



ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

School Directory

Ministry Number:	3749
Principal:	Colin McHutchon
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HERIOT SCHOOL

Annual Financial Statements - For the year ended 31 December 2023

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Heriot School

Statement of Responsibility

For the year ended 31 December 2023

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 2023 fairly reflects the financial position and operations of the School.

The School's 2023 financial statements are authorised for issue by the Board.

Holly Roulston
Full Name of Presiding Member

COLIN MCKITCHEN
Full Name of Principal

Holly Roulston
Signature of Presiding Member

[Signature]
Signature of Principal

28.05.24
Date:

28 MAY 2024
Date:

Heriot School

Members of the Board

For the year ended 31 December 2023

Name	Position	How Position Gained	Term Expired/ Expires
Holly Roulston	Presiding Member	Elected	Nov 2026
Colin McHutchon	Principal	ex Officio	
John Hellewell	Parent Representative	Elected	Nov 2026
Susie Burrows	Parent Repreentative	Elected	Nov 2025
Michalle Hagan	Parent Repreentative	Elected	Nov 2025
Carl McKenzie	Parent Repreentative	Elected	Nov 2025
Penny O'Meara	Staff Representative	Elected	Nov 2025

Heriot School

Statement of Comprehensive Revenue and Expense

For the year ended 31 December 2023

		2023	2023	2022
	Notes	Actual	Budget	Actual
		\$	(Unaudited)	\$
			\$	
Revenue				
Government Grants	2	985,342	859,100	858,525
Locally Raised Funds	3	69,712	59,100	62,674
Interest		26,916	11,000	6,668
Gain on Sale of Property, Plant and Equipment		361	-	-
Total Revenue		1,082,331	929,200	927,867
Expenses				
Locally Raised Funds	3	5,711	5,050	4,808
Learning Resources	4	675,261	632,146	586,020
Administration	5	63,917	73,325	75,275
Interest		654	500	434
Property	6	246,871	218,150	210,713
Other Expenses	7	24,211	-	-
Loss on Disposal of Property, Plant and Equipment		569	-	547
Total Expense		1,017,194	929,171	877,797
Net Surplus for the year		65,137	29	50,070
Other Comprehensive Revenue and Expense		-	-	-
Total Comprehensive Revenue and Expense for the Year		65,137	29	50,070

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



Heriot School

Statement of Changes in Net Assets/Equity

For the year ended 31 December 2023

	Notes	2023 Actual \$	2023 Budget (Unaudited) \$	2022 Actual \$
Equity at 1 January		321,997	321,997	271,927
Total comprehensive revenue and expense for the year		65,137	29	50,070
Contribution - Furniture and Equipment Grant		8,391	6,516	-
Equity at 31 December		395,525	328,542	321,997
Accumulated comprehensive revenue and expense		395,525	328,542	321,997
Equity at 31 December		395,525	328,542	321,997

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.

Heriot School

Statement of Financial Position

As at 31 December 2023

		2023	2023	2022
	Notes	Actual	Budget	Actual
		\$	(Unaudited)	\$
			\$	
Current Assets				
Cash and Cash Equivalents	8	474,565	416,334	434,655
Accounts Receivable	9	122,583	48,243	48,243
GST Receivable		16,625	-	-
Prepayments		5,717	4,353	4,353
Inventories	10	927	1,127	1,127
Investments	11	51,800	202,185	202,185
Funds Receivable for Capital Works Projects	17	1,441	11,020	11,020
		673,658	683,262	701,583
Current Liabilities				
GST Payable		-	47,708	47,708
Accounts Payable	13	68,212	59,868	59,868
Revenue Received in Advance	14	1,742	120	120
Provision for Cyclical Maintenance	15	-	-	36,923
Finance Lease Liability	16	3,378	2,318	2,318
Funds held for Capital Works Projects	17	248,523	303,457	303,457
		321,855	413,471	450,394
Working Capital Surplus		351,803	269,791	251,189
Non-current Assets				
Property, Plant and Equipment	12	66,038	80,708	81,708
		66,038	80,708	81,708
Non-current Liabilities				
Provision for Cyclical Maintenance	15	14,900	21,957	10,900
Finance Lease Liability	16	7,416	-	-
		22,316	21,957	10,900
Net Assets		395,525	328,542	321,997
Equity		395,525	328,542	321,997

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

Heriot School

Statement of Cash Flows

For the year ended 31 December 2023

		2023	2023	2022
	Note	Actual	Budget	Actual
		\$	(Unaudited)	\$
			\$	
Cash flows from Operating Activities				
Government Grants		279,304	252,100	250,954
Locally Raised Funds		68,713	59,100	67,103
Goods and Services Tax (net)		(64,333)	-	35,646
Payments to Employees		(135,383)	(163,000)	(133,458)
Payments to Suppliers		(177,329)	(160,537)	(100,514)
Interest Paid		(654)	(500)	-
Interest Received		28,432	11,000	2,553
Net cash from/(to) Operating Activities		(1,250)	(1,837)	122,284
Cash flows from Investing Activities				
Proceeds from Sale of Property Plant & Equipment		361	-	-
Purchase of Property Plant & Equipment		(22,622)	(23,000)	(2,390)
Purchase of Investments		-	-	(202,185)
Proceeds from Sale of Investments		150,385	-	-
Net cash from/(to) Investing Activities		128,124	(23,000)	(204,575)
Cash flows from Financing Activities				
Furniture and Equipment Grant		8,391	6,516	-
Finance Lease Payments		(2,967)	-	(3,203)
Funds Administered on Behalf of Other Parties		(92,388)	-	294,731
Net cash (to)/from Financing Activities		(86,964)	6,516	291,528
Net increase/(decrease) in cash and cash equivalents		39,910	(18,321)	209,237
Cash and cash equivalents at the beginning of the year	8	434,655	434,655	225,418
Cash and cash equivalents at the end of the year	8	474,565	416,334	434,655

The Statement of Cash Flows records only those cash flows directly within the control of the School. This means centrally funded teachers' salaries, use of land and buildings grant and expense, and other notional items 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.

Heriot School

Notes to the Financial Statements

For the year ended 31 December 2023

1. Statement of Accounting Policies

1.1. Reporting Entity

Heriot School (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.

1.2. Basis of Preparation

Reporting Period

The financial statements have been prepared for the period 1 January 2023 to 31 December 2023 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 whole dollar.

Specific Accounting Policies

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

Critical Accounting Estimates And Assumptions

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

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

Cyclical Maintenance

A school recognises its obligation to maintain the Ministry's buildings in a good state of repair as a provision for cyclical maintenance. This provision relates mainly to the painting of the school buildings. The estimate is based on the school's best estimate of the cost of painting the school and when the school is required to be painted, based on an assessment of the school's condition. During the year, the Board assesses the reasonableness of its painting maintenance plan on which the provision is based. Cyclical maintenance is disclosed at note 15.

Useful lives of property, plant and equipment

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

Critical Judgements in applying accounting policies

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

Classification of leases

Determining whether a lease is a finance lease or an operating lease requires judgement as to whether the lease transfers substantially all the risks and rewards of ownership to the school. A lease is classified as a finance lease if it transfers substantially all risks and rewards incidental to ownership of an underlying asset to the lessee. In contrast, an operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset to the lessee.

Judgement is required on various aspects that include, but are not limited to, the fair value of the leased asset, the economic life of the leased asset, whether or not to include renewal options in the lease term, and determining an appropriate discount rate to calculate the present value of the minimum lease payments. Classification as a finance lease means the asset is recognised in the statement of financial position as property, plant and equipment, whereas for an operating lease no such asset is recognised. Finance lease liability disclosures are contained in note 16. Future operating lease commitments are disclosed in note 22b.

Recognition of grants

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

1.3. Revenue Recognition

Government Grants

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

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

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

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

The property from which the School operates is owned by the Crown and managed by the Ministry of Education on behalf of the Crown. Grants for the use of land and buildings are not received in cash by the School as they equate to the deemed expense for using the land and buildings which are owned by the Crown. The School's use of the land and buildings as occupant is based on a property occupancy document as gazetted by the Ministry. The expense is based on an assumed market rental yield on the value of land and buildings as used for rating purposes.

This is a non-cash revenue that is offset by a non-cash expense. The use of land and buildings grants and associated expenditure are recorded in the period the School uses the land and buildings.

Other Grants where conditions exist

Other grants are recorded as revenue when the School has the rights to the funding, unless there are unfulfilled conditions attached to the grant, in which case the amount relating to the unfulfilled conditions is recognised as a liability and recognised as revenue as the conditions are fulfilled.

Donations, Gifts and Bequests

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

Interest Revenue

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

1.4. Operating Lease Payments

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

1.5. Finance Lease Payments

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

1.6. Cash and Cash Equivalents

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

1.7. Accounts Receivable

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

1.8. Inventories

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

1.9. Investments

Bank term deposits are initially measured at the amount invested. A loss allowance for expected credit losses is recognised if the estimated loss allowance is not trivial.

1.10. Property, Plant and Equipment

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

Improvements funded by the Board to buildings owned by the Crown or directly by the board are recorded at cost, less accumulated depreciation and impairment losses.

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

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

Finance Leases

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

Depreciation

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

The estimated useful lives of the assets are:

Building improvements	10-75 years
Furniture and equipment	10-15 years
Information and communication technology	4-5 years
Leased assets held under a Finance Lease	Term of Lease
Library resources	12.5% Diminishing value

1.11. Impairment of property, plant and equipment and intangible assets

The school does not hold any cash generating assets. Assets are considered cash generating where their primary objective is to generate a commercial return.

Non cash generating assets

Property, plant, and equipment and intangible assets held at cost that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If such indication exists, the School estimates the asset's recoverable service amount. An impairment loss is recognised as the amount by which the asset's carrying amount exceeds its recoverable service amount. The recoverable service amount is the higher of an asset's fair value less costs to sell and value in use.

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

In determining fair value less costs to sell the school engages an independent valuer to assess market value based on the best available information.

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

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

1.12. Accounts Payable

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

1.13. Employee Entitlements

Short-term employee entitlements

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

Long-term employee entitlements

Employee benefits that are not expected to be settled wholly before 12 months after the end of the reporting period in which the employee provides the related service, such as retirement and long service leave, have been calculated on an actuarial basis.

The calculations are based on the likely future entitlements accruing to employees, based on years of service, years to entitlement, the likelihood that employees will reach the point of entitlement, and contractual entitlement information, and the present value of the estimated future cash flows. Remeasurements are recognised in the surplus or deficit in the period in which they arise.

1.14. Revenue Received in Advance

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

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

1.15. Funds Held in Trust

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

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

1.16. Funds held for Capital Works

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

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

1.17. Provision for Cyclical Maintenance

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

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

The School carries out painting maintenance of the whole school over a variety of periods in accordance with the conditional assessment of each area of the school. The economic outflow of this is dependent on the plan established by the School to meet this obligation and is detailed in the notes and disclosures of these accounts.

1.18. Financial Instruments

The School's financial assets comprise cash and cash equivalents, accounts receivable, and investments. All of these financial assets, except for investments that are shares, are initially recognised at fair value and subsequently measured at amortised cost, using the effective interest method.

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

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

1.19. Goods and Services Tax (GST)

The financial statements have been prepared on a GST exclusive basis, with the exception of accounts receivable and accounts payable which are stated as GST inclusive.

The net amount of GST paid to, or received from, the IRD, including the GST relating to investing and financing activities, is classified as a net operating cash flow in the statements of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

1.20. Budget Figures

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

1.21. Services received in-kind

From time to time the School receives services in-kind, including the time of volunteers. The School has elected not to recognise services received in kind in the Statement of Comprehensive Revenue and Expense.

2. Government Grants

	2023 Actual \$	2023 Budget (Unaudited) \$	2022 Actual \$
Government Grants - Ministry of Education	276,132	250,100	245,960
Teachers' Salaries Grants	535,460	470,000	471,892
Use of Land and Buildings Grants	170,798	137,000	137,347
Other Government Grants	2,952	2,000	3,326
	<u>985,342</u>	<u>859,100</u>	<u>858,525</u>

The School has opted in to the donations scheme for this year. Total amount received was \$13,408 (2022: \$nil).

3. Locally Raised Funds

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

	2023 Actual \$	2023 Budget (Unaudited) \$	2022 Actual \$
Revenue			
Donations & Bequests	6,423	25,700	17,444
Fees for Extra Curricular Activities	3,805	3,050	2,914
Trading	219	350	432
Fundraising & Community Grants	50,536	26,700	36,852
Other Revenue	8,729	3,300	5,032
	<u>69,712</u>	<u>59,100</u>	<u>62,674</u>
Expenses			
Extra Curricular Activities Costs	3,291	3,050	2,788
Trading	272	300	453
Fundraising & Community Grant Costs	-	200	-
Other Locally Raised Funds Expenditure	2,148	1,500	1,567
	<u>5,711</u>	<u>5,050</u>	<u>4,808</u>
<i>Surplus for the year Locally raised funds</i>	<u>64,001</u>	<u>54,050</u>	<u>57,866</u>

4. Learning Resources

	2023 Actual \$	2023 Budget (Unaudited) \$	2022 Actual \$
Curricular	31,089	36,596	23,028
Equipment Repairs	-	250	18
Information and Communication Technology	1,668	1,500	419
Employee Benefits - Salaries	606,322	560,750	534,505
Staff Development	9,859	9,050	4,378
Depreciation	26,323	24,000	23,672
	<u>675,261</u>	<u>632,146</u>	<u>586,020</u>

5. Administration

	2023 Actual \$	2023 Budget (Unaudited) \$	2022 Actual \$
Audit Fee	4,774	4,500	4,635
Board Fees	4,125	4,455	3,960
Board Expenses	3,332	2,600	2,953
Communication	4,186	4,250	957
Consumables	3,667	3,750	3,192
Operating Lease	2,549	5,800	2,334
Other	1,249	1,352	1,331
Employee Benefits - Salaries	36,919	42,250	51,986
Insurance	339	1,654	1,347
Service Providers, Contractors and Consultancy	2,777	2,714	2,580
	<u>63,917</u>	<u>73,325</u>	<u>75,275</u>



6. Property

	2023	2023	2022
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Caretaking and Cleaning Consumables	3,130	3,300	3,090
Cyclical Maintenance	7,077	9,000	4,257
Adjustment to the Provision- Other Adjustments	(6,634)	-	-
Grounds	7,158	7,100	4,212
Heat, Light and Water	26,262	23,250	21,672
Rates	1,068	1,000	1,022
Repairs and Maintenance	6,672	7,000	11,457
Use of Land and Buildings	170,798	137,000	137,347
Security	485	500	485
Employee Benefits - Salaries	30,855	30,000	27,171
	<u>246,871</u>	<u>218,150</u>	<u>210,713</u>

The Use of Land and Buildings figure represents 5% of the school's total property value. Property values are established as part of the nation-wide revaluation exercise that is conducted every 30 June for the Ministry of Education's year-end reporting purposes.

7. Other Expenses

	2023	2023	2022
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Impairment of Property, Plant and Equipment	24,211	-	-
	<u>24,211</u>	<u>-</u>	<u>-</u>

8. Cash and Cash Equivalents

	2023	2023	2022
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Bank Accounts	160,579	416,334	184,655
Short-term Bank Deposits	313,986	-	250,000
	<u>474,565</u>	<u>416,334</u>	<u>434,655</u>

Cash and Cash Equivalents for Statement of Cash Flows

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

Of the \$474,565 Cash and Cash Equivalents, \$217,573 is held by the School on behalf of the Ministry of Education. These funds have been provided by the Ministry as part of the school's 5 Year Agreement funding for upgrades to the school's buildings. The funds are required to be spent in 2024 on Crown owned school buildings.

Of the \$474,565 Cash and Cash Equivalents, \$1,588 of unspent grant funding is held by the School. This funding is subject to conditions which specify how the grant is required to be spent. If these conditions are not met, the funds will need to be returned.

9. Accounts Receivable

	2023	2023	2022
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Receivables	3,382	2,349	2,349
Receivables from the Ministry of Education	69,448	-	-
Interest Receivable	2,599	4,115	4,115
Teacher Salaries Grant Receivable	47,154	41,779	41,779
	<u>122,583</u>	<u>48,243</u>	<u>48,243</u>
Receivables from Exchange Transactions	5,981	6,464	6,464
Receivables from Non-Exchange Transactions	116,602	41,779	41,779
	<u>122,583</u>	<u>48,243</u>	<u>48,243</u>

10. Inventories

	2023	2023	2022
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Stationery	927	1,127	1,127
	<u>927</u>	<u>1,127</u>	<u>1,127</u>



11. Investments

The School's investment activities are classified as follows:

	2023 Actual \$	2023 Budget (Unaudited) \$	2022 Actual \$
Current Asset			
Short-term Bank Deposits	51,800	202,185	202,185
Total Investments	51,800	202,185	202,185

12. Property, Plant and Equipment

	Opening Balance (NBV) \$	Additions \$	Disposals \$	Impairment \$	Depreciation \$	Total (NBV) \$
2023						
Land	5,000	-	-	-	-	5,000
Building Improvements	38,605	4,755	-	(24,211)	(6,204)	12,945
Furniture and Equipment	14,827	6,442	-	-	(4,230)	17,039
Information and Communication Technology	17,267	10,986	-	-	(12,588)	15,665
Leased Assets	605	12,811	-	-	(2,642)	10,774
Library Resources	5,404	140	(270)	-	(659)	4,615
Balance at 31 December 2023	81,708	35,134	(270)	(24,211)	(26,323)	66,038

The net carrying value of furniture and equipment held under a finance lease is \$10,774 (2022: \$605).

Restrictions

With the exception of the contractual restrictions relating to the above noted finance leases, there are no other restrictions over the title of the school's property, plant and equipment, nor are any property, plant and equipment pledged as security for liabilities.

	2023 Cost or Valuation \$	2023 Accumulated Depreciation \$	2023 Net Book Value \$	2022 Cost or Valuation \$	2022 Accumulated Depreciation \$	2022 Net Book Value \$
Land	5,000	-	5,000	5,000	-	5,000
Building Improvements	105,727	(92,782)	12,945	144,105	(105,500)	38,605
Furniture and Equipment	154,906	(137,867)	17,039	148,464	(133,637)	14,827
Information and Communication Technology	81,545	(65,880)	15,665	70,560	(53,293)	17,267
Leased Assets	12,811	(2,037)	10,774	10,399	(9,794)	605
Library Resources	30,415	(25,800)	4,615	31,865	(26,461)	5,404
Balance at 31 December	390,404	(324,366)	66,038	410,393	(328,685)	81,708

13. Accounts Payable

	2023 Actual \$	2023 Budget (Unaudited) \$	2022 Actual \$
Creditors	6,988	4,554	4,554
Accruals	4,774	4,135	4,135
Employee Entitlements - Salaries	53,950	49,373	49,373
Employee Entitlements - Leave Accrual	2,500	1,806	1,806
	68,212	59,868	59,868
Payables for Exchange Transactions	68,212	59,868	59,868
	68,212	59,868	59,868

The carrying value of payables approximates their fair value.

14. Revenue Received in Advance

	2023 Actual \$	2023 Budget (Unaudited) \$	2022 Actual \$
Grants in Advance - Ministry of Education	1,588	-	-
Other Revenue in Advance	154	120	120
	1,742	120	120



15. Provision for Cyclical Maintenance

	2023 Actual \$	2023 Budget (Unaudited) \$	2022 Actual \$
Provision at the Start of the Year	47,823	47,823	43,566
Increase to the Provision During the Year	7,077	9,000	7,077
Use of the Provision During the Year	(33,366)	(34,866)	-
Other Adjustments	(6,634)	-	(2,820)
Provision at the End of the Year	14,900	21,957	47,823
Cyclical Maintenance - Current	-	-	36,923
Cyclical Maintenance - Non current	14,900	21,957	10,900
	14,900	21,957	47,823

The School's cyclical maintenance schedule details annual painting & other significant cyclical maintenance work to be undertaken. The costs associated with this annual work will vary depending on the requirements during the year. This plan is based on the School's most recent 10 Year Property plan, adjusted as identified and confirmed appropriate by the Board, to other reliable sources of evidence.

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:

	2023 Actual \$	2023 Budget (Unaudited) \$	2022 Actual \$
No Later than One Year	4,113	2,416	2,416
Later than One Year and no Later than Five Years	8,200	-	-
Future Finance Charges	(1,519)	(98)	(98)
	10,794	2,318	2,318
Finance lease liability - Current	3,378	2,318	2,318
Finance lease liability - Non-current	7,416	-	-
	10,794	2,318	2,318

17. Funds Held for Capital Works Projects

During the year the School received and applied funding from the Ministry of Education for the following capital works projects. The amount of cash held on behalf of the Ministry for capital works project is included under cash and cash equivalents in note 8.

2023	Opening Balances \$	Receipts from MoE \$	Payments \$	Board Contributions \$	Closing Balances \$
Boiler Replacement - 208874	(11,020)	11,020	-	-	-
LSC - 220073	17,504	4,759	(23,704)	-	(1,441)
Pool Translucent Cladding - 228899	3,437	212,104	(8,202)	-	207,339
Toilets Remodel - 235082	282,516	103,154	(354,720)	-	30,950
Ventilation & Glazing - 224162	-	10,234	-	-	10,234
Totals	292,437	341,271	(386,626)	-	247,082

Represented by:

Funds Held on Behalf of the Ministry of Education	248,523
Funds Receivable from the Ministry of Education	(1,441)

2022	Opening Balances \$	Receipts from MoE \$	Payments \$	Board Contributions \$	Closing Balances \$
Boiler Replacement - 208874	(5,233)	14,614	(20,401)	-	(11,020)
SIP/ AMS CP - 212880	4,305	-	(4,305)	-	-
LSC - 220073	(1,366)	49,663	(30,793)	-	17,504
Pool Translucent Cladding - 228899	-	22,500	(19,063)	-	3,437
Toilets Remodel - 235082	-	307,345	(24,829)	-	282,516
Totals	(2,294)	394,122	(99,391)	-	292,437

Represented by:

Funds Held on Behalf of the Ministry of Education	303,457
Funds Receivable from the Ministry of Education	(11,020)



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, with the exception noted below:

Keith A McKenzie, a Board related party, has provided services at an amount of \$1k discounted below market rate.

Further, transactions with other government agencies for example, Government departments and Crown entities are not disclosed as related party transactions when they are consistent with the normal operating arrangements between government agencies and undertaken on the normal terms and conditions for such transactions.

19. Remuneration

Key management personnel compensation

Key management personnel of the School include all trustees of the Board and the Principal.

	2023 Actual \$	2022 Actual \$
<i>Board Members</i>		
Remuneration	4,125	3,960
<i>Leadership Team</i>		
Remuneration	138,624	122,407
Full-time equivalent members	1.00	1.00
Total key management personnel remuneration	142,749	126,367

There are six members of the Board excluding the Principal. The Board had held nine full meetings of the Board in the year. The Board also has Finance and Property members that meet monthly and quarterly respectively. As well as these regular meetings, including preparation time, the Presiding Member and other Board members have also been involved in ad hoc meetings to consider student welfare matters including stand downs, suspensions, and other disciplinary matters.

Principal

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

	2023 Actual \$000	2022 Actual \$000
Salaries and Other Short-term Employee Benefits:		
Salary and Other Payments	130 - 140	110 - 120
Benefits and Other Emoluments	0 - 5	0 - 5
Termination Benefits	0 - 0	0 - 0

Other Employees

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

Remuneration \$000	2023 FTE Number	2022 FTE Number
100 -110	1.00	-
	1.00	-

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

20. Compensation and Other Benefits Upon Leaving

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

	2023 Actual \$	2022 Actual \$
Total	-	-
Number of People	-	-

21. Contingencies

There are no contingent liabilities and no contingent assets except as noted below as at 31 December 2023 (Contingent liabilities and assets at 31 December 2022: nil).

Holidays Act Compliance – schools payroll

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

The Ministry continues to review the schools sector payroll to ensure compliance with the Holidays Act 2003. An initial remediation payment has been made to some current school employees. The Ministry is continuing to perform detailed analysis to finalise calculations and the potential impacts of specific individuals, as such this is expected to resolve the liability for school boards.

Pay Equity Settlement Wash Up amounts

In 2023 the Ministry of Education provided additional funding for non-teaching collective and pay equity agreements. The School is yet to receive a final wash up that adjusts the estimated quarterly instalments for the actual eligible staff members employed in 2023. The Ministry is in the process of determining wash up payments or receipts for the year ended 31 December 2023 however as at the reporting date this amount had not been calculated and therefore is not recorded in these financial statements.

22. Commitments

(a) Capital Commitments

As at 31 December 2023, the Board had capital commitments of \$426,233 (2022:\$292,437) as a result of entering the following contracts:

Contract Name	Contract Amount	Spend To Date	Remaining Capital Commitment
	\$	\$	\$
LSC - 220073	56,758	55,863	895
Pool Translucent Cladding - 228899	297,074	27,265	269,809
Toilets Remodel - 235082	432,743	379,548	53,194
Ventilation & Glazing - 224162	102,335		102,335
Total	888,910	462,676	426,233

(b) Operating Commitments

As at 31 December 2023 the Board has not entered into any operating contracts.

(Operating commitments at 31 December 2022: nil)

23. Financial Instruments

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

Financial assets measured at amortised cost

	2023 Actual \$	2023 Budget (Unaudited) \$	2022 Actual \$
Cash and Cash Equivalents	474,565	416,334	434,655
Receivables	122,583	48,243	48,243
Investments - Term Deposits	51,800	202,185	202,185
Total Financial assets measured at amortised cost	648,948	666,762	685,083

Financial liabilities measured at amortised cost

Payables	68,212	59,868	59,868
Finance Leases	10,794	2,318	2,318
Total Financial liabilities measured at amortised Cost	79,006	62,186	62,186

24. Events After Balance Date

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

25. Comparatives

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



INDEPENDENT AUDITOR'S REPORT**To the readers of Heriot School's financial statements for the year ended 31 December 2023**

The Auditor-General is the auditor of Heriot School (the School). The Auditor-General has appointed me, Anna Campbell, using the staff and resources of Crowe New Zealand Audit Partnership, to carry out the audit of the financial statements of the School on his behalf.

Opinion

We have audited the financial statements of the School on pages 3 to 18, that comprise the statement of financial position as at 31 December 2023, 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:

- a) present fairly, in all material respects:
 - its financial position as at 31 December 2023; and
 - its financial performance and cash flows for the year then ended; and
- b) 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 28 May 2024. 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 arise from section 134 of the Education and Training Act 2020.

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

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

Our responsibilities arise from the Public Audit Act 2001.

Other information

The Board is responsible for the other information. The other information comprises the information included in the Annual Report; Report of Te Tiriti o Waitangi, Evaluation of the School's Students' Progress and Achievement, Statement of Variance, Statement of Compliance with Good Employer Policy and Kiwisport Report, but does not include the financial statements, and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

We are independent of the School in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand) (PES 1)* issued by the New Zealand Auditing and Assurance Standards Board.

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



Anna Campbell
Crowe New Zealand Audit Partnership
On behalf of the Auditor-General
Invercargill, New Zealand

The title 'Partner' conveys that the person is a senior member within their respective division and is among the group of persons who hold an equity interest (shareholder) in its parent entity, Findex Group Limited. The only professional service offering which is conducted by a partnership is external audit, conducted via the Crowe Australasia external audit division and Unison SMSF Audit. All other professional services offered by Findex Group Limited are conducted by a privately owned organisation and/or its subsidiaries.