

Garston School

Auditor's Report to the Board of Trustees

Year Ended 31 December 2025

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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

29 June 2026

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

CC: Ruth Faulkner
Principal

Attention: Matthew Tayler

Dear Board Members

Annual Financial Statement Audit for the Year Ended 31 December 2025

We have recently completed our financial statement audit of Garston School (the "School") for the year ended 31 December 2025, 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

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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 2025 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 2025 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 is responsible for the preparation and fair presentation of the financial statements which fairly reflect the financial position of the School as at 31 December 2025 and the financial performance for the year ended on that date.

To meet this objective, the Board is 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 2025.

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
<p>Management override of controls</p> <ul style="list-style-type: none"> The risk of management overriding controls exists in all entities and is a mandatory significant risk to be addressed by the auditor. 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. 	<ul style="list-style-type: none"> Professional scepticism was maintained while undertaking audit procedures on subjective balances in the School's financial statements, including the provision for cyclical maintenance. Journals posted into the general ledger were selected on a sample basis and traced back to supporting documents to verify that they were appropriate. <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 Inclusion of Conflicts of Interest Declarations in Board Meeting Agendas

Observation

During the review of 2025 Board meeting minutes, it was noted that the declaration of conflicts of interest and/or updates to the interest register were not included in the meeting agendas.

We acknowledge that conflicts of interest were discussed during the Board meeting held on 3 June 2026 when the conflict of interest register was reviewed.

Impact:

Formal inclusion of conflicts of interest declarations on meeting agendas is a key governance practice. It ensures that Board members are prompted to disclose any personal or financial interests that could influence decision-making, promoting transparency and accountability.

Recommendation:

We recommend that all Board meeting agendas include a dedicated item for declaring conflicts of interest and reviewing any updates to the interest register. While we acknowledge that conflicts of interest were considered at the 3 June 2026 meeting, formalising this as a recurring agenda item will help ensure that disclosures are made consistently, properly documented in the minutes, and continue to support good governance practices.

Management comments

Management accepts this recommendation. We agree that formalising conflicts of interest declarations on all future Board agendas strengthens our governance framework.

Action Plan:

- Agenda Update: The Secretariat will add a standing "Declaration of Conflicts of Interest" item to the standard Board agenda template immediately.
- Process Integration: This item will require members to declare any situational conflicts and review the existing interest register at the start of every meeting.
- Documentation: All declarations, or confirmations of no conflict, will be formally recorded in the meeting minutes moving forward.

1.6.2 Documentation of One-Up Approvals

Observation

We noted a Principal's expense where the invoice was approved by the Principal and School administrator, while approval from the Presiding Member was obtained verbally. We acknowledge that a copy of the invoice signed by the Presiding member was subsequently provided.

Recommendation

We recommend that one-up approvals are documented and retained at the time approval is granted to provide a clear audit trail and demonstrate appropriate oversight of expenditure.

Management comments

Management accepts this recommendation. We acknowledge that while verbal authorisation was obtained from the Presiding Member for this \$50 expenditure, documented approval must be captured concurrently to maintain a robust audit trail.

Action Plan:

- Immediate Rectification: Management has already obtained and filed the signed invoice from the Presiding Member to resolve this specific instance.
- Process Enforcement: All future one-up approvals will be secured in writing (via email or physical signature) at the time of the transaction before payment is processed.

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
<p>Xero Users Access</p> <p>We recommend regular reviews of Xero user access to ensure that only current authorised users retain access to the School's financial information.</p>	<p>Matter resolved. We have confirmed in Xero User Access Review that the User List is updated.</p>
<p>Budgeting for a Deficit</p> <p>We recommend that the Board avoid deficit budgeting where possible, so that the school's budget reflects its ability to operate within its means.</p>	<p>Matter resolved. The school budgeted for a surplus for the subsequent year 2026.</p>
<p>Principal's Coaching and Wellbeing Support</p> <p>We would recommend that the Principal's expenditure be coded to a separate account to better track how the Professional Coaching and Wellbeing Support payments received are being utilised.</p>	<p>No Principal's Coaching and Wellbeing Support funding was utilised during the year. Accordingly, we were unable to assess whether this matter has been resolved. We will consider this point in next year's audit should relevant funding be utilised.</p>

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	<p>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.</p> <p>Key matters impacting on our audit have been raised in section 1.6 and 1.7 of this report if applicable.</p>
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.
Material uncertainty related to going concern	No matters of material uncertainty were noted.

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 2025:

#	Description	\$				
		Balance Sheet		Income Statement		Profit Impact
		DR	CR	DR	CR	
1	To reclassify Tu Manawa Funding from MOE Government Grants to Other Government Grants	-	-	8,750	8,750	-
2	To reclassify MOE Statutory Funding in a separate account	-	-	9,444	9,444	-
3	To reclassify School House Building to "Buildings" category from "Building Improvements"	68,845	68,845	-	-	-
4	To reclassify unutilised portion of Tu Manawa Funding as of 31/12/2025	-	4,101	4,101	-	(4,101)
TOTAL		68,845	72,946	22,295	18,194	(4,101)

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 2025, 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.