

COMBINED BOARD OF SOUTH AUCKLAND MIDDLE SCHOOL AND MIDDLE SCHOOL WEST AUCKLAND

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

School Directory

Ministry Number:	876 and 877
Principal:	Wendy Craig and Warren Cook
School Address:	198 Mahia Road, Wattle Downs, Auckland 289 Lincoln Road, Henderson, Auckland
School Phone:	09 - 266 66 95 09 - 972 17 44
School Email:	admin@south.auckland.school.nz admin@westauckland.school.nz

Members of the Board of Trustees

Name	Position	
Cameron Astill	Chair Person	
Wendy Craig	Principal	
Warren Cook	Principal	
Alwyn Poole	Member	Resigned August 2020
Karen Poole	Member	
Rebecca Dow	Member	
Josefina Fuimaono-Sapolu	Member	

Accountant / Service Provider: Shore Chartered Accountants Limited

COMBINED BOARD OF SOUTH AUCKLAND MIDDLE SCHOOL AND MIDDLE SCHOOL WEST AUCKLAND

Annual Report - For the year ended 31 December 2020

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Combined Board of South Auckland Middle School and Middle School West Auckland

Statement of Responsibility

For the year ended 31 December 2020

The Board of Trustees accepts responsibility for the preparation of the annual financial statements and the judgements used in these financial statements, which are for the Combined Board of South Auckland Middle School and Middle School West Auckland (Combined Board).

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 Combined Board's financial reporting.

It is the opinion of the Board and management that the annual financial statements for the financial year ended 31 December 2020 fairly reflects the financial position and operations of the Combined Board.

The Combined Board's 2020 financial statements are authorised for issue by the Board.

Rebecca Dow
Full Name of Board Chairperson

RJDow
Signature of Board Chairperson

12/12/22
Date:

Wendy Greig
Full Name of Principal

[Signature]
Signature of Principal

12/12/22
Date:

Warren Cook
Full Name of Principal

[Signature]
Signature of Principal

9/12/22
Date:

Combined Board of South Auckland Middle School and Middle School West Auckland

Statement of Comprehensive Revenue and Expense

For the year ended 31 December 2020

	Notes	2020 Actual \$	2020 Budget (Unaudited) \$	2019 Actual \$
Revenue				
Government Grants	2	4,869,910	1,413,025	4,194,529
Locally Raised Funds	3	30,232	57,000	52,818
International Students	4	(10,187)	50,000	9,629
		<u>4,889,955</u>	<u>1,520,025</u>	<u>4,256,976</u>
Expenses				
Locally Raised Funds	3	60,540	-	93,295
Learning Resources	5	3,705,329	1,036,880	3,354,604
Administration	6	288,100	286,748	321,210
Property	7	850,862	110,500	543,320
Depreciation	8	193,640	-	249,047
		<u>5,098,471</u>	<u>1,434,128</u>	<u>4,561,476</u>
Net Surplus / (Deficit) for the year		(208,516)	85,897	(304,500)
Other Comprehensive Revenue and Expense		-	-	-
Total Comprehensive Revenue and Expense for the Year		<u>(208,516)</u>	<u>85,897</u>	<u>(304,500)</u>

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

Combined Board of South Auckland Middle School and Middle School West Auckland

Statement of Changes in Net Assets/Equity

For the year ended 31 December 2020

	Notes	Actual 2020 \$	Budget (Unaudited) 2020 \$	Actual 2019 \$
Balance at 1 January		888,247	888,247	1,192,747
Total comprehensive revenue and expense for the year		(208,516)	85,897	(304,500)
Equity at 31 December	18	679,731	974,144	888,247
Retained Earnings		679,731	974,144	888,247
Equity at 31 December		679,731	974,144	888,247

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.

Combined Board of South Auckland Middle School and Middle School West Auckland

Statement of Financial Position

As at 31 December 2020

	Notes	2020 Actual \$	2020 Budget (Unaudited) \$	2019 Actual \$
Current Assets				
Cash and Cash Equivalents	9	61,020	125,046	37,131
Accounts Receivable	10	207,340	210,000	213,248
GST Receivable		19,732	15,000	2,374
Prepayments		74,439	90,000	-
		362,531	440,046	252,753
Current Liabilities				
Accounts Payable	12	482,998	400,000	298,604
Finance Lease Liability - Current Portion	13	8,644	-	-
		491,642	400,000	298,604
Working Capital Surplus/(Deficit)		(129,111)	40,046	(45,851)
Non-current Assets				
Property, Plant and Equipment	11	828,579	934,098	934,098
		828,579	934,098	934,098
Non-current Liabilities				
Finance Lease Liability	13	19,737	-	-
		19,737	-	-
Net Assets		679,731	974,144	888,247
Equity	18	679,731	974,144	888,247

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

Combined Board of South Auckland Middle School and Middle School West Auckland

Statement of Cash Flows

For the year ended 31 December 2020

	2020	2020 Budget	2019
Note	Actual \$	(Unaudited) \$	Actual \$
Cash flows from Operating Activities			
Government Grants	1,772,158	1,396,266	1,457,737
Locally Raised Funds	53,947	64,613	21,188
International Students	(10,187)	50,000	9,629
Goods and Services Tax (net)	(17,358)	(1,717)	12,949
Payments to Employees	(609,939)	(729,552)	(553,331)
Payments to Suppliers	(1,104,231)	(691,695)	(975,190)
Net cash from/(to) Operating Activities	84,390	87,915	(27,018)
Cash flows from Investing Activities			
Purchase of Property Plant & Equipment (and Intangibles)	(50,056)	-	(173,495)
Net cash from/(to) Investing Activities	(50,056)	-	(173,495)
Cash flows from Financing Activities			
Finance Lease Payments	(10,445)	-	
Net cash from/(to) Financing Activities	(10,445)	-	-
Net increase/(decrease) in cash and cash equivalents	23,889	87,915	(200,513)
Cash and cash equivalents at the beginning of the year	9	37,131	237,644
Cash and cash equivalents at the end of the year	9	61,020	125,046

The statement of cash flows records only those cash flows directly within the control of the Combined Board. 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.

Combined Board of South Auckland Middle School and Middle School West Auckland

Notes to the Financial Statements For the year ended 31 December 2020

1. Statement of Accounting Policies

a) Reporting Entity

On 29 August 2018, the Minister of Education approved the establishment of two state Schools (designated character Schools) under the Education Act 1989, being South Auckland Middle School and Middle School West Auckland. These are governed by an establishment board of trustees (EBOT) of a single public entity being the Combined Board of South Auckland Middle School and Middle School West Auckland (Combined Board).

The two state Schools were previously operating as partnership Schools governed by the board of Villa Education Trust. These partnership Schools were formally terminated on 7 December 2018 under the terms of termination agreement with the Minister.

The initial EBOT comprises the trustees of the Villa Education Trust and hence there is related party relationship between these two entities.

Combined Board of South Auckland Middle School and Middle School West Auckland (hereafter described as "Combined Board), albeit this term covers both state schools) is a Crown entity as specified in the Crown Entities Act 2004 and a Combined Board as described in the Education Act 1989. The Board of Trustees (the Board) is of the view that the Combined Board is a public benefit entity for financial reporting purposes. The Combined Board was not fully operational until 2019 and was in the establishment phase in 2018.

b) Basis of Preparation

Reporting Period

The financial reports have been prepared for the period 1 January 2020 to 31 December 2020 and in accordance with the requirements of the Public Finance Act 1989.

Basis of Preparation

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

Financial Reporting Standards Applied

The Education and Training Act 2020 requires the schools, 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 Combined Board is considered a Public Benefit Entity as it meets the criteria specified as 'having a primary objective to provide goods and/or services for community or social benefit and where any equity has been provided with a view to supporting that primary objective rather than for financial return to equity holders'.

PBE Accounting Standards Reduced Disclosure Regime

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

Measurement Base

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

Presentation Currency

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

Specific Accounting Policies

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

Critical Accounting Estimates And Assumptions

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

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

Useful lives of property, plant and equipment

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

Critical Judgements in applying accounting policies

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

Classification of leases

Determining whether a lease is a finance lease or an operating lease requires judgement as to whether the lease transfers substantially all the risks and rewards of ownership to the Combined Board. Judgement is required on various aspects that include, but are not limited to, the fair value of the leased asset, the economic life of the leased asset, whether or not to include renewal options in the lease term, and determining an appropriate discount rate to calculate the present value of the minimum lease payments. Classification as a finance lease means the asset is recognised in the statement of financial position as property, plant, and equipment, whereas for an operating lease no such asset is recognised.

Recognition of grants

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

c) Revenue Recognition

Government Grants

The Combined Board receive funding from the Ministry of Education. The following are the main types of funding that the Combined Board receives.

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

Use of land and buildings grants are recorded as revenue in the period the Combined Board uses the land and buildings. These are not received in cash by the Combined Board as they equate to the deemed expense for using the land and buildings which are owned by the Crown.

Other Grants

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

Donations, Gifts and Bequests

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

Interest Revenue

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

d) Use of Land and Buildings Expense

The property from which the Combined Board operate is owned by the Crown and managed by the Ministry of Education on behalf of the Crown. The Combined Board'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 expense that is offset by a non-cash grant from the Ministry.

e) Operating Lease Payments

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

f) Cash and Cash Equivalents

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

g) Accounts Receivable

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

h) Property, Plant and Equipment

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

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

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

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

Depreciation

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

The estimated useful lives of the assets are:

Building improvements to Crown Owned Assets	10–75 years
Furniture and equipment	2–5 years
Information and communication technology	1–5 years
Motor vehicles	5 years
Leased assets held under a Finance Lease	Term of Lease

i) Impairment of property, plant, and equipment and intangible assets

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

Non cash generating assets

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

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

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

The reversal of an impairment loss is recognised in the surplus or deficit.

j) Accounts Payable

Accounts Payable represents liabilities for goods and services provided to the Combined Board 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 benefits that are due to be settled within 12 months after the end of the period in which the employee renders the related service are measured based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date, and also annual leave earned, by non teaching staff, to but not yet taken at balance date.

Long-term employee entitlements

Employee benefits that are due to be settled beyond 12 months after the end of the period in which the employee renders the related service, such as long service leave and retirement gratuities, have been calculated on an actuarial basis. The calculations are based on:

- likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement, and contractual entitlement information; and
- the present value of the estimated future cash flows.

l) Financial Instruments

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

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.

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

m) 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 Combined Board has an unconditional right to defer settlement of the liability for at least 12 months after balance date.

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

n) 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.

o) Budget Figures

The budget figures are extracted from the Combined Board's budget that was approved by the Board.

p) Services received in-kind

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

2. Government Grants

	2020	2020	2019
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Operational Grants	1,420,660	1,158,025	1,158,349
Teachers' Salaries Grants	2,465,799	-	2,310,356
Use of Land and Buildings Grants	746,304	-	426,436
Establishment Grant	-	-	80,500
Other Government Grants	237,147	255,000	218,888
	<u>4,869,910</u>	<u>1,413,025</u>	<u>4,194,529</u>

3. Locally Raised Funds

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

	2020	2020	2019
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Revenue			
Donations	11,141	57,000	13,504
Activities	5,136	-	17,218
Trading	13,955	-	17,517
Other Revenue	-	-	4,579
	<u>30,232</u>	<u>57,000</u>	<u>52,818</u>
Expenses			
Activities	23,748	-	35,921
Trading	36,792	-	57,374
	<u>60,540</u>	<u>-</u>	<u>93,295</u>
	<u>(30,308)</u>	<u>57,000</u>	<u>(40,477)</u>

Surplus/ (Deficit) for the year Locally raised funds

4. International Student Revenue and Expenses

	2020	2020	2019
	Actual	Budget	Actual
	Number	(Unaudited)	Number
International Student Roll	0	5	1
	<u>0</u>	<u>5</u>	<u>1</u>
	2020	2020	2019
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Revenue			
International Student Fees	(10,187)	50,000	9,629
	<u>(10,187)</u>	<u>50,000</u>	<u>9,629</u>
Expenses			
	<u>-</u>	<u>-</u>	<u>-</u>
	<u>(10,187)</u>	<u>50,000</u>	<u>9,629</u>

Surplus/ (Deficit) for the year International Students

5. Learning Resources

	2020	2020	2019
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Curricular	262,195	272,000	104,870
Information and Communication Technology	55,209	25,000	43,165
Employee Benefits - Salaries	3,382,780	738,880	3,202,101
Staff Development	5,145	1,000	4,468
	<u>3,705,329</u>	<u>1,036,880</u>	<u>3,354,604</u>

6. Administration

	2020	2020	2019
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Audit Fee	12,300	-	12,000
Board of Trustees Fees	5,599	-	2,303
Communication	4,648	11,748	5,836
Consumables	33,214	13,000	36,129
Operating Lease	28,839	36,000	30,647
Management Fees and Other	200,000	220,000	226,295
Insurance	-	6,000	-
Service Providers, Contractors and Consultancy	3,500	-	8,000
	<u>288,100</u>	<u>286,748</u>	<u>321,210</u>

7. Property

	2020	2020	2019
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Consultancy and Contract Services	54,757	59,000	56,244
Vehicles	14,448	13,000	-
Heat, Light and Water	20,282	18,500	19,146
Repairs and Maintenance	13,501	20,000	39,754
Use of Land and Buildings	746,304	-	426,436
Security	1,570	-	1,740
	<u>850,862</u>	<u>110,500</u>	<u>543,320</u>

8. Depreciation

	2020	2020	2019
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Buildings - School	68,598	-	78,312
Furniture and Equipment	16,474	-	18,734
Information and Communication Technology	81,136	-	120,449
Motor Vehicles	26,652	-	31,552
Leased Assets	780	-	-
	<u>193,640</u>	<u>-</u>	<u>249,047</u>

9. Cash and Cash Equivalents

	2020 Actual \$	2020 Budget (Unaudited) \$	2019 Actual \$
Bank Current Account	61,020	125,046	37,131
Cash and cash equivalents for Statement of Cash Flows	<u>61,020</u>	<u>125,046</u>	<u>37,131</u>

10. Accounts Receivable

	2020 Actual \$	2020 Budget (Unaudited) \$	2019 Actual \$
Receivables	7,915	50,000	31,630
Banking Staffing Underuse	-	-	17,289
Teacher Salaries Grant Receivable	199,425	160,000	164,329
	<u>207,340</u>	<u>210,000</u>	<u>213,248</u>
Receivables from Exchange Transactions	7,915	50,000	31,630
Receivables from Non-Exchange Transactions	199,425	160,000	181,618
	<u>207,340</u>	<u>210,000</u>	<u>213,248</u>

11. Property, Plant and Equipment

	Opening Balance (NBV) \$	Additions \$	Disposals \$	Impairment \$	Depreciation \$	Total (NBV) \$
2020						
Buildings	610,016	-	-	-	(68,599)	541,417
Furniture and Equipment	111,416	5,315	-	-	(16,474)	100,257
Information and Communication Technology	123,826	54,426	-	-	(81,136)	97,116
Motor Vehicles	88,840	-	-	-	(26,652)	62,188
Leased Assets	-	28,381	-	-	(780)	27,601
Balance at 31 December 2020	<u>934,098</u>	<u>88,122</u>	<u>-</u>	<u>-</u>	<u>(193,641)</u>	<u>828,579</u>

	Cost or Valuation \$	Accumulated Depreciation \$	Net Book Value \$
2020			
Buildings	945,235	(403,818)	541,417
Furniture and Equipment	210,231	(109,974)	100,257
Information and Communication Technology	661,101	(563,985)	97,116
Motor Vehicles	125,218	(63,030)	62,188
Leased Assets	28,381	(780)	27,601
Balance at 31 December 2020	<u>1,970,166</u>	<u>(1,141,587)</u>	<u>828,579</u>

	Opening Balance (NBV) \$	Additions \$	Disposals \$	Impairment \$	Depreciation \$	Total (NBV) \$
2019						
Buildings	688,328	-	-	-	(78,312)	610,016
Furniture and Equipment	95,705	34,445	-	-	(18,734)	111,416
Information and Communication Technology	166,095	78,180	-	-	(120,449)	123,826
Motor Vehicles	59,522	60,870	-	-	(31,552)	88,840
Balance at 31 December 2019	1,009,650	173,495	-	-	(249,047)	934,098

	Cost or Valuation \$	Accumulated Depreciation \$	Net Book Value \$
2019			
Buildings	945,235	(335,219)	610,016
Furniture and Equipment	214,600	(103,184)	111,416
Information and Communication Technology	606,676	(482,850)	123,826
Motor Vehicles	125,218	(36,378)	88,840
Balance at 31 December 2019	1,891,729	(957,631)	934,098

12. Accounts Payable

	2020 Actual \$	2020 Budget (Unaudited) \$	2019 Actual \$
Operating Creditors	144,720	170,000	82,003
Accruals	21,500	40,000	31,600
Banking Staffing Overuse	97,681	-	-
Employee Entitlements - Salaries	219,097	190,000	185,001
	482,998	400,000	298,604
Payables for Exchange Transactions	482,998	400,000	298,604
	482,998	400,000	298,604

The carrying value of payables approximates their fair value.

13. Finance Lease Liability

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

	2020 Actual \$	2020 Budget (Unaudited) \$	2019 Actual \$
No Later than One Year	8,644	-	-
Later than One Year and no Later than Five Years	19,737	-	-
	28,381	-	-

14. Related Party Transactions

The Combined Board is a controlled entity of the Crown, and the Crown provides the major source of revenue to the Combined Board. The Combined Board 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 Combined Board 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 Combined Board 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.

The establishment board of trustees (EBOT) of the Combined Board comprises the same members as the board of trustees of Villa Education Trust (Trust) with the addition of the Principal of each of the two schools.

Alwyn Poole, a trustee of the Establishment Board of Trustees, also is 100% shareholder of Innovative Education Consultants Limited (IEC). During the year the Combined Board contracted Villa Education Trust and IEC to provide consultancy and administration support for the Combined Board. The total value of all transactions for the year was \$303,000 (2019: \$198,145) for Villa Education Trust and \$119,836 (2019: \$92,000) for IEC. An amount of \$7,506 is outstanding at balance date to Villa Education Trust, no other amount is outstanding as at balance date (2019: nil). Because the IEC amount is higher than \$25,000 for the year the contract requires Ministry approval under section 103 of the Education Act 1989 and this had not been obtained. Alwyn Poole resigned as a trustee of the Establishment Board in August 2020.

15. Remuneration

Key management personnel compensation

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

	2020 Actual \$	2019 Actual \$
<i>Board Members</i>		
Remuneration	5,599	2,303
Full-time equivalent members	1.40	1.40
<i>Leadership Team</i>		
Remuneration	809,145	863,957
Full-time equivalent members	7.00	9.00
Total key management personnel remuneration	814,744	866,260
Total full-time equivalent personnel	8.40	10.40

The full time equivalent for Board members has been determined based on attendance at Board meetings, Committee meetings and for other obligations of the Board, such as stand downs and suspensions, plus the estimated time for Board members to prepare for meetings.

South Auckland Middle School

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

	2020 Actual \$000	2019 Actual \$000
Salaries and Other Short-term Employee Benefits:		
Salary and Other Payments	130 - 140	120 - 130
Benefits and Other Emoluments	-	-
Termination Benefits	-	-

Middle School West Auckland

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

	2020 Actual \$000	2019 Actual \$000
Salaries and Other Short-term Employee Benefits:		
Salary and Other Payments	140 - 150	120 - 130
Benefits and Other Emoluments	-	-
Termination Benefits	-	-

Other Employees

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

Remuneration \$000	2020 FTE Number	2019 FTE Number
110 - 120	1.00	0.00
100 - 110	4.00	2.00
	<u>5.00</u>	<u>2.00</u>

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

16. Contingencies

There are no contingent liabilities (except as noted below) and no contingent assets as at 31 December 2020 (Contingent liabilities and assets at 31 December 2019: nil).

Holidays Act Compliance – schools payroll

The Ministry of Education performs payroll processing and payments on behalf of school boards of trustees, 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. The current phase of this review is to design potential solutions for any compliance breaches discovered in the initial phase of the Programme. 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 2020, a contingent liability for the Combined Board may exist.

17. Commitments

(a) Capital Commitments

As at 31 December 2020 the Board has not entered into any contract agreements for capital works.

(Capital commitments at 31 December 2019: nil)

(b) Operating Commitments

As at 31 December 2020 the Board has entered into the following contracts:

(a) operating lease of photocopiers;

	2020 Actual \$	2019 Actual \$
No later than One Year	4,969	32,408
Later than One Year and No Later than Five Years	-	5,401
	<u>4,969</u>	<u>37,809</u>

18. Managing Capital

The Combined Board's capital is its equity and comprises capital contributions from the Ministry of Education for property, plant and equipment and accumulated surpluses and deficits. The Combined Board does not actively manage capital but attempts to ensure that income exceeds spending in most years. Although deficits can arise as planned in particular years, they are offset by planned surpluses in previous years or ensuing years.

19. 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

	2020	2020	2019
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Cash and Cash Equivalents	61,020	125,046	37,131
Receivables	207,340	210,000	213,248
Total Financial assets measured at amortised cost	<u>268,360</u>	<u>335,046</u>	<u>250,379</u>

Financial liabilities measured at amortised cost

Payables	482,998	400,000	298,604
Finance Leases	28,381	-	-
Total Financial Liabilities Measured at Amortised Cost	<u>511,379</u>	<u>400,000</u>	<u>298,604</u>

20. Events After Balance Date

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

21. Comparatives

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

22. Failure to Comply with Section 87 of the Education Act 1989

The Board of Trustees has failed to comply with section 87 of the Education Act 1989 as the Board were unable to provide their audited financial statements to the Ministry Of Education by 31 May 2021.

Independent Auditor's Report

To the readers of Combined Board of South Auckland Middle School And Middle School West Auckland's Financial statements For the year ended 31 December 2020

The Auditor-General is the auditor of the Combined Board of South Auckland Middle School and Middle School West Auckland (the Combined Board). The Auditor-General has appointed me, Wayne Tukiri, using the staff and resources of RSM Hayes Audit, to carry out the audit of the financial statements of the Combined Board on his behalf.

Opinion

We have audited the financial statements of the Combined Board on pages 2 to 17, that comprise the statement of financial position as at 31 December 2020, the statement of comprehensive revenue and expense, statement of changes in net assets/equity and statement of cash flows for the year ended on that date, and the notes to the financial statements that include accounting policies and other explanatory information.

In our opinion, the financial statements of the Combined Board:

- present fairly, in all material respects:
 - its financial position as at 31 December 2020;
 - 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 (PBE) Standards Reduced Disclosure Regime.

Our audit was completed on 21 December 2022. This is the date at which our opinion is expressed.

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

Basis of 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.

Emphasis of matters

Without modifying our opinion, we draw attention to the following disclosures.

Uncertainty over the services provided by Villa Education Trust

Note 14 on page 14 outlines that the Combined Board continued to pay management fees to Villa Education Trust during 2020, to the value of \$200,000. While the Combined Board entered into an agreement with Villa Education Trust to pay the management fees, the agreement did not provide a detailed breakdown of the services to be provided, and how the costs of those services were ascertained. At the time when the management fees were agreed, the Combined Board and the board of trustees of the Villa Education Trust, consisted of the same members except for the principals of the schools.

Failure to obtain approval from the Ministry for payments to company owned by a Board member

Note 14 on page 14 outlines that the Combined Board made payments of \$119,836 to Innovative Education Consultants Limited which is owned by a Board of Trustees member. The Combined Board has breached Section 10 Schedule 23 of the Education and Training Act 2020 by not obtaining approval from the Ministry of Education for a payment to an entity in which a trustee has an interest where the amount is in excess of \$25,000.

Failure to meet statutory reporting deadline

Note 22 on page 17 outlines that the Combined Board did not comply with Section 137(1) of the Education and Training Act 2020, which requires the Combined Board to provide its audited financial statements to the Ministry of Education by 31 May 2021.

Responsibilities of the Board of Trustees for the financial statements

The Board of Trustees is responsible on behalf of the Combined Board for preparing financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand. The Board of Trustees 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 of Trustees is responsible on behalf of the Combined Board for assessing the Combined Board's ability to continue as a going concern. The Board of Trustees 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 Combined Board, or there is no realistic alternative but to do so.

The Board of Trustees' 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 Combined Board'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 Combined Board's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Trustees.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Trustees and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Combined Board'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 Combined Board 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 Novopay 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 of Trustees 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 of Trustees is responsible for the other information. The other information includes the statement of responsibility, board member list, analysis of variance, and kiwisport report, but does not include the financial statements, and our auditor's report thereon.

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

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

Independence

We are independent of the Combined Board 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 Combined Board.



Wayne Tukiri
RSM Hayes Audit
On behalf of the Auditor-General
Auckland, New Zealand



School Name:	South Auckland Middle School	School Number: 876
Strategic Aim:	To allow young people to develop and learn to give them a base for excellence in all spheres of life through effective teaching, quality facilities, an optimal day structure and an integrated curriculum.	
Annual Aim:	Assessment for learning practices are used effectively to support improvement in student outcomes. Ensure that curriculum will provide rich learning experiences for children that enable and encourage them to excel.	
Baseline Data:	<p>Using e-asTTle for the basics of numeracy and literacy.</p> <ul style="list-style-type: none"> - Students sit 3 e-asTTle tests per year in reading and Maths. As well as that significant writing samples are collected. Using a metric based on 4 terms with us being “1 year” and one whole curriculum level change being two years worth of progress we calculate and average progression. Our documented aim is 1.5 years growth in these basics across the four years that students have with us. <p>2. Measures from project work.</p> <p>Students are able to track their project skills/knowledge development in a number of ways.</p> <ul style="list-style-type: none"> - the development in their overall marks (from Not Achieved through to Excellence). - the growth in the number of tasks genuinely attempted. - the improving quality of tasks (and average of their task marks/number of tasks attempted). - discussion and reflection on the comments of teachers and the academic manager. - self/group reflection on the effort and outcomes. <p>3. Subject Based Testing.</p> <p>All taught subjects have testing and other assessed tasks. These are summarised and reported to students/parents in mid-year and end of year reports.</p> <p>4 NCEA external results analysis</p> <p>Tracking of all past students NCEA data occurs and to see how our programs impact on the educational future of the students.</p>	

Actions <i>What did we do?</i>	Outcomes <i>What happened?</i>	Reasons for the variance <i>Why did it happen?</i>	Evaluation <i>Where to next?</i>
<p>Effectively using e-asTTle and other assessment tools to inform teaching and learning with a focus to raise achievement in reading</p>	<p>We had PD around e-asTTle reading, writing and maths provided by Evaluate Associates. We redesigned our approach to testing and implemented the new process.</p>	<p>We understood that our approach to using e-asTTle was not effective and we needed to use it as a tool to inform teaching and learning.</p>	<p>To now engage with the e-asTTle data with all teachers and trial a e-asTTle writing pilot at Y7.</p>
<p>Implementing a schoolwide strategy/s in feedback to support student learning outcomes</p>	<p>Students completed valuable reflections. We developed a schoolwide approach to Project Learning reflection. We focussed on immediate feedback in the classroom and developed a community feedback strategy.</p>	<p>We wanted a clear consistent approach to reflection and wanted feedback to be visible and effective. We wanted to build stronger communication with our whanau.</p>	<p>To continue building stronger and improved communication and consultation practices with our whanau.</p>
<p>Improving our transition processes and engage Learning Support networks to improve student learning outcomes in reading</p>	<p>We developed and implemented a transition form for contributing schools for our new intake of students. We developed stronger and better knowledge around making referrals with and for RTLB support. Also, we changed our approach to new parent evenings and provided PD for our Teacher aides to improve student learning outcomes.</p>	<p>To develop better knowledge of our students earlier in the year in order to provide more support for their learning.</p>	<p>Continue to build relationships with contributing schools, RTLB and any current and appropriate PD in the area.</p>
<p>Focusing on the Development of the Digital Technologies Curriculum to integrate in our local curriculum and enhance teaching and learning.</p>	<p>We analysed out current programme to see how it aligned with the new curriculum and made adjustments in our Community Learning programme to reflect this.</p>	<p>To engage with the technology curriculum.</p>	<p>Ongoing review and implementation of changes.</p>
<p>Planning for next year:</p>			

The revised strategic Plan for 2021 onwards directly addresses all areas identified needing growth.

School Name:	Middle School West Auckland	School Number: 877
Strategic Aim:	To allow young people to develop and learn to give them a base for excellence in all spheres of life through effective teaching, quality facilities, an optimal day structure and an integrated curriculum.	
Annual Aim:	Assessment for learning practices are used effectively to support improvement in student outcomes. Ensure that curriculum will provide rich learning experiences for children that enable and encourage them to excel.	
Baseline Data:	<p>Using E-Asttle for the basics of numeracy and literacy.</p> <ul style="list-style-type: none"> - Students sit 3 E-Asttle tests per year in Reading, Math and Writing. As well as that, significant writing samples are collected. Using a metric based on 4 terms with us being “1 year” and one whole curriculum level change being two years’ worth of progress we calculate and average progression. Our documented aim is 1.5 years growth in these basics across the four years that students have with us. <p>2. Measures from Project Work.</p> <p>Students are able to track their project skills/knowledge development in a number of ways.</p> <ul style="list-style-type: none"> - the development in their overall marks (from Not Achieved through to Excellence). - the growth in the number of tasks genuinely attempted. - the improving quality of tasks (and average of their task marks/number of tasks attempted). - discussion and reflection on the comments of teachers and the academic manager. - self/group reflection on the effort and outcomes. <p>3. Subject Based Testing.</p> <p>All taught subjects have testing and other assessed tasks. These are summarised and reported to students/parents in mid-year and end of year reports.</p> <p>4 NCEA external results analysis</p> <p>Tracking of all past students NCEA data occurs and to see how our programs impact on the educational future of the students.</p>	

Actions <i>What did we do?</i>	Outcomes <i>What happened?</i>	Reasons for the variance <i>Why did it happen?</i>	Evaluation <i>Where to next?</i>
<p>Effectively using e-asTTle and other assessment tools to inform teaching and learning with a focus to raise achievement in reading</p> <p>Implementing a schoolwide strategy/s in feedback to support student learning outcomes.</p> <p>Improving our transition processes and engage Learning Support</p>	<p>A full analysis of procedures and understanding of e-asTTle is still being undertaken. The school management team engaged in PD focussing on Reading and administering E-AsTTle.</p> <p>Changes in the way we practice and deliver e-asTTle tests was implemented, but COVID-19 disruptions did not enable us to carry out further practices. At the end of the year a full data analysis and comparison was undertaken with the testing we were able to complete. The data we managed to collect is used to inform the specific goals for the following year and teaching practice. The data indicated growth in all areas but a clear indication that reading requires more focus in 2021.</p> <p>Y10 transition evenings were held with a focus on helping/ informing parents and students. We were</p>	<p>Following the analysis, we understand that our students still need more practice in testing conditions due to the disruptions caused through COVID-19. We were able to complete the E-AsTTle PD, but due to COVID-19, we were unable to complete our Literacy PD. This is being carried over into 2021 for completion.</p> <p>The disruptions caused by COVID-19 has affected our approach to administering our testing methods in a more constructive way. There is still a variance caused in part by the low literacy levels which has an impact on all areas of learning. Most of our students were tested, but due to COVID-19, there were students that did not have the opportunity because of differing circumstances.</p>	<p>Because of the huge disruptions caused by COVID. We have decided to carry over our 2020 actions into 2021.</p> <p>Effectively using e-asTTle and other assessment tools to inform teaching and learning with a focus to raise achievement in reading</p> <p>Implementing a schoolwide strategy/s in feedback to support student learning outcomes.</p>

<p>networks to improve student learning outcomes in reading.</p> <p>Focusing on the Development of the Digital Technologies Curriculum to integrate in our local curriculum and enhance teaching and learning</p>	<p>unable to complete our reading PLD. This has been carried over into 2021 for completion.</p> <p>A digital Technologies Focus group was created where they have begun to construct a Digital Technologies Curriculum that aligns with our program.</p>	<p>COVID disruptions hindered our process. It has made us realise that we will need to do our Y10 transitions earlier in the year. We have also realised that we need a transition process for students coming to us at Year 7.</p> <p>Instigating/ completion was hindered due to COVID-19. Staff were sent on PD to enhance their understandings.</p>	<p>Improving our transition processes and engage Learning Support networks to improve student learning outcomes in reading.</p> <p>Focusing on the Development of the Digital Technologies Curriculum to integrate in our local curriculum and enhance teaching and learning</p>
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Planning for next year:

The revised strategic Plan for 2021 onwards directly addresses all areas identified needing growth.

KiwiSport Reporting

KiwiSport is a government funding initiative to assist and support students' participation in organized sport/events and is part of the Operational grant for 2020.

This funding has gone towards supplementing sporting events with additional staffing - learning assistants with coaching, transporting students to enable improved participation of students. KiwiSport is valuable funding which enables our students to improve their physical wellbeing and in turn reflects in the learning outcomes of the students both in the school and their community. Empowering students to be involved and improve their motor skills in the variety of sports we can offer is an important part of our curriculum.