

REEFTON AREA SCHOOL



ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

School Directory

Ministry Number: 496

Principal: Wayne Wright

School Address: 10 Victory Street, Reefton 7830

School Postal Address: 10 Victory Street, Reefton 7830

School Phone: 03-732-8421

School Email: office@ras.school.nz

Members of the Board of Trustees

Name	Position	How Position Gained	Term/Expiry
Wayne Wright	Principal ex Officio	Principal	N/A
Katie Thomson	Secretary	Elected	2022 Election
Vicky Thomson	Parent Rep	Elected	2022 Election
Anna Mitchell	Parent Rep	Elected	2022 Election
Rebekah Win	Parent Rep	Elected	2022 Election
Cathy Gilsenan	Parent Rep	Elected	2022 Election
Mel Caddie	Parent Rep	Elected	2022 Election
Liv Richardson	Student Rep	Elected	02/11/2021
Pat Lewis	Staff Rep	Original	2022 Election

Accountant / Service Provider: WK Strawbridge Limited

REEFTON AREA SCHOOL

Annual Report - For the year ended 31 December 2020

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Reefton Area School

Statement of Responsibility

For the year ended 31 December 2020

The Board of Trustees accepts responsibility for the preparation of the annual financial statements and the judgements used in these financial statements.

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 2020 fairly reflects the financial position and operations of the school.

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

Aimee Thomson

Full Name of Board Chairperson

Wayne Stephen Wright

Full Name of Principal

A Thomson.

Signature of Board Chairperson

29.11.21

Date:

29.11.21 A Thomson.

[Signature]

Signature of Principal

29.11.21

Date:

29.11.21 [Signature]

Reefton Area School

Statement of Comprehensive Revenue and Expense

For the year ended 31 December 2020

	Notes	2020 Actual \$	2020 Budget (Unaudited) \$	2019 Actual \$
Revenue				
Government Grants	2	2,717,606	2,571,611	2,542,347
Locally Raised Funds	3	63,949	110,000	98,394
Interest income		9,952	5,000	12,592
		<u>2,791,507</u>	<u>2,686,611</u>	<u>2,653,333</u>
Expenses				
Locally Raised Funds	3	84,763	119,500	78,122
Learning Resources	4	1,684,812	1,711,593	1,636,077
Administration	5	63,595	141,150	68,763
Finance		1,056	-	1,168
Property	6	794,402	828,418	814,395
Depreciation	7	120,434	-	116,247
		<u>2,749,062</u>	<u>2,800,661</u>	<u>2,714,772</u>
Net Surplus / (Deficit) for the year		42,445	(114,050)	(61,439)
Total Comprehensive Revenue and Expense for the Year		<u><u>42,445</u></u>	<u><u>(114,050)</u></u>	<u><u>(61,439)</u></u>

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

Reefton Area School

Statement of Changes in Net Assets/Equity

For the year ended 31 December 2020

	Notes	Actual 2020 \$	Budget (Unaudited) 2020 \$	Actual 2019 \$
Balance at 1 January		<u>937,269</u>	<u>948,748</u>	<u>998,708</u>
Total comprehensive revenue and expense for the year		42,445	(114,050)	(61,439)
Capital Contributions from the Ministry of Education Contribution - Furniture and Equipment Grant		11,479	-	-
Equity at 31 December	22	<u>991,193</u>	<u>834,698</u>	<u>937,269</u>
Retained Earnings		984,785	834,698	930,861
Reserves		6,408	-	6,408
Equity at 31 December		<u>991,193</u>	<u>834,698</u>	<u>937,269</u>

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.

Reefton Area School

Statement of Financial Position

As at 31 December 2020

	Notes	2020 Actual \$	2020 Budget (Unaudited) \$	2019 Actual \$
Current Assets				
Cash and Cash Equivalents	8	166,873	10,379	(58,204)
Accounts Receivable	9	138,791	138,791	99,310
GST Receivable		8,811	8,811	10,608
Inventories	10	4,200	4,200	5,089
Investments	11	611,087	611,087	634,572
		<u>929,762</u>	<u>773,268</u>	<u>691,375</u>
Current Liabilities				
Accounts Payable	13	148,542	148,542	102,304
Provision for Cyclical Maintenance	14	30,625	30,625	36,635
Finance Lease Liability - Current Portion	15	2,419	2,419	36,131
Funds held for Capital Works Projects	16	57,734	57,734	1,852
		<u>239,320</u>	<u>239,320</u>	<u>176,922</u>
Working Capital Surplus/(Deficit)		690,442	533,948	514,453
Non-current Assets				
Property, Plant and Equipment	12	405,702	405,702	484,306
		<u>405,702</u>	<u>405,702</u>	<u>484,306</u>
Non-current Liabilities				
Provision for Cyclical Maintenance	14	80,050	80,050	49,663
Finance Lease Liability	15	24,902	24,902	11,827
		<u>104,952</u>	<u>104,952</u>	<u>61,490</u>
Net Assets		<u>991,192</u>	<u>834,698</u>	<u>937,269</u>
Equity	22	<u>991,192</u>	<u>834,698</u>	<u>937,269</u>

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

Reefton Area School

Statement of Cash Flows

For the year ended 31 December 2020

		2020	2020	2019
	Note	Actual	Budget	Actual
		\$	(Unaudited)	\$
			\$	
Cash flows from Operating Activities				
Government Grants		754,437	1,557,190	685,770
Locally Raised Funds		65,129	106,580	85,333
Goods and Services Tax (net)		1,797	(8,811)	(25,064)
Payments to Employees		(302,132)	(319,691)	(161,211)
Payments to Suppliers		(331,999)	(469,170)	(560,945)
Cyclical Maintenance Payments in the year		(3,000)	75,675	(54,621)
Interest Paid		(1,056)	-	
Interest Received		13,523	340	20,870
2017 Prior Year Adjustment - Income ex Gateway & TOSI		-		8,845
2017/18 Prior Year Adjustments - MOE Projects		-		(18,822)
Net cash from/(to) Operating Activities		196,699	942,113	(19,845)
Cash flows from Investing Activities				
Proceeds from Sale of Property Plant & Equipment (and Intangibles)		-	109,752	-
Purchase of Property Plant & Equipment (and Intangibles)		(30,077)	(336,602)	(77,634)
Purchase of Investments		23,485	(611,087)	875
Net cash from/(to) Investing Activities		(6,592)	(837,937)	(76,759)
Cash flows from Financing Activities				
Furniture and Equipment Grant		11,479	-	-
Finance Lease Payments		(32,390)	(151,531)	(41,354)
Funds Held for Capital Works Projects		55,882	57,734	(166,382)
Net cash from/(to) Financing Activities		34,971	(93,797)	(207,736)
Net increase/(decrease) in cash and cash equivalents		225,077	10,379	(304,340)
Cash and cash equivalents at the beginning of the year	8	(58,204)	-	246,136
Cash and cash equivalents at the end of the year	8	166,874	10,379	(58,204)

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

Reefton Area School

Notes to the Financial Statements

For the year ended 31 December 2020

1. Statement of Accounting Policies

a) Reporting Entity

Reefton Area School (the School) is a Crown entity as specified in the Crown Entities Act 2004 and a school as described in the Education and Training Act 2020. 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 2020 to 31 December 2020 and in accordance with the requirements of the Public Finance Act 1989.

Basis of Preparation

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

Financial Reporting Standards Applied

The Education and Training Act 2020 requires the 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'.

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.

Cyclical maintenance

A school recognises its obligation to maintain the Ministry's buildings in a good state of repair as a provision for cyclical maintenance. This provision relates mainly to the painting of the school buildings. The estimate is based on the school's long term maintenance plan which is prepared as part of its 10 Year Property Planning process. During the year, the Board assesses the reasonableness of its 10 Year Property Plan on which the provision is based. Cyclical maintenance is disclosed at note 14.

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 12.

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.

Recognition of grants

The School reviews the grants monies received at the end of each reporting period and whether any require a provision to carry forward 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.

Grants for the use of land and buildings are also 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 Proprietor. Use of land and building grants are recorded as income in the period the school uses the land and building.

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

d) 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.

e) 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.

f) Cash and Cash Equivalents

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

g) Accounts Receivable

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

h) Inventories

Inventories are consumable items held for sale and comprised of stationery and school uniforms. They are stated at the lower of cost and net realisable value. Cost is determined on a first in, first out basis. Net realisable value is the estimated selling price in the ordinary course of activities less the estimated costs necessary to make the sale. Any write down from cost to net realisable value is recorded as an expense in the Statement of Comprehensive Revenue and Expense in the period of the write down.

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.

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.

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	10–75 years
Furniture and equipment	10–15 years
Information and communication technology	4–5 years
Motor vehicles	5 years
Textbooks	3 years
Leased assets held under a Finance Lease	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, and also annual leave earned, by non teaching staff, to but not yet taken at balance date.

Long-term employee entitlements

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

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

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 Instruments

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 'financial assets measured at amortised cost' for accounting purposes in accordance with financial reporting standards.

Investments that are shares are categorised as 'financial assets at fair value through other comprehensive revenue and expense' for accounting purposes in accordance with financial reporting standards.

The 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) 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.

q) Budget Figures

The budget figures are extracted from the School budget that was approved by the Board.

r) 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

	2020	2020	2019
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Operational Grants	665,960	274,000	597,023
Teachers' Salaries Grants	1,394,093	1,394,093	1,323,321
Use of Land and Buildings Grants	541,618	541,618	532,872
Resource Teachers Learning and Behaviour Grants	36,934	30,000	266
Other Government Grants	79,001	331,900	88,865
	<u>2,717,606</u>	<u>2,571,611</u>	<u>2,542,347</u>

The school has not opted in to the donations scheme for this year.

3. Locally Raised Funds

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

	2020	2020	2019
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Revenue			
Donations	3,880	1,000	4,799
Activities	10,113	47,000	29,997
Trading	7,394	10,000	5,758
Fundraising	-	1,000	514
Other Revenue	42,562	51,000	57,326
	<u>63,949</u>	<u>110,000</u>	<u>98,394</u>
Expenses			
Activities	51,461	93,000	59,393
Trading	12,580	7,500	8,551
Other Locally Raised Funds Expenditure	20,722	19,000	10,178
	<u>84,763</u>	<u>119,500</u>	<u>78,122</u>
<i>Surplus/ (Deficit) for the year Locally raised funds</i>	<u>(20,814)</u>	<u>(9,500)</u>	<u>20,272</u>

4. Learning Resources

	2020	2020	2019
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Curricular	106,908	158,800	147,365
Equipment Repairs	2,434	3,000	966
Library Resources	2,191	3,500	3,033
Employee Benefits - Salaries	1,566,728	1,534,293	1,470,811
Staff Development	6,551	12,000	13,902
	<u>1,684,812</u>	<u>1,711,593</u>	<u>1,636,077</u>

5. Administration

	2020	2020 Budget	2019
	Actual	(Unaudited)	Actual
	\$	\$	\$
Audit Fee	11,298	6,500	1,700
Board of Trustees Expenses	1,848	8,500	9,123
Communication	3,981	6,000	6,298
Consumables	1,167	2,100	1,073
Other	2,084	7,850	899
Employee Benefits - Salaries	36,239	103,200	41,903
Insurance	-	-	339
Service Providers, Contractors and Consultancy	6,978	7,000	7,428
	63,595	141,150	68,763

6. Property

	2020	2020 Budget	2019
	Actual	(Unaudited)	Actual
	\$	\$	\$
Caretaking and Cleaning Consumables	9,451	8,900	9,524
Cyclical Maintenance Provision	27,377	35,000	68,489
Grounds	12,739	17,000	13,676
Heat, Light and Water	62,487	51,500	54,621
Rates	1,258	1,600	1,545
Repairs and Maintenance	44,119	85,300	43,173
Use of Land and Buildings	541,618	541,618	532,872
Employee Benefits - Salaries	95,353	87,500	90,495
	794,402	828,418	814,395

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

	2020	2020 Budget	2019
	Actual	(Unaudited)	Actual
	\$	\$	\$
Buildings - School	8,778	-	8,191
Furniture and Equipment	43,109	-	38,508
Information and Communication Technology	19,364	-	18,906
Motor Vehicles	10,148	-	10,148
Leased Assets	36,616	-	38,242
Library Resources	2,419	-	2,252
	120,434	-	116,247

8. Cash and Cash Equivalents

	2020 Actual \$	2020 Budget (Unaudited) \$	2019 Actual \$
Cash on Hand	150	150	250
Bank Current Account	149,032	(7,462)	(60,255)
Bank Call Account	17,691	17,691	1,801
Cash and cash equivalents for Statement of Cash Flows	<u>166,873</u>	<u>10,379</u>	<u>(58,204)</u>

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

Of the \$166,873 Cash and Cash Equivalents, \$0 is held by the School on behalf of the Ministry of Education. These funds are required to be spent in 2021 on Crown owned school buildings under the School's Five Year Property Plan.

9. Accounts Receivable

	2020 Actual \$	2020 Budget (Unaudited) \$	2019 Actual \$
Receivables	3,420	3,420	4,600
Interest Receivable	4,660	4,660	8,231
Banking Staffing Underuse	27,458	27,458	-
Teacher Salaries Grant Receivable	103,253	103,253	86,479
	<u>138,791</u>	<u>138,791</u>	<u>99,310</u>
Receivables from Exchange Transactions	8,080	8,080	12,831
Receivables from Non-Exchange Transactions	130,711	130,711	86,479
	<u>138,791</u>	<u>138,791</u>	<u>99,310</u>

10. Inventories

	2020 Actual \$	2020 Budget (Unaudited) \$	2019 Actual \$
Stationery	500	500	-
School Uniforms	3,700	3,700	5,089
	<u>4,200</u>	<u>4,200</u>	<u>5,089</u>

11. Investments

The School's investment activities are classified as follows:

	2020 Actual \$	2020 Budget (Unaudited) \$	2019 Actual \$
Current Asset			
Short-term Bank Deposits	611,087	611,087	634,572
Total Investments	<u>611,087</u>	<u>611,087</u>	<u>634,572</u>

12. Property, Plant and Equipment

	Opening Balance (NBV)	Additions	Disposals	Impairment	Depreciation	Total (NBV)
2020	\$	\$	\$	\$	\$	\$
Buildings	227,144				(8,778)	218,366
Furniture and Equipment	152,306	11,557			(43,109)	120,754
Information and Communication Technology	31,457	14,938			(19,364)	27,031
Motor Vehicles	10,154				(10,148)	6
Leased Assets	45,684	11,753			(36,616)	20,821
Library Resources	17,561	3,582			(2,419)	18,724
Balance at 31 December 2020	484,306	41,830	-	-	(120,434)	405,702

	Cost or Valuation	Accumulated Depreciation	Net Book Value
2020	\$	\$	\$
Buildings	318,771	(100,405)	218,366
Furniture and Equipment	549,316	(428,561)	120,755
Information and Communication Technology	295,373	(268,342)	27,031
Motor Vehicles	109,758	(109,752)	6
Leased Assets	178,852	(158,031)	20,821
Library Resources	53,594	(34,871)	18,723
Balance at 31 December 2020	1,505,664	(1,099,962)	405,702

	Opening Balance (NBV)	Additions	Disposals	Impairment	Depreciation	Total (NBV)
2019	\$	\$	\$	\$	\$	\$
Buildings	200,784	34,552			(8,191)	227,145
Furniture and Equipment	153,106	37,709			(38,508)	152,307
Information and Communication Technology	48,578	1,784			(18,906)	31,456
Motor Vehicles	20,301	-			(10,148)	10,153
Leased Assets	83,926	-			(38,242)	45,684
Library Resources	16,223	3,590			(2,252)	17,561
Balance at 31 December 2019	522,918	77,635	-	-	(116,247)	484,306

	Cost or Valuation	Accumulated Depreciation	Net Book Value
2019	\$	\$	\$
Buildings	318,771	(91,627)	227,144
Furniture and Equipment	537,758	(385,452)	152,307
Information and Communication Technology	280,435	(248,978)	31,456
Motor Vehicles	109,758	(99,604)	10,154
Leased Assets	167,099	(121,415)	45,684
Library Resources	50,013	(32,452)	17,561
Balance at 31 December 2019	1,463,834	(979,528)	484,306

13. Accounts Payable

	2020	2020 Budget	2019
	Actual	(Unaudited)	Actual
	\$	\$	\$
Operating Creditors	34,080	34,080	6,711
Employee Entitlements - Salaries	103,253	103,253	86,479
Employee Entitlements - Leave Accrual	11,209	11,209	9,114
	<u>148,542</u>	<u>148,542</u>	<u>102,304</u>
Payables for Exchange Transactions	148,542	148,542	102,304
	<u>148,542</u>	<u>148,542</u>	<u>102,304</u>

The carrying value of payables approximates their fair value.

14. Provision for Cyclical Maintenance

	2020	2020 Budget	2019
	Actual	(Unaudited)	Actual
	\$	\$	\$
Provision at the Start of the Year	86,298	86,298	72,430
Increase/ (decrease) to the Provision During the Year	27,377	24,377	27,736
Use of the Provision During the Year	(3,000)	-	(13,868)
Provision at the End of the Year	<u>110,675</u>	<u>110,675</u>	<u>86,298</u>
Cyclical Maintenance - Current	30,625	30,625	36,635
Cyclical Maintenance - Term	80,050	80,050	49,663
	<u>110,675</u>	<u>110,675</u>	<u>86,298</u>

The Board has a cash management plan to ensure that sufficient cash is available to meet all maintenance obligations as they fall due over the next 10 years. The amount recognised as a provision is the best estimate if the expenditure required to settle the present obligations at 31 December 2020. Present obligations are identified in the schools current 10 Year Property Plan (10YP) approved by the Ministry of Education. The provision has not been adjusted for inflation and the time value of money. Since the 10YP was developed, there has been a capital works programme underway at the School, which may affect the future maintenance requirements of the buildings as described in the School's Cyclical Maintenance Plan (the Plan). When the Plan is updated for the capital works, it is possible an adjustment to the Provision will be required in future, but the quantum of any adjustment is unknown.

15. Finance Lease Liability

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

	2020 Actual \$	2020 Budget (Unaudited) \$	2019 Actual \$
No Later than One Year	2,419		36,131
Later than One Year and no Later than Five Years	24,902		11,827
Later than Five Years	-		-
	<u>27,321</u>	<u>-</u>	<u>47,958</u>

16. 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:

	2020	Opening Balances \$	Receipts from MoE \$	Payments \$	BOT Contributions \$	Closing Balances \$
Kowhai <i>completed</i>		-	-	-	-	-
MOE Boiler Grant <i>in progress</i>		-	111,382	(53,648)	-	57,734
MOE Gym Changing Rooms <i>completed</i>		1,852	-	(1,852)	-	-
Totals		<u>1,852</u>	<u>111,382</u>	<u>(55,500)</u>	<u>-</u>	<u>57,734</u>

Represented by:

Funds Held on Behalf of the Ministry of Education	57,734
Funds Due from the Ministry of Education	-
	<u>57,734</u>

	2019	Opening Balances \$	Receipts from MoE \$	Payments \$	BOT Contributions \$	Closing Balances \$
MOE Fence <i>completed</i>		(6,972)	6,972	-	-	-
MOE Bench Top <i>completed</i>		(17,076)	17,076	-	-	-
MOE A & D Block window replace <i>completed</i>		192,282	-	(192,282)	-	-
MOE Gym Changing Rooms <i>in progress</i>		-	140,177	(138,325)	-	1,852
Totals		<u>168,233</u>	<u>164,225</u>	<u>(330,607)</u>	<u>-</u>	<u>1,852</u>

17. 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.

18. Remuneration

Key management personnel compensation

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

	2020 Actual \$	2019 Actual \$
<i>Board Members</i>		
Remuneration	2,305	5,490
Full-time equivalent members	0.04	0.43
<i>Leadership Team</i>		
Remuneration	302,822	255,821
Full-time equivalent members	2	2
Total key management personnel remuneration	305,127	261,311
Total full-time equivalent personnel	2.04	2.43

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 1

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

	2020 Actual \$000	2019 Actual \$000
Salaries and Other Short-term Employee Benefits:		
Salary and Other Payments	150 - 160	140 - 150
Benefits and Other Emoluments	20 - 30	19,776
Termination Benefits	0	0

Other Employees

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

Remuneration \$000	2020 FTE Number	2019 FTE Number
100 - 110	2.00	1.00
110 - 120	1.00	1.00
120 - 130	1.00	0.00
	4.00	2.00

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

19. 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:

	2020 Actual	2019 Actual
Total	\$0	\$0
Number of People	0	0

20. Contingencies

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

Holidays Act Compliance – schools payroll

The Ministry of Education performs payroll processing and payments on behalf of school boards of trustees, through payroll service provider Education Payroll Limited.

The Ministry's review of the schools sector payroll to ensure compliance with the Holidays Act 2003 is ongoing. The current phase of this review is to design potential solutions for any compliance breaches discovered in the initial phase of the Programme. Final calculations and potential impact on any specific individual will not be known until further detailed analysis and solutions have been completed.

To the extent that any obligation cannot reasonably be quantified at 31 December 2020, a contingent liability for the school may exist.

21. Commitments

(a) Capital Commitments

"As at 31 December 2020 the Board has entered into the following contract agreements for capital works.

a) A contract to replace the boiler has been entered into during the year, this will be fully funded by the Ministry of Education. \$111,382 has been received of which, \$53,648 has been spent on the project to date."

(Capital commitments at 31 December 2019: \$164,225 had been received and \$330,607 had been spent.)

22. 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.

23. Financial Instruments

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

Financial assets measured at amortised cost

	2020	2020	2019
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Cash and Cash Equivalents	166,873	10,379	(58,204)
Receivables	138,791	138,791	99,310
Investments - Term Deposits	611,087	611,087	634,572
Total Financial assets measured at amortised cost	<u>916,751</u>	<u>760,257</u>	<u>675,678</u>

Financial liabilities measured at amortised cost

Payables	148,542	148,542	102,304
Borrowings - Loans	-	-	-
Finance Leases	27,321	27,321	47,958
Painting Contract Liability	-	-	-
Total Financial Liabilities Measured at Amortised Cost	<u>175,863</u>	<u>175,863</u>	<u>150,262</u>

24. Events After Balance Date

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

25. Comparatives

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

26. Breach of Law - Failure to meet Statutory Reporting Deadline

The Board of Trustees did not comply with Section 137 of the Education and Training Act 2020, in that it did not submit its Annual Financial Statements for audit by 31 March 2021. The Board of Trustees did not comply with Section 137 of the Education and Training Act 2020, in that it did not submit its Annual Financial Statements to the Secretary by 31 May 2021.

INDEPENDENT AUDITOR'S REPORT**TO THE READERS OF REEFTON AREA SCHOOL'S FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

The Auditor-General is the auditor of Reefton Area School (the School). The Auditor-General has appointed me, Warren Johnstone, using the staff and resources of BDO Christchurch, to carry out the audit of the financial statements of the School on his behalf.

Qualified Opinion

We have audited the financial statements of the School on pages 2 to 18, that comprise the statement of financial position as at 31 December 2020, the statement of comprehensive revenue and expense, statement of changes in net assets/equity and statement of cash flows for the year ended on that date, and the notes to the financial statements that include accounting policies and other explanatory information.

In our opinion the financial statements of the School:

- present fairly, in all material respects:
 - its financial position as at 31 December 2020; 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 as applicable to entities that qualify as tier 2.

Our audit was completed on 29 November 2021. This is the date at which our opinion is expressed.

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

Failure to meet statutory reporting deadline

We draw attention to the fact that the Board did not comply with section 137(1) of the Education and Training Act 2020, which requires the Board to provide its audited financial statements to the Ministry of Education by 31 May 2021. Our opinion is not modified in respect to this matter.

Basis for our qualified opinion**Qualified opinion on the Provision for Cyclical Maintenance**

The School has an obligation to the Ministry of Education to keep the land and buildings in good order and repair. The Statement of Financial Position on page 4 includes a Provision for Cyclical Maintenance, which totals \$110,675. We have not been able to obtain sufficient evidence to support the provision. There are no practical audit procedures to determine the effect of this absence of evidence.

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 for the financial statements

The Board 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 is responsible on behalf of the School for assessing the School's ability to continue as a going concern. The Board 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's 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 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.

- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board 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 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 is responsible for the other information. The other information comprises the analysis of variance, kiwisport and board of trustees listing, but does not include the financial statements, and our auditor's report thereon.

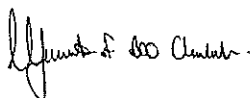
Our opinion on the financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

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: *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 School.



Warren Johnstone
BDO Christchurch
On behalf of the Auditor-General
Christchurch, New Zealand

Reefton Area School

Takatū-ana te ako ā-mate-noa. Engage in life long learning.

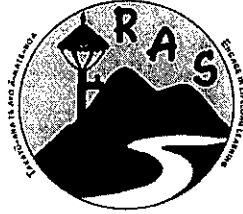
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Reefton

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Principal
Wayne Wright

February 11th 2021

Kiwi Sport Funding Allocation

Kiwisport is a Government funding initiative to support students' participation in organised sport. In 2020, the school received total Kiwisport funding of \$2,475.66 (excluding GST).

Year 1 – 8 funding \$1,395.53

Year 9 – 13 funding \$1,080.13

Total \$2,475.66

The funding was spent on the employment of a Sports Director / Co-ordinator through 2020.

Hannah Johnson (MoE 1080163) was employed as a Sports Co-ordinator in the 2020 school year.

The number of students participating in organised sport remained the same, 100% of the school roll were involved in organised sport in 2020.

W Wright
Principal