

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

FINANCIAL STATEMENTS

FOR YEAR ENDING 31 DECEMBER 2019

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Ministry Number: 876
877

Name	Position	Occupation
Cameron Astill	Chairman	Director of Ops
Alwyn Poole	Member	IEC Director
Karen Poole	Member	CEO Villa Ed Trust
Rebecca Dow	Member	IEC Advisor
Josefina Fuimaono-Sapolu	Member	Lawyer
Wendy Greig	Principal	South Auckland
Warren Cook	Principal	West Auckland

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

Financial Statements - For the year ended 31 December 2019

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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 2019

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 principals 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 2019 fairly reflects the financial position and operations of the Combined Board.

The Combined Board's 2019 financial statements are authorised for issue by the Board.

Rebecca Dow

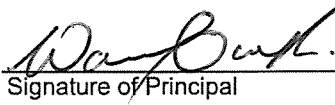
Full Name of Board Chairperson

Warren Cook

Full Name of Principal



Signature of Board Chairperson



Signature of Principal

19 July 2022

Date:

20/7/22

Date:

Wendy Greig

Full Name of Principal



Signature of Principal

20/7/2022

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 2019

	Notes	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Revenue				
Government Grants	2	4,194,529	4,089,261	2,037,021
Locally Raised Funds	3	52,818	140,000	-
International Students	4	9,629	-	-
		4,256,976	4,229,261	2,037,021
Expenses				
Locally Raised Funds	3	93,295	131,000	-
Learning Resources	5	3,354,604	3,203,272	305,946
Administration	6	321,210	318,800	484,211
Property	7	543,320	672,566	2,140
Depreciation	8	249,047	-	51,975
		4,561,476	4,329,638	844,272
Net Surplus / (Deficit)		(304,500)	(100,377)	1,192,749
Other Comprehensive Revenue and Expenses		-	-	-
Total Comprehensive Revenue and Expense for the Year		(304,500)	(100,377)	1,192,749

The above Statement of Comprehensive Revenue and Expense should be read in conjunction with the accompanying notes.

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 2019

	Actual 2019 \$	Budget (Unaudited) 2019 \$	Actual 2018 \$
Balance at 1 January	1,192,749	1,192,749	-
Total comprehensive revenue and expense for the year	(304,500)	(100,377)	1,192,749
Capital Contributions from the Ministry of Education			
Contribution - Furniture and Equipment Grant	-	-	-
Equity at 31 December	888,247	1,092,372	1,192,749
Reserves	888,247	1,092,372	1,192,749
Equity at 31 December	888,247	1,092,372	1,192,749

The above Statement of Changes in Net Assets/Equity should be read in conjunction with the accompanying notes.

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

Statement of Financial Position

As at 31 December 2019

	Notes	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Current Assets				
Cash and Cash Equivalents	9	37,131	233,320	237,644
Accounts Receivable	10	213,248	216,000	-
GST Receivable		2,374	10,000	15,323
Prepayments		-	-	1,585
		252,753	459,320	254,552
Current Liabilities				
Accounts Payable	12	298,604	376,600	71,455
		298,604	376,600	71,455
Working Capital Surplus/(Deficit)		(45,851)	82,720	183,097
Non-current Assets				
Property, Plant and Equipment	11	934,098	1,009,652	1,009,652
		934,098	1,009,652	1,009,652
Net Assets		888,247	1,092,372	1,192,749
Equity		888,247	1,092,372	1,192,749

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

Combined Board of South Auckland Middle School and Middle School West Auckland
Statement of Cash Flows
For the year ended 31 December 2019

	Note	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Cash flows from Operating Activities				
Government Grants		1,457,737	1,240,339	1,738,569
Locally Raised Funds		21,188	84,000	-
International Students		9,629	-	-
Goods and Services Tax (net)		12,949	5,323	(15,323)
Payments to Employees		(553,331)	(697,880)	-
Payments to Suppliers		(975,190)	(636,108)	(423,975)
Net cash from / (to) the Operating Activities		(27,018)	(4,326)	1,299,271
Cash flows from Investing Activities				
Purchase of PPE (and Intangibles)		(173,495)	-	(1,061,627)
Net cash from / (to) the Investing Activities		(173,495)	-	(1,061,627)
Net increase/(decrease) in cash and cash equivalents		(200,513)	(4,326)	237,644
Cash and cash equivalents at the beginning of the year	9	237,644	237,644	-
Cash and cash equivalents at the end of the year	9	37,131	233,318	237,644

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 omitted.

The above Cash Flow Statement should be read in conjunction with the accompanying notes.

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

Notes to the Financial Statements

1. Statement of Accounting Policies

For the year ended 31 December 2019

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 a termination agreement with the Minister.

The initial EBOT comprises the trustees of the Villa Education Trust and hence there is a 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 Combined Boards) 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 is 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 2019 to 31 December 2019 and in accordance with the requirements of the Public Finance Act 1989. The comparative period is for the period 29 August to 31 December 2018 as it was in the establishment phase and not fully operational until 2019.

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 Act 1989 requires the Combined Board, 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".

Standard early adopted

In line with the Financial Statements of the Government, the Combined Board has elected to early adopt PBE IFRS 9 Financial Instruments. PBE IFRS 9 replaces PBE IPSAS 29 Financial Instruments: Recognition and Measurement. Information about the adoption of PBE IFRS 9 is provided in Note 20.

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.

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 carryforward 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 receives 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.

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.

Interest Revenue

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

d) 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.

e) Accounts Receivable

Short-term receivables are recorded at the amount due, less an allowance for credit losses. The Combined Board applies the simplified expected credit loss model of recognising lifetime expected credit losses for receivables. In measuring expected credit losses, short-term receivables have been assessed on a collective basis as they possess shared credit risk characteristics. They have been grouped based on the days past due. Short-term receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include the debtor being in liquidation.

Prior Year Policy

Accounts Receivable represents items that the Combined Board has issued invoices for or accrued for, but has not received payment for at year end. Receivables are initially recorded at fair value and subsequently recorded at the amount the Combined Board realistically expects to receive. A receivable is considered uncollectable where there is objective evidence the Combined Board will not be able to collect all amounts due. The amount that is uncollectable (the provision for uncollectibility) is the difference between the amount due and the present value of the amounts expected to be collected.

f) 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.

Prior Year Policy

Bank term deposits are initially measured at the amount invested. Interest is subsequently accrued and added to the investment balance.

Investments that are shares are categorised as "available for sale" for accounting purposes in accordance with financial reporting standards. Share investments are recognised initially by the Combined Board at fair value plus transaction costs. At balance date the Combined Board has assessed whether there is any evidence that an investment is impaired. Any impairment, gains or losses are recognised in the Statement of Comprehensive Revenue and Expense.

After initial recognition bank term deposits are measured at amortised cost using the effective interest method less impairment.

After initial recognition any investments categorised as available for sale are measured at their fair value without any deduction for transaction costs the Combined Board may incur on sale or other disposal.

The Combined Board has met the requirements under section 73 of the Education Act 1989 in relation to the acquisition of securities.

g) Property, Plant and Equipment

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

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

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

Property, plant and equipment acquired with individual values under \$1,000 are not capitalised, they are recognised as an expense in the Statement of Comprehensive Revenue and Expense.

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 – Crown	10–75 years
Furniture and equipment	2–15 years
Information and communication technology	1–5 years
Motor vehicles	5 years

h) 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.

i) 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.

j) 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, annual leave earned to but not yet taken at balance date.

k) Financial Assets and Liabilities

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 "loans and receivables" for accounting purposes in accordance with financial reporting standards.

Investments that are shares are categorised as "available for sale" for accounting purposes in accordance with financial reporting standards.

The Combined Board's financial liabilities comprise accounts payable and accruals. All of these financial liabilities are categorised as "financial liabilities measured at amortised cost" for accounting purposes in accordance with financial reporting standards.

l) 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.

m) Budget Figures

The budget figures are extracted from the Combined Board budget that was approved by the Board at the start of the year.

n) 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.

6. Administration

	2019	2019	2018
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Audit Fee	12,000	-	11,600
Board of Trustees Fees	2,303	-	-
Communication	5,836	2,800	-
Consumables	36,129	22,000	-
Operating Lease	30,647	40,000	-
Legal Fees	-	-	61
Management fees and Other	226,295	250,000	468,520
Service Providers, Contractors and Consultancy	8,000	4,000	4,030
	<u>321,210</u>	<u>318,800</u>	<u>484,211</u>

7. Property

	2019	2019	2018
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Consultancy and Contract Services	56,244	64,000	-
Heat, Light and Water	19,146	36,000	-
Repairs and Maintenance	39,754	30,000	2,140
Use of Land and Buildings	426,436	538,566	-
Security	1,740	4,000	-
	<u>543,320</u>	<u>672,566</u>	<u>2,140</u>

8. Depreciation of Property, Plant and Equipment

	2019	2019	2018
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Buildings - School	78,312	-	20,207
Furniture and Equipment	18,734	-	4,695
Information and Communication Technology	120,449	-	22,247
Motor Vehicles	31,552	-	4,826
	<u>249,047</u>	<u>-</u>	<u>51,975</u>

9. Cash and Cash Equivalents

	2019	2019	2018
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Bank Current Account	37,131	233,318	237,644
Net cash and cash equivalents and bank overdraft for Cash Flow Statement	<u>37,131</u>	<u>233,318</u>	<u>237,644</u>

The carrying value of short-term deposits with maturity dates of 90 days or less approximates their fair value.

10. Accounts Receivable

	2019	2019	2018
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Receivables	31,630	56,000	-
Banked Staffing Underuse	17,289	-	-
Teacher Salaries Grant Receivable	164,329	160,000	-
	<u>213,248</u>	<u>216,000</u>	<u>-</u>
Receivables from Exchange Transactions	31,630	56,000	-
Receivables from Non-Exchange Transactions	181,618	160,000	-
	<u>213,248</u>	<u>216,000</u>	<u>-</u>

11. Property, Plant and Equipment

	Opening Balance (NBV)	Additions	Disposals	Impairment	Depreciation	Total (NBV)
	\$	\$	\$	\$	\$	\$
2019						
Buildings	688,330	-	-	-	(78,314)	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	1,009,652	173,495	-	-	(249,049)	934,098

	Cost or Valuation	Accumulated Depreciation	Net Book Value
	\$	\$	\$
2019			
Buildings	708,537	(98,521)	610,016
Furniture and Equipment	134,845	(23,429)	111,416
Information and Communication Technology	266,522	(142,696)	123,826
Motor Vehicles	125,218	(36,378)	88,840
Balance at 31 December 2019	1,235,122	(301,024)	934,098

	Opening Balance (NBV)	Additions	Disposals	Impairment	Depreciation	Total (NBV)
	\$	\$	\$	\$	\$	\$
2018						
Buildings	-	708,537	-	-	(20,207)	688,330
Furniture and Equipment	-	100,400	-	-	(4,695)	95,705
Information and Communication Technology	-	188,342	-	-	(22,247)	166,095
Motor Vehicles	-	64,348	-	-	(4,826)	59,522
Balance at 31 December 2018	-	1,061,627	-	-	(51,975)	1,009,652

Accumulated Depreciation

	Cost or Valuation	Accumulated Depreciation	Net Book Value
	\$	\$	\$
2018			
Buildings	708,537	(20,207)	688,330
Furniture and Equipment	100,400	(4,695)	95,705
Information and Communication Technology	188,342	(22,247)	166,095
Motor Vehicles	64,348	(4,826)	59,522
Balance at 31 December 2018	1,061,627	(51,975)	1,009,652

12. Accounts Payable

	2019	2019	2018
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Operating creditors	82,003	180,000	55,855
Accruals	31,600	6,600	15,600
Employee Entitlements - salaries	185,001	190,000	-
Employee Entitlements - leave accrual	-	-	-
	<u>298,604</u>	<u>376,600</u>	<u>71,455</u>
Payables for Exchange Transactions	298,604	376,600	71,455
Payables for Non-exchange Transactions - Taxes Payable (PAYE and Rates)	-	-	-
Payables for Non-exchange Transactions - Other	-	-	-
	<u>298,604</u>	<u>376,600</u>	<u>71,455</u>

The carrying value of payables approximates their fair value.

13. 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 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 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.

As part of the transition in 2018 the Trust undertook the termination procedures for these two schools as partnership schools, and the establishment of these as state designated character schools, receiving management fees from the Combined Board of SAMS and MSWA to a total of \$467,391. This is recorded within Administration costs in Note 6. The Trust has continued to provide the governance, financial and administrative functions necessary to operate the two state schools since balance date under a management fee arrangement with the Combined Board (2019:\$145,795).

Under the terms of the termination agreement, all of the assets relating to South Auckland Middle Combined Board and Middle Combined Board West Auckland as at 30 September 2018 were sold to the Combined Board at book values, as recorded at 1 January 2018.

Alwyn Poole, a trustee of the Combined Board, also is 100% shareholder of Innovative Education Consultants Limited (IEC). During the year the School contracted Villa Education Trust and IEC to provide consultancy and administration support for the School. The total value of all transactions for the year was \$198,145 (2018: 467,391) for Villa Education Trust and \$92,000 for IEC. No amount is outstanding as at balance date (2018: nil). Because the amount paid to IEC is higher than \$25,000 for the year the contract required Ministry approval under section 103 of the Education Act 1989, and this had not been obtained. Alwyn Poole resigned as a trustee of the Combined Board during 2020.

The Villa Education Trust made a \$10,000 donation to Middle School West Auckland for hosting a group of international students from Hong Kong. The donation was made on 29th July 2019. Middle School West Auckland hosted the students on behalf of The Villa Education Trust due to available capacity and The Trust made a voluntary donation to Middle School West Auckland (2018: nil).

14. Remuneration

Key management personnel compensation

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

	2019 Actual \$	2018 Actual \$
<i>Board Members</i>		
Remuneration	2,303	-
Full-time equivalent members	1.40	-
<i>Leadership Team</i>		
Remuneration	863,957	-
Full-time equivalent members	9.00	-
Total key management personnel remuneration	866,260	-
Total full-time equivalent personnel	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.

Principal

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

	2019 Actual \$000	2018 Actual \$000
South Auckland Middle School		
Salaries and Other Short-term Employee Benefits:		
Salary and Other Payments	120 -130	-
Benefits and Other Emoluments	-	-
Termination Benefits	-	-
Middle School West Auckland		
Salaries and Other Short-term Employee Benefits:	\$000	\$000
Salary and Other Payments	120 -130	-
Benefits and Other Emoluments	-	-
Termination Benefits	-	-

Other Employees

No of other employees with remuneration greater than \$100,000.

Remuneration \$000	2019 FTE Number	2018 FTE Number
110 - 120	0.00	-
100 - 110	2.00	-
	2.00	-

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

15. Contingencies

There are no contingent liabilities (except as noted below) and no contingent assets as at 31 December 2019 (Contingent liabilities and assets at 31 December 2018: nil).

16. Commitments

(a) Capital Commitments

As at 31 December 2019 the Board has not entered into contract agreements for capital works.

(Capital commitments at 31 December 2018: nil)

(b) Operating Commitments

As at 31 December 2019 the Board has entered into the following contracts:

	2019 Actual \$	2018 Actual \$
No later than One Year	32,408	-
Later than One Year and No Later than Five Years	5,401	-
Later than Five Years	-	-
	<u>37,809</u>	<u>-</u>

17. 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 School 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.

18. Financial Instruments

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

Loans and receivables

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Cash and Cash Equivalents	37,131	233,318	237,644
Receivables	213,248	216,000	-
Total Loans and Receivables	<u>250,379</u>	<u>449,318</u>	<u>237,644</u>

Financial liabilities measured at amortised cost

Payables	298,604	376,600	71,455
Total Financial Liabilities Measured at Amortised Cost	<u>298,604</u>	<u>376,600</u>	<u>71,455</u>

19. Adoption of PBE IFRS 9 Financial Instruments

In accordance with the transitional provisions of PBE IFRS 9, the Combined Board has elected not to restate the information for previous years to comply with PBE IFRS 9. Adjustments arising from the adoption of PBE IFRS 9 are recognised in opening equity at 1 January 2019. Accounting policies have been updated to comply with PBE IFRS 9. The main updates are:

- Note 10 Receivables: This policy has been updated to reflect that the impairment of short-term receivables is now determined by applying an expected credit loss model.
- Investments: This policy has been updated to explain that a loss allowance for expected credit losses is recognised only if the estimated loss allowance is not trivial.

Upon transition to PBE IFRS 9 there were no material adjustments to these financial statements

20. 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 2020.

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 2019

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.

Qualified opinion

We have audited the financial statements of the Combined Board on pages 2 to 18, that comprise the statement of financial position as at 31 December 2019, 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, except for the possible effects of the matter described in the *Basis for our qualified opinion* section of our report, the financial statements of the Combined Board:

- present fairly, in all material respects:
 - its financial position as at 31 December 2019; 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 (PBE) Standards Reduced Disclosure Regime.

Our audit was completed on 27 July 2022. This is the date at which our opinion is expressed.

The basis for our qualified 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 for our qualified opinion

Basis for our qualified opinion – the prior year financial statements were qualified due to a lack of information supporting the services provided by Villa Education Trust

As disclosed in note 13 on page 15, during 2018 the Combined Board paid management fees of \$467,391 to Villa Education Trust. At the time the payment was made, the Combined Board and the board of trustees of Villa Education Trust, consisted of the same members except for the principals of the schools.

We were unable to obtain adequate audit evidence to determine how much of the \$467,391 was valid expenditure of the Combined Board and whether any adjustments to the financial statements were necessary. We accordingly expressed a qualified opinion on the financial statements for the year ended 31 December 2018.

Our opinion on the current year's financial statements is qualified because of the possible effects of this matter on the comparability of the current year's figures and the corresponding figures. No such qualification was issued in respect of the management fee for the year ended 31 December 2019.

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 further modifying our opinion, we draw attention to the following disclosures.

Uncertainty over the services provided by Villa Education Trust

Note 13 on page 15 outlines that the Combined Board continued to pay management fees to Villa Education Trust during 2019 to the value of \$145,795. 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 13 on page 15 outlines that the Combined Board made payments of \$92,000 to Innovative Education Consultants Limited which is owned by a Board of Trustees member. The Combined Board has breached Section 103 of the Education Act 1989 (now 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 20 on page 18 outlines that the Combined Board did not comply with section 87C(1) of the Education Act 1989 (now 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 2020.

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 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.

A handwritten signature in blue ink, appearing to read 'Wayne Tukiri'.

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

Analysis of Variance Reporting



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>A Focus on using e-asTTle: - e-asTTle – data analysis and programme</p> <p>Focusing on using effective feedback:</p> <p>Focusing on developing more effective relationships and understanding of Learning Support networks</p> <p>Preparation to implement the Digital Literacies curriculum</p>	<p>A full analysis of procedures and understanding of eastle was undertaken. Change in practice and delivery of the eastle tests was implemented. At the end of the year a full data analysis and comparison was undertaken . this data is used to inform the specific goals for the following year and teaching practice.</p> <p>The data indicated growth in all areas but a clear indication that reading requires more focus in 2020.</p> <p>The school management team engaged in PD focussing on the available support networks. This build strong relationships with various agencies and build clarity on the process.</p> <p>All staff completed the readiness programme and staff interest in being Digital Leaders recorded.</p>	<p>Following the analysis we understand that our students need more practice in testing conditions.</p> <p>We discovered the variance was caused in part by the low literacy levels which has an impact on all areas of learning, eg maths when a student cannot read/understand the question.</p> <p>This informed the redefined practice for 2020.</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>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>

Planning for next year:

The revised strategic Plan for 2020 onwards directly addresses all areas identified needing growth.

Analysis of Variance Reporting



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 and Math. 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>		

Tracking of all past students NCEA data occurs and to see how our programs impact on the educational future of the students.

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>A Focus on using e-asTTle: - e-asTTle – data analysis and programme</p> <p>Focusing on using effective feedback:</p> <p>Focusing on developing more effective relationships and understanding of Learning Support networks</p> <p>Preparation to implement the Digital Literacies curriculum</p>	<p>A full analysis of procedures and understanding of e-asTTle was undertaken. Change in practice and delivery of the e-asTTle tests was implemented. At the end of the year a full data analysis and comparison was undertaken. This data 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 2020.</p> <p>The school management team engaged in PD focussing on the available support networks. This built strong relationships with various agencies and built clarity on the process.</p> <p>All staff completed the readiness programme and staff interest in being Digital Leaders recorded.</p>	<p>Following the analysis, we understand that our students needed more practice in testing conditions.</p> <p>We discovered the variance was caused in part by the low literacy levels which has an impact on all areas of learning, eg Math, when a student cannot read/understand the question.</p> <p>This informed the redefined practice for 2020.</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>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>
Planning for next year:			



The revised strategic Plan for 2020 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 2019.

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.