

WALLACETOWN SCHOOL

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

School Directory

Ministry Number: 4046
Principal: Neville Hore
School Address: 34 Mauchline Street, Wallacetown
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Members of the Board of Trustees

Name	Position	How Position Gained	Term Expired/
Carl Stewart	Chair Person	Elected	Jun-22
Neville Hore	Principal	ex Officio	
Kelly Hibbs	Parent Rep	Elected	Jun-22
Douglas Jukes	Parent Rep	Elected	Jun-22
Ana Ridley	Parent Rep	Elected	Jun-22
Yidan (Danna) Zhang-Thomas	Parent Rep	Elected	Jun-22
Sandii Cullimore	Staff Rep	Elected	Jun-22
Suart Evans			Outgoing Jun-19
Kim Clarke			Outgoing Jun-19
Helen Cummings			Outgoing Jun-19

Accountant / Service Provider: Maggie Turnhout

WALLACETOWN SCHOOL

Annual Report - For the year ended 31 December 2019

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Wallacetown School

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.

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

It is the opinion of the Board and management that the annual financial statements for the financial year ended 31 December 2019 fairly reflects the financial position and operations of the school.

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

Carl Stewart

Full Name of Board Chairperson

Neville Hore

Full Name of Principal

Signature of Board Chairperson

Signature of Principal

25 June 20

Date:

25 June 20

Date:

Wallacetown School
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	594,393	594,788	624,805
Locally Raised Funds	3	39,237	37,072	27,682
Interest income		2,932	4,322	3,046
		<hr/>	<hr/>	<hr/>
		636,561	636,182	655,533
Expenses				
Locally Raised Funds	3	43,492	27,175	30,960
Learning Resources	4	399,704	382,279	406,438
Administration	5	34,127	33,542	36,438
Finance		1,791	-	558
Property	6	168,468	167,926	170,784
Depreciation	7	16,053	9,857	12,255
		<hr/>	<hr/>	<hr/>
		663,634	620,779	657,433
Net Surplus / (Deficit) for the year		(27,073)	15,403	(1,900)
Other Comprehensive Revenue and Expenses		-	-	-
Total Comprehensive Revenue and Expense for the Year		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
		(27,073)	15,403	(1,900)

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

Wallacetown School

Statement of Changes in Net Assets/Equity

For the year ended 31 December 2019

	Notes	Actual 2019 \$	Budget (Unaudited) 2019 \$	Actual 2018 \$
Balance at 1 January		59,070	59,071	60,970
Total comprehensive revenue and expense for the year		(27,073)	15,403	(1,900)
Capital Contributions from the Ministry of Education Contribution - Furniture and Equipment Grant		993	-	-
Equity at 31 December	21	32,990	74,474	59,070
Retained Earnings		32,990	74,474	59,070
Equity at 31 December		32,990	74,474	59,070

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.

Wallacetown School

Statement of Financial Position

As at 31 December 2019

		2019	2019	2018
	Notes	Actual	Budget	Actual
		\$	(Unaudited)	\$
			\$	
Current Assets				
Cash and Cash Equivalents	8	182,624	44,768	14,729
Accounts Receivable	9	24,344	27,072	27,072
GST Receivable		43,714	1,517	1,516
Investments	10	92,060	91,414	91,414
		<u>342,743</u>	<u>164,771</u>	<u>134,731</u>
Current Liabilities				
Accounts Payable	12	104,981	32,177	32,177
Provision for Cyclical Maintenance	13	53,000	53,000	53,000
Finance Lease Liability - Current Portion	14	4,217	5,810	4,721
Funds held for Capital Works Projects	15	150,936	-	-
		<u>313,134</u>	<u>90,987</u>	<u>89,898</u>
Working Capital Surplus/(Deficit)		29,608	73,784	44,833
Non-current Assets				
Property, Plant and Equipment	11	55,135	55,576	65,432
		<u>55,135</u>	<u>55,576</u>	<u>65,432</u>
Non-current Liabilities				
Provision for Cyclical Maintenance	13	46,300	51,025	41,525
Finance Lease Liability	14	5,453	3,860	9,670
		<u>51,753</u>	<u>54,885</u>	<u>51,195</u>
Net Assets		<u>32,990</u>	<u>74,474</u>	<u>59,070</u>
Equity	21	<u>32,990</u>	<u>74,474</u>	<u>59,070</u>

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

Wallacetown School

Statement of Cash Flows

For the year ended 31 December 2019

		2019	2019	2018
	Note	Actual	Budget	Actual
		\$	(Unaudited)	\$
			\$	
Cash flows from Operating Activities				
Government Grants		144,792	142,692	140,136
Locally Raised Funds		39,951	37,072	27,255
Goods and Services Tax (net)		(42,200)	-	(56)
Payments to Employees		(45,095)	(54,425)	(53,224)
Payments to Suppliers		(73,853)	(94,901)	(114,001)
Cyclical Maintenance Payments in the year		-	-	(3,142)
Interest Paid		(1,791)	-	(558)
Interest Received		3,715	4,322	3,149
Net cash from Operating Activities		25,519	34,760	(441)
Cash flows from Investing Activities				
Purchase of PPE (and Intangibles)		(5,755)	-	(6,465)
Purchase of Investments		(647)	-	(682)
Net cash from Investing Activities		(6,401)	-	(7,147)
Cash flows from Financing Activities				
Furniture and Equipment Grant		993	-	-
Finance Lease Payments		(3,152)	(4,721)	(674)
Funds Held for Capital Works Projects		150,936	-	-
Net cash from Financing Activities		148,777	(4,721)	(674)
Net increase/(decrease) in cash and cash equivalents		167,894	30,039	(8,262)
Cash and cash equivalents at the beginning of the year	8	14,730	14,730	22,992
Cash and cash equivalents at the end of the year	8	182,624	44,768	14,730

The statement of cash flows records only those cash flows directly within the control of the School. This means centrally funded teachers' salaries and the use of land and buildings grant and expense have been excluded.

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



Wallacetown School

Notes to the Financial Statements

For the year ended 31 December 2019

1. Statement of Accounting Policies

a) Reporting Entity

Wallacetown School (the School) is a Crown entity as specified in the Crown Entities Act 2004 and a school as described in the Education Act 1989. The Board of Trustees (the Board) is of the view that the School is a public benefit entity for financial reporting purposes.

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.

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 School, as a Crown entity, to prepare financial statements in accordance with generally accepted accounting practice. The financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand, applying Public Sector Public Benefit Entity (PBE) Standards Reduced Disclosure Regime as appropriate to public benefit entities that qualify for Tier 2 reporting. The school is considered a Public Benefit Entity as it meets the criteria specified as "having a primary objective to provide goods and/or services for community or social benefit and where any equity has been provided with a view to supporting that primary objective rather than for financial return to equity holders".

Standard early adopted

In line with the Financial Statements of the Government, the School 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 25.

PBE Accounting Standards Reduced Disclosure Regime

The School qualifies for Tier 2 as the school is not publicly accountable and is not considered large as it falls below the 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 School reviews the estimated useful lives of property, plant and equipment at the end of each reporting date. The School believes that the estimated useful lives of the property, plant and equipment as disclosed in the Significant Accounting Policies are appropriate to the nature of the property, plant and equipment at reporting date. Property, plant and equipment is disclosed at note 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 school. Judgement is required on various aspects that include, but are not limited to, the fair value of the leased asset, the economic life of the leased asset, whether or not to include renewal options in the lease term, and determining an appropriate discount rate to calculate the present value of the minimum lease payments. Classification as a finance lease means the asset is recognised in the statement of financial position as property, plant, and equipment, whereas for an operating lease no such asset is recognised. Finance leases are disclosed at note 14.

Recognition of grants

The School reviews the grants monies received at the end of each reporting period and whether any require a provision to carryforward amounts unspent. The School 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 school receives funding from the Ministry of Education. The following are the main types of funding that the School receives;

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

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

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

Other Grants

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

Donations, Gifts and Bequests

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

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 School operates is owned by the Crown and managed by the Ministry of Education on behalf of the Crown. The School's use of the land and buildings as occupant is based on a property occupancy document as gazetted by the Ministry. The expense is based on an assumed market rental yield on the value of land and buildings as used for rating purposes. This is a non-cash 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) Finance Lease Payments

Finance lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term on an effective interest basis.

g) 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.

h) Accounts Receivable

Short-term receivables are recorded at the amount due, less an allowance for credit losses. The school 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 School 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 School realistically expects to receive. A receivable is considered uncollectable where there is objective evidence the School 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.

i) 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 for periods exceeding 90 days are classified as investments and are initially measured at the amount invested. Interest is subsequently accrued and added to the investment balance. After initial recognition bank term deposits are measured at amortised cost using the effective interest method less impairment.

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 School at fair value plus transaction costs. At balance date the School 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 any investments categorised as available for sale are measured at their fair value without any deduction for transaction costs the school may incur on sale or other disposal.

j) 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 \$500 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.

Finance Leases

A finance lease transfers to the lessee substantially all the risks and rewards incidental to ownership of an asset, whether or not title is eventually transferred. At the start of the lease term, finance leases are recognised as assets and liabilities in the statement of financial position at the lower of the fair value of the leased asset or the present value of the minimum lease payments. The finance charge is charged to the surplus or deficit over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability. The amount recognised as an asset is depreciated over its useful life. If there is no reasonable certainty whether the school will obtain ownership at the end of the lease term, the asset is fully depreciated over the shorter of the lease term and its useful life.

Depreciation

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

The estimated useful lives of the assets are:

Building improvements to Crown Owned Assets	10 - 50 years
Furniture and equipment	3 - 15 years
Information and communication technology	2 - 8 years
Leased assets held under a Finance Lease	3 - 4 years
Library resources	12.5% Diminishing value

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

The school 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.

l) Accounts Payable

Accounts Payable represents liabilities for goods and services provided to the School prior to the end of the financial year which are unpaid. Accounts Payable are recorded at the amount of cash required to settle those liabilities. The amounts are unsecured and are usually paid within 30 days of recognition.

m) 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.

n) Provision for Cyclical Maintenance

The property from which the School operates is owned by the Crown, and is vested in the Ministry. The Ministry has gazetted a property occupancy document that sets out the Board's property maintenance responsibilities. The Board is responsible for maintaining the land, buildings and other facilities on the School site in a state of good order and repair.

Cyclical maintenance, which involves painting the interior and exterior of the School, makes up the most significant part of the Board's responsibilities outside day-to-day maintenance. The provision for cyclical maintenance represents the obligation the Board has to the Ministry and is based on the Board's ten year property plan (10YPP).

o) Financial Assets and Liabilities

The School's financial assets comprise cash and cash equivalents, accounts receivable, and investments. All of these financial assets, except for investments that are shares, are 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 School'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.

p) Borrowings

Borrowings on normal commercial terms are initially recognised at the amount borrowed plus transaction costs. Interest due on the borrowings is subsequently accrued and added to the borrowings balance. Borrowings are classified as current liabilities unless the school has an unconditional right to defer settlement of the liability for at least 12 months after balance date.

Grants determined by the Minister of Education for operational activities includes all items (core components) included in the Operational Funding notice.

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

q) 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.

r) Budget Figures

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

s) Services received in-kind

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

2. Government Grants

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Operational Grants	118,321	127,273	126,164
Teachers' Salaries Grants	330,711	333,097	360,062
Use of Land and Buildings Grants	117,321	118,999	119,884
Resource Teachers Learning and Behaviour Grants	628	-	-
Other Government Grants	27,412	15,419	18,695
	<u>594,393</u>	<u>594,788</u>	<u>624,805</u>

3. Locally Raised Funds

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

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Revenue			
Donations	16	500	516
Bequests & Grants	6,316	1,968	1,711
Activities	9,781	7,462	4,837
Trading	12,287	19,940	10,881
Fundraising	10,732	7,150	9,704
Other Revenue	105	52	32
	<u>39,237</u>	<u>37,072</u>	<u>27,682</u>
Expenses			
Activities	12,004	6,800	5,836
Trading	22,745	15,225	17,344
Fundraising (Costs of Raising Funds)	8,743	5,150	7,780
	<u>43,492</u>	<u>27,175</u>	<u>30,960</u>
<i>Surplus/ (Deficit) for the year Locally raised funds</i>	<u>(4,255)</u>	<u>9,897</u>	<u>(3,278)</u>

4. Learning Resources

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Curricular	3,340	7,114	5,750
Information and Communication Technology	1,513	4,000	4,919
Library Resources	1,766	2,600	2,417
Employee Benefits - Salaries	390,235	364,553	389,622
Staff Development	2,851	4,012	3,730
	<u>399,704</u>	<u>382,279</u>	<u>406,438</u>



5. Administration

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Audit Fee	3,014	3,466	2,214
Board of Trustees Fees	3,755	3,728	3,040
Board of Trustees Expenses	-	600	-
Communication	2,801	2,500	1,459
Consumables	998	700	600
Operating Lease	(564)	-	6,187
Other	10,279	10,829	10,198
Employee Benefits - Salaries	12,936	10,969	11,665
Insurance	158	-	335
Service Providers, Contractors and Consultancy	750	750	740
	34,127	33,542	36,438

6. Property

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Caretaking and Cleaning Consumables	1,195	436	9,412
Consultancy and Contract Services	9,596	9,977	-
Cyclical Maintenance Provision	4,775	9,500	(1,083)
Grounds	2,680	2,500	2,947
Heat, Light and Water	9,937	7,000	15,641
Rates	1,334	1,500	1,500
Repairs and Maintenance	14,323	4,714	9,099
Use of Land and Buildings	117,321	118,999	119,884
Security	540	1,300	1,385
Employee Benefits - Salaries	6,767	12,000	11,999
	168,468	167,926	170,784

The use of land and buildings figure represents 8% of the school's total property value. Property values are established as part of the nation-wide revaluation exercise that is conducted every 30 June for the Ministry of Education's year-end reporting purposes.

7. Depreciation

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Building Improvements - Crown	2,139	2,000	2,357
Furniture and Equipment	5,048	4,000	4,553
Information and Communication Technology	2,970	2,000	2,278
Leased Assets	4,730	1,000	1,961
Library Resources	1,166	857	1,106
	16,053	9,857	12,255



8. Cash and Cash Equivalents

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Bank Current Account	174,455	37,251	7,212
Bank Call Account	8,168	7,517	7,517
Cash and cash equivalents for Cash Flow Statement	<u>182,624</u>	<u>44,768</u>	<u>14,729</u>

Of the **\$182,624** Cash and Cash Equivalents, **\$150,936** is held by the School on behalf of the Ministry of Education. These funds are required to be spent in **2020** on Crown owned school buildings under the School's MOE capital works projects.

9. Accounts Receivable

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Receivables	2,051	2,765	2,765
Interest Receivable	-	783	783
Teacher Salaries Grant Receivable	22,293	23,524	23,524
	<u>24,344</u>	<u>27,072</u>	<u>27,072</u>
Receivables from Exchange Transactions	2,051	3,548	3,548
Receivables from Non-Exchange Transactions	22,293	23,524	23,524
	<u>24,344</u>	<u>27,072</u>	<u>27,072</u>

10. Investments

The School's investment activities are classified as follows:

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Current Asset			
Short-term Bank Deposits	92,060	91,414	91,414
Total Investments	<u>92,060</u>	<u>91,414</u>	<u>91,414</u>

11. Property, Plant and Equipment

	Opening Balance (NBV)	Additions	Disposals	Impairment	Depreciation	Total (NBV)
2019	\$	\$	\$	\$	\$	\$
Building Improvements	24,983	-	-	-	(2,139)	22,844
Furniture and Equipment	11,753	4,171	-	-	(5,048)	10,876
Information and Communication Technology	6,798	-	-	-	(2,970)	3,828
Leased Assets	14,154	-	-	-	(4,730)	9,424
Library Resources	7,744	1,585	-	-	(1,166)	8,163
Balance at 31 December 2019	65,432	5,756	-	-	(16,053)	55,135

	Cost or Valuation	Accumulated Depreciation	Net Book Value
2019	\$	\$	\$
Building Improvements	57,192	(34,348)	22,844
Furniture and Equipment	128,415	(117,540)	10,876
Information and Communication Technology	94,130	(90,302)	3,828
Leased Assets	16,719	(7,295)	9,424
Library Resources	40,930	(32,766)	8,163
Balance at 31 December 2019	337,386	(282,251)	55,135

	Opening Balance (NBV)	Additions	Disposals	Impairment	Depreciation	Total (NBV)
2018	\$	\$	\$	\$	\$	\$
Building Improvements	27,341	-	-	-	(2,358)	24,983
Furniture and Equipment	15,087	1,218	-	-	(4,552)	11,753
Information and Communication Technology	4,728	4,349	-	-	(2,279)	6,798
Leased Assets	3,022	13,092	-	-	(1,960)	14,154
Library Resources	7,958	899	(7)	-	(1,106)	7,744
Balance at 31 December 2018	58,136	19,558	(7)	-	(12,255)	65,432

	Cost or Valuation	Accumulated Depreciation	Net Book Value
2018	\$	\$	\$
Building Improvements	57,192	(32,209)	24,983
Furniture and Equipment	137,923	(126,170)	11,753
Information and Communication Technology	99,628	(92,830)	6,798
Leased Assets	16,719	(2,565)	14,154
Library Resources	39,344	(31,600)	7,744
Balance at 31 December 2018	350,807	(285,374)	65,432



12. Accounts Payable

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Operating Creditors	45,693	5,789	5,789
Accruals	2,864	2,864	2,864
Banking Staffing Overuse	34,131	-	-
Employee Entitlements - Salaries	22,293	23,524	23,524
	<u>104,981</u>	<u>32,177</u>	<u>32,177</u>
Payables for Exchange Transactions	104,981	32,177	32,177
	<u>104,981</u>	<u>32,177</u>	<u>32,177</u>

The carrying value of payables approximates their fair value.

13. Provision for Cyclical Maintenance

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Provision at the Start of the Year	94,525	94,525	98,750
Increase/ (decrease) to the Provision During the Year	4,775	9,500	4,775
Use of the Provision During the Year	-	-	(3,142)
Adjustment to the Provision			(5,858)
Provision at the End of the Year	<u>99,300</u>	<u>104,025</u>	<u>94,525</u>
Cyclical Maintenance - Current	53,000	53,000	53,000
Cyclical Maintenance - Term	46,300	51,025	41,525
	<u>99,300</u>	<u>104,025</u>	<u>94,525</u>

14. Finance Lease Liability

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

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
No Later than One Year	5,810	5,810	6,512
Later than One Year and no Later than Five Years	8,138	3,860	13,948
Later than Five Years	-	-	-
	<u>13,948</u>	<u>9,670</u>	<u>20,460</u>

15. Funds Held for Capital Works Projects

During the year the School received and applied funding from the Ministry of Education for the following capital works projects:

	2019	Opening Balances \$	Receipts from MoE \$	Payments \$	BOT Contributions	Closing Balances \$
Boiler, Switchboard & Toilet Upgrade	<i>in progress</i>	-	586,933	(434,420)	-	152,513
Playcentre Rationalisation	<i>in progress</i>	-	21,957	(23,534)	-	(1,577)
Totals		-	608,890	(457,954)	-	150,936

Represented by:

Funds Held on Behalf of the Ministry of Education	152,513
Funds Due from the Ministry of Education	(1,577)
	<u>150,936</u>

16. Related Party Transactions

The School is a controlled entity of the Crown, and the Crown provides the major source of revenue to the school. The school enters into transactions with other entities also controlled by the Crown, such as government departments, state-owned enterprises and other Crown entities. Transactions with these entities are not disclosed as they occur on terms and conditions no more or less favourable than those that it is reasonable to expect the school would have adopted if dealing with that entity at arm's length.

Related party disclosures have not been made for transactions with related parties that are within a normal supplier or client/recipient relationship on terms and condition no more or less favourable than those that it is reasonable to expect the school would have adopted in dealing with the party at arm's length in the same circumstances. Further, transactions with other government agencies (for example, Government departments and Crown entities) are not disclosed as related party transactions when they are consistent with the normal operating arrangements between government agencies and undertaken on the normal terms and conditions for such transactions.

17. Remuneration

Key management personnel compensation

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

	2019 Actual \$	2018 Actual \$
<i>Board Members</i>		
Remuneration	3,755	3,040
Full-time equivalent members	0.07	0.05
<i>Leadership Team</i>		
Remuneration	112,788	109,224
Full-time equivalent members	1	1
Total key management personnel remuneration	<u>116,543</u>	<u>112,264</u>
Total full-time equivalent personnel	<u>1.07</u>	<u>1.05</u>

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 Principal was in the following bands:

	2019	2018
	Actual	Actual
	\$000	\$000
Salaries and Other Short-term Employee Benefits:		
Salary and Other Payments	100 - 110	100 - 110
Benefits and Other Emoluments	0 - 5	0 - 5
Termination Benefits	-	-

Other Employees

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

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

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

18. Compensation and Other Benefits Upon Leaving

The total value of compensation or other benefits paid or payable to persons who ceased to be trustees, committee member, or employees during the financial year in relation to that cessation and number of persons to whom all or part of that total was payable was as follows:

	2019	2018
	Actual	Actual
Total	-	\$6,568
Number of People	-	1

19. 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).

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 has commenced a review of the schools sector payroll to ensure compliance with the Holidays Act 2003. The initial phase of this review has identified areas of non-compliance. The Ministry has recognised an estimated provision based on the analysis of sample data, which may not be wholly representative of the total dataset for Teacher and Support Staff Entitlements. A more accurate estimate will be possible after further analysis of non-compliance has been completed, and this work is ongoing. Final calculations and potential impact on any specific individual will not be known until further detailed analysis has been completed.

To the extent that any obligation cannot reasonably be quantified at 31 December 2019, a contingent liability for the school may exist.



20. Commitments

(a) Capital Commitments

As at 31 December 2019 the Board has entered into the following contract agreements for capital works.

- (a) \$589,237 contract for boiler, switchboard and toilet upgrade to be completed in 2020, which will be fully funded by the Ministry of Education. \$586,933 has been received of which \$434,420 has been spent on the project to date; and
(b) \$21,957 contract for the playcentre rationalisation to be completed in 2020, which will be fully funded by the Ministry of Education. \$21,957 has been received of which \$23,534 has been spent on the project to date.

(Capital commitments at 31 December 2018: \$nil)

21. Managing Capital

The School'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.

22. 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 (2018: Loans and receivables)

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Cash and Cash Equivalents	182,624	44,768	14,729
Receivables	24,344	27,072	27,072
Investments - Term Deposits	92,060	91,414	91,414
Total Financial assets measured at amortised cost	<u>299,028</u>	<u>163,254</u>	<u>133,215</u>

Financial liabilities measured at amortised cost

Payables	104,981	32,177	32,177
Finance Leases	9,670	9,670	14,391
Total Financial Liabilities Measured at Amortised Cost	<u>114,651</u>	<u>41,847</u>	<u>46,568</u>

23. Events After Balance Date

On March 11, 2020, the World Health Organisation declared the outbreak of COVID-19 (a novel Coronavirus) a pandemic. Two weeks later, on 26 March, New Zealand increased its' COVID-19 alert level to level 4 and a nationwide lockdown commenced. As part of this lockdown all schools were closed. Subsequently all schools and kura reopened on the 18th of May 2020.

At the date of issuing the financial statements, the school has been able to absorb the majority of the impact from the nationwide lockdown as it was decided to start the annual Easter School holidays early. In the periods the school is open for tuition, the school has switched to alternative methods of delivering the curriculum, so students can learn remotely.

At this time the full financial impact of the COVID-19 pandemic is not able to be determined, but it is not expected to be significant to the school. The school will continue to receive funding from the Ministry of Education, even while closed.

24. Comparatives

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

25. Adoption of PBE IFRS 9 Financial Instruments

Upon transition to PBE IFRS9 there were no material adjustments to these financial statements

26. 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 supply their audited financial statements to the Ministry of Education before 31 May 2020. The disruption caused by Covid-19 restrictions, including the closure of the school, meant that the audit could not progress as planned. This resulted in the school missing the statutory deadline.

Analysis of Variance Reporting



School Name:	Wallacetown School	School Number:	4046
Strategic Aim: 2019-2022	<ol style="list-style-type: none"> 1. Wallacetown School will become an active member of the Invercargill Community of Learning. The School achievement targets aligned with the targets identified for the CoL. 2. Wallacetown School will continue to develop its positive learning environment. 3. Wallacetown School will provide explicit expectations of student achievement for the students, staff, board and community. Then the school will accurately measure the school's effectiveness at meeting these expectations. 4. Wallacetown School will work effectively within the bicultural context of Aotearoa New Zealand. 		
Annual Aim: 2019	<p>Invercargill Community of Learning. Wallacetown School as an active member of the Invercargill Community of Learning and will: Partake in transition groups provided by the CoL and will use the Rongohia Te Hau tool to develop the schools culturally responsive pedagogy</p> <p>Positive Learning PB4L. Wallacetown School will continue to develop its positive learning environment.</p> <p>Explicit Expectations. Improvement in Curriculum delivery will continue to be developed at Wallacetown school. The focus of 2019 will be Science Wallacetown School is part of the Western Southland Cluster</p> <p>Māori Development. Teachers will practice and develop the relevant use of Te Reo Māori and address the educational aspirations of Māori</p>		

Target:

Our school target for 2019 is:

Of the thirteen students still at Wallacetown School in March 2018 identified as 'below' or 'well below' the expected Ministry of Education National Standard level in writing at the end of 2018, 10 will be 'at' or 'above' the expected level by the end of 2019. If we achieve this should raise our overall % from 66% to 85% working at or above National Standards in Writing at the end of the year.

Baseline Data:

Writing 2018	Above	At	Below	Well Below
After 1 Years	5	5	6	0
After 2 Years	3	1	1	0
After 3 Years	4	4	0	0
Year 4	2	4	3	0
Year 5	2	3	3	0
Year 6	1	2	4	1

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>Ensure that teaching methods are consistent across school with regular discussion at staff meetings</p> <p>We modified teaching strategies after analysing classroom writing.</p> <p>Teachers group students in classroom and across the school to ensure best use of all staff time.</p> <p>Seek assistance from advisors as required (RtLiT)</p> <p>Students together with the teacher's assistance, set goals. Regularly reset goals as required</p> <p>We will use Teacher Aide to assist individual students.</p> <p>Worked with the Ministry of Education's Student Achievement Function Practitioner</p>	<p>Seven made excellent progress during the year and now are working at the expected curriculum level.</p> <p>Three made accelerated progress and was working above the expected level by the end of the year.</p> <p>Three students made progress during the year but by the end still where below the expected curriculum level.</p>	<p>Excellent teaching...</p> <p>Teachers who regularly discussed their priority students with each other at staff meetings, breaktime and afterschool, so that the needs of those students were at the forefront of teachers thinking while teaching all their students.</p> <p>The Staff with the assistance of the Ministry of Education's Student Achievement Function Practitioner relined our school expectations with the curriculum levels. This resulted in a shift in the junior level of the school.</p>	<p>We will continue to identify those students who are behind the expected curriculum level. At staff meetings we will discuss our classroom practices and programmes to ensure that we continue to provide the best educational outcomes for all our students.</p>

Planning for next year:

Our school target for 2020 is:

Of the 3 students in writing, 4 in writing and 4 in maths attending Wallacetown School in February 2020 identified as 'below' or 'well below' the expected Ministry of Education Standard will be by December 2020 would have shown accelerated progress. Moving up two AsTTle sub levels or more.

88% where at or above the expected standard in 2019

Maths 2019	Above	At	Below	Well Below
After 1 Years	6	5		
After 2 Years	11	3		
After 3 Years		3		
Year 4	3	2	2	
Year 5	1	5		2
Year 6	7		1	1

88% where at or above the expected standard in 2019

Reading 2019	Above	At	Below	Well Below
Year 1	6	5		
Year 2	11	1	2	
Year 3	2	1		
Year 4	7			
Year 5	2	4	2	
Year 6	5	1	2	

87% where at or above the expected standard in 2019

Writing 2019	Above	At	Below	Well Below
Year 1	11			
Year 2	12	2		
Year 3		3		
Year 4	3	4		
Year 5	1	4	1	2
Year 6	5		2	2

INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF WALLACETOWN SCHOOL'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

The Auditor-General is the auditor of Wallacetown School (the School). The Auditor-General has appointed me, Kenneth Sandri, using the staff and resources of Crowe, to carry out the audit of the financial statements of the School on his behalf.

Opinion

We have audited the financial statements of the School on pages 2 to 19, 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 Cash Flow Statement 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 School:

- 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 Standards Reduced Disclosure Regime.

Our audit was completed on 25 June 2020. This is the date at which our opinion is expressed.

The basis for our opinion is explained below, and we draw your attention to the possible effects of COVID-19. In addition, we outline the responsibilities of the Board and our responsibilities relating to the financial statements and the statement of service performance, we comment on other information, and we explain our independence.

Emphasis of Matter – COVID-19

Without modifying our opinion we draw attention to the disclosures in note 23 on page 18 which outline the possible effects of the Alert Level 4 lockdown as a result of the COVID-19 pandemic

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.

Responsibilities of the Board of Trustees for the financial statements

The Board of Trustees is responsible on behalf of the School 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 School for assessing the School'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 School, or there is no realistic alternative but to do so.

The Board of Trustees' responsibilities arise from 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 School'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 School'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 School'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 School 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 arises from the Public Audit Act 2001.

Other information

The Board of Trustees is responsible for the other information. The other information comprises the information included on pages 1 and 20 to 24, 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 School in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1 (Revised): *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 School.



Kenneth Sandri

Crowe New Zealand Audit Partnership
On behalf of the Auditor-General
Invercargill, New Zealand