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PUKEATUA SCHOOL

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

School Directory

Ministry Number:	1903
Principal:	Dene Franklin
School Address:	Arapuni Road
School Postal Address:	Arapuni Road RD 1, Pukeatua, 3880
School Phone:	07 872 4862
School Email:	office@pukeatuaschool.co.nz

Accountant / Service Provider: Education Services. Dedicated to your school

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PUKEATUA SCHOOL

Annual Report - For the year ended 31 December 2021

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Pukeatua School

Statement of Responsibility

For the year ended 31 December 2021

The Board 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 2021 fairly reflects the financial position and operations of the school.

The School's 2021 financial statements are authorised for issue by the Board.

NIGEL WILLIAM ANDERSON
Full Name of Presiding Member

Signature of Presiding Member

31-5-22
Date:

Dene William Franklin
Full Name of Principal

Signature of Principal

31/05/2022
Date:

Pukeatua School

Statement of Comprehensive Revenue and Expense

For the year ended 31 December 2021

	Notes	2021 Actual $	2021 Budget (Unaudited) $	2020 Actual $
Revenue				
Government Grants	2	811,348	788,331	945,405
Locally Raised Funds	3	77,195	40,500	66,930
Interest Income		167	560	165
		888,710	829,391	1,012,500
Expenses				
Locally Raised Funds	3	51,758	14,500	21,753
Learning Resources	4	600,862	549,018	608,224
Administration	5	85,199	66,900	114,546
Finance		1,111	168	1,545
Property	6	180,528	219,542	236,173
Depreciation	10	23,502	18,000	23,400
Loss on Disposal of Property, Plant and Equipment		110	-	-
		943,070	868,128	1,005,641
Net Surplus / (Deficit) for the year		(54,360)	(38,737)	6,859
Other Comprehensive Revenue and Expense		-	-	-
Total Comprehensive Revenue and Expense for the Year		(54,360)	(38,737)	6,859

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

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Pukeatua School
Statement of Changes in Net Assets/Equity
For the year ended 31 December 2021

	Notes	2021 Actual $	2021 Budget (Unaudited) $	2020 Actual $
Equity at 1 January		299,536	256,723	290,026
Total comprehensive revenue and expense for the year		(54,360)	(38,737)	6,859
Capital Contributions from the Ministry of Education				
Contribution - Furniture and Equipment Grant		-	-	2,651
Equity at 31 December		245,176	217,986	299,536
Retained Earnings		245,176	217,986	299,536
Equity at 31 December		245,176	217,986	299,536

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.

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Pukeatua School
Statement of Financial Position
As at 31 December 2021

	Notes	2021 Actual $	2021 Budget (Unaudited) $	2020 Actual $
Current Assets				
Cash and Cash Equivalents	7	38,165	57,890	149,331
Accounts Receivable	8	55,352	34,925	46,682
GST Receivable		2,901	941	-
Prepayments		7,927	7,441	7,419
Inventories	9	2,914	2,520	2,778
Funds owed for Capital Works Projects	15	7,519	-	-
Bus Network Investment		20,351	22,438	20,554
		135,129	126,155	226,764
Current Liabilities				
GST Payable		-	-	3,833
Accounts Payable	11	51,458	40,798	59,824
Revenue Received in Advance	12	3,993	1,728	1,084
Provision for Cyclical Maintenance	13	5,477	19,354	5,427
Finance Lease Liability	14	4,361	5,174	4,430
Funds held for Capital Works Projects	15	-	-	40,274
		65,289	67,054	114,872
Working Capital Surplus/(Deficit)		69,840	59,101	111,892
Non-current Assets				
Property, Plant and Equipment	10	185,075	193,375	198,054
		185,075	193,375	198,054
Non-current Liabilities				
Provision for Cyclical Maintenance	13	5,450	24,655	2,800
Finance Lease Liability	14	4,289	9,835	7,610
		9,739	34,490	10,410
Net Assets		245,176	217,986	299,536
Equity		245,176	217,986	299,536

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

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Pukeatua School
Statement of Cash Flows
For the year ended 31 December 2021

	Note	2021 Actual $	2021 Budget (Unaudited) $	2020 Actual $
Cash flows from Operating Activities				
Government Grants		192,852	171,371	189,162
Locally Raised Funds		84,879	21,700	66,286
Goods and Services Tax (net)		(6,734)	-	4,774
Payments to Employees		(153,856)	(126,000)	(81,797)
Payments to Suppliers		(166,818)	(93,658)	(150,513)
Interest Paid		(1,111)	(168)	(1,545)
Interest Received		167	560	165
Net cash from/(to) Operating Activities		(50,621)	(26,195)	26,532
Cash flows from Investing Activities				
Purchase of Property Plant & Equipment (and Intangibles)		(9,243)	(16,000)	(21,426)
Net cash from/(to) Investing Activities		(9,243)	(16,000)	(21,426)
Cash flows from Financing Activities				
Furniture and Equipment Grant		-	-	2,651
Finance Lease Payments		(3,509)	(5,297)	(5,576)
Funds Administered on Behalf of Third Parties		(47,793)	-	41,768
Net cash from/(to) Financing Activities		(51,302)	(5,297)	38,843
Net increase/(decrease) in cash and cash equivalents		(111,166)	(47,492)	43,949
Cash and cash equivalents at the beginning of the year	7	149,331	105,382	105,382
Cash and cash equivalents at the end of the year	7	38,165	57,890	149,331

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.

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Pukeatua School
Notes to the Financial Statements
For the year ended 31 December 2021

1. Statement of Accounting Policies

a) Reporting Entity
Pukeatua 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 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 2021 to 31 December 2021 and in accordance with the requirements of the Education and Training Act 2020.

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 13.

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 10.

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.

The property from which the School operates is owned by the Crown and managed by the Ministry of Education on behalf of the Crown. 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. 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 revenue that is offset by a non-cash expense. The use of land and buildings grants and associated expenditure are recorded in the period the School uses the land and buildings.

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) 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.

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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:

Buildings	10-20 Years
Furniture and Equipment	10-15 Years
Information and Communication Technology	4-5 Years
Textbooks	3 Years
Library Resources	12.5% DV
Leased assets held under a Finance Lease	Term of Lease

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k) Intangible Assets
Software costs
Computer software acquired by the School are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Costs associated with subsequent maintenance or licensing of software are recognised as an expense in the Statement of Comprehensive Revenue and Expense when incurred.

The carrying value of software is amortised on a straight line basis over its useful life. The useful life of software is estimated as three years. The amortisation charge for each period and any impairment loss is recorded in the Statement of Comprehensive Revenue and Expense.

l) 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.

m) 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.

n) Employee Entitlements
Short-term employee entitlements
Employee entitlements that are expected to be settled within 12 months after the end of the reporting period in which the employees provide 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, by non teaching staff, to but not yet taken at balance date.

Long-term employee entitlements
Employee benefits that are not expected to be settled wholly before twelve months after the end of the reporting period in which the employee provides the related service, such as retirement and long service leave, have been calculated on an actuarial basis.

The calculations are based on the likely future entitlements accruing to employees, based on years of service, years to entitlement, the likelihood that employees will reach the point of entitlement, and contractual entitlement information, and the present value of the estimated future cash flows.

o) Revenue Received in Advance
Revenue received in advance relates to fees received from students and grants received where there are unfulfilled obligations for the School to provide services in the future. The fees are recorded as revenue as the obligations are fulfilled and the fees earned.

The School holds sufficient funds to enable the refund of unearned fees in relation to students, should the School be unable to provide the services to which they relate.

p) Funds Held in Trust
Funds are held in trust where they have been received by the School for a specified purpose, or are being held on behalf of a third party and these transactions are not recorded in the Statement of Comprehensive Revenue and Expenses.

The School holds sufficient funds to enable the funds to be used for their intended purpose at any time.

q) Shared Funds
Shared Funds are held on behalf of a cluster of participating schools as agreed with the Ministry of Education. The cluster of schools operate activities outside of the School's control. These amounts are not recorded in the Statement of Comprehensive Revenue and Expenses. The School holds sufficient funds to enable the funds to be used for their intended purpose.

r) 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 is a reasonable estimate, based on an up to date 10 Year Property Plan (10YPP) or another appropriate source of evidence.

s) 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.

t) 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.

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

u) 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.

v) Budget Figures
The budget figures are extracted from the School budget that was approved by the Board.

w) 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

	2021 Actual $	2021 Budget (Unaudited) $	2020 Actual $
Operational Grants	176,437	170,000	181,542
Teachers' Salaries Grants	478,110	442,518	538,290
Use of Land and Buildings Grants	131,663	174,442	175,493
Other MoE Grants	25,341	1,371	11,569
Transport grants	(203)	-	38,511
	811,348	788,331	945,405

3. Locally Raised Funds

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

	2021 Actual $	2021 Budget (Unaudited) $	2020 Actual $
Revenue			
Donations & Bequests	17,325	7,000	15,388
Fees for Extra Curricular Activities	8,744	3,700	9,746
Trading	3,885	4,300	5,728
Fundraising & Community Grants	33,776	11,000	28,208
Other Revenue	-	-	160
School House	13,465	14,500	7,700
	77,195	40,500	66,930
Expenses			
Extra Curricular Activities Costs	20,656	10,100	6,543
Trading	4,192	3,000	4,534
Fundraising & Community Grant Costs	3,414	-	5,732
School House	23,496	1,400	4,944
	51,758	14,500	21,753
Surplus for the year Locally raised funds	25,437	26,000	45,177

4. Learning Resources

	2021 Actual $	2021 Budget (Unaudited) $	2020 Actual $
Curricular	14,741	10,900	20,456
Library Resources	-	100	-
Employee Benefits - Salaries	576,469	528,518	583,444
Staff Development	9,652	9,500	4,324
	600,862	549,018	608,224

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5. Administration

	2021 Actual $	2021 Budget (Unaudited) $	2020 Actual $
Audit Fee	3,855	3,800	3,855
Board Fees	3,535	4,200	4,315
Board Expenses	317	1,800	757
Communication	1,671	1,650	1,578
Consumables	10,553	9,200	9,239
Operating Lease	-	100	463
Other	12,299	2,550	7,261
Employee Benefits - Salaries	39,349	35,000	37,240
Insurance	3,474	3,500	3,400
Service Providers, Contractors and Consultancy	9,168	4,600	5,160
Transport Expenses	978	500	41,278
	85,199	66,900	114,546

6. Property

	2021 Actual $	2021 Budget (Unaudited) $	2020 Actual $
Caretaking and Cleaning Consumables	1,216	200	1,611
Cyclical Maintenance Provision	4,500	5,000	18,848
Grounds	4,429	6,000	5,591
Heat, Light and Water	10,715	9,500	9,206
Rates	140	100	124
Repairs and Maintenance	6,410	9,500	13,611
Use of Land and Buildings	131,663	174,442	175,493
Security	1,367	300	217
Employee Benefits - Salaries	11,938	5,000	2,372
Consultancy & Contract Service	8,150	9,500	9,100
	180,528	219,542	236,173

In 2021, the Ministry of Education revised the notional rent rate from 8% to 5% to align it with the Government Capital Charge rate. This is considered to be a reasonable proxy for the market rental yield on the value of land and buildings used by schools. Accordingly in 2021, the use of land and buildings figure represents 5% 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. Cash and Cash Equivalents

	2021 Actual $	2021 Budget (Unaudited) $	2020 Actual $
Bank Accounts	38,165	57,890	149,331
Cash and cash equivalents for Statement of Cash Flows	38,165	57,890	149,331

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

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8. Accounts Receivable

	2021 Actual $	2021 Budget (Unaudited) $	2020 Actual $
Receivables	1,177	1,610	1,177
Receivables from the Ministry of Education	3,983	-	-
Banking Staffing Underuse	4,775	-	-
Teacher Salaries Grant Receivable	45,417	33,315	45,505
	55,352	34,925	46,682
Receivables from Exchange Transactions	5,160	1,610	1,177
Receivables from Non-Exchange Transactions	50,192	33,315	45,505
	55,352	34,925	46,682

9. Inventories

	2021 Actual $	2021 Budget (Unaudited) $	2020 Actual $
Stationery	960	854	1,027
Canteen	272	317	315
Uniforms	1,682	1,349	1,436
	2,914	2,520	2,778

10. Property, Plant and Equipment

2021	Opening Balance (NBV) $	Additions $	Disposals $	Impairment $	Depreciation $	Total (NBV) $
Land	25,800	-	-	-	-	**25,800**
Buildings	55,360	-	-	-	(2,353)	**53,007**
Building Improvements	61,720	-	-	-	(3,361)	**58,359**
Furniture and Equipment	32,525	8,649	(1,362)	-	(4,905)	**34,909**
Information and Communication Technology	13,603	1,786	-	-	(6,014)	**9,375**
Leased Assets	8,121	1,391	-	-	(6,686)	**2,825**
Library Resources	925	59	-	-	(183)	**800**
Balance at 31 December 2021	198,054	11,885	(1,362)	-	(23,502)	**185,075**

The net carrying value of equipment held under a finance lease is $2,825 (2020: $8,121)

	2021 Cost or Valuation $	2021 Accumulated Depreciation $	2021 Net Book Value $	2020 Cost or Valuation $	2020 Accumulated Depreciation $	2020 Net Book Value $
Land	25,800	-	**25,800**	25,800	-	**25,800**
Buildings	94,119	(41,112)	**53,007**	94,119	(38,759)	**55,360**
Building Improvements	136,931	(78,572)	**58,359**	136,931	(75,211)	**61,720**
Furniture and Equipment	237,621	(202,712)	**34,909**	230,497	(197,972)	**32,525**
Information and Communication Technology	141,967	(132,592)	**9,375**	140,181	(126,578)	**13,603**
Textbooks	2,912	(2,912)	-	2,912	(2,912)	-
Leased Assets	23,251	(20,426)	**2,825**	21,861	(13,740)	**8,121**
Library Resources	67,216	(66,416)	**800**	67,157	(66,232)	**925**
Balance at 31 December	729,817	(544,742)	**185,075**	719,458	(521,404)	**198,054**

11. Accounts Payable

	2021 Actual $	2021 Budget (Unaudited) $	2020 Actual $
Creditors	585	1,474	6,340
Accruals	3,856	3,742	3,855
Banking Staffing Overuse	-	1,115	3,093
Employee Entitlements - Salaries	45,417	33,315	45,505
Employee Entitlements - Leave Accrual	1,600	1,152	1,031
	51,458	40,798	59,824
Payables for Exchange Transactions	51,458	40,798	59,824
Payables for Non-exchange Transactions - Taxes Payable (PAYE and Rates)	-	-	-
Payables for Non-exchange Transactions - Other	-	-	-
	51,458	40,798	59,824

The carrying value of payables approximates their fair value.

12. Revenue Received in Advance

	2021 Actual $	2021 Budget (Unaudited) $	2020 Actual $
Student fees in advance	3,993	1,728	1,084
	3,993	1,728	1,084

13. Provision for Cyclical Maintenance

	2021 Actual $	2021 Budget (Unaudited) $	2020 Actual $
Provision at the Start of the Year	8,227	39,009	26,509
Increase to the Provision During the Year	3,173	5,000	3,223
Adjustment to the Provision	1,327	-	15,624
Use of the Provision During the Year	(1,800)	-	(37,129)
Provision at the End of the Year	10,927	44,009	8,227
Cyclical Maintenance - Current	5,477	19,354	5,427
Cyclical Maintenance - Term	5,450	24,655	2,800
	10,927	44,009	8,227

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14. Finance Lease Liability

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

	2021 Actual $	2021 Budget (Unaudited) $	2020 Actual $
No Later than One Year	4,990	5,174	5,465
Later than One Year and no Later than Five Years	4,520	9,835	8,449
Future finance charges	(860)	-	(1,874)
	8,650	15,009	12,040
Represented by			
Finance lease liability - Current	4,361	5,174	4,430
Finance lease liability - Term	4,289	9,835	7,610
	8,650	15,009	12,040

15. Funds Held (Owed) for Capital Works Projects

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

2021	Project No.	Opening Balances $	Receipts from MoE $	Payments $	Board Contributions	Closing Balances $
Class RM Upgrade/ETC	208884	1,873	-	(1,873)	-	-
SIP Acoustics,Heatpump,Hard Courts,Pool Shed	222106	38,401	-	(45,920)	-	(7,519)
Totals		40,274	-	(47,793)	-	(7,519)
Represented by:						
Funds Held on Behalf of the Ministry of Education						-
Funds Due from the Ministry of Education						(7,519)
						(7,519)

2020	Project No.	Opening Balances $	Receipts from MoE $	Payments $	Board Contributions	Closing Balances $
Water & Drainage	208882	(5,104)	5,104	-	-	-
Class RM Upgrade/ETC	208884	3,610	7,477	(9,214)	-	1,873
Security System Upgrade	218671	-	8,352	(8,352)	-	-
SIP Acoustics,Heatpump,Hard Courts,Pool Shed	222106	-	54,886	(16,485)	-	38,401
Totals		(1,494)	75,819	(34,051)	-	40,274

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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 Board members, Principal, Deputy Principals and Heads of Departments.

	2021 Actual $	2020 Actual $
Board Members		
Remuneration	3,535	4,315
Leadership Team		
Remuneration	131,064	125,554
Full-time equivalent members	1.00	1.00
Total key management personnel remuneration	134,599	129,869

There are 7 members of the Board excluding the Principal. The Board had held 8 full meetings of the Board in the year. The Board also has Finance (5 members) and Property (5 members) that met 0 and 0 times respectively. As well as these regular meetings, including preparation time, the Presiding Member and other Board members have also been involved in ad hoc meetings to consider student welfare matters including stand downs, suspensions, and other disciplinary matters.

Principal 1

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

	2021 Actual $000	2020 Actual $000
Salaries and Other Short-term Employee Benefits:		
Salary and Other Payments	30 - 40	120 - 130
Benefits and Other Emoluments	0 - 1	3 - 4
Termination Benefits	-	-
Principal 2		
The total value of remuneration paid or payable to the Principal was in the following bands:		
Salary and Other Payments	90 - 100	-
Benefits and Other Emoluments	2 - 3	-
Termination Benefits	-	-

Other Employees

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

Remuneration $000	2021 FTE Number	2020 FTE Number
100 - 110	-	-
	0.00	0.00

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

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18. Compensation and Other Benefits Upon Leaving

The total value of compensation or other benefits paid or payable to persons who ceased to be board members, committee members, 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:

	2021 Actual	2020 Actual
Total	-	-
Number of People	-	-

19. Contingencies

There are no contingent liabilities (except as noted below) and no contingent assets as at 31 December 2021 (Contingent liabilities and assets at 31 December 2020: nil).

Holidays Act Compliance – schools payroll
The Ministry of Education performs payroll processing and payments on behalf of boards, 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. 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 2021, a contingent liability for the school may exist.

20. Commitments

(a) Capital Commitments

As at 31 December 2021 the Board has entered into contract agreements for capital works as follows:

$63,670 contract for the SIP Acoustics,Heatpump,Hard Courts,Pool Shed as agent for the Ministry of Education. This project is fully funded by the Ministry and $54,886 has been received of which $62,405 has been spent on the project to balance date. This project has been approved by the Ministry.

(Capital commitments as at 31 December 2020: nil)

(b) Operating Commitments

There are no operating commitments as at 31 December 2021 (Operating commitments at 31 December 2020: nil).

21. Financial Instruments

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

	2021 Actual $	2021 Budget (Unaudited) $	2020 Actual $
Financial assets measured at amortised cost			
Cash and Cash Equivalents	38,165	57,890	149,331
Receivables	55,352	34,925	46,682
Investments - Term Deposits	-	-	-
Total Financial assets measured at amortised cost	93,517	92,815	196,013
Financial liabilities measured at amortised cost			
Payables	51,458	40,798	59,824
Finance Leases	8,650	15,009	12,040
Total Financial Liabilities Measured at Amortised Cost	60,108	55,807	71,864

22. Events After Balance Date

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

23. Comparatives

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

24. COVID 19 Pandemic on going implications

Impact of Covid-19
During 2021 the country moved between alert levels. During February and March 2021 Auckland was placed into alert levels 3 and 2 and other parts of the country moved into alert level 2.

Towards the end of June 2021, the Wellington region was placed into alert level 2 for one week.

Towards the end of August 2021, the entire country moved to alert level 4, with a move to alert level 3 and 2 for everyone outside the Auckland region three weeks later. While Auckland has remained in alert level 3 for a prolonged period of time the Northland and Waikato regions have also returned to alert level 3 restrictions during this period.

Impact on operations
Schools have been required to continue adapting to remote and online learning practices when physical attendance is unable to occur in alert level 4 and 3. Schools continue to receive funding from the Te Tāhuhu o te Mātauranga | Ministry to Education, even while closed.

However, the ongoing interruptions resulting from the moves in alert levels have impacted schools in various ways which potentially will negatively affect the operations and services of the school. We describe below the possible effects on the school that we have identified, resulting from the ongoing impacts of the COVID-19 alert level changes.

Reduction in locally raised funds
Under alert levels 4,3, and 2 the school's ability to undertake fund raising events in the community and/ or collect donations or other contributions from parents, may have been compromised. Costs already incurred arranging future events may not be recoverable.

Increased Remote learning additional costs
Under alert levels 4 and 3 ensuring that students have the ability to undertake remote or distance learning often incurs additional costs in the supply of materials and devices to students to enable alternative methods of curriculum delivery.

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Pukeatua School

Members of the Board

Name	Position	How Position Gained	Term Expired/ Expires
Nalita Tei	Presiding Member	Elected	Dec 2021
Dene Franklin-appointed	Principal		
John McLean	Principal		Oct 2021
Kylan Jacobsen	Parent Representative	Elected	Sep 2022
Julia Barrowcliffe	Parent Representative	Elected	Sep 2022
Adam Stockholmes	Parent Representative	Elected	Sep 2022
Katherine Hemingway-selected 15/11/202	Parent Representative	Appointed	Mar 2024
Michelle Saywell	Parent Representative	Elected	Dec 2021
Viki-Lee Springer	Staff Representative	Appointed	Sep 2022
Nigel Anderson	Presiding Member	Co-opted	Sep 2022

Pukeatua School

Kiwisport

Kiwisport is a Government funding initiative to support students' participation in organised sport. In 2021, the school received total Kiwisport funding of $1,249 (excluding GST). The funding was spent on sporting endeavours.

Puekatua School	**Analysis of Writing Target 2021**		
Strategic Aim	All students to access the NZC as evidenced in achievement in relation to New Zealand Curriculum Levels		
Annual Objective	To increase the number of children achieving at or above the New Zealand Curriculum Levels for writing for their age group.		
Initial Data	**February 2021**	**End of Year Data**	**November 2021**
Target Group Year 2-8 24 students of 75 16/34 Boys 8/41 Girls 3/10 Maori Students		5 students have accelerated to where they need to be. 2 Left our school 17 have made progress, but have not met their age group expectation	
Specific Target	By the end of 2021: Accelerate the writing levels of all target children. To move all targeted children from beginning to end a level or through to the next writing level. More than one year's progress.		
Expected State of Learning	**Review: Analysis and Recommendations**		

All of this group to make accelerated progress. This would be more than a year's progress, getting them closer to their expected level, by the end of the year	<u>Analysis</u>
	Monitoring of this group throughout the year has shown that they have all made some progress.
	Factors that have impacted on students progress:
	- Effective Classroom practise
	- iDeal Structured Literacy program
	  - Positive impact, helping with spelling. Still in the developing stages of this with staff. (delays due to covid)
	- COVID-19 Anxiety and fatigue
	- Lockdown, roughly 8 weeks of non-contact time
	- Online learning to varying degrees
	- Classroom changes for some
	- Learning difficulties that have yet to be diagnosed
	
	<u>Recommendations</u>
	- Continued development of the iDeal Structure Literacy
	- Further development of Classroom practise
	Further developing the use of IT in the classroom
	  - Google Docs and Classroom
	  - Canva for presenting
	Use exemplars to help provide clear expectations of good writing
	- Teacher Aide support with groups to increase face to face teaching time
	- Breakout group and small group instruction
	- Outside support from RTLB and LSC
	- Less disruptions throughout the year (ie: COVID, Classroom changes, etc)		

Puekatua School	**Analysis of Reading Target 2021**		
Strategic Aim	All students to access the NZC as evidenced in achievement in relation to New Zealand Curriculum Levels		
Annual Objective	To raise the level of all children in line with the curriculum levels.		
Initial Data	**February 2021**	**End of Year Data**	**November 2021**
Target Group Year 2-8 22 students of 75 13/34 Boys 9/41 Girls 2/10 Maori Students		6 students have accelerated to where they need to be. 2 Left our school 14 have made progress, but have not met their age group expectation	
Specific Target	To accelerate the reading level (reading age) of all children in this target group bu more than one year		
Expected State of Learning	**Review: Analysis and Recommendations**		

Children making progress and reducing the gap between their reading age and their chronological age.	<u>Analysis</u>
	Monitoring of this group throughout the year has shown that they have all made some progress.
	Factors that have impacted on students progress:
	- Effective Classroom practise
	- iDeal Structured Literacy program
	  - Positive impact, helping with sounds, and reading of students. Still in the developing stages of this with staff. (delays due to covid)
	- COVID-19 Anxiety and fatigue
	- Lockdown, roughly 8 weeks of non-contact time
	- Online learning to varying degrees
	- Classroom changes for some
	- Learning difficulties that have yet to be diagnosed
	
	<u>Recommendations</u>
	- Continued development of the iDeal Structure Literacy
	- Further development of Classroom practise
	Further developing the use of IT, through the use of Apps and websites
	  - ReadTheory
	  - Epic books
	  - Khan Accademy for kids
	Use exemplars to help provide clear expectations of good writing
	- Teacher Aide support with groups to increase face to face teaching time
	- Breakout group and small group instruction
	- Less disruptions throughout the year (ie: COVID, Classroom changes, etc)		

Puekatua School	**Analysis of Maths Target 2021**		
Strategic Aim	All students to access the NZC as evidenced in achievement in relation to New Zealand Curriculum Levels		
Annual Objective	To increase the number of children achieving at or above the New Zealand Curriculum Levels for mathematics for their age group.		
Initial Data	**February 2021**	**End of Year Data**	**November 2021**
Target Group Year 2-8 22 students of 75 12/34 Boys 10/41 Girls 2/10 Maori Students		6 students have accelerated to where they need to be. 3 Left our school 13 have made progress, but have not met their age group expectation	
Specific Target	Move all children on this group up at least one strategy level in accordance with the numeracy levels		
Expected State of Learning	**Review: Analysis and Recommendations**		
All of this group to make accelerated progress. This would be more than a year's progress, getting them closer to their expected level, by the end of the year	<u>Analysis</u> Monitoring of this group throughout the year has shown that they have all made some progress. Factors that have impacted on students progress: - Effective Classroom practise - Use of Mathletics and MathSeed - COVID-19 Anxiety and fatigue - Lockdown, roughly 8 weeks of non-contact time - Online learning to varying degrees - Classroom changes for some - Learning difficulties that have yet to be diagnosed <u>Recommendations</u> - Introducing PR1ME Maths (Structured Maths Program) - Further development of Classroom practise Further developing the use of IT - Mathletics and MathSeed - Khan Accademy Use exemplars to help provide clear expectations of good writing - Teacher Aide support with groups to increase face to face teaching time - Breakout group and small group instruction - Less disruptions throughout the year (ie: COVID, Classroom changes, etc)		

INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF PUKEATUA SCHOOL'S FINANCIAL STATEMENTS FOR THE YEAR ENDED *31 DECEMBER 2021*

The Auditor-General is the auditor of Pukeatua School (the School). The Auditor-General has appointed me, Johann van Loggerenberg, using the staff and resources of PKF Hamilton Audit Ltd, 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 18, that comprise the statement of financial position as at 31 December 2021, 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 2021; 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 3 June 2022. This is the date at which our opinion is expressed.

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

Basis for our 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 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 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 arises from the Public Audit Act 2001.

Other information

The Board is responsible for the other information. The other information comprises the information included on pages 19 to 23, 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.

Johann van Loggerenberg
Director
PKF Hamilton Audit Ltd
On behalf of the Auditor-General
Hamilton, New Zealand

PKF
Chartered Accountants
& Business Advisers

Pukeatua School

REPORT TO THE BOARD

for the year ended 31 December 2021

3 June 2022

The Board of Trustees
Pukeatua School
2110 Arapuni Road
Pukeatua 3880
New Zealand

Dear Board Members

Pukeatua School Board Report

We have recently completed the audit of your financial statements for the year ended 31 December 2021. Please find attached our Board Report in connection with the audit. The Report incorporates the responses from your Principal.

We would like to emphasise that our audit work involves the review of only those systems and controls in your organisation upon which we rely on for audit purposes. Our examination may not have identified and should not be relied upon to identify all control weaknesses that exist.

We take this opportunity to thank the staff of Pukeatua School for the co-operation afforded to us during the course of the audit.

If we can be of further assistance, please advise.

Yours faithfully
PKF HAMILTON AUDIT LIMITED

Johann van Loggerenberg
Director

DDI: 07 839 2107 ext 822
Email: johann.vanloggerenberg@pkfh.co.nz

Encl: Board Report

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EXECUTIVE SUMMARY

This report details the processes, findings and recommendations from our audit of Pukeatua School (the "School") in accordance with International Standards on Auditing (NZ) and the terms of our engagement as set out in our audit engagement letter.

We would like to emphasise that our audit work involves the review of only those systems and controls in your organisation upon which we rely for audit purposes. Our examination may not have identified and should not be relied upon to identify all control weaknesses that exist.

Overall, we are satisfied that the School has presented its results for the year ended 31 December 2021 to a good level of compliance with applicable financial reporting standards, with no major adjustments made as a result of our audit and no significant unadjusted differences.

We would like to thank the staff of Pukeatua School for their co-operation extended to PKF Hamilton Audit Ltd, during the course of the audit. We have received full and frank co-operation. There is nothing we wish to raise solely with the Board.

CONFIRMATION OF AUDIT INDEPENDENCE

In conducting our audit, we are required to comply with the independence requirements of the Code of Ethics issued by the Professional Standards Board of the New Zealand Institute of Chartered Accountants and External Reporting Board.

Our own internal policies and procedures are put in place to identify any threats to our independence, and to appropriately deal with and, if relevant, mitigate those risks.

For the comfort of the Board, we note that the following processes assist in maintaining our independence:

- No other work is permitted to be undertaken by any other PKF office without the express approval of the audit engagement director.
- All services performed by any PKF office in New Zealand will be reported to the governing body.

We have not provided any non-audit services to Pukeatua School. We confirm the independence of PKF Hamilton Audit Ltd and its staff in relation to your audit.

KEY FINANCIAL STATEMENT AUDIT RISKS

We have set out below our findings in areas we have identified as significant or high risks. We request that you review these outcomes on the significant accounting and audit matters identified to ensure that there are no further residual considerations or matters that could impact these issues, that you concur with the resolution of the identified risks and that there are no additional issues you may be aware of that should be considered before finalisation of our audit report.

1. Locally Raised Funds

Identified audit risks
Due to the nature of locally raised funds (often being cash), there is a risk of material misstatement around the completeness of locally raised funds income.

Planned audit response
Our audit procedures will include discussions with the Presiding Member and Principal, to assess the control environment around local funds. We will complete Analytic procedures including a margin analysis, and will request supporting documentation for significant amounts.

2. Payroll not approved or checked

Identified audit risks
Payroll is processed by Novopay. The accuracy of payroll processing is dependent on appropriate approval of payroll changes and checking of the fortnightly SUE report.

Planned audit response

Our audit procedures include detailed analytics, a reconciliation, employee existence testing, and review of the fortnightly SUE reports for evidence of approval/checking.

3. Cyclical Maintenance Provision

Identified audit risks
Cyclical Maintenance is an area of judgment and could lead to material misstatement in the financial statements. For schools to be able to calculate the appropriate cyclical maintenance provision a 10 Year Property Plan (10YPP) needs to be prepared and/or reviewed by an expert.

Planned audit response
We will obtain and review the School's 10YPP, and assess whether the provision at balance date is materially correct.

4. Management Override

Identified audit risks
A key audit risk is in relation of Management Override. There is a rebuttable presumption under Auditing Standards that there is a risk of fraud in relation to Management Override.

Planned audit response
Our audit procedures will include reviewing the monthly management accounts and journals during the year and subsequent to year end to ensure there is no evidence of potential management override.

MANAGEMENT JUDGEMENTS AND ESTIMATES

Under International Standards on Auditing (NZ) we have a responsibility to ensure that you have been informed about the process used by the School in formulating particularly sensitive accounting estimates, assumptions or valuation judgements. Overall we note that the judgements and estimates by management in preparing the results for the year ended 31 December 2021 appear reasonable.

The most significant areas of judgement, assumptions and estimates applied by management relate to:

- Provision for Cyclical Maintenance and Cyclical Maintenance Expense
- Depreciation rates to ensure that fixed assets are written off over their estimated useful lives

We are not aware of any other sensitive accounting estimates, assumptions or valuation judgements made by the School.

MATTERS REQUIRING BOARD INPUT

We have placed reliance on the School's review and approval of the following matters:

- Minutes of the Board meetings;
- Implementation of such controls as is needed to ensure that financial statements are presented fairly;
- Review and approval of management accounts;
- Review and approval of 2022 budget;
- Notification of fraud; and
- Review and approval of the financial statements.

ACCOUNTING POLICIES

Auditing standards require us to discuss with you the qualitative aspects of the School's accounting practices and financial reporting. There were no new accounting standards that had a significant effect on the School's financial statements for the year ending 31 December 2021.

MATERIALITY AND ADJUSTED/ UNADJUSTED DIFFERENCES

Materiality means, in the context of an audit, if financial information is omitted, misstated or not disclosed it has the potential to affect the decisions of users of the financial statements. Materiality is used by auditors in making judgements on the amount of work to be performed, which balances require work and for evaluating the financial report. Materiality is initially calculated at the planning stage and has an influence on the amount of work we do, as well as where we direct our audit efforts. Materiality is not only based on a numeric quantification but is assessed qualitatively for some balances and disclosures.

During the course of our audit we have identified the material misstatements disclosed at Appendix 1.

It should be noted that the auditing standards do not require us to communicate misstatements that are considered "clearly trivial" and as such, if we identify such misstatements we will not communicate these to you. We consider "clearly trivial" to be 5% or less of our planned materiality.

GOING CONCERN

We have undertaken a review of Management's and those charged with governance assessment of the ability of the School to continue as a going concern for 12 months from the date of signing the audit report and therefore whether the going concern basis for the preparation of the financial statements is appropriate.

The assumption of going concern was concluded as appropriate given the School's funding sources and its operating budget for the following financial period.

FRAUD

During the audit, no matters relating to fraud, concerning either employees or management, have come to our attention. It should be noted that our audit is not designed to detect fraud however, should instances of fraud come to our attention, we will report them to you.

NON-COMPLIANCE WITH LAWS AND REGULATIONS

We have made enquiries in relation to non-compliance with laws and regulations during the course of our audit. We have not become aware of any instances of non-compliance with laws and regulations which has materially impacted the financial position or performance of the School.

PROBITY, WASTE AND PERFORMANCE

We are required to consider whether any approved payments could be considered extravagant or wasteful, or show a lack of probity or financial prudence. We did not identify any issues of concern with respect to probity, waste and performance.

OVERALL RESULT

There are no significant or material weaknesses arising from our audit.

Our audit work is complete. We have issued an unmodified audit report on the financial statements of the School for the year ended 31 December 2021.

To enable management to set priorities on their action plans we have assessed our findings below.

These findings and recommendations are discussed and agreed with the School's management and those charged with governance.

SUMMARY OF FINDINGS

1. Credit Cards receipts missing			
Observation			
We noted during our testing that not all school credit card statements had the supporting documentation attached.			
Implication			
Credit Cards can be subject to error and fraud, it is important that all appropriate supporting documents are attached and agreed to the credit card statements on a monthly basis to prevent errors or unauthorised payments.			
Recommendation			
We recommend that all supporting documentation relating to credit card expenditure is kept and attached to the credit card statements monthly.			
Management comments and actions			
Noted			
Responsibility	Administration	**Target date**	01/06/2022

2. Novopay Authorised Users

Observation

During the audit we noticed Santjie Stols is still listed as a Novopay authorised user when she is not involved with the school.

Implication

Due to authorised users having the ability to make changes on behalf of the school, only employees who have a direct responsibility in the schools payroll process should be authorised users.

Recommendation

We recommend you remove any authorised Novopay users who are not employees of the school.

Management comments and actions

Santjie Stols is an employee of Education Services Limited and appears on the Novopay authorised user list in order for Ed Services to access SUE and Banked staffing reports only, she does not have any authority to make any changes or actions.

Responsibility	Education Services	**Target date**	01/07/2022

3. No Conflict-of-Interest Register

Observation

During the audit we noted that the school does not have a conflict-of-interest register.

Implication

It is important that management implement a conflict of interest register to record Board Members financial interests, to assist the Board in identifying and managing any financial conflicts of interests. A register should still be maintained, even if there are no conflicts.

Recommendation

We recommend that the school keeps a conflict of interests register to disclose all related parties, as best practice.

Management comments and actions

Noted

Responsibility	Management	**Target date**	01/01/2023

4. Payroll Controls

Observation

Because the Novopay Online transaction report has not been available throughout the year we have been unable to rely on payroll controls as part of our audit work. This has meant we have had to carry out additional audit work on payroll.

Implication

These additional procedures have provided the necessary assurance over the payroll amounts in your financial statements

Recommendation

We recommend that you include the following fortnightly changes in your fortnightly SUE Report review:
- Timesheet history
- Leave history
- Activity history

More guidance on this can be found online at the following link:
https://www.edpay.govt.nz/includes/download.ashx?ID=162146

Management comments and actions

Noted

Responsibility	Management	**Target date**	01/01/2023

5. Cyclical Maintenance

Observation

We have been made aware that the ministry has provided resources to assist schools with their cyclical maintenance provision calculation and with their internal controls

Implication

Resources like this could assist your school going forward with the calculation of the cyclical maintenance provision and with assessing your internal controls going forward

Recommendation

We recommend that you review the following resources to assess whether it could assist your school finance function.
Cyclical Maintenance - https://www.education.govt.nz/school/funding-and-financials/school-finances/#:~:text=ZIP%2C%2087%20KB%5D-,Cyclical%20Maintenance%20Provision%20Resources,-The%20Cyclical%20Maintenance

Internal Controls - https://www.education.govt.nz/school/funding-and-financials/school-finances/#internal-control-resources

Management comments and actions

Noted

Responsibility	Management/BOT	**Target date**	01/10/2022

APPENDIX 1 – ADJUSTED AND UNADJUSTED DIFFERENCES

Significant audit adjustments

Unadjusted Errors:

Journal to account for school not accounting for the PP21-23 bulk grant and ACC payable by school

Code	Name	Group	Debit	Credit
V	Equity	liabilities/equity	298.91	-
I	Employee Benefits - Salaries Administration	expenses	-	298.91
I	Employee Benefits - Salaries Administration	expenses	-	5,635.95
T	Employee Entitlements - Salaries	liabilities/equity	5,635.95	-
			5,934.86	5,934.86

Adjusted Errors:

Journal to bring in Tapesa washup as per MOE advice

Code	Name	Group	Debit	Credit
G	Operational Grants	income	-	3,983.38
R	Receivables from the MOE	assets	3,983.38	-
			3,983.38	3,983.38

Journal to bring in the banking staffing underuse

Code	Name	Group	Debit	Credit
R	Banking Staffing Underuse	assets	4,775.00	-
G	Operational Grants	income	-	4,775.00
			4,775.00	4,775.00

Journal to recode Camp Expenses from curricular to activities

Code	Name	Group	Debit	Credit
H	Extra Curricular Activities Costs	expenses	18,106.03	-
H	Curricular	expenses	-	18,106.03
			18,106.03	18,106.03