

# SACRED HEART COLLEGE



## ANNUAL REPORT

**FOR THE YEAR ENDED 31 DECEMBER 2021**

Principal:	Maria Potter
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Ministry Number:	262
Accountant/Service Provider:	Accounting For Schools Limited

# SACRED HEART COLLEGE

Annual Report - For the year ended 31 December 2021

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# SACRED HEART COLLEGE

## Statement of Responsibility

For the year ended 31 December 2021

The Board accepts responsibility for the preparation of the annual financial statements and the judgements used in these financial statements.

The management (including the principal and others as directed by the Board) accepts responsibility for establishing and maintaining a system of internal controls designed to provide reasonable assurance as to the integrity and reliability of the school's financial reporting.

It is the opinion of the Board and management that the annual financial statements for the financial year ended 31 December 2021 fairly reflects the financial position and operations of the school.

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

Richard William Te One

Full Name of Presiding Member

Maria Ann Potter

Full Name of Principal

[Signature]

Signature of Presiding Member

[Signature]

Signature of Principal

27/5/2022

Date:

27 May 2022

Date:

# SACRED HEART COLLEGE

## Statement of Comprehensive Revenue and Expense For the year ended 31 December 2021

	Notes	2021 Actual \$	2021 Budget (Unaudited) \$	2020 Actual \$
<b>Revenue</b>				
Government Grants	2	7,409,978	6,679,645	6,899,163
Locally Raised Funds	3	454,654	393,708	368,600
Use of Proprietors Land & Buildings		1,033,951	1,500,000	1,654,322
Interest Earned		16,235	15,000	38,840
Gain on Sale of Property, Plant and Equipment		-	-	400
International Students	4	2,282	33,538	163,973
		<u>8,917,100</u>	<u>8,621,891</u>	<u>9,125,298</u>
<b>Expenses</b>				
Locally Raised Funds	3	38,622	6,100	26,679
International Students	4	20,285	19,035	96,875
Learning Resources	5	6,618,199	6,063,430	6,097,365
Administration	6	410,996	423,816	422,395
Finance		7,915	16,000	13,003
Property	7	1,429,259	1,928,609	2,092,896
Depreciation	11	220,629	202,000	210,390
Amortisation of Intangible Assets		3,403	3,403	3,403
		<u>8,749,308</u>	<u>8,662,393</u>	<u>8,963,006</u>
<b>Net (Deficit) / Surplus for the year</b>		167,792	(40,502)	162,292
Other Comprehensive Revenue and Expenses		-	-	-
<b>Total Comprehensive Revenue and Expense for the Year</b>		<u>167,792</u>	<u>(40,502)</u>	<u>162,292</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.

## SACRED HEART COLLEGE

### Statement of Changes in Net Assets/Equity For the year ended 31 December 2021

	2021 Actual \$	2021 Budget (Unaudited) \$	2020 Actual \$
<b>Balance at 1 January</b>	<u>1,736,056</u>	<u>1,736,056</u>	<u>1,543,337</u>
Total comprehensive revenue and expense for the year	167,792	(40,502)	162,292
Capital Contributions from the Ministry of Education Contribution - Furniture and Equipment Grant	30,968	-	30,427
<b>Equity at 31 December</b>	<u>1,934,816</u>	<u>1,695,554</u>	<u>1,736,056</u>
Retained Earnings	1,934,816	1,695,554	1,736,056
<b>Equity at 31 December</b>	<u>1,934,816</u>	<u>1,695,554</u>	<u>1,736,056</u>

The above Statement of Changes in Net Assets/Equity should be read in conjunction with the accompanying notes which form part of these financial statements.

# SACRED HEART COLLEGE

## Statement of Financial Position

As at 31 December 2021

	Notes	2021 Actual \$	2021 Budget (Unaudited) \$	2020 Actual \$
<b>Current Assets</b>				
Cash and Cash Equivalents	8	215,393	299,752	44,751
Accounts Receivable	9	467,851	415,000	417,088
GST Receivable		28,364	25,000	30,964
Investments	10	1,588,446	1,300,000	1,509,344
Prepayments		15,875	12,000	12,128
		<u>2,315,929</u>	<u>2,051,752</u>	<u>2,014,275</u>
<b>Current Liabilities</b>				
Accounts Payable	13	594,905	540,000	528,214
Revenue Received in Advance	14	36,283	30,000	5,170
Provision for Cyclical Maintenance	15	107,454	110,000	119,810
Finance Lease Liability	16	49,200	50,000	100,748
Funds held in Trust	17	5,269	5,000	2,612
		<u>793,111</u>	<u>735,000</u>	<u>756,554</u>
<b>Working Capital Surplus/(Deficit)</b>		<b>1,522,818</b>	<b>1,316,752</b>	<b>1,257,721</b>
<b>Non-current Assets</b>				
Property, Plant and Equipment	11	433,051	440,000	536,398
Intangible Assets	12	61,253	57,850	64,656
		<u>494,304</u>	<u>497,850</u>	<u>601,054</u>
<b>Non-current Liabilities</b>				
Provision for Cyclical Maintenance	15	65,526	103,048	72,498
Finance Lease Liability	16	10,847	11,000	44,407
Funds held in Trust	17	5,933	5,000	5,814
		<u>82,306</u>	<u>119,048</u>	<u>122,719</u>
<b>Net Assets</b>		<u><u>1,934,816</u></u>	<u><u>1,695,554</u></u>	<u><u>1,736,056</u></u>
<b>Equity</b>		<u><u>1,934,816</u></u>	<u><u>1,695,554</u></u>	<u><u>1,736,056</u></u>

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

# SACRED HEART COLLEGE

## Statement of Cash Flows

For the year ended 31 December 2021

		2021	2021	2020
	Note	Actual	Budget	Actual
		\$	(Unaudited)	\$
<b>Cash flows from Operating Activities</b>				
Government Grants		1,974,887	1,679,645	1,799,920
Locally Raised Funds		480,008	414,136	375,632
International Students		-	31,256	(22,214)
Goods and Services Tax (net)		2,584	5,964	6,545
Payments to Employees		(1,084,585)	(903,220)	(1,009,397)
Payments to Suppliers		(967,285)	(1,001,970)	(935,093)
Interest Paid		(7,915)	(16,000)	(13,003)
Interest Received		20,697	20,626	41,018
Net cash from / (to) the Operating Activities		418,391	230,437	243,408
<b>Cash flows from Investing Activities</b>				
Proceeds from Sale of PPE (and Intangibles)		-	-	400
Purchase of PPE (and Intangibles)		(97,486)	(102,199)	(143,337)
Purchase of Investments		(402,125)	209,344	(440,579)
Proceeds from Sale of Investments		323,023	-	64,261
Net cash (to) / from the Investing Activities		(176,588)	107,145	(519,255)
<b>Cash flows from Financing Activities</b>				
Furniture and Equipment Grant		30,968	-	30,427
Finance Lease Payments		(104,905)	(84,155)	(100,816)
Funds Held on Behalf of Third Parties		2,776	1,574	(81,829)
Net cash from Financing Activities		(71,161)	(82,581)	(152,218)
<b>Net (decrease)/increase in cash and cash equivalents</b>		170,642	255,001	(428,065)
Cash and cash equivalents at the beginning of the year	8	44,751	44,751	472,816
<b>Cash and cash equivalents at the end of the year</b>	8	215,393	299,752	44,751

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.

# SACRED HEART COLLEGE

## Notes to the Financial Statements

For the year ended 31 December 2021

### 1. Statement of Accounting Policies

#### a) Reporting Entity

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

##### *Basis of Preparation*

The financial statements have been prepared 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.



# SACRED HEART COLLEGE

## Notes to the Financial Statements

### For the year ended 31 December 2021

#### *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.

#### *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 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 15.

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

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

#### *Classification of leases*

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

#### *Recognition of grants*

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

#### **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.

# **SACRED HEART COLLEGE**

## Notes to the Financial Statements

### For the year ended 31 December 2021

#### ***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) Inventories**

Inventories are consumable items held for sale and mainly comprise stationery and other items. 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.

#### **j) 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.

# SACRED HEART COLLEGE

## Notes to the Financial Statements

### For the year ended 31 December 2021

#### **k) 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 equitable leasehold interest, and amortised over the useful life of the leasehold asset.

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 - 20 years
Information and communication technology	3 - 5 years
Leased assets held under a Finance Lease	3 - 5 years
Library resources	12.5% Diminishing value
Motor vehicles	5 - 10 years
Textbooks	5 years

# SACRED HEART COLLEGE

## Notes to the Financial Statements

For the year ended 31 December 2021

### **l) 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 \$500 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. It's 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.

### **m) 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.

### **n) 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.

### **o) Employee Entitlements**

#### *Short-term employee entitlements*

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

# SACRED HEART COLLEGE

## Notes to the Financial Statements

### For the year ended 31 December 2021

#### **p) Revenue Received in Advance**

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

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

#### **q) 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.

#### **r) 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).

#### **s) Financial Instruments**

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

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

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

#### **t) 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.

#### **u) Budget Figures**

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

#### **v) 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.

**SACRED HEART COLLEGE**  
Notes to the Financial Statements  
For the year ended 31 December 2021

**2. Government Grants**

	2021 Actual \$	2021 Budget (Unaudited) \$	2020 Actual \$
Operational Grants	1,710,024	1,599,137	1,592,075
Other MoE Grants	264,863	80,508	207,845
Teachers' salaries Grants	5,435,091	5,000,000	5,099,243
	<u>7,409,978</u>	<u>6,679,645</u>	<u>6,899,163</u>

Other MOE Grants total includes COVID-19 funding of \$4,145 for the year ended 31 December 2021 (2020: \$47,042).

**3. Locally Raised Funds**

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

	2021 Actual \$	2021 Budget (Unaudited) \$	2020 Actual \$
<b>Revenue</b>			
Fees for Extra Curricular Activities	168,005	210,335	132,633
Donations	204,372	157,992	166,876
Fundraising & Community Grants	44,768	4,000	18,064
Other Revenue	3,692	7,781	22,545
Trading	33,817	13,600	28,482
	<u>454,654</u>	<u>393,708</u>	<u>368,600</u>
<b>Expenses</b>			
Fundraising and Community Grant Costs	17,364	500	8,215
Trading	21,258	5,600	18,464
	<u>38,622</u>	<u>6,100</u>	<u>26,679</u>
<i>Surplus for the year Locally raised funds</i>	<u>416,032</u>	<u>387,608</u>	<u>341,921</u>

**SACRED HEART COLLEGE**  
Notes to the Financial Statements  
For the year ended 31 December 2021

**4. International Student Revenue and Expenses**

	2021 Actual Number	2021 Budget (Unaudited) Number	2020 Actual Number
International Student Roll	1	2	10
	2021 Actual \$	2021 Budget (Unaudited) \$	2020 Actual \$
<b>Revenue</b>			
International student fees	2,282	33,538	163,973
<b>Expenses</b>			
Advertising	250	-	1,616
Commissions	1,645	-	19,013
Employee Benefits - Salaries	16,151	15,447	68,165
International Student Levy	1,778	858	6,461
Other Expenses	461	2,730	1,620
	<u>20,285</u>	<u>19,035</u>	<u>96,875</u>
<i>Surplus for the year International Students'</i>	<u>(18,003)</u>	<u>14,503</u>	<u>67,098</u>

**5. Learning Resources**

	2021 Actual \$	2021 Budget (Unaudited) \$	2020 Actual \$
Curricular	157,796	290,534	161,421
Employee Benefits - Salaries	6,042,005	5,388,613	5,546,961
Equipment Repairs	7,883	13,100	3,317
Extra-curricular Activities	226,232	192,961	196,026
Information and Communication Technology	163,835	155,722	171,145
Staff Development	20,448	22,500	18,495
	<u>6,618,199</u>	<u>6,063,430</u>	<u>6,097,365</u>

**SACRED HEART COLLEGE**  
Notes to the Financial Statements  
For the year ended 31 December 2021

**6. Administration**

	2021	2021	2020
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Audit Fee	10,696	9,336	9,371
Board of Trustees Expenses	7,237	17,500	7,617
Board of Trustees Fees	4,430	6,000	3,724
Communication	11,228	15,330	16,256
Consumables	45,256	37,230	42,406
Employee Benefits - Salaries	284,814	288,920	283,358
Insurance	14,039	15,000	31,365
Operating Lease	-	-	375
Other	29,274	28,500	22,763
Service Providers, Contractors and Consultancy	4,022	6,000	5,160
	<u>410,996</u>	<u>423,816</u>	<u>422,395</u>

**7. Property**

	2021	2021	2020
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Caretaking and Cleaning Consumables	2,331	9,000	9,206
Consultancy and Contract Services	142,304	153,746	136,555
Cyclical Maintenance Expense	28,167	30,550	59,432
Employee Benefits - Salaries	101,333	105,646	108,994
Grounds	8,716	8,500	6,838
Heat, Light and Water	46,346	62,917	57,761
Rates	4,285	4,000	2,876
Repairs and Maintenance	47,280	44,000	47,846
Security	14,546	10,250	9,066
Use of Land and Buildings	1,033,951	1,500,000	1,654,322
	<u>1,429,259</u>	<u>1,928,609</u>	<u>2,092,896</u>

In 2021, the Ministry of Education revised the notional rent rate from 8% to 5% to align it with the Government Capital Charge rate. This is considered to be a reasonable proxy for the market rental yield on the value of land and buildings used by schools. Accordingly in 2021, the use of land and buildings figure represents 5% of the school's total property value. Property values are established as part of the nation-wide revaluation exercise that is conducted every 30 June for the Ministry of Education's year-end reporting purposes.

**8. Cash and Cash Equivalents**

	2021	2021	2020
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Bank Current Account	63,812	199,752	43,285
Bank Call Account	151,581	100,000	1,466
Cash equivalents and bank overdraft for Cash Flow Statement	<u>215,393</u>	<u>299,752</u>	<u>44,751</u>



**SACRED HEART COLLEGE**  
Notes to the Financial Statements  
For the year ended 31 December 2021

**9. Accounts Receivable**

	2021 Actual \$	2021 Budget (Unaudited) \$	2020 Actual \$
Receivables	11,357	10,000	3,316
Interest Receivable	6,164	5,000	10,626
Teacher Salaries Grant Receivable	450,330	400,000	403,146
	<u>467,851</u>	<u>415,000</u>	<u>417,088</u>
Receivables from Exchange Transactions	17,521	15,000	13,942
Receivables from Non-Exchange Transactions	450,330	400,000	403,146
	<u>467,851</u>	<u>415,000</u>	<u>417,088</u>

**10. Investments**

The School's investment activities are classified as follows:

	2021 Actual \$	2021 Budget (Unaudited) \$	2020 Actual \$
Current Asset			
Short-term Bank Deposits	1,588,446	1,300,000	1,509,344

**11. Property, Plant and Equipment**

	Opening Balance (NBV) \$	Additions \$	Disposals \$	Impairment \$	Depreciation \$	Total (NBV) \$
<b>2021</b>						
Furniture and Equipment	189,911	42,795	-	-	(50,518)	182,190
Information Technology	143,271	39,828	-	-	(54,821)	128,277
Leased Assets	144,837	19,797	-	-	(101,277)	63,356
Library Resources	27,751	6,315	-	-	(3,666)	30,400
Textbooks	30,628	8,546	-	-	(10,347)	28,828
<b>Balance at 31 December 2021</b>	<u>536,398</u>	<u>117,281</u>	<u>-</u>	<u>-</u>	<u>(220,629)</u>	<u>433,051</u>

The net carrying value of equipment held under a finance lease is \$63,357 (2020: \$144,837).

	2021 Cost or Valuation \$	2021 Accumulated Depreciation \$	2021 Net Book Value \$	2020 Cost or Valuation \$	2020 Accumulated Depreciation \$	2020 Net Book Value \$
Furniture and Equipment	1,739,661	(1,557,471)	182,190	1,696,866	(1,506,955)	189,911
Information Technology	865,815	(737,538)	128,277	825,988	(682,717)	143,271
Leased Assets	383,472	(320,116)	63,356	363,675	(218,838)	144,837
Library Resources	176,887	(146,487)	30,400	170,572	(142,821)	27,751
Motor Vehicles	52,782	(52,782)	-	52,782	(52,782)	-
Textbooks	322,470	(293,642)	28,828	313,923	(283,295)	30,628
<b>Balance at 31 December</b>	<u>3,541,087</u>	<u>(3,108,036)</u>	<u>433,051</u>	<u>3,423,806</u>	<u>(2,887,408)</u>	<u>536,398</u>

# SACRED HEART COLLEGE

## Notes to the Financial Statements

### For the year ended 31 December 2021

#### 12. Equitable Leasehold Interest

An equitable leasehold interest recognises an interest in an asset without transferring ownership or creating a charge over the asset. This equitable leasehold interest represents the Board's interest in capital works assets owned by the Proprietor but paid for in whole or part by the Board of Trustees, either from Government funding or community raised funds.

A lease between the Board and the Proprietor records the terms of the equitable leasehold interest and includes a detailed schedule of capital works assets. The equitable leasehold interest is amortised over 32 years, based on the economic life of the capital works assets involved. The interest may be realised on the sale of the capital works by the Proprietor or the closure of the College.

The major capital works assets included in the equitable leasehold interest is:

	2021 Actual \$	2021 Budget (Unaudited) \$	2020 Actual \$
Canteen Refurbishment	61,253	57,850	64,656

#### 13. Accounts Payable

	2021 Actual \$	2021 Budget (Unaudited) \$	2020 Actual \$
Creditors	80,618	80,000	68,492
Accruals	10,536	10,000	6,973
Employee Entitlements - Salaries	450,330	400,000	403,146
Employee Entitlements - Leave Accrual	53,421	50,000	49,603
	<u>594,905</u>	<u>540,000</u>	<u>528,214</u>
Payables for Exchange Transactions	594,905	540,000	528,214
	<u>594,905</u>	<u>540,000</u>	<u>528,214</u>

The carrying value of payables approximates their fair value.

#### 14. Revenue Received in Advance

	2021 Actual \$	2021 Budget (Unaudited) \$	2020 Actual \$
International Student Fees in Advance	-	-	2,282
Student Fees in Advance	36,283	30,000	2,888
	<u>36,283</u>	<u>30,000</u>	<u>5,170</u>

**SACRED HEART COLLEGE**  
Notes to the Financial Statements  
For the year ended 31 December 2021

**15. Provision for Cyclical Maintenance**

	2021 Actual \$	2021 Budget (Unaudited) \$	2020 Actual \$
Provision at the Start of the Year	192,308	192,308	163,984
Increase to the Provision During the Year	28,167	30,550	59,432
Use of the Provision During the Year	(47,495)	(9,810)	(31,108)
Provision at the End of the Year	<u>172,980</u>	<u>213,048</u>	<u>192,308</u>
Cyclical Maintenance - Current	107,454	110,000	119,810
Cyclical Maintenance - Term	65,526	103,048	72,498
	<u>172,980</u>	<u>213,048</u>	<u>192,308</u>

**16. Finance Lease Liability**

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

	2021 Actual \$	2021 Budget (Unaudited) \$	2020 Actual \$
No Later than One Year	51,602	50,000	100,748
Later than One Year and no Later than Five Years	12,364	11,000	44,407
Later than Five Years	-	-	-
Future Finance Charges	(3,919)	-	-
	<u>60,047</u>	<u>61,000</u>	<u>145,155</u>
<b>Represented By</b>			
Finance Lease Liability - Current	49,200	50,000	100,748
Finance Lease Liability - Term	10,847	11,000	44,407
	<u>60,047</u>	<u>61,000</u>	<u>145,155</u>

**17. Funds held in Trust**

	2021 Actual \$	2021 Budget (Unaudited) \$	2020 Actual \$
Student Funds Held in Trust	5,269	5,000	2,612
Other Funds Held in Trust	5,933	5,000	5,814
	<u>11,202</u>	<u>10,000</u>	<u>8,426</u>

These funds are held in trust for international students homestay monies and donations collected on behalf of the Proprietor.

# SACRED HEART COLLEGE

## Notes to the Financial Statements

For the year ended 31 December 2021

### 18. Related Party Transactions

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

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

The Proprietor of the School (the Mission Colleges Lower Hutt Trust Board) is a related party of the Board because the proprietor appoints representatives to the Board, giving the proprietor significant influence over the Board. Any services or contributions between the Board and Proprietor have been disclosed appropriately, if the proprietor collects fund 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".

Under an agency agreement, the School collects funds on behalf of the Proprietor. These include attendance dues, building levy and special character donations payable to the Proprietor. These do not represent revenue in the financial statements of the school. Any balance not transferred at the year end is treated as a liability. The total funds held by the school on behalf of the proprietor are \$553 (2020: \$0).

#### Religious Instruction

The Proprietor provides Religious instruction to pupils of the College. This service is provided free of charge in accordance with the Private Schools Conditional Integration Act 1975.

#### Collection of donations, contributions and dues

Under an agency agreement the Board collected voluntary financial contributions on behalf of the Proprietor. This service is currently provided free of charge.

#### Uniform shop Salaries

The Colleges' uniform shop is operated by the Proprietor. The salaries for uniform shop staffing are processed by the Board and reimbursed by the Proprietor. This service is currently provided free of charge.

# SACRED HEART COLLEGE

## Notes to the Financial Statements

### For the year ended 31 December 2021

#### 19. Remuneration

##### Key management personnel compensation

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

	2021 Actual \$	2020 Actual \$
<i>Board Members</i>		
Remuneration	4,430	3,724
<i>Leadership Team</i>		
Remuneration	538,903	526,141
Full-time equivalent members	4.00	4.00
Total key management personnel remuneration	543,333	529,865
Total full-time equivalent personnel	4.00	4.00

There are 10 members of the Board excluding the Principal. The Board held 8 full meetings of the Board during the year. The Board also has 4 members of the Finance committee and 4 members of the Property committee that meet regularly. 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

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

	2021 Actual \$000	2020 Actual \$000
Salaries and Other Short-term Employee Benefits:		
Salary and Other Payments	170 - 180	160 - 170
Benefits and Other Emoluments	5 - 6	5 - 6
Termination Benefits	-	-

##### Other Employees

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

Remuneration \$000	2021 FTE Number	2020 FTE Number
100 - 110	9	6
110 - 120	5	4
120 - 130	1	1
	15	11

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

#### 20. Compensation and Other Benefits Upon Leaving

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

	2021 Actual	2020 Actual
Total	-	-
Number of People	-	-

# SACRED HEART COLLEGE

## Notes to the Financial Statements

### For the year ended 31 December 2021

#### 21. Contingencies

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

#### Holidays Act Compliance – schools payroll

The Ministry of Education performs payroll processing and payments on behalf of school 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 analysis and solutions have been completed.

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

#### 22. Commitments

##### Operating Commitments

As at 31 December 2021 the Board has not entered into any contracts (2020: nil).

#### 23. Financial Instruments

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

	2021 Actual \$	2021 Budget (Unaudited) \$	2020 Actual \$
<b>Financial assets measured at amortised cost</b>			
Cash and Cash Equivalents	215,393	299,752	44,751
Receivables	467,851	415,000	417,088
Investments - Term Deposits	1,588,446	1,300,000	1,509,344
<b>Total Financial Assets Measured at Amortised Cost</b>	<b>2,271,690</b>	<b>2,014,752</b>	<b>1,971,183</b>
<b>Financial liabilities measured at amortised cost</b>			
Payables	594,905	540,000	528,214
Finance Leases	60,047	61,000	145,155
<b>Total Financial Liabilities Measured at Amortised Cost</b>	<b>654,952</b>	<b>601,000</b>	<b>673,369</b>

#### 24. Events After Balance Date

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

## SACRED HEART COLLEGE

### Members of the Board

For the year ended 31 December 2021

Name	Position	How position on Board gained	Occupation	Term expired/expires
Richard Te One	Presiding Member	Elected	Franchisee	September 2022
Maria Potter	Principal	Appointed	Principal	
Josephine Collins	Proprietors Rep	Elected	MP Support	September 2022
John van Woerkom	Proprietors Rep			September 2022
Lucy Andrew	Proprietors Rep		Homemaker	September 2022
Renee Bajaj	Student Rep	Elected September 2020	Student	September 2021
Sharon Lapwood	Staff Rep	Elected	Teacher	April 2021
Tyler Skipper-King	Parent Rep	Selected	Youth Development Specialist	September 2022
Nicola Medway	Parent Rep	Elected	National Manager	September 2022
Rae Peters	Parent Rep	Elected	Professional Standards Adviser	September 2022
Aneterea Sa'u	Parent Rep	Selected		September 2022
Lucy Paul	Staff Rep	Elected	Teacher	September 2022
Vikki-Lee Remuera	Parent Rep	Elected	Sales Manager	February 2022
Krishna Raju	Student Rep	Elected September 2021	Student	September 2022

## **SACRED HEART COLLEGE**

### **Kiwisport Statement**

**For the year ended 31 December 2021**

Kiwisport is a Government funding initiative to support students participation in organised sport.

In 2021 the School received total Kiwisport funding of \$20,413 excluding GST (2020: \$19,667 excluding GST).

The funding was spent on internal co-ordinators and external coaches to enhance student core skills and fundamental skills to help assist them in gaining confidence to be able to participate in a wide range of sports.





## INDEPENDENT AUDITOR'S REPORT

### TO THE READERS OF SACRED HEART COLLEGE'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

The Auditor-General is the auditor of Sacred Heart College (the School). The Auditor-General has appointed me, Pam Thompson, using the staff and resources of Deloitte Limited, to carry out the audit of the financial statements of the School on his behalf.

#### Opinion

We have audited the financial statements of the School on pages 2 to 20, that comprise the statement of financial position as at 31 December 2021, the statement of comprehensive revenue and expense, statement of changes in net assets/equity and statement of cash flows for the year ended on that date, and the notes to the financial statements that include accounting policies and other explanatory information.

In our opinion the financial statements of the School:

- present fairly, in all material respects:
  - its financial position as at 31 December 2021; and
  - its financial performance and cash flows for the year then ended; and
- comply with generally accepted accounting practice in New Zealand in accordance with Public Sector – Public Benefit Entity Standards, Reduced Disclosure Regime.

Our audit was completed on 27 May 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.

#### 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 is responsible for such internal control as it determines is necessary to enable it to prepare financial statements that are free from material misstatement, whether due to fraud or error.



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

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

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

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

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

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

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

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

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



- We assess the risk of material misstatement arising from the Novopay payroll system, which may still contain errors. As a result, we carried out procedures to minimise the risk of material errors arising from the system that, in our judgement, would likely influence readers' overall understanding of the financial statements.

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

Our responsibilities arise from the Public Audit Act 2001.

### **Other information**

The Board of Trustees is responsible for the other information. Other Information has not been received by the auditor at the date the audit report is signed. Other information 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.

A handwritten signature in black ink that reads "Pam Thompson".

Pam Thompson  
Deloitte Limited  
On behalf of the Auditor-General  
Wellington, New Zealand