144	131,025	262,392
Goods and Services Tax (net)		5,237	(3,655)	(7,303)
Payments to Employees		(468,061)	(442,429)	(342,684)
Payments to Suppliers		(396,738)	(694,870)	(517,913)
Cyclical Maintenance Payments in the year		0	(20,440)	0
Interest Paid		(2,972)	0	0
Interest Received		6,869	7,000	4,132
Net cash from Operating Activities		474,360	116,348	343,397
<b>Cash flows from Investing Activities</b>				
Purchase of PPE (and Intangibles)		(67,804)	(68,704)	(57,227)
Purchase of Investments		(118,000)	(116,770)	(46,230)
Net cash from Investing Activities		(185,803)	(185,474)	(103,457)
<b>Cash flows from Financing Activities</b>				
Furniture and Equipment Grant		7,428	7,428	7,342
Finance Lease Payments		(14,975)	(14,975)	(14,976)
Funds Administered on Behalf of Third Parties		7,954	7,855	(1,680)
Net cash from Financing Activities		407	308	(9,314)
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>288,964</b>	<b>(68,818)</b>	<b>230,626</b>
Cash and cash equivalents at the beginning of the year	9	488,775	488,775	258,148
<b>Cash and cash equivalents at the end of the year</b>	9	<b>777,739</b>	<b>419,957</b>	<b>488,775</b>

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

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

# Longburn Adventist College

## Notes to the Financial Statements

For the year ended 31 December 2020

### 1. Statement of Accounting Policies

#### a) Reporting Entity

Longburn Adventist 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 of Trustees (the Board) is of the view that the School is a public benefit entity for financial reporting purposes.

#### b) Basis of Preparation

##### **Reporting Period**

The financial reports have been prepared for the period 1 January 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 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 expenditure threshold of \$30 million per year. All relevant reduced disclosure concessions have been taken.

##### **Measurement Base**

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

##### **Presentation Currency**

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

##### **Specific Accounting Policies**

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

##### **Critical Accounting Estimates And Assumptions**

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

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

##### **Useful lives of property, plant and equipment**

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

##### **Cyclical maintenance provision**

A school recognises its obligation to maintain the Proprietor'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 long term maintenance plan which is prepared as part of its 10 Year Property Planning process. During the year, the Board assesses the reasonableness of its 10 Year Property Plan on which the provision is based. Cyclical maintenance is disclosed at Note 16.





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

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

#### **Classification of leases**

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

#### **Recognition of grants**

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

### **c) Revenue Recognition**

#### **Government Grants**

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

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

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

#### **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.

Grants for the use of land and buildings are also 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 Proprietor. Use of land and building grants are recorded as income in the period the school uses the land and building.

#### **Donations, Gifts and Bequests**

Donations, gifts and bequests are recorded as revenue when their receipt is formally acknowledged by the School.

#### **Interest Revenue**

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

### **d) Use of Land and Buildings Expense**

The property from which the School operates is owned by the Proprietor. The expense is based on an assumed market rental yield on the land and buildings as used for rating purposes. This is a non-cash expense that is offset by a non-cash grant from the Proprietor.

### **e) Operating Lease Payments**

Payments made under operating leases are recognised in the Statement of Comprehensive Revenue and Expense on a straight line basis over the term of the lease.

### **f) Finance Lease Payments**

Finance lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term on an effective interest basis.

### **g) Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, bank balances, deposits held at call with banks, and other short term highly liquid investments with original maturities of 90 days or less, and bank overdrafts. The carrying amount of cash and cash equivalents represent fair value.



#### **h) Accounts Receivable**

Short-term receivables are recorded at the amount due, less an allowance for credit losses (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.

#### **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 Proprietor 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 Proprietor are recorded at cost, less accumulated depreciation and impairment losses.

Property, plant and equipment are recorded at cost or, in the case of donated assets, fair value at the date of receipt, less accumulated depreciation and impairment losses. Cost or fair value as the case may be, includes those costs that relate directly to bringing the asset to the location where it will be used and making sure it is in the appropriate condition for its intended use.

Property, plant and equipment acquired with individual values under \$1,000 are not capitalised, they are recognised as an expense in the Statement of Comprehensive Revenue and Expense.

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

#### **Finance Leases**

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

#### **Depreciation**

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

The estimated useful lives of the assets are:

Furniture and equipment	10–15 years
Information and communication technology	4–5 years
Motor vehicles	5 years
Textbooks	3 years
Leased assets held under a Finance Lease	Over the term of the lease
Library resources	8 years

#### **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 or licensing of software are recognised as an expense in the Statement of Comprehensive Revenue and Expense when incurred.

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

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

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



### **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. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable service amount. The recoverable service amount is the higher of an asset's fair value less costs to sell and value in use.

Value in use is determined using an approach based on either a depreciated replacement cost approach, restoration cost approach, or a service units approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and availability of information.

If an asset's carrying amount exceeds its recoverable service amount, the asset is regarded as impaired and the carrying amount is written down to the recoverable amount. The total impairment loss is recognised in the surplus or deficit.

The reversal of an impairment loss is recognised in the surplus or deficit.

### **m) Accounts Payable**

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

### **n) Employee Entitlements**

#### *Short-term employee entitlements*

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

### **o) Revenue Received in Advance**

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

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

### **p) Funds Held in Trust**

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

### **q) Provision for Cyclical Maintenance**

The property from which the school operates is owned by the Proprietor. The Board is responsible for maintaining the land, building 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 provisions for cyclical maintenance represents the obligations the Board has to the Proprietor and is based on the Board's ten year property plan (10YPP).

### **r) Financial Assets and Liabilities**

The School's financial assets comprise cash and cash equivalents, accounts receivable, and investments. All of these financial assets are categorised as "financial assets measured at amortised cost" 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.



**s) 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.

**t) Budget Figures**

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

**u) 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	681,339	632,864	604,296
Teachers' Salaries Grants	1,998,960	1,800,000	1,830,509
Resource Teachers Learning and Behaviour Grants	2,983	1,000	1,355
Other MoE Grants	120,560	77,893	73,180
Other Government Grants	89,752	32,033	53,069
	<b>2,893,594</b>	<b>2,543,790</b>	<b>2,562,409</b>

Other MOE Grants total includes additional COVID-19 funding totaling \$71,425 for the year ended 31 December 2020.

## 3. Locally Raised Funds

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

	2020 Actual	2020 Budget (Unaudited)	2019 Actual
	\$	\$	\$
<b>Revenue</b>			
Donations	50,562	40,187	54,647
Activities	103,673	116,910	95,942
Fundraising	2,914	1,000	1,756
Other Revenue	94,429	86,370	50,000
	251,578	244,467	202,345
<b>Expenses</b>			
Activities	74,641	40,204	70,174
	74,641	40,204	70,174
<i>Surplus/ (Deficit) for the year Locally raised funds</i>	<b>176,937</b>	<b>204,263</b>	<b>132,171</b>

## 4. International Student Revenue and Expenses

	2020 Actual	2020 Budget (Unaudited)	2019 Actual
	Number	Number	Number
International Student Roll	23	23	24
	2020 Actual	2020 Budget (Unaudited)	2019 Actual
	\$	\$	\$
<b>Revenue</b>			
International Student Fees	215,148	141,029	216,887
<b>Expenses</b>			
International Student Levy	8,590	0	0
Employee Benefit - Salaries	9,897	46,514	49,684
Other Expenses	5,925	11,800	14,604
	24,412	58,314	64,288
<i>Surplus/ (Deficit) for the year International Students'</i>	<b>190,736</b>	<b>82,715</b>	<b>152,599</b>



## 5. Learning Resources

	2020 Actual	2020 Budget (Unaudited)	2019 Actual
	\$	\$	\$
Curricular	87,737	177,168	107,366
Information and Communication Technology	10,586	7,800	4,328
Extra-Curricular Activities	3,629	4,600	3,416
Library Resources	0	2,900	268
Employee Benefits - Salaries	2,245,718	1,998,057	1,986,904
Staff Development	3,106	24,460	9,836
	<b>2,350,777</b>	<b>2,214,985</b>	<b>2,112,118</b>

## 6. Administration

	2020 Actual	2020 Budget (Unaudited)	2019 Actual
	\$	\$	\$
Audit Fee	5,000	7,000	7,659
Board of Trustees Fees	1,485	3,000	2,365
Board of Trustees Expenses	50	1,000	3,475
Communication	6,573	4,500	3,740
Consumables	11,553	500	522
Operating Lease	455	0	224
Other	111,794	67,451	121,687
Employee Benefits - Salaries	154,009	141,000	143,762
Insurance	1,787	1,698	1,803
Service Providers, Contractors and Consultancy	4,400	0	0
	<b>297,107</b>	<b>226,149</b>	<b>285,237</b>

## 7. Property

	2020 Actual	2020 Budget (Unaudited)	2019 Actual
	\$	\$	\$
Caretaking and Cleaning Consumables	11,973	8,500	8,957
Consultancy and Contract Services	9,061	15,500	1,094
Cyclical Maintenance Provision	11,780	49,000	87,787
Grounds	20,250	24,000	20,798
Heat, Light and Water	57,145	52,400	53,226
Rates	10,444	7,200	6,987
Repairs and Maintenance	62,610	50,000	59,466
Use of Land and Buildings	417,258	417,258	417,258
Employee Benefits - Salaries	55,577	56,858	51,122
	<b>656,098</b>	<b>680,716</b>	<b>706,695</b>

The use of land and buildings figure represents 8% of the school's total property value, as used for rating purposes. This is used as a 'proxy' for the market rental yield on the value of the land and buildings.

## 8. Depreciation

	2020 Actual	2020 Budget (Unaudited)	2019 Actual
	\$	\$	\$
Furniture and Equipment	38,985	33,035	35,501
Information and Communication Technology	29,723	29,725	30,752
Textbooks	4,815	4,800	4,521
Leased Assets	21,963	22,000	21,918
Library Resources	437	440	418
	<b>95,923</b>	<b>90,000</b>	<b>93,110</b>



## 9. Cash and Cash Equivalents

	2020 Actual	2020 Budget (Unaudited)	2019 Actual
	\$	\$	\$
Cash on Hand	873	1,000	1,500
Bank Current Account	661,070	308,868	379,780
Bank Call Account	115,796	110,089	107,495
Cash and cash equivalents for Cash Flow Statement	<b>777,739</b>	<b>419,957</b>	<b>488,775</b>

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

The School has an overdraft facility with Westpac Bank. The limit is \$100,000 and at balance date the overdraft facility was not being used.

## 10. Accounts Receivable

	2020 Actual	2020 Budget (Unaudited)	2019 Actual
	\$	\$	\$
Receivables	61,097	67,150	52,070
Allowance for credit/ losses	(17,773)	(18,000)	(19,829)
Interest Receivable	877	850	0
Banking Staffing Underuse	19,593	0	0
Teacher Salaries Grant Receivable	169,909	130,000	119,818
	<b>233,702</b>	<b>180,000</b>	<b>152,059</b>
Receivables from Exchange Transactions	44,201	50,000	32,241
Receivables from Non-Exchange Transactions	189,502	130,000	119,818
	<b>233,702</b>	<b>180,000</b>	<b>152,059</b>

## 11. Investments

The School's investment activities are classified as follows:

	2020 Actual	2020 Budget (Unaudited)	2019 Actual
	\$	\$	\$
Current Asset			
Short-term Bank Deposits	46,230	45,000	78,230
Non-current Asset			
Long-term Bank Deposits	150,000	150,000	0
Total Investments	<b>196,230</b>	<b>195,000</b>	<b>78,230</b>



## 12. Property, Plant and Equipment

	Opening Balance (NBV)	Additions	Disposals	Impairment	Depreciation	Total (NBV)
	\$	\$	\$	\$	\$	\$
<b>2020</b>						
Furniture and Equipment	108,321	40,601	0	0	(38,985)	109,937
Information and Communication	56,106	21,504	0	0	(29,723)	47,887
Textbooks	11,175	1,391	0	0	(4,815)	7,751
Leased Assets	32,313	2,813	0	0	(21,963)	13,163
Library Resources	1,759	1,777	0	0	(437)	3,099
<b>Balance at 31 December 2020</b>	<b>209,674</b>	<b>68,086</b>	<b>0</b>	<b>0</b>	<b>(95,923)</b>	<b>181,838</b>

The net carrying value of equipment held under a finance lease is \$13,163 (2019: \$32,313).

	Cost or Valuation	Accumulated Depreciation	Net Book Value
	\$	\$	\$
<b>2020</b>			
Furniture and Equipment	379,747	(269,810)	109,937
Information and Communication Technology	345,738	(297,851)	47,887
Motor Vehicles	22,222	(22,222)	0
Textbooks	83,349	(75,598)	7,751
Leased Assets	73,082	(59,918)	13,163
Library Resources	5,955	(2,856)	3,099
<b>Balance at 31 December 2020</b>	<b>910,093</b>	<b>(728,255)</b>	<b>181,838</b>

	Opening Balance (NBV)	Additions	Disposals	Impairment	Depreciation	Total (NBV)
	\$	\$	\$	\$	\$	\$
<b>2019</b>						
Furniture and Equipment	107,373	36,449	0	0	(35,501)	108,321
Information and Communication	69,501	17,357	0	0	(30,752)	56,106
Textbooks	12,275	3,421	0	0	(4,521)	11,175
Leased Assets	51,021	3,210	0	0	(21,918)	32,313
Library Resources	2,177	0	0	0	(418)	1,759
<b>Balance at 31 December 2019</b>	<b>242,347</b>	<b>60,437</b>	<b>0</b>	<b>0</b>	<b>(93,110)</b>	<b>209,674</b>

The net carrying value of equipment held under a finance lease is \$32,313 (2018: \$51,021)

	Cost or Valuation	Accumulated Depreciation	Net Book Value
	\$	\$	\$
<b>2019</b>			
Furniture and Equipment	339,145	(230,824)	108,321
Information and Communication Technology	324,234	(268,128)	56,106
Motor Vehicles	22,222	(22,222)	0
Textbooks	81,957	(70,782)	11,175
Leased Assets	77,787	(45,474)	32,313
Library Resources	4,178	(2,419)	1,759
<b>Balance at 31 December 2019</b>	<b>849,523</b>	<b>(639,849)</b>	<b>209,674</b>



### 13. Intangible Assets

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

	Acquired software	Internally generated software	Total \$
<b>Cost</b>			
Balance at 1 January 2019	17,130	0	17,130
Additions	0	0	0
Disposals	0	0	0
Balance at 31 December 2019/1 January 2020	17,130	0	17,130
Additions	0	0	0
Disposals	0	0	0
Balance at 31 December 2020	17,130	0	17,130
<b>Accumulated Amortisation and impairment losses</b>			
Balance at 1 January 2019	14,108	0	14,108
Amortisation expense	2,573	0	2,573
Disposals	0	0	0
Impairment losses	0	0	0
Balance at 31 December 2019/1 January 2020	16,681	0	16,680
Amortisation expense	449	0	449
Disposals	0	0	0
Impairment losses	0	0	0
Balance at 31 December 2020	17,130	0	17,130
<b>Carrying amounts</b>			
At 1 January 2019	3,022	0	3,022
At 31 December 2019/ 1 January 2020	449	0	449
At 31 December 2020	0	0	0

#### Restrictions

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

#### Capital commitments

The amount of contractual commitments for the acquisition of intangible assets is \$nil (2019 \$nil)

### 14. Accounts Payable

	2020 Actual	2020 Budget (Unaudited)	2019 Actual
	\$	\$	\$
Operating Creditors	155,042	65,000	32,540
Accruals	13,348	12,000	11,000
Capital Accruals for PPE items	8,997	0	0
Banking Staffing Overuse	16,703	0	16,703
Employee Entitlements - Salaries	169,909	130,000	119,818
Employee Entitlements - Leave Accrual	4,255	3,000	2,360
	<b>368,254</b>	<b>210,000</b>	<b>182,421</b>
Payables for Exchange Transactions	368,254	210,000	182,421
	<b>368,254</b>	<b>210,000</b>	<b>182,421</b>

The carrying value of payables approximates their fair value.

### 15. Revenue Received in Advance

	2020 Actual	2020 Budget (Unaudited)	2019 Actual
	\$	\$	\$
International Student Fees	82,292	95,000	92,296
Other	35,491	25,000	28,980
	<b>117,783</b>	<b>120,000</b>	<b>121,276</b>



## 16. Provision for Cyclical Maintenance

	2020 Actual	2020 Budget (Unaudited)	2019 Actual
	\$	\$	\$
Provision at the Start of the Year	241,220	241,220	153,433
Increase/ (decrease) to the Provision During the Year	11,780	11,780	87,787
Use of the Provision During the Year	(20,440)	(20,440)	0
Provision at the End of the Year	<b>232,560</b>	<b>232,560</b>	<b>241,220</b>
Cyclical Maintenance - Current	205,860	163,060	181,100
Cyclical Maintenance - Term	26,700	69,500	60,120
	<b>232,560</b>	<b>232,560</b>	<b>241,220</b>

## 17. 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	14,630	14,630	22,476
Later than One Year and no Later than Five Years	2,877	2,877	14,187
Later than Five Years	0	0	0
	<b>17,507</b>	<b>17,507</b>	<b>36,663</b>

## 18. Funds held in Trust

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Funds Held in Trust on Behalf of Third Parties - Current	8,099	8,000	145
	<b>8,099</b>	<b>8,000</b>	<b>145</b>

These funds are held in trust for Christian fellowship, bible in school and overseas trips.

## 19. Related Party Transactions

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

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

The Proprietor of the School (NZSDA School Association Ltd) is a related party of the Board because the Proprietor appoints representatives to the Board, giving the Proprietor significant influence over the Board. Any material services or contributions between the Board and Proprietor have been disclosed appropriately, if the Proprietor collects funds on behalf of the school (or vice versa) the amounts are disclosed.

The Proprietor provides land and buildings free of charge for use by the Board as noted in Note 1(c). The estimated value of this use during the current period is included in the Statement of Comprehensive Revenue and Expense as "Use of land and buildings".

During 2020 the Board contributed \$62,610 (2019; \$57,891) towards the maintenance of the Proprietor's buildings in accordance with the integration agreement.



The Proprietor provides religious instruction to pupils of the school. This service is provided free of charge in accordance with the Private Schools Conditional Integration Act 1975. The Proprietor committed to contribute to the Board 100% of the Chaplain related wages. During 2020 the Proprietor contributed to the Board through the North New Zealand Conference \$81,369 (2019; \$50,000). The amount of contribution is determined by the Proprietor.

Under an agency agreement the Board collected attendance dues and voluntary financial contributions on behalf of the Proprietor. This service was provided free of charge.

The Board of Governors ("BOG") are the owners of the hostel and ESOL buildings. The BOG provides hostel services that are used by some of the pupils at the school in accordance with the contract between the Board and the BOG. Several members of the BOT are also BOG Board members. As a result of the above related party transactions, the amount owing to the BOG by the Board as at 31 December 2020 was \$101,543 (2019; \$6,171).

The Board contributed \$3,450 (\$2019; \$3,900) towards the marketing costs undertaken by the BOG during the year. The BOG reimburses 50% of wage costs for the Admin administrator and Maintenance wages. This does not represent actual work performed for the BOG. The Board reimburses 50% of wage costs for the Executive Officer. This does not represent actual work performed for the BOT.

## 20. Remuneration

### Key management personnel compensation

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

	<b>2020 Actual \$</b>	<b>2019 Actual \$</b>
<i>Board Members</i>		
Remuneration	1,485	2,365
Full-time equivalent members	0.05	0.30
<i>Leadership Team</i>		
Remuneration	365,668	374,387
Full-time equivalent members	3.00	3.50
Total key management personnel remuneration	<b>367,153</b>	<b>376,752</b>
Total full-time equivalent personnel	<b>3.05</b>	<b>3.80</b>

The full time equivalent for Board members has been determined based on attendance at Board meetings, Committee meetings and for other obligations of the Board, such as stand downs and suspensions, plus the estimated time for Board members to prepare for meetings.

### Principal

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

	<b>2020 Actual \$000</b>	<b>2019 Actual \$000</b>
<i>Salaries and Other Short-term Employee Benefits:</i>		
Salary and Other Payments	130-140	120-130
Benefits and Other Emoluments	3-4	3-4
Termination Benefits	0	0

### Other Employees

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

<b>Remuneration \$000</b>	<b>2020 FTE Number</b>	<b>2019 FTE Number</b>
100 - 110	0	0
110 - 120	2	0
	<b>2</b>	<b>0</b>

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



## 21. Compensation and Other Benefits Upon Leaving

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

	2020 Actual	2019 Actual
Total	0	0
Number of People	0	0

## 22. Contingencies

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

### Holidays Act Compliance – schools payroll

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

The Ministry has commenced a review of the schools sector payroll to ensure compliance with the Holidays Act 2003. The initial phase of this review has identified areas of non-compliance. The Ministry has recognised an estimated provision based on the analysis of sample data, which may not be wholly representative of the total dataset for Teacher and Support Staff Entitlements. A more accurate estimate will be possible after further analysis of non-compliance has been completed, and this work is ongoing. Final calculations and potential impact on any specific individual will not be known until further detailed analysis has been completed

To the extent that any obligation cannot reasonably be quantified at 31 December 2020, a contingent liability for the school may exist.

## 23. Commitments

### (a) Capital Commitments

As at 31 December 2020 the Board has not entered into any capital commitments (2019; nil).

### (b) Operating Commitments

As at 31 December 2020 the Board has not entered into any operating commitments (2019; nil).

## 24. Managing Capital

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



## 25. Financial Instruments

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

### Financial assets measured at amortised cost

	2020 Actual	2020 Budget (Unaudited)	2019 Actual
	\$	\$	\$
Cash and Cash Equivalents	777,739	419,957	488,775
Receivables	233,702	180,000	152,059
Investments - Term Deposits	196,230	195,000	78,230
Total Financial assets measured at amortised cost	<b>1,207,671</b>	<b>794,957</b>	<b>719,064</b>

### Financial liabilities measured at amortised cost

Payables	368,254	210,000	182,421
Finance Leases	16,373	16,372	36,663
Total Financial Liabilities Measured at Amortised Cost	<b>384,626</b>	<b>226,372</b>	<b>219,084</b>

## 26. Events After Balance Date

In July 2021 the School entered an agreement with the Ministry of Education to provide lunches to students as part of the Healthy School Lunches Programme. Year 7-8 students will be funded at \$5 per day with Year 9-15 students funded at \$7 per day. The School will pay a fee of \$7,500 per school term to the Board of Governors for the use of kitchen and cafeteria facilities as part of this programme.

## 27. Comparatives

There have been a number of current year revenue and expense categories which have been reclassified from the prior year's classification to make disclosure consistent with the current year's requirements.

## 28. Reporting Breach

The Board has breached Section 135 of the Education and Training Act 2020 which states that "A Board must submit its annual financial statements to the Auditor-General within 90 days after the end of each year". The financial statements were received by the auditor on behalf of the Auditor General after 90 days.

The Board of Trustees has breached Section 137 of the Education and Training Act 2020 in that the Board did not report by 31 May 2021, the date fixed by the Minister of Education, by which Schools were required to have sent their financial statements to the Ministry of Education.



## INDEPENDENT AUDITOR'S REPORT

### TO THE READERS OF LONGBURN ADVENTIST COLLEGE'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

The Auditor-General is the auditor of Longburn Adventist College (the School). The Auditor-General has appointed me, Cameron Town, using the staff and resources of Silks Audit Chartered Accountants 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 2 to 19, that comprise the statement of financial position as at 31 December 2020, the statement of comprehensive revenue and expense, statement of financial position 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 Tier 2 PBE Accounting Standards (PBE IPSAS) Reduced Disclosure Regime

Our audit was completed on 24 February 2022. 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.



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## **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.



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- 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 Board of Trustees schedule included under the School Directory page and the Analysis of Variance, but does not include the financial statements, Kiwisport statement included as appendices, 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.



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

**Cameron Town**  
**Silks Audit Chartered Accountants Ltd**  
**Whanganui, New Zealand**

**Date: 24 February 2022**



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