

Sommerville School

Annual Report for the year ended 31 December 2020

Ministry Number:	1484
Principal:	Belinda Johnston
School Address:	7a Benghazi Road, Panmure
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Service Provider:	Edtech Financial Services Ltd

**SOMMERVILLE SCHOOL
BOARD OF TRUSTEES MEMBERS
FOR THE YEAR ENDED 31 DECEMBER 2020**

Name	Position	How position on Board gained	Occupation	Term expired/expires	Other Positions held
Arthur Rendle		Elected	Company Director	April 2022	Chairperson
Belinda Johnston	Principal	-	Teacher	Current	
Alan McKay	Staff Rep	Elected	Teacher	April 2022	
Leolofi Sio	Parent Rep	Co-opted	Mental Health Support	April 2022	
Jane Thomlinson	Parent Rep	Elected	Banker	September 2020	Finance
Victoria Cockle	Parent Rep	Elected	University Researcher	March 2020	
Michele Theron-Jansen	Parent Rep	Co-opted	Finance Manager	April 2022	Finance
Megan Biddick	Parent Rep	Elected	Home Executive	April 2022	
Angela Hood	Parent Rep	Elected	Company Director	April 2022	Property
Amanda Pierce	Parent Rep	Elected	Student	April 2022	

Sommerville School

Annual Report

For the year ended 31 December 2020

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Sommerville 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.

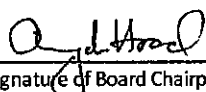
The management (including the principal and others as directed by the Board) accepts responsibility for establishing and maintaining a system of internal controls designed to provide reasonable assurance as to the integrity and reliability of the school's financial reporting.

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.

Angela Hood

Full Name of Board Chairperson




Signature of Board Chairperson

1 September 2021

Date:

Belinda Johnston

Full Name of Principal



Signature of Principal

21 September 2021

Date:

Sommerville School

Statement of Comprehensive Revenue and Expense

For the year ended 31 December 2020

		2020	2020	2019
	Notes	Actual	Budget (Unaudited)	Actual
		\$	\$	\$
Revenue				
Government Grants	2	13,350,256	10,080,327	10,141,898
Locally Raised Funds	3	2,618	59,850	23,509
Interest Income		64,103	121,500	118,444
		<u>13,416,977</u>	<u>10,261,677</u>	<u>10,283,851</u>
Expenses				
Locally Raised Funds	3	13,256	-	12,592
Learning Resources	4	10,040,309	8,729,639	8,416,037
Administration	5	433,049	514,230	431,038
Finance		3,598	3,564	4,930
Property	6	1,056,666	933,800	695,426
Depreciation	7	128,154	107,713	114,093
Loss on Disposal of Property, Plant and Equipment		-	-	5,751
		<u>11,675,032</u>	<u>10,288,946</u>	<u>9,679,867</u>
Net Surplus / (Deficit) for the year		<u>1,741,945</u>	<u>(27,269)</u>	<u>603,984</u>
Other Comprehensive Revenue and Expense		-	-	-
Total Comprehensive Revenue and Expense for the Year		<u><u>1,741,945</u></u>	<u><u>(27,269)</u></u>	<u><u>603,984</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.



Sommerville School

Statement of Changes in Net Assets/Equity

For the year ended 31 December 2020

		2020	2020	2019
	Notes	Actual \$	Budget (Unaudited) \$	Actual \$
Balance at 1 January		4,657,247	4,657,247	3,868,181
Total comprehensive revenue and expense for the year		1,741,945	(27,269)	603,984
Capital Contributions from the Ministry of Education		-	-	185,082
Contribution - Furniture and Equipment Grant		-	-	185,082
Equity at 31 December	22	6,399,192	4,629,978	4,657,247
Retained Earnings		6,399,192	4,629,978	4,657,247
Equity at 31 December		6,399,192	4,629,978	4,657,247

The above Statement of Changes in Net Assets/Equity should be read in conjunction with the accompanying notes which form part of these financial statements.



Sommerville School

Statement of Financial Position

As at 31 December 2020

		2020	2020	2019
	Notes	Actual	Budget (Unaudited)	Actual
		\$	\$	\$
Current Assets				
Cash and Cash Equivalents	8	2,120,392	1,209,505	1,141,957
Accounts Receivable	9	862,774	645,000	789,328
GST Receivable		-	55,000	58,685
Prepayments		21,048	12,000	11,194
Investments	10	3,656,020	2,675,000	2,675,547
		<u>6,660,234</u>	<u>4,596,505</u>	<u>4,676,711</u>
Current Liabilities				
GST Payable		18,840	-	-
Accounts Payable	12	666,927	452,000	483,693
Revenue Received in Advance	13	-	-	-
Provision for Cyclical Maintenance	13	-	-	-
Finance Lease Liability - Current Portion	14	26,101	27,000	27,129
Funds Held for Capital Works Projects	15	77,574	-	-
		<u>789,442</u>	<u>479,000</u>	<u>510,822</u>
Working Capital Surplus/(Deficit)		<u>5,870,792</u>	<u>4,117,505</u>	<u>4,165,889</u>
Non-current Assets				
Property, Plant and Equipment	11	568,830	572,473	545,186
		<u>568,830</u>	<u>572,473</u>	<u>545,186</u>
Non-current Liabilities				
Provision for Cyclical Maintenance	13	26,812	30,000	26,812
Finance Lease Liability	14	13,618	30,000	27,016
		<u>40,430</u>	<u>60,000</u>	<u>53,828</u>
Net Assets		<u>6,399,192</u>	<u>4,629,978</u>	<u>4,657,247</u>
Equity	22	<u>6,399,192</u>	<u>4,629,978</u>	<u>4,657,247</u>

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



Sommerville School

Statement of Cash Flows

For the year ended 31 December 2020

		2020	2020 Budget (Unaudited)	2019
	Note	Actual \$	\$	Actual \$
Cash flows from Operating Activities				
Government Grants		6,634,859	4,883,107	4,854,692
Locally Raised Funds		3,644	60,876	39,242
Goods and Services Tax (net)		77,525	3,685	(30,449)
Funds Administered on Behalf of Third Parties		-	-	48,289
Payments to Employees		(4,012,814)	(4,003,203)	(3,604,972)
Payments to Suppliers		(757,439)	(863,175)	(734,365)
Cyclical Maintenance Payments in the year		-	-	-
Interest Paid		(3,598)	(3,564)	(4,930)
Interest Received		105,381	121,420	89,340
Net cash from/(to) Operating Activities		2,047,558	199,146	656,847
Cash flows from Investing Activities				
Proceeds from Sale of Property Plant & Equipment (and Intangibles)		-	(152,583)	-
Purchase of Property Plant & Equipment (and Intangibles)		(137,721)	(71,627)	(116,764)
Purchase of Investments		(980,473)	-	(1,246,328)
Proceeds from Sale of Investments		-	547	-
Net cash from/(to) Investing Activities		(1,118,194)	(223,663)	(1,363,092)
Cash flows from Financing Activities				
Furniture and Equipment Grant		-	-	185,082
Finance Lease Payments		(28,503)	92,065	(27,746)
Funds Held for Capital Works Projects		77,574	-	-
Net cash from/(to) Financing Activities		49,071	92,065	157,336
Net increase/(decrease) in cash and cash equivalents		978,435	67,548	(548,909)
Cash and cash equivalents at the beginning of the year	8	1,141,957	1,141,957	1,690,866
Cash and cash equivalents at the end of the year	8	2,120,392	1,209,505	1,141,957

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.



Notes to the Financial Statements

For the year ended 31 December 2020

1. Statement of Accounting Policies

Reporting Entity

Sommerville 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.

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 of 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 11.



Notes to the Financial Statements (cont.)

For the year ended 31 December 2020

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.

Revenue Recognition

Government Grants

The School receives funding from the Ministry of Education. The following are the main types of funding that the School receives.

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

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

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

Other Grants

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

Donations, Gifts and Bequests

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

Interest Revenue

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

Use of Land and Buildings Expense

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

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.

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.



Notes to the Financial Statements (cont.)

For the year ended 31 December 2020

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.

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.

Inventories

Inventories are consumable items held for sale and comprise 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.

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.

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 - School	40 years
Furniture and equipment	10 years
Information and communication technology	3 years
Motor vehicles	10 years
Leased assets held under a Finance Lease	3 years
Library resources	12.5% Diminishing value

Impairment of property, plant, and equipment

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



Notes to the Financial Statements (cont.)

For the year ended 31 December 2020

Non cash generating assets

Property, plant, and equipment 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.

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.

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.

Revenue Received in Advance

Revenue received in advance relates to funds received for Learning Support carried over 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 this revenue received in advance, should the School be unable to provide the services to which they relate.



Notes to the Financial Statements (cont.)

For the year ended 31 December 2020

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).

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 and finance lease liability. All of these financial liabilities are categorised as 'financial liabilities measured at amortised cost' for accounting purposes in accordance with financial reporting standards.

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 Statement of Cash Flows.

Commitments and contingencies are disclosed exclusive of GST.

Budget Figures

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

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.



Notes to the Financial Statements (cont.)

For the year ended 31 December 2020

2 Government Grants

	2020	2020	2019
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Operational Grants	1,117,021	810,000	809,866
Teachers' Salaries Grants	6,001,869	4,700,000	5,122,003
Use of Land and Buildings Grants	665,468	640,000	325,196
Other MoE Grants	5,532,807	3,855,327	3,750,295
Other Government Grants	33,091	75,000	134,538
	<u>13,350,256</u>	<u>10,080,327</u>	<u>10,141,898</u>

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	1,171	15,000	16,960
Activities	1,260	44,850	5,497
Fundraising	187	-	1,052
	<u>2,618</u>	<u>59,850</u>	<u>23,509</u>
Expenses			
Activities	7,784	-	6,930
Fundraising (Costs of Raising Funds)	5,472	-	5,662
	<u>13,256</u>	<u>-</u>	<u>12,592</u>
<i>Surplus/ (Deficit) for the year Locally Raised Funds</i>	<u>(10,638)</u>	<u>59,850</u>	<u>10,917</u>

4 Learning Resources

	2020	2020	2019
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Curricular	142,021	213,080	162,601
Information and Communication Technology	16,401	20,000	20,156
Library Resources	1,117	4,000	3,005
Employee Benefits - Salaries	9,827,997	8,445,559	8,198,505
Staff Development	52,773	47,000	31,770
	<u>10,040,309</u>	<u>8,729,639</u>	<u>8,416,037</u>



Notes to the Financial Statements (cont.)

For the year ended 31 December 2020

5 Administration

	2020	2020	2019
	Actual	Budget	Actual
	\$	(Unaudited)	\$
	\$	\$	\$
Audit Fee	4,740	6,500	8,939
Board of Trustees Fees	5,031	5,000	5,317
Board of Trustees Expenses	915	500	8,420
Communication	28,681	20,000	21,662
Consumables	73,918	75,000	90,854
Legal Fees	494	3,000	9,394
Other	176,751	277,230	142,658
Employee Benefits - Salaries	118,145	105,000	122,785
Insurance	13,214	11,000	10,053
Service Providers, Contractors and Consultancy	11,160	11,000	10,956
	<u>433,049</u>	<u>514,230</u>	<u>431,038</u>

6 Property

	2020	2020	2019
	Actual	Budget	Actual
	\$	(Unaudited)	\$
	\$	\$	\$
Caretaking and Cleaning Consumables	42,875	27,000	25,966
Consultancy and Contract Services	50,540	-	-
Grounds	13,637	12,000	11,994
Heat, Light and Water	56,827	55,000	56,146
Rates	735	500	453
Repairs and Maintenance	119,686	67,300	179,090
Use of Land and Buildings	665,468	640,000	325,196
Security	11,273	10,000	10,580
Employee Benefits - Salaries	95,625	122,000	86,001
	<u>1,056,666</u>	<u>933,800</u>	<u>695,426</u>

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

7 Depreciation

	2020	2020	2019
	Actual	Budget	Actual
	\$	(Unaudited)	\$
	\$	\$	\$
Buildings - School	2,646	30,835	2,647
Furniture and Equipment	36,227	46,909	33,897
Information and Communication Technology	45,580	29,969	39,435
Motor Vehicles	14,203	-	13,841
Leased Assets	27,975	-	22,560
Library Resources	1,523	-	1,713
	<u>128,154</u>	<u>107,713</u>	<u>114,093</u>



Notes to the Financial Statements (cont.)

For the year ended 31 December 2020

8 Cash and Cash Equivalents

	2020 Actual \$	2020 Budget (Unaudited) \$	2019 Actual \$
Bank Current Account	2,120,392	959,505	913,791
Bank Call Account	-	250,000	228,166
Cash and cash equivalents for Statement of Cash Flows	<u>2,120,392</u>	<u>1,209,505</u>	<u>1,141,957</u>

9 Accounts Receivable

	2020 Actual \$	2020 Budget (Unaudited) \$	2019 Actual \$
Receivables	-	-	1,026
Interest Receivable	13,642	55,000	54,920
Bank Staffing Underuse	440,840	250,000	392,780
Teacher Salaries Grant Receivable	408,292	340,000	340,602
	<u>862,774</u>	<u>645,000</u>	<u>789,328</u>
Receivables from Exchange Transactions	13,642	55,000	55,946
Receivables from Non-Exchange Transactions	849,132	590,000	733,382
	<u>862,774</u>	<u>645,000</u>	<u>789,328</u>

10 Investments

The School's investment activities are classified as follows:

	2020 Actual \$	2020 Budget (Unaudited) \$	2019 Actual \$
Current Asset			
Short-term Bank Deposits	3,656,020	2,675,000	2,675,547
Total Investments	<u>3,656,020</u>	<u>2,675,000</u>	<u>2,675,547</u>

Notes to the Financial Statements (cont.)

For the year ended 31 December 2020

11 Property, Plant and Equipment

	Opening Balance (NBV)	Additions	Disposals	Impairment	Depreciation	Total (NBV)
2020	\$	\$	\$	\$	\$	\$
Buildings	47,410	-	-	-	(2,646)	44,764
Furniture and Equipment	206,415	40,166	-	-	(36,227)	210,354
Information and Communication Technology	127,348	97,365	-	-	(45,580)	179,133
Motor Vehicles	97,207	-	-	-	(14,203)	83,004
Leased Assets	54,810	14,077	-	-	(27,975)	40,912
Library Resources	11,996	191	(1)	-	(1,523)	10,663
Balance at 31 December 2020	545,186	151,799	(1)	-	(128,154)	568,830

	Cost or Valuation	Accumulated Depreciation	Net Book Value
2020	\$	\$	\$
Buildings	85,123	(40,359)	44,764
Furniture and Equipment	662,582	(452,228)	210,354
Information and Communication Technology	574,388	(395,255)	179,133
Motor Vehicles	249,790	(166,786)	83,004
Leased Assets	103,287	(62,375)	40,912
Library Resources	49,776	(39,113)	10,663
Balance at 31 December 2020	1,724,946	(1,156,116)	568,830

The net carrying value of equipment held under a finance lease is \$40,912 (2019: \$54,810).

	Opening Balance (NBV)	Additions	Disposals	Impairment	Depreciation	Total (NBV)
2019	\$	\$	\$	\$	\$	\$
Buildings	50,057	-	-	-	(2,647)	47,410
Furniture and Equipment	207,196	33,116	-	-	(33,897)	206,415
Information and Communication Technology	107,440	59,343	-	-	(39,435)	127,348
Motor Vehicles	67,790	43,258	-	-	(13,841)	97,207
Leased Assets	31,162	51,958	(5,750)	-	(22,560)	54,810
Library Resources	13,088	623	(2)	-	(1,713)	11,996
Balance at 31 December 2019	476,733	188,298	(5,752)	-	(114,093)	545,186

	Cost or Valuation	Accumulated Depreciation	Net Book Value
2019	\$	\$	\$
Buildings	85,123	(37,713)	47,410
Furniture and Equipment	622,415	(416,000)	206,415
Information and Communication Technology	477,023	(349,675)	127,348
Motor Vehicles	249,790	(152,583)	97,207
Leased Assets	89,210	(34,400)	54,810
Library Resources	49,587	(37,591)	11,996
Balance at 31 December 2019	1,573,148	(1,027,962)	545,186

The net carrying value of equipment held under a finance lease is \$54,810 (2018: \$31,162).

Notes to the Financial Statements (cont.)

For the year ended 31 December 2020

12 Accounts Payable

	2020	2020	2019
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Operating Creditors	111,280	20,000	20,709
Accruals	4,627	7,000	6,738
Employee Entitlements - Salaries	514,213	400,000	431,750
Employee Entitlements - Leave Accrual	36,807	25,000	24,496
	<u>666,927</u>	<u>452,000</u>	<u>483,693</u>
Payables for Exchange Transactions	666,927	452,000	483,693
	<u>666,927</u>	<u>452,000</u>	<u>483,693</u>

The carrying value of payables approximates their fair value.

13 Revenue Received in Advance

	2020	2020	2019
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Grants in Advance - Ministry of Education	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>

14 Provision for Cyclical Maintenance

	2020	2020	2019
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Provision at the Start of the Year	26,812	26,812	26,812
Increase/(decrease) to the Provision During the Year	-	-	-
Use of the Provision During the Year	-	3,188	-
Provision at the End of the Year	<u>26,812</u>	<u>30,000</u>	<u>26,812</u>
Cyclical Maintenance - Current	-	-	-
Cyclical Maintenance - Term	<u>26,812</u>	<u>30,000</u>	<u>26,812</u>
	<u>26,812</u>	<u>30,000</u>	<u>26,812</u>

The Ministry of Education has announced that the School will be rebuilt in the forthcoming years. As a result the School does not have a ten year property plan. The School will undertake maintenance in property from which the School operates from as the need arises.



Notes to the Financial Statements (cont.)

For the year ended 31 December 2020

15 Finance Lease Liability

The school has entered into a number of finance lease agreements for computers.
Minimum lease payments payable (includes interest portion):

	2020	2020	2019
	Actual	Budget (Unaudited)	Actual
	\$	\$	\$
No Later than One Year	28,582	26,757	30,404
Later than One Year and no Later than Five Years	14,481	25,041	28,717
	<u>43,063</u>	<u>51,798</u>	<u>59,121</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 Contribution/ (Write-off to R&M)	Closing Balances
	\$	\$	\$		\$
Block 1-4,9-11 Heating Lighting Electrical Upgr. <i>In progress</i>	-	-	383	-	(383)
Playground Equipment <i>In progress</i>	-	-	383	-	(383)
Playground Surface Replacement <i>In progress</i>	-	50,693	52,341	-	(1,648)
Artificial Surface <i>In progress</i>	-	37,800	1,406	-	36,394
Shade Structure <i>In progress</i>	-	45,000	1,406	-	43,594
Totals	-	<u>133,493</u>	<u>55,919</u>	-	<u>77,574</u>

Represented by:

Funds Held on Behalf of the Ministry of Education
Funds Due from the Ministry of Education

79,988
(2,414)
77,574

2019	Opening Balances	Receipts from MoE	Payments	BOT Contribution/ (Write-off to R&M)	Closing Balances
	\$	\$	\$	\$	\$
MOE 5YA et al <i>In progress</i>	(32,094)	318,988	361,926	(75,032)	-
Motorised Gate <i>Complete</i>	-	-	831	(831)	-
Totals	<u>(32,094)</u>	<u>318,988</u>	<u>362,757</u>	<u>(75,863)</u>	<u>-</u>

17 Funds held on behalf of Learning Support Centre

Sommerville School was the lead school and holds the funds on behalf of the Learning Support Centre.

	2020	2020	2019
	Actual	Budget (Unaudited)	Actual
	\$	\$	\$
Funds Held at Beginning of the Year	-	-	115,905
Funds Received from MoE	-	-	(102,849)
Funds Spent on Behalf of the Cluster	-	-	13,056
Funds Held at Year End	<u>-</u>	<u>-</u>	<u>-</u>



Notes to the Financial Statements (cont.)

For the year ended 31 December 2020

18 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.

19 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	5,031	5,317
Full-time equivalent members	0.06	0.08
<i>Leadership Team</i>		
Remuneration	952,107	826,385
Full-time equivalent members	8.00	7.00
Total key management personnel remuneration	957,138	831,702
Total full-time equivalent personnel	8.06	7.08

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

Principal

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

	2020 Actual \$000	2019 Actual \$000
Salaries and Other Short-term Employee Benefits:		
Salary and Other Payments	160-170	180-190
Benefits and Other Emoluments	0-5	0-5
Termination Benefits	-	0-5

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
130-140	-	1
120-130	1	1
110-120	2	-
100-110	4	5
	7	7

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

Notes to the Financial Statements (cont.)

For the year ended 31 December 2020

20 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	-	\$5,000
Number of People	-	1

21 Contingencies

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

(Contingent liabilities and assets as 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.

22 Commitments**(a) Capital Commitments**

As at 31 December 2020 the Board has entered into no contract agreements for capital works.

(Capital commitments as at 31 December 2019: nil)

(b) Operating Commitments

As at 31 December 2020 the Board has not entered into new contracts.

No later than One Year

2020 Actual \$	2019 Actual \$
-	660
-	660

23 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.



Notes to the Financial Statements (cont.)

For the year ended 31 December 2020

24 Financial Instruments

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

	2020	2020	2019
	Actual	Budget (Unaudited)	Actual
	\$	\$	\$
Financial assets measured at amortised cost			
Cash and Cash Equivalents	2,120,392	1,209,505	1,141,957
Receivables	862,774	645,000	789,328
Investments - Term Deposits	3,656,020	2,675,000	2,675,547
Total Financial assets measured at amortised cost	6,639,186	4,529,505	4,606,832
Financial liabilities measured at amortised cost			
Payables	666,927	452,000	483,693
Finance Leases	39,719	57,000	54,145
Total Financial Liabilities Measured at Amortised Cost	706,646	509,000	537,838

25 Events After Balance Date

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

26 Breach of Law - Failure to comply with Section 137 of the Education Act 2020

The Board of Trustees has failed to comply with section 137 of the Education and Training Act 2020, as the Board were unable to provide their audited financial statements to the Ministry of Education by 31 May 2021.

The Board of Trustees understands that this Breach notice is appropriate because of the delay in signing and returning the audited financial statements. However this was in most part due to unusual circumstances at the time. These circumstances were beyond the control of the Board, and a result of the urgent necessity to lock the school down as a response to Covid 19 as instructed by the Ministry. The lock down continued for a considerable time, and raised particular challenges for Sommerville with regard to access to the site, to sharing of documentation and printing, and to communications in general. The Board has consulted with the auditors and Financial Service Provider and believes there are no underlying systemic issues. However the Board is now better equipped to respond to similar situations if they should arise again.



IEP PROGRESS AND ACHIEVEMENT.

2020 REPORT AND ANALYSIS OF VARIANCE

In 2016 a 4 step process was introduced in an effort to develop a school wide system for aggregating progress and achievement across the school.

The 4 steps were introduced for a communication/literacy/English goal as it was ascertained that all students had at least one of these as an IEP goal annually.

In previous years a student either passed or didn't pass their goal at the end of the year. This learning trajectory with a four step process allows us to comment on progress and achievement, and recognise the efforts put in, towards this goal.

Setting an annual target is fraught with difficulties due to the nature of our students, the vastly differing goals needed and a multitude of other factors which will probably remain in some shape or form throughout their learning journey.

However, on the positive side, the approach has been adopted enthusiastically by a majority of teachers who can see the advantages of this form of targeted learning. Effective targets require effective action and the pedagogical leadership is shown to have a major influence on improving student outcomes for our diverse group of learners.

Past efforts of a similar nature realised a success rate of 60% although most of this evidence was anecdotal. This however was all the evidence we had on which to base our "prediction" for 2016 and for the next four years, which could now be revised.

Although we were short of our target of 65% the exercise has proven valuable and gives us the baseline figures to work from in the future.

Target: That 65% of students will achieve their Achievement Objective for 2016.

	2016 target 65%	Variance
1 LO progress	3.7%	NA
2 LO progress	20.57%	NA
3 LO progress	37.8%	NA
4 LO (Achievement Objective)	37.8%	27.2%

Target: That 65% of students will achieve their Achievement Objective for 2017.

	2017 target 65%	Variance
1 LO progress	2.00%	NA
2 LO progress	7.00%	NA
3 LO progress	40.00%	NA
4 LO (Achievement Objective)	51.00%	14%

RESULTS

Target: That 65% of students will achieve their Achievement Objective for 2018.

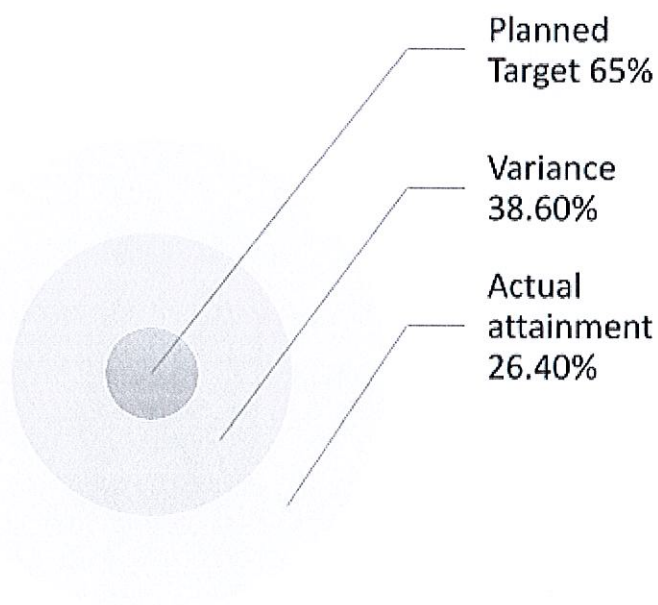
	2018 Target 65%	Variance
1 LO progress	1.4%	
2 LO progress	30.37%	
3 LO progress	42.18%	
4 LO (Achievement Objective)	36.01%	29%

Target: That 65% of students will achieve their Achievement Objective for 2019.

	2019 Target 65%	Variance
1 LO progress	3.5%	
2 LO progress	22.5%	
3 LO progress	30%	
4 LO (Achievement Objective)	44.5%	20.5%

Target: That 65% of students will achieve their Achievement Objective for 2020.

	2020 Target 65%	Variance
1 LO progress	12.35%	
2 LO progress	26.40%	
3 LO progress	34.83%	
4 LO (Achievement Objective)	26.40%	38.60%



ANALYSIS OF VARIANCE

1. **The most obvious factor to be considered is the COVID 19 pandemic and its effect on the school year. As approximately eight weeks were spent in lockdown the school year was effectively shortened by almost a term and the stop/start nature of the year didn't allow the usual momentum to build up. On line learning is not necessarily conducive to the achievement of IEP goals. Regressions had to be reconsidered to compensate for current skill levels which kept changing.**
2. There has been shortfall in reaching the achievement of the target in 2020 by 28.60%
3. We have still not reached our target of 65% which may still be achievable in the future
4. We have established protocols around the progress and achievement data collection as the student would have to be in the class for a complete academic year to validate this four steps approach
5. More professional learning and development will need to be contemplated in the future in the planning of learning trajectories, goal setting and success indicators
6. There will be a future requirement for reporting on two goals, one communication/language, and the other a Key Competency. Only the communication goal was analysed this year and data recorded.
7. Students who do not spend the entire academic year working on the goals will not be included in the data for reporting.
8. The 3 LO percentage has remained quite similar for the past four years (37%, 40% ,42%, 30% and 34%) so the challenge is to work out how to get to 4 LO
9. There are a large number of students at the 3 LO stage who could well be accelerated to the AO level. The combined 3 LO and 4 LO would total 61%, only 4% from our target.
10. There has been a suggestion we are attempting to do four terms work in two terms as Terms 1 and 4 seem to be taken up with speed dating and reporting meetings. This needs to be considered for future approaches.

RESULTS

31 March 2021

Kiwisport Statement for 2020

Kiwisport is a funding initiative by the Ministry of Education to encourage students' participation in sport. In 2020 Sommerville School was granted \$6,006.67 for Kiwisport funding.

This funding enabled our students to participate in an outstanding variety of physical activities suited to their diverse and complex needs. We had 92% of students and 89% of staff involved in organised sports and physical activities in 2020.

KIWISPORT programmes were aligned with the Special Olympic events so students could utilise these sessions for their inter-school preparations.

We are fortunate to have the Riverside Sports Club and the Marist Rugby who have been very supportive of our school programmes. We hope to source more agencies who could assist in making our Sommerville sports programme even more dynamic.

Sincerely



Belinda Johnston
Tumuaki-Principal

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

The Auditor-General is the auditor of Sommersville School (the School). The Auditor-General has appointed me, Paul Lawrence, using the staff and resources of Crowe New Zealand Audit Partnership, to carry out the audit of the financial statements of the School on his behalf.

Opinion

We have audited the financial statements of the School on pages 2 to 19, that comprise the statement of financial position as at 31 December 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*

Our audit was completed on 5 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.

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 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.

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.



Paul Lawrence
Crowe New Zealand Audit Partnership
On behalf of the Auditor-General
Auckland, New Zealand