



NELSON COLLEGE

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

School Directory

Ministry Number:	294
Principal:	Richard Dykes
School Address:	67 Waimea Road, Nelson 7010
School Postal Address:	Private Bag 16, Nelson 7040
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NELSON COLLEGE

Annual Report - For the year ended 31 December 2022

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Nelson College

Statement of Responsibility

For the year ended 31 December 2022

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

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

It is the opinion of the Board and management that the annual financial statements for the financial year ended 31 December 2022 fairly reflects the financial position and operations of the school.

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

Richard Smith

Full Name of Presiding Member

Signature of Presiding Member

31/05/2023

Date:

Richard Dykes

Full Name of Principal

Signature of Principal

31/05/2023

Date:

Nelson College

Consolidated Statement of Comprehensive Revenue and Expense

For the year ended 31 December 2022

	Notes	2022 Actual \$	2022 Budget (Unaudited) \$	2021 (Restated)* Actual \$
Revenue				
Government Grants	2	10,952,780	2,645,496	10,527,972
Locally Raised Funds	3	2,636,139	1,842,348	2,543,579
Interest Income		3,051	-	281
Hostel	4	1,681,844	1,585,788	1,747,271
Total Revenue		15,273,814	6,073,632	14,819,103
Expenses				
Locally Raised Funds	3	1,441,086	1,209,696	1,412,012
Hostel	4	1,654,689	1,465,976	1,772,970
Learning Resources	5	8,295,902	1,614,552	8,562,637
Administration	6	1,119,031	946,260	1,065,409
Finance		111,872	90,000	79,156
Property	7	2,654,884	779,496	1,536,386
Other Expenses	8	11,132	-	5,217
Loss on Disposal of Property, Plant and Equipment		2,689	-	-
		15,291,285	6,105,980	14,433,787
Net Surplus / (Deficit) for the year		(17,471)	(32,348)	385,316
<i>Item that will not be reclassified to surplus(deficit)</i>				
Unrealised Gain/(Loss) on Investment Portfolio		(181,867)	-	51,190
Total Comprehensive Revenue and Expense for the Year		(199,338)	(32,348)	436,506

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

*Certain amounts shown here do not correspond to the 2021 financial statements due to the correction of an error, refer to Note 28.

Nelson College

Consolidated Statement of Changes in Net Assets/Equity

For the year ended 31 December 2022

	Notes	2022 Actual \$	2022 Budget (Unaudited) \$	2021 (Restated)* Actual \$
Equity at 1 January		13,355,199	10,731,148	12,918,693
Total comprehensive revenue and expense for the year		(199,338)	(32,348)	436,506
Contributions from the Ministry of Education				
Contribution - Furniture and Equipment Grant		51,717	-	-
Equity at 31 December		13,207,578	10,698,800	13,355,199
Accumulated comprehensive revenue and expense		12,905,654	10,698,800	12,871,408
Fair Value Investment Reserve	30	301,924	-	483,791
Equity at 31 December		13,207,578	10,698,800	13,355,199

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.

*Certain amounts shown here do not correspond to the 2021 financial statements due to the correction of an error, refer to Note 28.

Nelson College

Consolidated Statement of Financial Position

As at 31 December 2022

	Notes	2022 Actual \$	2022 Budget (Unaudited) \$	2021 (Restated)* Actual \$
Current Assets				
Cash and Cash Equivalents	9	1,106,636	58,272	41,189
Accounts Receivable	10	618,242	228,054	716,156
GST Receivable		33,449	18,538	6,818
Prepayments		48,452	28,814	36,316
Inventories	11	43,146	55,954	59,220
Funds Receivable for Capital Works Projects	20	4,901	-	47,895
		1,854,826	389,632	907,594
Current Liabilities				
Accounts Payable	14	824,877	334,230	922,477
Borrowings	15	-	3,032,855	3,015,000
Revenue Received in Advance	16	1,120,331	1,252,744	1,019,016
Provision for Cyclical Maintenance	17	208,497	40,640	-
Finance Lease Liability	18	32,420	28,153	47,514
Funds held in Trust	19	67,924	25,840	31,946
Funds held for Capital Works Projects	20	12,737	9,336	61,068
		2,266,786	4,723,798	5,097,021
Working Capital Surplus/(Deficit)		(411,961)	(4,334,166)	(4,189,427)
Non-current Assets				
Investments	12	1,631,006	-	1,794,862
Property, Plant and Equipment	13	15,800,513	15,452,510	15,782,716
		17,431,519	15,452,510	17,577,578
Non-current Liabilities				
Borrowings	15	3,202,500	-	-
Provision for Cyclical Maintenance	17	583,675	394,713	-
Finance Lease Liability	18	25,805	24,831	32,952
		3,811,980	419,544	32,952
Net Assets		13,207,578	10,698,800	13,355,199
Equity				
Accumulated comprehensive revenue and expense		12,905,654	10,698,800	12,871,408
Fair Value Investment Reserve		301,924	-	483,791
Equity		13,207,578	10,698,800	13,355,199

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

*Certain amounts shown here do not correspond to the 2021 financial statements due to the correction of an error, refer to Note 28.

Nelson College

Consolidated Statement of Cash Flows

For the year ended 31 December 2022

	Note	2022 Actual \$	2022 Budget (Unaudited) \$	2021 Actual \$
Cash flows from Operating Activities				
Government Grants		2,971,762	2,645,496	2,850,936
Locally Raised Funds		1,950,774	1,613,407	1,875,640
Hostel		1,698,830	1,585,788	1,759,634
International Students		522,269	218,944	(86,991)
Goods and Services Tax (net)		(26,631)	(2,000)	24,720
Payments to Employees		(2,570,617)	(2,086,108)	(2,789,350)
Payments to Suppliers		(3,689,270)	(3,412,864)	(3,594,707)
Interest Paid		(111,872)	(90,000)	(79,156)
Interest Received		3,051	-	281
Net cash from/(to) Operating Activities		748,296	472,663	(38,993)
Cash flows from Investing Activities				
Purchase of Property Plant & Equipment (and Intangibles)		(196,467)	(128,951)	(90,839)
Net cash from/(to) Investing Activities		(196,467)	(128,951)	(90,839)
Cash flows from Financing Activities				
Furniture and Equipment Grant		51,717	-	-
Finance Lease Payments		(53,938)	(45,000)	(78,834)
Loans Received		3,500,000	-	650,806
Repayment of Loans		(3,015,000)	(263,494)	
Funds Administered on Behalf of Third Parties		30,839	(10,218)	(409,223)
Net cash from/(to) Financing Activities		513,618	(318,712)	162,749
Net increase/(decrease) in cash and cash equivalents		1,065,447	25,000	32,917
Cash and cash equivalents at the beginning of the year	9	41,189	33,272	8,272
Cash and cash equivalents at the end of the year	9	1,106,636	58,272	41,189

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.

Nelson College

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

1. Statement of Accounting Policies

a) Reporting Entity

Nelson College (the School) is a Crown entity as specified in the Crown Entities Act 2004 and a school as described in the Education and Training Act 2020. The Board is of the view that the School is a public benefit entity for financial reporting purposes.

The Group comprises Nelson College and the Nelson College Trust Foundation.

b) Basis of Preparation

Reporting Period

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

Basis of Preparation

The financial statements have been prepared on a going concern basis, and the accounting policies have been consistently applied throughout the period.

Going Concern

The College has experienced financial difficulties with a working capital deficit at the reporting date of -\$411,961 (2021:-4,189,432). The financial difficulties have arisen primarily due to historical bank loans and rising interest rates, the impact of COVID-19 on international students and successive cash deficits.

During the financial year the Ministry of Education provided an interest free loan facility to the College (refer note 15) allowing for repayment of the interest bearing debt. The Loan requires the College to identify and realise surplus land holdings to repay the loan.

The College has reported positive cash from operating activities for the year ended 31 December 2022.

These financial statements are prepared on a going concern basis. The use of the going concern assumption is dependent on the continuing support of the Ministry of Education. The Ministry of Education has confirmed that it will continue to support the College in order to allow it to meet its obligations as they fall due.

Basis of Consolidation

The consolidated financial statements are prepared by adding together like items of assets, liabilities, equity, revenue, expenses, and cash flows of entities in the group on a line-by-line basis. All intra-group balances, transactions, revenue, and expenses are eliminated on consolidation.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group 'controls' an entity when it is exposed, or has rights, to variable benefits from its involvement with the other entity and has the ability to affect the nature or amount of those benefits through its power over the other entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners.

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognised in surplus or deficit. Any interest retained in the former subsidiary is measured at fair value when control is lost.

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'.

Nelson College

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

PBE Accounting Standards Reduced Disclosure Regime

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

Measurement Base

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

Presentation Currency

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

Specific Accounting Policies

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

Critical Accounting Estimates And Assumptions

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

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

Cyclical maintenance

A school recognises its obligation to maintain the Ministry's buildings in a good state of repair as a provision for cyclical maintenance. This provision relates mainly to the painting of the school buildings. The estimate is based on the school's best estimate of the cost of painting the school and when the school is required to be painted, based on an assessment of the school's condition. During the year, the Board assesses the reasonableness of its painting maintenance plan on which the provision is based. Cyclical maintenance is disclosed at note 17.

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 13.

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 17.

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.

Nelson College

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

c) Revenue Recognition

Government Grants

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

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

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

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

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

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

Other Grants where conditions exist

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

Donations, Gifts and Bequests

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

Interest Revenue

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

d) 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.

e) 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.

f) Accounts Receivable

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

Nelson College

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

g) 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.

h) 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.

Equity investments are designated at initial recognition at fair value through other comprehensive revenue and expense because they are investments that the group intends to hold for long term strategic purposes. They are initially measured at fair value plus transaction costs. They are subsequently measured at their fair value with gains and losses recognised in other comprehensive revenue and expense. When sold, the cumulative gain or loss previously recognised in other comprehensive revenue and expense is transferred within equity to accumulated surplus/(deficit).

The School has not met the requirements of Section 154 (2)(b)(ii) of the Education and Training Act 2020 in relation to the acquisition of investment securities.

i) 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 – 100 years
Board Owned Buildings	10 – 100 years
Furniture and equipment	5 – 15 years
Information and communication technology	3 – 8 years
Motor vehicles	5 years
Textbooks	5 years
Leased assets held under a Finance Lease	Term of Lease
Library resources	12.5% Diminishing value

Nelson College

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

j) 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.

k) Employee Entitlements

Short-term employee entitlements

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

Long-term employee entitlements

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

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

l) Revenue Received in Advance

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

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

m) Funds Held in Trust

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

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

n) 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 Revenue and Expense.

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

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 the school's best estimate of the cost of painting the school and when the school is required to be painted, based on an assessment of the school's condition.

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

Nelson College

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

p) Financial Instruments

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

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

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

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.

r) Concessionary Loan

Concessionary Loans are loans received at rates and/or terms below market. Concessionary loans are initially measured at fair value in accordance with the market effective interest rate. Any difference between fair value and the transaction price of the concessionary loan at initial recognition is accounted for on the existence and nature of any stipulations attached to the loan:

- Conditional stipulations: A non-exchange liability is initially and subsequently recognised as non-exchange revenue as and when the 'conditions' are satisfied.
- Restrictive stipulations: Immediate recognition of non-exchange revenue. A notional interest expense is recognised over the life of the loan.

s) Goods and Services Tax (GST)

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

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

Commitments and contingencies are disclosed exclusive of GST.

t) Budget Figures

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

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.

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Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

2. Government Grants

	2022 Actual \$	2022 Budget (Unaudited) \$	2021 Actual \$
Government Grants - Ministry of Education	2,922,814	2,592,876	2,750,802
Teachers' Salaries Grants	6,500,140	-	6,596,132
Use of Land and Buildings Grants	1,179,711	-	1,129,047
Fair Value Gain on Concessionary Loan	297,500	-	-
Other Government Grants	52,615	52,620	51,991
	10,952,780	2,645,496	10,527,972

The school has opted in to the donations scheme for this year. Total amount received was \$137,500.

3. Locally Raised Funds

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

	2022 Actual \$	2022 Budget (Unaudited) \$	2021 Actual \$
Revenue			
Donations & Bequests	417,067	38,004	116,933
Curriculum related Activities - Purchase of goods and services	119,208	144,840	129,341
Fees for Extra Curricular Activities	199,675	268,644	241,746
Prep School Income	953,489	916,476	983,162
Fundraising & Community Grants	221,359	71,940	72,679
Other Revenue	330,117	148,500	236,043
Realised Investment Gains/Losses	18,011	-	143,281
International Student Fees	377,213	253,944	620,394
	2,636,139	1,842,348	2,543,579
Expenses			
Extra Curricular Activities Costs	612,609	462,876	603,177
Prep School Expenses	695,578	646,404	629,768
International Student - Student Recruitment	32,480	24,996	3,375
International Student - Employee Benefit - Salaries	2,557	6,000	34,129
International Student - Other Expenses	97,862	69,420	141,563
	1,441,086	1,209,696	1,412,012
<i>Surplus/ (Deficit) for the year Locally raised funds</i>	1,195,053	632,652	1,131,567

Nelson College

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

Locally Raised Funds includes the Prep School Revenue and Expenses:

	2022 Actual	2022 Budget (Unaudited)	2021 Actual
Preparatory School Student Roll FTE	96	88	98
	2022 Actual	2022 Budget (Unaudited)	2021 Actual
Revenue			
Preparatory School Student Fees	811,586	769,560	809,369
Operations Grant	89,903	83,916	103,310
Other Revenue	52,000	63,000	70,483
	<hr/> 953,489	<hr/> 916,476	<hr/> 983,162
Expenses			
Advertising & Marketing	5,205	5,004	3,214
Employee Benefit - Salaries	592,021	562,800	535,358
Other Expenses	98,352	98,604	111,195
	<hr/> 695,578	<hr/> 666,408	<hr/> 649,767
<i>Surplus/ (Deficit) for the year Preparatory School</i>	<hr/> <hr/> 257,911	<hr/> <hr/> 250,068	<hr/> <hr/> 333,395

4. Hostel Revenue and Expenses

	2022 Actual Number	2022 Budget (Unaudited) Number	2021 Actual Number
Hostel Financial Performance			
Hostel Full Boarders	90	96	99
	2022 Actual \$	2022 Budget (Unaudited) \$	2021 Actual \$
Revenue			
Hostel Fees	1,185,662	1,247,388	1,354,656
Other Revenue	496,182	338,400	392,615
	<hr/> 1,681,844	<hr/> 1,585,788	<hr/> 1,747,271
Expenses			
Administration	220,207	171,072	163,644
Property	229,462	202,732	209,801
Employee Benefit - Salaries	500,572	429,688	677,079
Depreciation	200,975	210,000	203,376
Other Hostel Expenses	503,473	452,484	519,070
	<hr/> 1,654,689	<hr/> 1,465,976	<hr/> 1,772,970
<i>Surplus/ (Deficit) for the year Hostel</i>	<hr/> <hr/> 27,155	<hr/> <hr/> 119,812	<hr/> <hr/> (25,699)

Nelson College

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

5. Learning Resources

	2022 Actual \$	2022 Budget (Unaudited) \$	2021 Actual \$
Curricular	283,232	278,436	280,874
Equipment Repairs	41,733	31,356	15,382
Information and Communication Technology	168,378	263,856	238,151
Library Resources	12,398	13,260	13,384
Employee Benefits - Salaries	7,370,926	632,424	7,600,640
Staff Development	141,647	130,212	104,578
Depreciation	277,588	265,008	309,628
	8,295,902	1,614,552	8,562,637

6. Administration

	2022 Actual \$	2022 Budget (Unaudited) \$	2021 Actual \$
Audit Fee	10,625	10,500	9,495
Board Fees	3,875	4,500	3,974
Board Expenses	8,188	3,996	4,569
Communication	51,039	52,500	65,961
Consumables	6,597	8,256	5,565
Legal Fees	19,019	12,504	11,287
Other	8,609	20,004	20,759
Employee Benefits - Salaries	928,740	738,000	840,859
Insurance	81,509	84,000	82,495
Service Providers, Contractors and Consultancy	830	12,000	20,445
	1,119,031	946,260	1,065,409

7. Property

	2022 Actual \$	2022 Budget (Unaudited) \$	2021 Actual \$
Caretaking and Cleaning Consumables	48,443	51,996	48,028
Consultancy and Contract Services	6,084	20,004	11,990
Cyclical Maintenance Provision	792,171	-	(320,353)
Grounds	132,677	132,504	128,622
Heat, Light and Water	124,676	132,492	121,628
Repairs and Maintenance	66,193	132,504	137,223
Use of Land and Buildings	1,179,711	-	1,129,047
Security	12,965	15,000	16,379
Employee Benefits - Salaries	291,964	294,996	263,822
	2,654,884	779,496	1,536,386

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

Nelson College

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

8. Other Expenses

	2022 Actual	2022 Budget (Unaudited)	2021 Actual
Loss on Uncollectable Accounts Receivable	11,132	-	5,217
Amortisation of Intangible Assets	-	-	-
Impairment of Property, Plant and Equipment	-	-	-
Transport	-	-	-
	<u>11,132</u>	<u>-</u>	<u>5,217</u>

9. Cash and Cash Equivalents

	2022 Actual \$	2022 Budget (Unaudited) \$	2021 Actual \$
Bank Accounts	305,732	58,272	41,189
Short-term Bank Deposits	800,904	-	-
	<u>1,106,636</u>	<u>58,272</u>	<u>41,189</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.

10. Accounts Receivable

	2022 Actual \$	2022 Budget (Unaudited) \$	2021 Actual \$
Receivables	88,191	228,054	182,542
Allowance for impairment of receivables	(11,089)	-	-
Teacher Salaries Grant Receivable	541,140	-	533,614
	<u>618,242</u>	<u>228,054</u>	<u>716,156</u>
Receivables from Exchange Transactions	77,102	228,054	182,542
Receivables from Non-Exchange Transactions	541,140	-	533,614
	<u>618,242</u>	<u>228,054</u>	<u>716,156</u>

11. Inventories

	2022 Actual \$	2022 Budget (Unaudited) \$	2021 Actual \$
Canteen	496	750	714
Dining Room	5,763	11,000	12,348
School Uniforms	36,887	44,204	46,158
	<u>43,146</u>	<u>55,954</u>	<u>59,220</u>

Nelson College

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

12. Investments

The School's investment activities are classified as follows:

	2022 Actual	2022 Budget (Unaudited)	2021 (restated)* Actual
Non-current Asset			
AMP Life Policies	100,717	-	90,985
Jarden Portfolio Investment	1,530,289	-	1,703,877
Total Investments	1,631,006	-	1,794,862

As per note 28, the Nelson College Trust Foundation has been consolidated and these investments arise as a result

13. Property, Plant and Equipment

	Opening Balance (NBV) \$	Additions \$	Disposals \$	Impairment \$	Depreciation \$	Total (NBV) \$
2022						
Land	1,550,143	270,884	-	-	(2,438)	1,818,589
Buildings	2,981,135	-	-	-	(57,052)	2,924,083
Building Improvements	631,134	5,340	-	-	(15,279)	621,195
Hostel	10,019,184	83,508	(2,405)	-	(195,997)	9,904,290
Furniture and Equipment	178,299	64,012	(284)	-	(46,151)	195,876
Information and Communication Technology	227,396	38,657	-	-	(81,445)	184,608
Motor Vehicles	100,759	-	-	-	(21,952)	78,807
Textbooks	8,522	4,851	-	-	(3,821)	9,552
Leased Assets	77,138	31,797	-	-	(53,302)	55,633
Library Resources	9,006	-	-	-	(1,126)	7,880
	-	-	-	-	-	-
Balance at 31 December 2022	15,782,716	499,049	(2,689)	-	(478,563)	15,800,513

The net carrying value of furniture and equipment held under a finance lease is \$55,633 (2021: \$77,138)

The net carrying value of motor vehicles held under a finance lease is \$0,00 (2021: \$000)

Restrictions

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

Nelson College

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

	2022	2022	2022	2021	2021	2021
	Cost or Valuation	Accumulated Depreciation	Net Book Value	Cost or Valuation	Accumulated Depreciation	Net Book Value
	\$	\$	\$	\$	\$	\$
Land	1,885,235	(66,646)	1,818,589	1,618,375	(68,232)	1,550,143
Buildings	3,957,777	(1,033,694)	2,924,083	3,957,777	(976,642)	2,981,135
Building Improvements	1,050,632	(429,437)	621,195	1,045,292	(414,158)	631,134
Hostel	12,616,139	(2,711,849)	9,904,290	12,804,647	(2,785,463)	10,019,184
Furniture and Equipment	1,796,810	(1,600,934)	195,876	1,734,319	(1,556,020)	178,299
Information and Communication Technology	2,700,813	(2,516,205)	184,608	2,663,016	(2,435,620)	227,396
Motor Vehicles	299,807	(221,000)	78,807	299,807	(199,048)	100,759
Textbooks	32,834	(23,282)	9,552	313,733	(305,211)	8,522
Leased Assets	155,335	(99,702)	55,633	167,649	(90,511)	77,138
Library Resources	227,375	(219,495)	7,880	227,375	(218,369)	9,006
Balance at 31 December	24,722,757	(8,922,244)	15,800,513	24,831,990	(9,049,274)	15,782,716

14. Accounts Payable

	2022	2022	2021
	Actual	Budget (Unaudited)	Actual
	\$	\$	\$
Creditors	204,721	231,719	151,814
Accruals	29,363	55,141	154,893
Banking Staffing Overuse	6,070	-	56,505
Employee Entitlements - Salaries	550,439	-	527,353
Employee Entitlements - Leave Accrual	34,284	47,370	31,912
	824,877	334,230	922,477
Payables for Exchange Transactions	824,877	334,230	922,477
Payables for Non-exchange Transactions - Taxes Payable (PAYE and Rates)	-	-	-
Payables for Non-exchange Transactions - Other	-	-	-
	824,877	334,230	922,477

The carrying value of payables approximates their fair value.

Nelson College

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

15. Borrowings

	2022 Actual \$	2022 Budget (Unaudited) \$	2021 Actual \$
Loans due in one year	-	3,032,855	3,015,000
Loans due after one year	3,202,500	-	-
	<u>3,202,500</u>	<u>3,032,855</u>	<u>3,015,000</u>

The school has borrowings at 31 December 2022 of \$3,202,500 (31 December 2021 \$3,015,000). The loan is from the Ministry of Education at a 0% interest rate and was used to repay loans with Westpac Bank. In determining the day-one fair value of the concessionary loan, a market effective interest rate of 4.25% was used. The loan is expected to be repaid by December 2024.

The terms of the loan require the College to identify and realise surplus land holdings.

The Loan has been reclassified as a non-current as repayments are not expected within the next 12 months

The College's debt position is in breach of Schedule 12 of the Crown Entities (Financial Powers) Regulations 2005 which limits a Board's borrowings payments to 10% of its operating grants.

A reconciliation of the opening and closing carrying amounts of the concessionary loan is provided below:

	2022 Actual \$	2022 Budget (Unaudited) \$	2021 Actual \$
Opening Balance at 1 January 2022	-	-	-
Nominal Value of Loan Received	3,500,000	-	-
Fair Value Adjustment	(297,500)	-	-
Closing Balance at 31 December 2022	<u>3,202,500</u>	<u>-</u>	<u>-</u>

16. Revenue Received in Advance

	2022 Actual \$	2022 Budget (Unaudited) \$	2021 Actual \$
Grants in Advance - Ministry of Education	99,433	-	46,595
International Student Fees in Advance	830,450	940,000	685,394
Hostel Fees in Advance	30,746	25,000	13,760
Other revenue in Advance	159,702	287,744	273,267
	<u>1,120,331</u>	<u>1,252,744</u>	<u>1,019,016</u>

Nelson College

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

17. Provision for Cyclical Maintenance

	2022 Actual \$	2022 Budget (Unaudited) \$	2021 Actual \$
Provision at the Start of the Year	-	385,353	320,353
Increase to the Provision During the Year	113,375	50,000	(320,353)
Adjustment to Provision	678,797	-	-
Provision at the End of the Year	<u>792,172</u>	<u>435,353</u>	-
Cyclical Maintenance - Current	208,497	40,640	-
Cyclical Maintenance - Non current	583,675	394,713	-
	<u>792,172</u>	<u>435,353</u>	-

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

In the prior year the College reversed the provision recorded for cyclical maintenance due to age of the previous maintenance plan and uncertainty about future maintenance requirements. During 2022 a 10 Year Property Plan has been developed by a Ministry of Education appointed consultant which has resulted in the College re-establishing a provision for cyclical maintenance

18. Finance Lease Liability

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

	2022 Actual \$	2022 Budget (Unaudited) \$	2021 Actual \$
No Later than One Year	32,420	28,153	47,514
Later than One Year and no Later than Five Years	25,805	24,831	32,952
	<u>58,225</u>	<u>52,984</u>	<u>80,466</u>
Represented by			
Finance lease liability - Current	32,420	28,153	47,514
Finance lease liability - Non current	25,805	24,831	32,952
	<u>58,225</u>	<u>52,984</u>	<u>80,466</u>

19. Funds held in Trust

	2022 Actual \$	2022 Budget (Unaudited) \$	2021 Actual \$
Funds Held in Trust on Behalf of Third Parties - Current	67,924	25,840	31,946
	<u>67,924</u>	<u>25,840</u>	<u>31,946</u>

Nelson College

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

20. 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 9.

2022	Opening Balances \$	Receipts from MoE \$	Payments \$	Board Contributions \$	Closing Balances \$
Three Quarter Turf	(10,630)	42,220	(31,590)	-	-
Learning Support Offices	8,299	3,527	(11,826)	-	-
Tech Block HVAC	(7,654)	7,654	-	-	0
Science Corridor & Drainage	1,294	22,633	(23,927)	-	0
A & X Block External Waterproofing	(26,358)	42,779	(16,421)	-	(0)
Security system Upgrade	(3,253)	11,175	(7,725)	(197)	(0)
Unforeseen Roofing	51,475	92,957	(131,695)	-	12,737
WIP - Library Hot water cylinder leak	-	-	(553)	-	(553)
WIP - C Block Fire Hose Leak	-	-	(4,347)	-	(4,347)
Totals	13,173	222,945	(228,084)	(197)	7,837

Represented by:

Funds Held on Behalf of the Ministry of Education	12,737
Funds Receivable from the Ministry of Education	(4,901)

2021	Opening Balances \$	Receipts from MoE \$	Payments \$	Board Contributions \$	Closing Balances \$
Three Quarter Turf	174,758	100,000	(285,388)	-	(10,630)
Learning Support Offices	46,262	-	(37,963)	-	8,299
Tech Block HVAC	4,441	-	(12,095)	-	(7,654)
Science Corridor & Drainage	179,062	-	(177,768)	-	1,294
A & X Block External Waterproofing	(4,240)	-	(22,118)	-	(26,358)
Security system Upgrade	(732)	-	(2,521)	-	(3,253)
Unforeseen Roofing	-	64,337	(12,862)	-	51,475
Totals	399,551	164,337	(550,715)	-	13,173

Represented by:

Funds Held on Behalf of the Ministry of Education	61,068
Funds Receivable from the Ministry of Education	(47,895)

Nelson College

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

21. 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.

22. Remuneration

Key management personnel compensation

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

	2022 Actual \$	2021 Actual \$
<i>Board Members</i> Remuneration	3,875	4,810
<i>Leadership Team</i> Remuneration Full-time equivalent members	894,138 7	834,524 7
Total key management personnel remuneration	898,013	839,334

There are eight members of the Board excluding the Principal. The Board had held ten full meetings of the Board in the year. The Board also has Finance and Property Committee (three members) that meet monthly. 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.

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

	2022 Actual \$000	2021 Actual \$000
Salaries and Other Short-term Employee Benefits:		
Salary and Other Payments	210 - 220	200-210
Benefits and Other Emoluments	4 - 5	4 - 5
Termination Benefits	-	-

Nelson College

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

Other Employees

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

Remuneration \$000	2022 FTE Number	2021 FTE Number
100 - 110	19.00	16.00
110 - 120	1.00	6.00
120 - 130	3.00	1.00
	<u>23.00</u>	<u>23.00</u>

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

23. Contingencies

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

College Kitchen fire:

In August a fire caused damage to the hostel kitchen. The Board has an ownership share in the kitchen which is recorded in these financial statements at a value of \$218k.

The board holds insurance cover for the kitchen which is expected to cover substantially all of the losses arising from the fire, however the final value of both the damage and the insurance claim is yet to be determined at the time of authorisation of the financials.

Therefore, no adjustment arising from this event has been recorded in the financials for the year ended 31 December 2022.

Holidays Act Compliance – schools payroll:

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

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

To the extent that any obligation cannot reasonably be quantified at 31 December 2022, a contingent liability for the school may exist.

Teacher Aide & Support Staff Settlement Wash Up

In 2022 the Ministry of Education provided additional funding for both the Support Staff in Schools' Collective Agreement (CA) Settlement and the Teacher Aide Pay Equity Settlement. The Ministry is in the process of determining wash up payments for the year ended 31 December 2022 however as at the reporting date this amount had not been calculated and therefore is not recorded in these financial statements.

24. Commitments

(a) Capital Commitments

As at 31 December 2022 the Board has entered into no contract agreements for capital works.

(Capital commitments at 31 December 2021: nil)

Nelson College

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

25. Financial Instruments

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

Financial assets measured at amortised cost

	2022 Actual \$	2022 Budget (Unaudited) \$	2021 (Restated)* Actual \$
Cash and Cash Equivalents	1,106,636	58,272	41,189
Receivables	618,242	228,054	716,156
Total Financial assets measured at amortised cost	<u>1,724,878</u>	<u>286,326</u>	<u>757,345</u>

Financial assets at fair value through other comprehensive revenue and expense

Equity Investments	1,631,006	-	1,794,862
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Fair value estimation

Equity investments held have been revalued to the quoted value at year end.

Financial liabilities measured at amortised cost

Payables	824,877	334,230	922,477
Borrowings - Loans	3,202,500	3,032,855	3,015,000
Finance Leases	58,225	52,984	80,466
Total Financial Liabilities Measured at Amortised Cost	<u>4,085,602</u>	<u>3,420,069</u>	<u>4,017,943</u>

26. Events After Balance Date

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

27. Comparatives

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

Nelson College

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

28. Prior Period Adjustment

The Office of the Auditor General has advised that the Nelson College Trust Foundation is a controlled entity of the Nelson College Board of Governors under PBE IPSAS 35 Consolidated Financial Statements, for financial reporting purposes. While the Board of Governors does not appoint the Trustees of the Foundation, the Foundations' activities have been pre-determined and give benefit to the College, establishing control for the purposes of financial reporting.

Accordingly, the financial results of the Nelson College Trust Foundation must be incorporated into the Nelson College financial statements. For the year ended 31 December 2022 only balances of the Trust Foundation which are material to the College have been consolidated into the College accounts- this is the investment portfolio (refer Note 12) and associated fair value gains/losses.

The consolidation of these balances has been accounted for as a prior period error under PBE IPSAS 3, with an adjustment to opening accumulated revenue and expense of the comparative period (as at 1 January 2021) and restatement to the comparative statement of comprehensive revenue and expense and statement of financial position.

	Fair Value Reserve	Accumulated Comprehensive & Expense	Total Equity
Impact of correction on opening equity			
Originally Reported - 1 January 2021	-	\$ 11,318,296	\$ 11,318,296
Impact of Correction	\$ 432,601	\$ 1,167,796	\$ 1,600,397
Restated - 1 January 2021	\$ 432,601	\$ 12,486,092	\$ 12,918,693

	As Reported	Adjusted	Restated Balance 31 December 2021
	\$	\$	\$
Impact on the Statement of Financial Position:			
Investments	-	1,794,862	1,794,862
Equity	11,560,337	1,794,862	13,355,199
Impact on the Statement of Comprehensive Revenue and Expense			
Realised Gains/Losses on Investments (Surplus & Deficit)	242,035	143,281	385,316
Unrealised Gains/Losses on Investments (Other Comprehensive Income)	-	51,190	51,190
Total Comprehensive Revenue	<u>242,035</u>	<u>194,471</u>	<u>436,506</u>

Nelson College

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

29. Investment in Subsidiaries

Details of the Group's material subsidiaries at the end of the reporting period are as follows.

Name of Subsidiary	Principal Activity	Place of incorporation and operation	Proportion of controlling interest	
			2022	2021
Nelson College Trust Foundation	Raising Funds	Nelson, New Zealand	100%	100%

The Trust Foundation has a 31 December balance date.

The School controls the Trust for financial reporting purposes because, in substance, the school predetermined the objectives of the Trust at establishment and benefits from the Trust's complementary activities.

The Trust is a registered charity.

30. Equity Reserve Reconciliation

The Fair Value Equity Reserve arises from investments held by the Nelson College Trust Foundation recorded at Fair Value through Other Comprehensive Income.

	2022 Actual	2022 Budget (Unaudited)	2021 (Restated)* Actual
Accumulated comprehensive revenue and expense			
Balance at 1 January	12,871,408	10,731,148	12,486,092
Furniture & Equipment grant	51,717	-	-
Surplus/(deficit) for the year	(17,471)	(32,348)	385,316
Balance 31 December	<u>12,905,654</u>	<u>10,698,800</u>	<u>12,871,408</u>
Equity investment revaluation reserves			
Balance at 1 January	483,791	-	432,601
Net change in fair value	(181,867)	-	51,190
Balance 31 December	<u>301,924</u>	<u>-</u>	<u>483,791</u>
Total equity	<u>13,207,578</u>	<u>10,698,800</u>	<u>13,355,199</u>

NELSON COLLEGE

Members of the Board of Trustees

For the year ended 31 December 2022

Name	Position	How position on Board gained	Occupation	Term expires
Richard Smith	Chairperson Parent Rep	Elected 2022	Real Estate - Sales	2025
Mathew Walters	Deputy Chairperson Parent Rep	Elected 2022	Director	2023
Richard Dykes	Principal	Appointed	Principal	
Tim Gall	Parent Rep	Elected 2022	Consultant	2025
Manoli Aerakis	Parent Rep	Elected 2022	Accountant	2025
Rebecca Burgess	Parent Rep	Elected 2022	Youth Worker	2023
Deleece Hall	Co-opted	Elected 2019	Finance Director	2025
Edward Henderson	Student Representative	Elected 2022	Student	2023
Vikki Heays	Staff Trustee	Elected 2021	Teacher	2023

Nelson College

Kiwisport Funding

For the year ended 31 December 2022

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

In 2022 the School received total Kiwisport funding of \$22,301.94 (2020: \$22,799).

The funding contributed to coaching for Rugby, Football, Volleyball, Basketball, Cricket, and Athletics. It contributed to equipment and playing strip for all sports

Academic

Nelson College's students continued to thrive in 2022 in spite of the multiple challenges before them. This is especially a credit to teachers who showed tremendous resilience and commitment in a challenging year.

Highlights include:

- best year 12 pass rate in our college's history
- 2nd best year 13 pass rate (above academic target)
- improvement in Pasifika endorsement rates
- strong Level 1 literacy achievement rate (92%)
- highest Level 1 numeracy rate in college's history (91%)

Scholarship results were disappointing in 2022 and the achievement of students in year 11 must be a focus. However, overall our students continued to compare well against the national average (boys and girls) and the national average for males attending Decile 7 schools.

Our college-wide academic targets remain the same in 2023. These are aspirational targets that affirm that Nelson College as a high quality academic college, alongside providing a well-rounded education.

Pass rates

... % of students achieving the appropriate level for their year group
Our 2022 pass rates were very strong, with years 12 and 13 results improving on 2021. All three levels remain well above the national average, as they should, and years 12 and 13 results remain similar to other Decile 7 Boys kura.

Endorsements

... % of students gaining NCEA endorsed with merit or excellence
Endorsements dropped at all three levels in line with national trends across all schools and Decile 7 boys' schools. While the national comparison is favourable, and the long-term trend remains upwards, growing this level of achievement, along with scholarship success, is a focus.

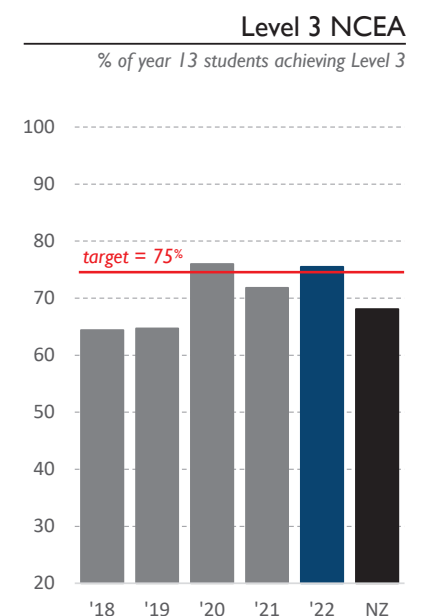
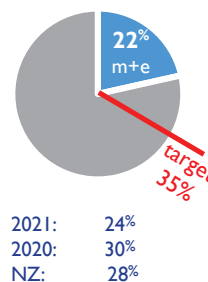
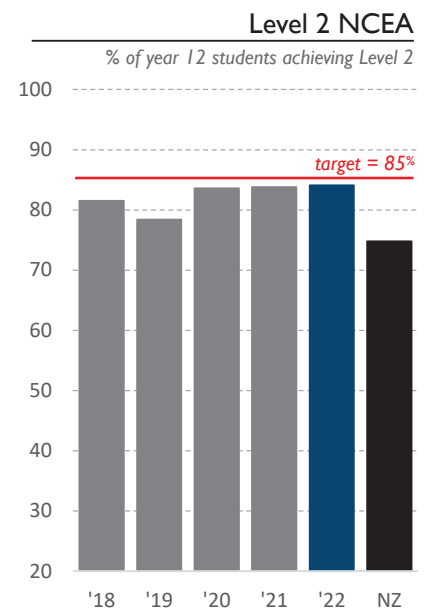
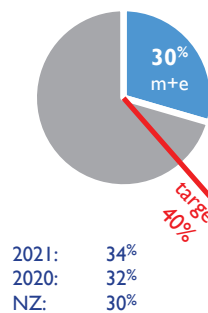
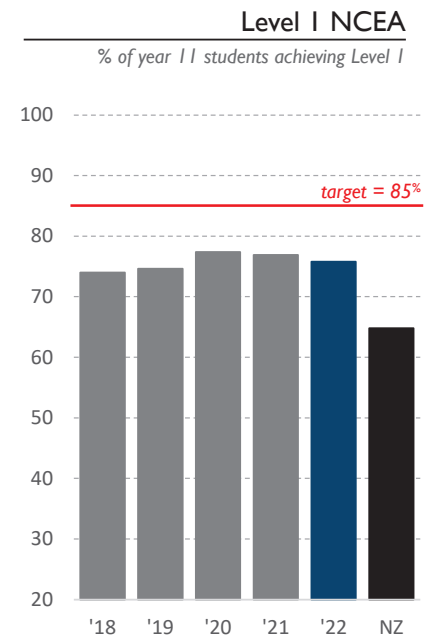
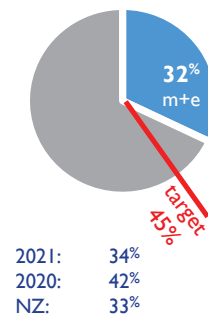
University Entrance

... % of year 13 students meeting the required level to enter university
University entrance rates improved slightly in 2022 and remains above the national average, but below Decile 7 boys' schools national average. The usefulness of this statistic is limited by students who choose vocational (non-university) courses and consequently may achieve well at Level 2 NCEA, but not achieve university entrance.

Scholarship

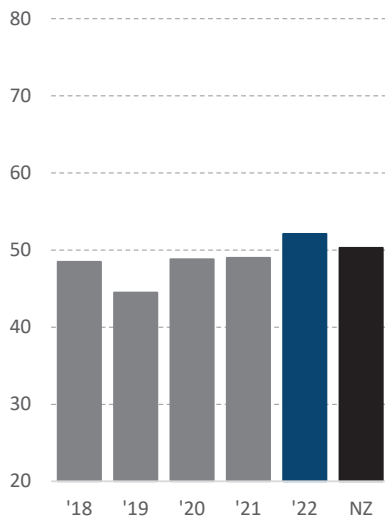
... a separate exam administered by NZQA that recognises the top 2-3% of students in each subject across NZ

It was pleasing to see Sam Twamley earn an outstanding scholarship in Biology placing him 2nd in New Zealand, and another student to gain a scholarship in Digital and Visual Communication. The overall result of two scholarships reflects a drop in entries and will be a focus to support teachers and students at this level of achievement.



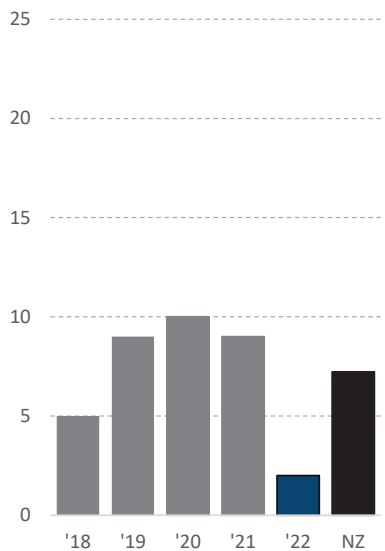
University Entrance

% of year 13 students getting University Entrance



Scholarships

Annual Number of Scholarships



Māori

... our goal is for Māori students to achieve the same as other ethnicities
Overall Māori achievement and endorsement rates dropped slightly from 2021. While the long-term trend remains positive and the dip is in line with national and Decile 7 trends, we must continue to support improved academic results by ākonga Māori.

In 2023, we commence our Ara Māori (Māori Immersion) programme with a extra focus on the achievement and wider development of our ākonga Māori.

Pasifika

... our goal is for Pasifika students to achieve the same as other ethnicities
Pasifika achievement rates increased in years 11 and 12, and it was pleasing to see students in year 11 achieve NCEA endorsed. Encouraging more students into academic (University Entrance) pathways is an area to develop.

Boarding

Our boarding students achieved well in NCEA:

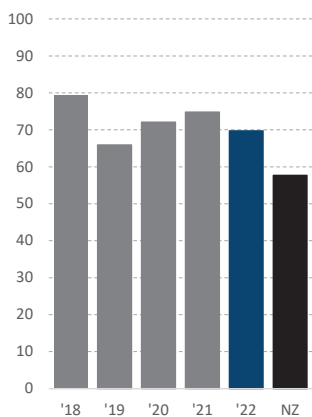
	Level 1	Level 2	Level 3
Barnicoat	90%	94%	89%
Rutherford	75%	100%	92%

In 2023, Nelson College's academic targets are:

- L1 // 85% achievement // 45% m+e endorsement
- L2 // 85% achievement // 40% m+e endorsement
- L3 // 75% achievement // 35% m+e endorsement
- // 20+ scholarships

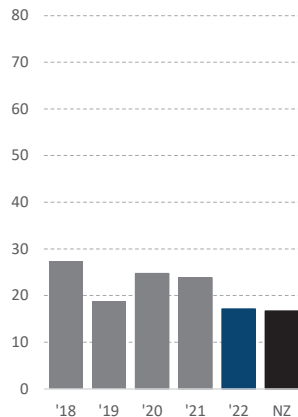
Māori - Achieved

% of years 11-13 students gaining NCEA



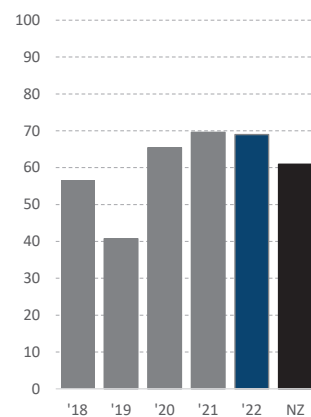
Māori - Endorsements

% of students with NCEA endorsed



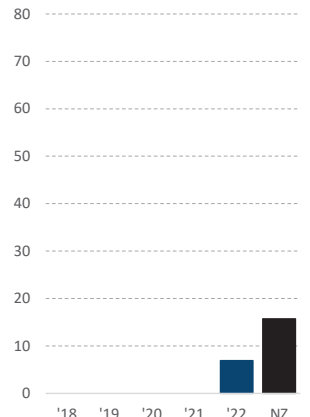
Pasifika - Achieved

% of years 11-13 students gaining NCEA



Pasifika - Endorsements

% of students with NCEA endorsed



Good Employer Report

2022 was another challenging year for the college and its staff. We entered the third year of the COVID-19 pandemic with the vaccine mandate in force, a mask mandate and increased isolation rules with students and staff being required to be sent home if they had been in any contact with another COVID case. This decimated classes in term 1, with some students not seeing their teacher for weeks on end.

The pandemic also impacted heavily on boarding, with the hostels required to separate into four 'zones' depending on their contact status; and eventually resulted in boarding closing for 10 days.

Later in the year the school closed for another 10 days due to the Nelson floods which resulted in a number of staff and students forced out of their homes, or cut off from school. With a state of emergency declared in the region, Nelson College and Nelson College for Girls were forced to close to learning. In the same week we had a fire in the Boarding Dining Room.

At the end of the year, the school went through another surplus staffing as a buoyant labour market pulled higher than usual numbers of students out of school to start in apprenticeships and local jobs. As well, the Government required the college to further reduce overstaffing, including staff on leave, as a condition of its receiving an interest-free loan.



Accountability

In Term 4, the college introduced PB4L to the students and whānau. A core part of this was staff working collaboratively to implement this. This drive for collaboration is mirrored in the college's junior curriculum initiative, the IB MYP.

The college began development of a programme to build the capacity of its middle leaders, and has begun work with The Education Group to develop a 'Leadership and Wellbeing' programme to begin in 2023.

Coherence

The college continues its strategic plan and three annual goals implementation. In 2022, the three annual goals were mostly a continuation of the 2021 goals with further development of PB4L and the junior curriculum. These align with other developments such as the NCEA refresh and wider junior Curriculum Refresh.

Development

Professional learning and development (PLD) remained a priority with previous increases to funding retained in the 2022 budget. COVID and the Nelson floods continued to disrupt PLD, however the use of online learning and the opening of New Zealand's international borders allowed staff to travel overseas. Three staff attended a conference in USA, as well as visiting schools there.

Two staff took up the inaugural Rutherford scholarship, with one staff member visiting schools in Australia and attending a conference there, and a second staff member travelling to Chicago to attend a conference and visit schools there. Thursday morning PLD continued positively and staff also participated in the MOE Teacher Only Days as part of the NCEA Refresh Programme.

Progress

Staff continue to receive opportunities to develop their skills and experience to support their career aspirations.

Wellbeing

In Term 1, the college conducted its first annual wellbeing survey, using the NZCER Wellbeing in Schools survey. Results reflected the impact of COVID and changes at the college on the overall wellbeing of staff. ...

INDEPENDENT AUDITOR'S REPORT
TO THE READERS OF NELSON COLLEGE'S GROUP FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

The Auditor-General is the auditor of Nelson College and its controlled entity (collectively referred to as 'the Group'). The Auditor-General has appointed me, Michael Rondel, using the staff and resources of BDO Christchurch, to carry out the audit of the financial statements of the Group on his behalf.

Opinion

We have audited the financial statements of the Group on pages 2 to 25, that comprise the consolidated statement of financial position as at 31 December 2022, the consolidated statement of comprehensive revenue and expense, consolidated statement of changes in net assets/equity and consolidated statement of cash flows for the year ended on that date, and the notes to the consolidated financial statements that include accounting policies and other explanatory information.

In our opinion the financial statements of the Group:

- present fairly, in all material respects:
 - its financial position as at 31 December 2022; and
 - its financial performance and cash flows for the year then ended; and
- comply with generally accepted accounting practice in New Zealand in accordance with Public Sector Public Benefit Entity Standards Reduced Disclosure Regime.

Our audit was completed on 31 May 2023. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Board and our responsibilities relating to the financial statements, we comment on other information, and we explain our independence.

Emphasis of matter -Controlled entity and prior period adjustment

Without modifying our opinion, we draw attention to note 28 which refers to the determination of control of the Nelson College Trust Foundation and a prior period adjustment to the financial statements.

Emphasis of matter - Financial difficulties

Without modifying our opinion, we draw attention to note 1(b) which refers to the Group's financial difficulties and working capital deficit of \$411,961 (2021: \$4,189,432). As outlined in note 1(b), the Group financial statements are prepared on a going concern basis. The going concern assumption is dependent on the continuing support from the Ministry of Education. The Ministry of Education has confirmed it will continue to provide the Group with resources so it may meet its obligations as they fall due.

Other Matter - Breach of borrowing authority

Without modifying our opinion, we draw attention to the fact that the Board did not comply with section 155(2)(b) of the Education and Training Act 2020 in that the Board's borrowings, in aggregate, involved repayments of interest and capital in excess of one tenth of the Board's operational activities grant for the year, without consent from the Ministers of Education and Finance.

Other Matter - Breach of authority to acquire securities

Without modifying our opinion, we draw attention to Note 1(h) which discloses the fact that the Board did not comply with section 154(2)(b)(ii) of the Education and Training Act 2020 in that a controlled entity of the Board acquired securities, without obtaining joint approval from the Ministers of Education and Finance.

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 Group 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 Group for assessing the Group'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 Group, 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 Group'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 Group'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 Group'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 Group 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 Group 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 Statement of Responsibility, Members of the Board Listing, Analysis of Variance, Kiwisport Report and the Good Employer 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 Group 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 Group.

A handwritten signature in blue ink that reads 'm - name of BDO Christchurch'.

Michael Rondel,
BDO Christchurch
On behalf of the Auditor-General
Christchurch, New Zealand