

# **Auditor's Report to the Board of Trustees**

Year Ended 31 December 2024

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**Crowe New Zealand Audit  
Partnership**

173 Spey Street  
Invercargill 9810  
C/- Crowe Mail Centre Private Bag  
90106  
Invercargill 9840 New Zealand

Main +64 3 211 3355  
Fax +64 3 218 2581  
[www.crowe.nz](http://www.crowe.nz)

31 August 2025

The Board  
Garston School  
Strictly Private and Confidential  
1705 State Highway 6  
Garston 9750  
New Zealand

Attention: Matthew Taylor

Dear Board Members

**Annual Financial Statement Audit for the Year Ended 31 December 2024**

We have recently completed our financial statement audit of Garston School (the "School") for the year ended 31 December 2024, and we have pleasure in providing our report on the results of the audit process.

If you require further information on the matters raised in this report please do not hesitate to make contact.

We would like to take this opportunity to thank management and staff for the courtesy and assistance extended to us throughout the audit process.

Yours sincerely

**Crowe New Zealand Audit Partnership**

**Anna Campbell**  
Associate Partner  
T +64 3 211 0131  
M +64 27 435 7050  
E [anna.campbell@crowe.nz](mailto:anna.campbell@crowe.nz)

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# 1. Results of the Audit Process

## 1.1 Scope and purpose of audit engagement

We have completed our audit of the School's annual financial statements for the year ended 31 December 2024 and issued our audit opinion. Based on our audit procedures we can confirm the annual financial statements presents fairly, in all material respects, the financial position of the School as at 31 December 2024 and its financial performance and cash flows for the year then ended.

Obtaining reasonable assurance that the financial statements are free of material misstatement, involved us making an assessment of the risk of material misstatement, whether due to fraud or error, and then applying audit procedures, using our professional judgment, to mitigate that risk. While we considered internal control relevant to the preparation of your annual financial statements, our audit procedures mainly comprised substantive tests (i.e. transactional and confirmation type testing).

Our audit procedures are designed primarily for the purpose of expressing an opinion on your annual financial statements. We do not examine every transaction, due to the scope of the audit engagement; there is an unavoidable risk that some misstatements or errors may remain undiscovered. Our report does not include all possible improvements to your internal controls, which a more extensive review might satisfy.

## 1.2 Responsibilities of the Board of Trustees

The Board are responsible for the preparation and fair presentation of the financial statements which fairly reflect the financial position of the School as at 31 December 2024 and the financial performance for the year ended on that date.

To meet this objective, the Board are ultimately responsible for the maintenance of proper accounting records and an adequate system of internal controls to minimise the risk of material financial statement misstatement.

## 1.3 Independence statement

Members of the Audit Team and Partners of Crowe have confirmed their independence from the School for the year ended 31 December 2024.

## 1.4 Materiality

Materiality is defined as the magnitude of omission or misstatement individually, or in aggregate that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person would have been changed or influenced by such omissions or misstatement. It is a matter of professional judgment and is influenced by quantitative and qualitative factors.

## 1.5 Areas of significant risk and audit emphasis

Our audit approach considered the inherent risks for the School, and their potential impact on the financial statements, as well as the associated risk mitigations and controls in place. Below we present a summary of the identified key areas of risk and audit emphasis and our conclusions in relation to each matter.

Audit Risk	Audit Response
<b>Management override of controls</b> <ul style="list-style-type: none"> <li>The risk of management overriding controls exists in all entities and is a mandatory significant risk to be addressed by the auditor.</li> <li>Material misstatement of financial statements due to fraud often involve the manipulation of the financial reporting process by recording inappropriate or unauthorised journal entries, bias in accounting estimates and the existence of significant transactions outside the normal course of business.</li> </ul>	<ul style="list-style-type: none"> <li>Professional scepticism was maintained while undertaking audit procedures on subjective balances in the School's financial statements, including the provision for cyclical maintenance.</li> <li>Journals posted into the general ledger were selected on a sample basis and traced back to supporting documents to verify that they were appropriate.</li> </ul> <p>We have nothing to report to the Board of Trustees.</p>
<b>Fraud risks in the payroll function</b> <ul style="list-style-type: none"> <li>Fraudulent transactions could exist within the payroll for the school due to lack of segregation of duties.</li> </ul>	<ul style="list-style-type: none"> <li>We reviewed the reliability of the accounting controls and systems for payroll.</li> <li>We performed additional substantive procedures over the existence of employees on a sample basis, and tested a sample of starters and leavers and employees paid by timesheets.</li> </ul> <p>We have nothing to report to the Board of Trustees.</p>
<b>Going concern</b> <ul style="list-style-type: none"> <li>As a result of the working capital deficit in the draft financial statements, Going Concern was identified as an audit risk.</li> </ul>	<ul style="list-style-type: none"> <li>We made enquiries with management regarding their assessment of the going concern basis upon which the financial statements were prepared.</li> <li>We reviewed the cash flow forecast and tested the reasonability of the assumptions used in the preparation thereof.</li> <li>We reviewed the adequacy of the financial statement disclosures relating to going concern to ensure that the disclosures are in line with the requirements of the accounting standards.</li> <li>We included a material uncertainty paragraph regarding going concern in our audit report.</li> <li>We obtained a letter of support from the Ministry of Education</li> </ul> <p>We have nothing to report to the Board of Trustees.</p>

## 1.6 Observations and recommendations arising from the audit

We highlight the following matters for the attention of the Board together with recommendations for management to consider, to further strengthen the internal control environment of the Board. These include any observations and recommendations arising from prior year audits that have not yet been satisfactorily resolved, or still require further attention of the Board.

### 1.6.1 Xero Users Access

#### **Observation**

Per review of Xero Users Access, we have noted that there were a number of inactive users still having access to the accounting system.

#### **Recommendation**

We would recommend a regular review of the appropriateness of access to Xero be implemented to ensure that only current authorized users are granted access to the entity's financial records.

#### **Management comments**

*No comments provided*

### 1.6.2 Budgeting for a Deficit

#### **Observation**

The Board prepared and approved a deficit budget. We are concerned that continued deficit budgeting, if achieved, will reduce the school equity. Although deficit budgeting may appear to be warranted when preparing the budget for a particular year, we urged caution in using this approach because it is unlikely to be sustainable.

#### **Recommendation**

We recommended that the Board try to avoid deficit budgeting wherever possible, so the school budget reflects its ability for it to live within its means.

#### **Management comments**

*No comments provided*

### 1.6.3 Principal's Coaching and Wellbeing Support

#### **Observation**

During our audit we have noted that principal's coaching and wellbeing expenditure has been coded to staff development account.

#### **Recommendation**

We would recommend that the principal's expenditure be coded to a separate account as to better keep track of how the Professional Coaching and Wellbeing Support payments received are being utilized.

#### **Management comments**

*No comments provided*

Our uncorrected and corrected audit differences are included in Section 3 of this report for the consideration of the Board.

## 1.7 Update on prior year observations and recommendations

In our audit for the year ended 31 December 2022 we identified a number of matters for the attention of the Board together with recommendations for management to consider. We consider the following matters to have been sufficiently addressed.

Prior Year Recommendation	Current Year Observation
<b>FIFA World Cup Travel Reimbursement</b>  <b>Recommendation</b> We recommend that where there is a reimbursement, an appropriate reimbursement form is completed that supports the payment. We also note that GST cannot be claimed for a mileage reimbursement.	Current year observation.  Appropriate reimbursements forms used in the current year. No GST claimed on mileage reimbursements.
<b>Publishing financial statements on the schools website</b>  <b>Recommendation</b> We recommend that the final signed financial statements are published on the schools website along with the audit report to provide parents with accurate financial data	Current year observation.  Signed financials have been posted on school's website
<b>GST paid on donations received</b>  <b>Recommendation</b> We recommend that the schools accountant correct this error in the next GST return and claim back the refund.	Current year observation.  GST corrected and refund claimed back by new accountant (CES / Schooled)
<b>GST paid on Garston Home and School Donations Received</b>  <b>Recommendation</b> We recommend that the schools accountant correct this error in the next GST return and claim back the refund	Current year observation.  GST corrected and refund claimed back by new accountant (CES / Schooled)
<b>Control over changes to payroll Masterfile</b>  <b>Recommendation</b> We recommend that the Board ask management for assurance that appropriate controls are in place at the school over payroll transactions, consistent with the updated guidance	Current year observation.  Activity History report is reviewed for each pay period

## 1.8 Confidentiality

This report is strictly confidential and although it has been made available to management to facilitate discussions, it may not be taken as altering our responsibility to report to the Board of the School directly.

The contents of this report should not be disclosed to third parties without our prior written consent.

## 2. Other matters to be communicated

In compliance with International Auditing Standards, we have an obligation to communicate certain aspects of our audit to you. The critical areas have been detailed in the previous sections, and the other matters that require communication are summarised as:

Matter to be communicated	Crowe comments
Significant accounting policies adopted or changed	There have been no significant accounting policies adopted or changed during the year.
Management judgements and estimates	Under International Standards on Auditing (NZ), we have a responsibility to ensure that you have been informed about the process used by the School in formulating particularly sensitive accounting estimates, assumptions, or valuation judgements. Overall, we note that the judgements and estimates made by management in the preparation of the financial statements for the year ended 31 December 2024 appear reasonable.
Disagreement with management over the application of accounting principles, scope of the audit and disclosures	There have been no disagreements with management during the audit.
Any instances of fraud or non-compliance with legislative, regulatory or contractual requirements	No instances of fraud or non-compliance were detected during the audit.



### 3. Summary of adjusted and unadjusted audit differences

#### 3.1 Adjusted audit differences

As a result of our audit procedures, the following adjusting journals were posted for the year ended 31 December 2024:

#	Description	\$				
		Balance Sheet		Income Statement		Profit Impact
		DR	CR	DR	CR	
1	Reallocation of Transport Grant	-	-	\$120,296	\$120,296	-
2	Reallocation of Intervention Grant	-	-	\$55,277	\$55,277	-
3	Cyclical maintenance provision	\$77,686	\$56,390	-	\$21,296	\$21,296
4	Reallocation of transport costs	-	-	\$7,573	\$7,573	-
5	Banking Staffing	\$182	-	-	\$182	\$182
<b>TOTAL</b>		<b>\$77,868</b>	<b>\$56,390</b>	<b>\$183,146</b>	<b>\$204,624</b>	<b>\$21,478</b>

We have communicated all amendments to financial statement disclosures that were identified during the audit and all have been updated in the financial statements.

#### 3.2 Unadjusted audit differences

In performing our audit for the year ended 31 December 2024, we have not identified any uncorrected adjustments or errors that could, in our judgement, either individually or in aggregate have a significant effect on the financial statements.