



# **Royal Road School**

## **ANNUAL REPORT**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

**Ministry Number:** 1476

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Auckland

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# ROYAL ROAD SCHOOL

Annual Report - For the year ended 31 December 2021

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## Royal Road School

### 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.

Katherine Anne Turner  
Full Name of Presiding Member

K. Turner  
Signature of Presiding Member

31-05-2022  
Date:

Wayne Gordon Leighton  
Full Name of Principal

Wayne Leigh  
Signature of Principal

31/5/22.  
Date:

# Royal Road School

## Members of the Board of Trustees

For the year ended 31 December 2021

Name	Position	How Position Gained	Term Expires
Katie Turner	Chairperson	Re-elected Jun 2019	Jun 2022
Wayne Leighton	Principal	Ex officio	
Louise Hill	Parent Representative	Re-elected Jun 2019	Jun 2022
Elijah Peters	Parent Representative	Elected Jun 2019	Dec 2021
Mellissa Matthews	Parent Representative	Elected Jun 2019	Dec 2021
Helen Mowat	Staff Representative	Re-elected Jun 2019	Jun 2022
Taniora Tauariki	Parent Representative	Elected Mar 2021	Jun 2022
Raenada Nicholas	Parent Representative	Elected Mar 2021	Jun 2022
Renee Dew	Parent Representative	Elected Mar 2021	Jun 2022

# Royal Road School

## 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	3,438,860	3,090,388	3,091,957
Locally Raised Funds	3	71,978	57,800	139,976
Interest Income		4,989	8,000	11,059
		3,515,827	3,156,188	3,242,992
<b>Expenses</b>				
Locally Raised Funds	3	19,296	51,850	36,405
Learning Resources	4	1,995,559	1,866,396	1,897,968
Administration	5	388,646	174,314	160,383
Finance		1,382	1,200	1,772
Property	6	984,182	958,184	961,406
Depreciation	11	96,633	100,000	84,402
Loss on Disposal of Property, Plant and Equipment		-	-	2,346
		3,485,698	3,151,944	3,144,682
<b>Net Surplus / (Deficit) for the year</b>		30,129	4,244	98,310
Other Comprehensive Revenue and Expense		-	-	-
<b>Total Comprehensive Revenue and Expense for the Year</b>		30,129	4,244	98,310

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

# Royal Road School

## Statement of Changes in Net Assets/Equity

For the year ended 31 December 2021

	Notes	2021 Actual \$	2021 Budget (Unaudited) \$	2020 Actual \$
<b>Equity at 1 January</b>		909,927	909,927	764,117
Total comprehensive revenue and expense for the year		30,129	4,244	98,310
Capital Contributions from the Ministry of Education				
Contribution - Furniture and Equipment Grant		9,478	-	47,500
<b>Equity at 31 December</b>		949,534	914,171	909,927
Retained Earnings		949,534	914,171	909,927
<b>Equity at 31 December</b>		949,534	914,171	909,927

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.

# Royal Road School

## 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	7	415,514	179,945	222,741
Accounts Receivable	8	127,595	126,772	126,772
GST Receivable		-	27,615	27,615
Prepayments		10,100	13,693	13,693
Inventories	9	1,188	1,281	1,281
Investments	10	476,555	474,193	474,193
		1,030,952	823,499	866,295
<b>Current Liabilities</b>				
GST Payable		117	-	-
Accounts Payable	12	150,291	285,991	335,791
Revenue Received in Advance	13	4,248	-	-
Provision for Cyclical Maintenance	14	79,658	14,500	-
Finance Lease Liability	15	8,135	6,357	8,422
Funds held for Capital Works Projects	16	174,615	-	(3,009)
		417,064	306,848	341,204
<b>Working Capital Surplus/(Deficit)</b>		613,888	516,651	525,091
<b>Non-current Assets</b>				
Property, Plant and Equipment	11	423,383	412,559	411,259
		423,383	412,559	411,259
<b>Non-current Liabilities</b>				
Provision for Cyclical Maintenance	14	83,201	12,646	18,973
Finance Lease Liability	15	4,536	2,393	7,450
		87,737	15,039	26,423
<b>Net Assets</b>		949,534	914,171	909,927
<b>Equity</b>		949,534	914,171	909,927

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

# Royal Road School

## Statement of Cash Flows

For the year ended 31 December 2021

	Note	2021 Actual \$	2021 Budget (Unaudited) \$	2020 Actual \$
<b>Cash flows from Operating Activities</b>				
Government Grants		1,054,120	771,082	842,078
Locally Raised Funds		75,049	57,800	96,545
Goods and Services Tax (net)		27,732	-	(16,417)
Payments to Employees		(419,840)	(421,307)	(468,579)
Payments to Suppliers		(620,480)	(357,395)	(244,089)
Interest Paid		(1,382)	(1,200)	(1,772)
Interest Received		4,792	8,000	11,682
Net cash from/(to) Operating Activities		119,991	56,980	219,448
<b>Cash flows from Investing Activities</b>				
Purchase of Property Plant & Equipment		(103,117)	(148,002)	(167,311)
Purchase of Investments		(2,362)	-	(5,041)
Net cash (to)/from Investing Activities		(105,479)	(148,002)	(172,352)
<b>Cash flows from Financing Activities</b>				
Furniture and Equipment Grant		9,478	-	47,500
Finance Lease Payments		(8,841)	39,580	(2,963)
Funds Administered on Behalf of Third Parties		177,624	8,646	(2,289)
Net cash from/(to) Financing Activities		178,261	48,226	42,248
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>192,773</b>	<b>(42,796)</b>	<b>89,344</b>
Cash and cash equivalents at the beginning of the year	7	222,741	222,741	133,397
<b>Cash and cash equivalents at the end of the year</b>	<b>7</b>	<b>415,514</b>	<b>179,945</b>	<b>222,741</b>

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

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



# Royal Road School

## Notes to the Financial Statements

### For the year ended 31 December 2021

#### 1. Statement of Accounting Policies

##### a) Reporting Entity

Royal Road 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.

##### 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.

###### **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 14.

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

The School reviews the estimated useful lives of property, plant and equipment at the end of each reporting date. The School believes that the estimated useful lives of the property, plant and equipment as disclosed in the significant accounting policies are appropriate to the nature of the property, plant and equipment at reporting date. Property, plant and equipment is disclosed at note 11.

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

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

#### *Classification of leases*

Determining whether a lease is a finance lease or an operating lease requires judgement as to whether the lease transfers substantially all the risks and rewards of ownership to the school. 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.

The property from which the School operates is owned by the Crown and managed by the Ministry of Education on behalf of the Crown. These are not received in cash by the School as they equate to the deemed expense for using the land and buildings which are owned by the Crown. 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**

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

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

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

#### **Interest Revenue**

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

### **d) Operating Lease Payments**

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

### **e) Finance Lease Payments**

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

### **f) Cash and Cash Equivalents**

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

### **g) Accounts Receivable**

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

### **h) Inventories**

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

### **i) Investments**

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

### **j) Property, Plant and Equipment**

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

Improvements to buildings owned by the Crown are recorded at cost, less accumulated depreciation and impairment losses.

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

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

#### **Finance Leases**

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

#### **Depreciation**

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

The estimated useful lives of the assets are:

Building improvements to Crown Owned Assets	20 years
Furniture and equipment	10 years
Information and communication technology	5 years
Leased assets held under a Finance Lease	Term of Lease
Library resources	12.5% Diminishing value

#### **k) 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.

#### **l) 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.

#### **m) Employee Entitlements**

##### *Short-term employee entitlements*

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

#### **n) Revenue Received in Advance**

Revenue received in advance relates to fees received from 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.

**o) Provision for Cyclical Maintenance**

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

Cyclical maintenance, which involves painting the interior and exterior of the School, makes up the most significant part of the Board's responsibilities outside day-to-day maintenance. The provision is a reasonable estimate, based on an up to date 10 Year Property Plan (10YPP) or another appropriate source of evidence.

**p) Financial Instruments**

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

The School's financial liabilities comprise accounts payable, borrowings, finance lease liability, and painting contract liability. All of these financial liabilities are categorised as 'financial liabilities measured at amortised cost' for accounting purposes in accordance with financial reporting standards.

**q) Borrowings**

Borrowings on normal commercial terms are initially recognised at the amount borrowed plus transaction costs. Interest due on the borrowings is subsequently accrued and added to the borrowings balance. Borrowings are classified as current liabilities unless the school has an unconditional right to defer settlement of the liability for at least 12 months after balance date.

Borrowings include but are not limited to bank overdrafts, operating leases, finance leases, painting contracts and term loans.

**r) 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.

**s) Budget Figures**

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

**u) Services received in-kind**

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

## 2. Government Grants

	2021 Actual \$	2021 Budget (Unaudited) \$	2020 Actual \$
Operational Grants	685,179	634,781	665,187
Teachers' Salaries Grants	1,689,622	1,493,323	1,493,323
Use of Land and Buildings Grants	649,219	776,184	776,184
Other MoE Grants	413,828	186,100	157,263
Other Government Grants	1,012	-	-
	<b>3,438,860</b>	<b>3,090,388</b>	<b>3,091,957</b>

The school has opted in to the donations scheme for this year. Total amount received was \$50,100.

## 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>			
Donations & Bequests	602	-	41,550
Fees for Extra Curricular Activities	30,519	38,300	1,912
Trading	12,476	14,500	41,759
Fundraising & Community Grants	-	-	54,755
Other Revenue	28,381	5,000	-
	<b>71,978</b>	<b>57,800</b>	<b>139,976</b>
<b>Expenses</b>			
Extra Curricular Activities Costs	10,738	41,350	11,056
Trading	8,558	10,500	18,716
Fundraising and Community Grant Costs	-	-	6,633
	<b>19,296</b>	<b>51,850</b>	<b>36,405</b>
<i>Surplus/ (Deficit) for the year Locally raised funds</i>	<b>52,682</b>	<b>5,950</b>	<b>103,571</b>

## 4. Learning Resources

	2021 Actual \$	2021 Budget (Unaudited) \$	2020 Actual \$
Curricular	36,920	54,192	47,922
Equipment Repairs	-	-	681
Information and Communication Technology	2,950	10,000	-
Library Resources	3,429	4,500	3,903
Employee Benefits - Salaries	1,941,877	1,778,354	1,828,563
Staff Development	10,383	19,350	16,899
	<b>1,995,559</b>	<b>1,866,396</b>	<b>1,897,968</b>

## 5. Administration

	2021 Actual \$	2021 Budget (Unaudited) \$	2020 Actual \$
Audit Fee	7,447	6,361	6,031
Board Fees	2,841	4,455	2,726
Board Expenses	4,131	3,600	2,403
Communication	2,950	4,500	4,332
Consumables	4,411	4,000	3,324
Operating Lease	170	-	809
Healthy Lunch Scheme	216,888	-	-
Other	23,083	41,640	22,134
Employee Benefits - Salaries	107,580	88,822	98,962
Insurance	7,516	8,000	7,035
Service Providers, Contractors and Consultancy	11,629	12,936	12,627
	<b>388,646</b>	<b>174,314</b>	<b>160,383</b>

## 6. Property

	2021 Actual \$	2021 Budget (Unaudited) \$	2020 Actual \$
Caretaking and Cleaning Consumables	57,483	57,000	23,293
Consultancy and Contract Services	-	3,000	40,156
Cyclical Maintenance Provision	143,886	8,173	(5,201)
Grounds	9,624	7,300	4,385
Heat, Light and Water	19,932	18,500	19,802
Rates	62	200	175
Repairs and Maintenance	52,455	35,373	46,698
Use of Land and Buildings	649,219	776,184	776,184
Security	4,107	5,000	6,958
Employee Benefits - Salaries	47,414	47,454	48,956
	<b>984,182</b>	<b>958,184</b>	<b>961,406</b>

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 the land and buildings used by the 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.

## 7. Cash and Cash Equivalents

	2021 Actual \$	2021 Budget (Unaudited) \$	2020 Actual \$
Bank Accounts	415,514	179,945	222,741
Cash and cash equivalents for Statement of Cash Flows	<b>415,514</b>	<b>179,945</b>	<b>222,741</b>

Of the \$415,514 Cash and Cash Equivalents, \$183,343 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.

Of the \$415,514 Cash and Cash Equivalents, \$3,900 of unspent grant funding is held by the School.

## 8. Accounts Receivable

	2021 Actual \$	2021 Budget (Unaudited) \$	2020 Actual \$
Receivables	360	3,083	3,083
Interest Receivable	1,289	1,092	1,092
Teacher Salaries Grant Receivable	125,946	122,597	122,597
	<u>127,595</u>	<u>126,772</u>	<u>126,772</u>
Receivables from Exchange Transactions	1,649	4,175	4,175
Receivables from Non-Exchange Transactions	125,946	122,597	122,597
	<u>127,595</u>	<u>126,772</u>	<u>126,772</u>

## 9. Inventories

	2021 Actual \$	2021 Budget (Unaudited) \$	2020 Actual \$
Stationery	1,188	1,281	864
School Uniforms	-	-	417
	<u>1,188</u>	<u>1,281</u>	<u>1,281</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	476,555	474,193	474,193
	<u>476,555</u>	<u>474,193</u>	<u>474,193</u>

## 11. Property, Plant and Equipment

	Opening Balance (NBV) \$	Additions \$	Disposals \$	Impairment \$	Depreciation \$	Total (NBV) \$
<b>2021</b>						
Building Improvements	110,288	29,996	-	-	(23,072)	<b>117,212</b>
Furniture and Equipment	219,021	14,638	-	-	(34,384)	<b>199,275</b>
Information and Communication Technology	50,360	56,426	-	-	(28,191)	<b>78,595</b>
Leased Assets	16,203	5,640	-	-	(8,805)	<b>13,038</b>
Library Resources	15,387	2,848	(791)	-	(2,181)	<b>15,263</b>
<b>Balance at 31 December 2021</b>	<u>411,259</u>	<u>109,548</u>	<u>(791)</u>	<u>-</u>	<u>(96,633)</u>	<u><b>423,383</b></u>

The net carrying value of equipment held under a finance lease is \$13,038 (2020: \$16,203)

	2021	2021	2021	2020	2020	2020
	Cost or Valuation	Accumulated Depreciation	Net Book Value	Cost or Valuation	Accumulated Depreciation	Net Book Value
	\$	\$	\$	\$	\$	\$
Building Improvements	537,271	(420,059)	117,212	507,274	(396,986)	110,288
Furniture and Equipment	515,336	(316,061)	199,275	511,123	(292,102)	219,021
Information and Communication T	210,783	(132,188)	78,595	165,565	(115,205)	50,360
Leased Assets	52,342	(39,304)	13,038	46,702	(30,499)	16,203
Library Resources	39,054	(23,791)	15,263	38,168	(22,781)	15,387
<b>Balance at 31 December</b>	<b>1,354,786</b>	<b>(931,403)</b>	<b>423,383</b>	<b>1,268,832</b>	<b>(857,573)</b>	<b>411,259</b>

## 12. Accounts Payable

	2021 Actual	2021 Budget (Unaudited)	2020 Actual
	\$	\$	\$
Creditors	10,068	137,501	137,502
Accruals	5,581	4,606	4,606
Banking Staffing Overuse	-	-	49,799
Employee Entitlements - Salaries	125,946	139,811	139,811
Employee Entitlements - Leave Accrual	8,696	4,073	4,073
	<b>150,291</b>	<b>285,991</b>	<b>335,791</b>

Payables for Exchange Transactions

150,291 285,991 335,791

150,291 285,991 335,791

The carrying value of payables approximates their fair value.

## 13. Revenue Received in Advance

	2021 Actual	2021 Budget (Unaudited)	2020 Actual
	\$	\$	\$
Grants in Advance - Ministry of Education	3,900	-	-
Other revenue in Advance	348	-	-
	<b>4,248</b>	<b>-</b>	<b>-</b>

## 14. Provision for Cyclical Maintenance

	2021 Actual	2021 Budget (Unaudited)	2020 Actual
	\$	\$	\$
Provision at the Start of the Year	18,973	18,973	40,024
Increase/ (decrease) to the Provision During the Year	143,886	8,173	(5,201)
Use of the Provision During the Year	-	-	(15,850)
Provision at the End of the Year	<b>162,859</b>	<b>27,146</b>	<b>18,973</b>
Cyclical Maintenance - Current	79,658	14,500	-
Cyclical Maintenance - Term	83,201	12,646	18,973
	<b>162,859</b>	<b>27,146</b>	<b>18,973</b>



## 15. Finance Lease Liability

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

	2021 Actual \$	2021 Budget (Unaudited) \$	2020 Actual \$
No Later than One Year	8,931	7,739	9,575
Later than One Year and no Later than Five Years	4,850	2,393	7,963
Future Finance Charges	(1,110)	(1,382)	(1,666)
	<u>12,671</u>	<u>8,750</u>	<u>15,872</u>
<b>Represented by</b>			
Finance lease liability - Current	8,135	6,357	8,422
Finance lease liability - Term	4,536	2,393	7,450
	<u>12,671</u>	<u>8,750</u>	<u>15,872</u>

## 16. 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.

	2021	Opening Balances \$	Receipts from MoE \$	Payments \$	Board Contributions \$	Closing Balances \$
Block 6 Rooms 7-10	<i>completed</i>	82	-	-	(82)	-
Hall Re-Piling	<i>in progress</i>	(8,728)	-	-	-	(8,728)
Heating Upgrade	<i>completed</i>	7,416	3,467	(8,153)	(2,730)	-
New LSC Office Build	<i>completed</i>	(1,271)	-	-	1,271	-
Shades	<i>in progress</i>	(508)	189,605	(5,754)	-	183,343
Totals		<u>(3,009)</u>	<u>193,072</u>	<u>(13,907)</u>	<u>(1,541)</u>	<u>174,615</u>

### Represented by:

Funds Held on Behalf of the Ministry of Education	183,343
Funds Due from the Ministry of Education	(8,728)
	<u>174,615</u>

	2020	Opening Balances \$	Receipts from MoE \$	Payments \$	Board Contributions \$	Closing Balances \$
Block 6 Rooms 7-10	<i>in progress</i>	(720)	802	-	-	82
Hall Re-Piling	<i>in progress</i>	-	-	(8,728)	-	(8,728)
Heating Upgrade	<i>in progress</i>	-	55,080	(47,554)	-	7,416
New LSC Office Build	<i>in progress</i>	-	74,250	(75,521)	-	(1,271)
Shades	<i>in progress</i>	-	-	(508)	-	(508)
Library/ICT/Dental Upgrade	<i>completed</i>	-	51,840	(55,722)	3,882	-
Totals		<u>(720)</u>	<u>181,972</u>	<u>(188,033)</u>	<u>3,882</u>	<u>(3,009)</u>

## 17. 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.

## 18. Remuneration

### *Key management personnel compensation*

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

	2021 Actual \$	2020 Actual \$
<i>Board Members</i>		
Remuneration	2,841	2,726
<i>Leadership Team</i>		
Remuneration	261,086	252,906
Full-time equivalent members	2	2
Total key management personnel remuneration	263,927	255,632

There are nine members of the Board excluding the Principal. The Board had held nine full meetings of the Board in the year. As well as these regular meetings, including preparation time, the Chair and other Board members have also been involved in ad hoc meetings to consider student welfare matters including stand downs, suspensions, and other disciplinary matters.

### *Principal 1*

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

	2021 Actual \$000	2020 Actual \$000
Salaries and Other Short-term Employee Benefits:		
Salary and Other Payments	150 - 160	150 - 160
Benefits and Other Emoluments	-	-
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	1	1
	1	1

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

## 19. Compensation and Other Benefits Upon Leaving

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

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

## 20. 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 boards, through payroll service provider Education Payroll Limited.

The Ministry's review of the schools sector payroll to ensure compliance with the Holidays Act 2003 is ongoing. Final calculations and potential impact on any specific individual will not be known until further detailed analysis and solutions have been completed.

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

## 21. Commitments

### (a) Capital Commitments

As at 31 December 2021 the Board has entered into contract agreements for capital works as follows:

(a) Project for re-piling of the Hall. A balance of \$8,728 net spending was brought forward from 2020 - which remains the balance at the end of 2021; and

(b) SIP Project to install Shades as agent for the Ministry of Education. Funds of \$189,605 were received from the Ministry during 2021 of which \$5,754 was spent on the project during the year.

(Capital commitments at 31 December 2020: no further commitments to those listed in the Note for Capital Works)

## 22. 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

	2021 Actual	2021 Budget (Unaudited)	2020 Actual
	\$	\$	\$
Cash and Cash Equivalents	415,514	179,945	222,741
Receivables	127,595	126,772	126,772
Investments - Term Deposits	476,555	474,193	474,193
Total Financial assets measured at amortised cost	1,019,664	780,910	823,706

### Financial liabilities measured at amortised cost

Payables	150,291	285,991	335,791
Finance Leases	12,671	8,750	15,872
Total Financial Liabilities Measured at Amortised Cost	162,962	294,741	351,663

## 23. Events After Balance Date

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



## Royal Road School Variance Report 2022

This is a different variance report.

Because of the extended lockdown in Term 3 and 4, the end of year OTJ's were compromised.

The school completed midyear reports and then three weeks into Term 3 we went into lockdown. The students that did return were only at school for a total of 8 days. There was no time to assess the children; there was no way to know with any accuracy how deeply children had engaged with online learning. We did not know if they had spent the whole lockdown reading or if they had not picked up a book. We could not say if children had made progress or had regressed with their learning. Teachers based their OTJ's on where they thought the children were halfway through the year and based on the short time they spent with the low number of children that did return at the end of the year for instruction. The 2021 OTJs will be used as a guide as a starting place for 2022 teachers but are not accurate or robust enough for deep analysis or a variance report.

When children came back to school at the end of the year after lockdown, the school was split in two by family groups attending two days a week. Importance was placed on settled school days with the emphasis on engagement and routine with a good dose of daily wellbeing and team building. We wanted school to be as normal as possible for them.

The 2021 targets have been modified for 2022. Some children will have done well in lockdown but we worry that a number will have gone backwards as well. We have started 2022 with real urgency and despite the interruptions of Omicron we are determined to keep the momentum going and to make the most of each teaching moment no matter how many children are attending.

The 2022 Annual plan continues to be framed around three strategic goals:

Students are self-motivated and committed to their learning pathway

Students have a strong sense of who they are and where they come from

Students collaborate and communicate with others. They make positive changes in themselves and the community.

In 2021 the Royal Road School Appraisal document was reviewed following the changes to Teacher appraisal guidelines. There is a strong focus on classroom observations and feedback and feed forward to Teachers. The aim is for continual growth professionally and personally. This was introduced and then interrupted in 2021. This will be fully implemented in 2022.

The main professional development focus of the school continues to be New Pedagogy for Deeper Learning. This is deepening classroom practice and assessment practices. It complements the schools focus on the key competencies which will transfer to the NPDL's 6 competencies.

The school has committed to the Duffy Books programme for the first time in 2022. This will get more books into homes and it is hoped that it will create further excitement around books and reading amongst students. This will complement the school Library programmes, reading to classes by Teachers and class reading programmes.

The school is undertaking a comprehensive programme of review in 2022. This will include completing the rewrite and compilation of the Royal Road School curriculum document begun in 2021. Review of Enviroschools at Royal Road School. Health and Physical Education review along with a community consultation. Review of RRS best practice Writing and investigating new opportunities. Internal professional development in Maths through observations and feedback and feed forward to grow practice.

## **Royal Road School Targets 2022**

Due to the COVID lockdown it was not possible to measure school progress against the 2021 targets. Students were only at school for three weeks in Term three and for a total of 8 days at the end of the year.

Because of this, it has been decided to leave the 2022 targets largely the same with updates and adjustments as needed.

### **Writing**

By the end of 2022 we want 75% of all students writing at or above their age appropriate level. This will be an increase of 3% from 2020.

By the end of 2022 we want 70% of boys writing at or above their age appropriate level. This will be an increase of 4% from 2020.

By the end of 2022 we want 70% of Pacific students writing at or above their age appropriate level. This will be an increase of 6% from 2020.

By the end of 2022 we want all 75% of Maori students writing at or above their age level. This will be an increase of 5% from 2020.

By the end of 2022 we want 70% of year 8 students writing at or above their age level. This will be an increase of 9% from 2020.

All students who are achieving below their chronological age will be identified. The aim will be for these children to achieve accelerated growth in 2022.

An internal PD with a programme of observations with feedback and feed forward will assist teachers in achieving accelerated achievement in 2022.

Introduction of Duffy books programme 2022.

### **Reading**

By the end of 2022 we want 75% of all students reading at or above their age appropriate level. This will be an increase of 6% from 2020.

By the end of 2022 we want 70% of boys reading at or above their age appropriate level. This will be an increase of 4% from 2020.

By the end of 2022 we want 70% of Pacific students reading at or above their age appropriate level. This will be an increase of 6% from 2020.

By the end of 2022 we want 75% of Maori students reading at or above their age appropriate level. This will be an increase of 7% from 2020.

All students who are achieving below their chronological age will be identified. The aim will be for these children to achieve accelerated growth in 2022.

Pacific students reading will continue to be a focus in 2022. A programme of internal staff PD, classroom observations, co-constructed observations, and feedback and feed forward to

Teachers, with the aim of achieving accelerated achievement in Reading will be implemented.

Introduction of Duffy books programme 2022.

### **Maths**

By the end of 2022 we want 75% of all students achieving within or above an age appropriate level in Maths. This will be an increase of 7% from 2020.

By the end of 2022 we want 70% of all girls to be achieving within or above an age appropriate level in Maths. This will be an increase of 6% from 2020.

By the end of 2022 we want 60% of Pacific students to be achieving within or above an age appropriate level in Maths. This will be an increase of 7% from 2020.

All students who are achieving below their chronological age will be identified. The aim will be for these children to achieve accelerated growth in 2022.

A programme of internal staff PD school wide, led by Helen and Carolyn, including classroom observations, co-constructed observations, and feedback and feed forward to Teachers, with the aim of achieving accelerated achievement in Maths in 2022.

Wayne Leighton

**Principal**



# Royal Road School

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March 2022

## Kiwisport Funding

*Kiwisport is a Government funding initiative to support students' participation in organised sport. In 2021 the school received total Kiwisport funding of \$4,842.00 (excluding GST). The funding was spent on the following:*

Inner Fit	\$2,000.00
Future Student Leaders Day – Sport Waitakere	\$ 100.00
Sports Equipment	\$ 774.00

Due to the disruption of Covid19, the total amount was not spent. The difference being \$1,968.00.



Wayne Leighton  
Principal

## INDEPENDENT AUDITOR'S REPORT

### TO THE READERS OF ROYAL ROAD SCHOOL'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

The Auditor-General is the auditor of Royal Road School (the School). The Auditor-General has appointed me, Junita Sen, using the staff and resources of BDO Auckland, 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 17, 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 as applicable to entities that qualify as Tier 2.

Our audit was completed on 31 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 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 on pages 18 to 20, but does not include the financial statements, and our auditor's report thereon.

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

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

### **Independence**

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

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



Junita Sen  
BDO Auckland  
On behalf of the Auditor-General  
Auckland, New Zealand