

28 October 2022

The Board of Trustees
Mangakahia Area School
WHANGAREI 053557 Clyde Street
PO Box 627
WHANGAREI 0140
Phone: (09) 438 2312
Fax: (09) 438 2912
info@bennettca.co.nz
www.bennettca.co.nz

Dear Board of Trustees,

Mangakahia Area School – Audit Management Letter

We have completed the audit of your financial statements for the year ended 31 December 2021.

The primary aim of our audit is to form an opinion as to whether your financial statements fairly reflect the results of your organisation's activities for the reporting period and its financial position at balance date. The audit report expresses this opinion.

In forming our audit opinion we conducted detailed tests of selected transactions and reviewed the key controls in place to ensure the effective operation of your accounting systems and internal controls. To ensure you receive maximum benefit from our audit we provide feedback from our evaluation of your systems and highlight areas of possible weakness or where we believe improvements can be made. That is the major purpose of this letter.

Required Communications

As required by the Auditing Standards we affirm that:

- We have had no disagreements with management during our audit nor have we had any serious difficulties in dealing with management.
- We have not identified any instances of fraud involving senior management or any other frauds that have caused a material misstatement in the financial statements.
- We have not noted any significant risks or exposures that are required to be separately disclosed in the financial statements.
- We have not identified any breaches of legislation during our audit

We reaffirm we are independent of your organisation, and that we have no relationship with your organisation that impairs our independence.

Specific Matters and Recommendations

There are a number of matters arising and observations from our audit work which we now bring to your attention. **We ask that you reply to this letter with specific responses to the issues raised,** as ultimately you are responsible for your financial systems, internal controls and financial statements.



Deficit Budget

We note that a significant deficit budget has been prepared and approved by the board for 2022. We are concerned that continued deficit budgeting, if achieved, will result in a further deterioration of your school's equity.

Whilst deficit budgeting may appear to be warranted when preparing the budget, we urge caution in the use of this approach. In our view it is vital for the board to remain diligent over ways in which to improve the actual results against the budgeted deficit during the upcoming school year and to ensure that spending does not exceed those amounts approved by the board.

We do acknowledge that the school has adequate resources available to fund the forecast deficit.

Payment of Accounts: Authority

When performing compliance tests on expenses we noted there was no evidence of payment authorisation. By payment authorisation we mean that there was no signature on the invoice which effectively approves payment of the invoice. This is a good internal control tool to have in place as it ensures that only authorised accounts are actually paid and reduces the probability of invoice payments being duplicated.

We recommend that all invoices be authorised by the Chairperson prior to their payment.

Unreliable Long Term Maintenance Plan

While the Board does have a property plan in place, in our opinion this plan is unreliable. In particular, we noted that information is out-of-date being prepared in 2015. The impact of this is that the school does not have the necessary information to adequately plan for and carry out maintenance works in a systematic and efficient manner.

We believe that the school's long-term maintenance planning should be improved. A comprehensive plan should:

- identify the assets (mainly buildings) for which the Board has long-term maintenance responsibility;
- identify the specific maintenance obligations for each asset;
- specify planned maintenance tasks and their expected costs for at least the next ten years;
- include a statement of the assumptions under which the plan is prepared;
- be prepared, or independently assessed, by a qualified person; and
- be approved by the Board.

The Board should monitor the implementation of the plan. Usually, this will be delegated to a property sub-committee for month-by-month supervision, with an annual report to the full Board.

We recommend that the board engage an approved Ministry of Education expert to prepared the cyclical maintenance plan by the 31 December 2022.



School payroll controls

We consider the main risk to the accuracy of payroll payments is transactions being incorrectly processed, because of either fraud or error. The EdPay system relies on schools checking the accuracy of the payroll transactions processed by the school, as this information is not checked centrally.

To ensure the accuracy of payroll payments, our expectation has been that schools had the following key controls:

- effective access controls to EdPay, limiting access to “authorised users”;
- changes to Masterfile data – such as bank account changes, new starters, or payments to non-salaried staff (such as relievers) – have appropriate supporting documentation and are appropriately authorised;
- checking of the fortnightly draft payroll (SUE) report and Novopay Online transactions report for accuracy; and
- review of the final fortnightly payroll (SUE) report by someone independent of staff who has access to EdPay.

During the year the Novopay Online transaction report was discontinued (in October 2021), and from about mid-2021 had not been a complete record of all transactions.

We do not consider that the review of the SUE report on its own is a strong enough control for schools to rely on to detect fraud or error, because it does not include details of changes to pay, or Masterfile changes. The lack of a complete Masterfile change report could also potentially provide an opportunity for a fraud to go undetected.

Updated guidance on payroll controls is now available

Updated guidance on the controls within EdPay that should be operating at schools has recently been published on the EdPay website. The main change is that the Novopay Online transaction report has been replaced by several reports. To review and approve pay changes the following transaction histories should be saved, checked, and signed, ideally after transactions have been processed and prior to payment:

- timesheet history
- leave history
- activity history.

To ensure controls are effective schools also need to ensure that:

- there is segregation of duties between the processing and approval of payroll transactions;
- access to EdPay is controlled;
- payroll transactions are approved in line with delegations; and
- approvals are appropriately documented.



The guidance and resources on payroll controls for schools are available on the [training page](#) of the EdPay website. They consist of:

- A checklist of best practice payroll controls – [School internal processes and controls – payroll](#).
- A video – [How to use EdPay transaction histories \(for checking and approving transactions\)](#).
- A printable 'how to' guide showing the transaction checking process – [Checking transactions using the activity history and timesheet and leave histories](#).

No current report in EdPay to check and approve Masterfile changes

The online activity history for Masterfile changes, such as bank account and other changes to personal details within EdPay is still in development. The updated payroll guidance (referred to above) does suggest some interim procedures, consisting of taking screen shots of changes and having those approved. However, as this will not provide a list of all changes made, the Board needs to consider how it gets comfort that all changes are made with appropriate authorisation. Without a list of all Masterfile changes that can be approved by a second person (as segregation of duties is required for an effective control), this remains an area susceptible to fraud.

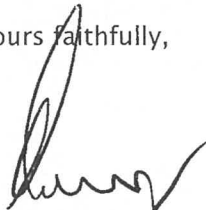
We recommend that the Board ask management for assurance that appropriate controls are in place at the school over payroll transactions, consistent with the updated guidance.

Conclusion

These points are not necessarily exhaustive as they arose from our general financial statement audit rather than a specific systems audit. This letter is prepared solely for the use of the Board of Trustees and senior management of Mangakahia Area School. It may not be provided to third parties without our prior written permission.

Thanks to yourselves and to staff who assisted us in the completion of our audit work. Please contact us with your proposed responses to our recommendations and if you have any questions on any issues raised.

Yours faithfully,



Steve Bennett
Bennett and Associates



28 October 2022

The Board of Trustees
Mangakahia Area School
WHANGAREI 0535

57 Clyde Street
PO Box 627
WHANGAREI 0140
Phone: (09) 438 2312
Fax: (09) 438 2912
info@bennettca.co.nz
www.bennettca.co.nz

Dear Board of Trustees,

Mangakahia Area School – Audit Management Letter

We have completed the audit of your financial statements for the year ended 31 December 2021.

The primary aim of our audit is to form an opinion as to whether your financial statements fairly reflect the results of your organisation's activities for the reporting period and its financial position at balance date. The audit report expresses this opinion.

In forming our audit opinion we conducted detailed tests of selected transactions and reviewed the key controls in place to ensure the effective operation of your accounting systems and internal controls. To ensure you receive maximum benefit from our audit we provide feedback from our evaluation of your systems and highlight areas of possible weakness or where we believe improvements can be made. That is the major purpose of this letter.

Required Communications

As required by the Auditing Standards we affirm that:

- We have had no disagreements with management during our audit nor have we had any serious difficulties in dealing with management.
- We have not identified any instances of fraud involving senior management or any other frauds that have caused a material misstatement in the financial statements.
- We have not noted any significant risks or exposures that are required to be separately disclosed in the financial statements.
- We have not identified any breaches of legislation during our audit

We reaffirm we are independent of your organisation, and that we have no relationship with your organisation that impairs our independence.

Specific Matters and Recommendations

There are a number of matters arising and observations from our audit work which we now bring to your attention. We ask that you reply to this letter with specific responses to the issues raised, as ultimately you are responsible for your financial systems, internal controls and financial statements.



**INDEPENDENT AUDITOR'S REPORT
TO THE READERS OF MANGAKAHIA AREASCHOOL'S
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

57 Clyde Street
PO Box 627
WHANGAREI 0140
Phone: (09) 438 2312
Fax: (09) 438 2912
info@bennettca.co.nz
www.bennettca.co.nz

The Auditor-General is the auditor of Mangakahia Area School (the School). The Auditor-General has appointed me, Steve Bennett, using the staff and resources of Bennett & Associates, 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 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 Benefit Entity Standards Reduced Disclosure Regime.

Our audit was completed on 28 October 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 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 arises from the Public Audit Act 2001.

Other information

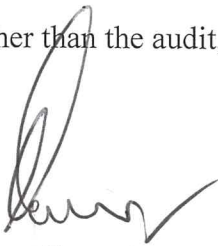
The Board is responsible for the other information. The other information comprises the Analysis of Variance, the Kiwisport Statement, the List of Trustees and Statement of Responsibility but does not include the financial statements, and our auditor's report thereon. Our opinion on the financial statements 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.



Steve Bennett

BENNETT & ASSOCIATES

On behalf of the Auditor-General
Whangarei, New Zealand



Deficit Budget

We note that a significant deficit budget has been prepared and approved by the board for 2022. We are concerned that continued deficit budgeting, if achieved, will result in a further deterioration of your school's equity.

Whilst deficit budgeting may appear to be warranted when preparing the budget, we urge caution in the use of this approach. In our view it is vital for the board to remain diligent over ways in which to improve the actual results against the budgeted deficit during the upcoming school year and to ensure that spending does not exceed those amounts approved by the board.

We do acknowledge that the school has adequate resources available to fund the forecast deficit.

Payment of Accounts: Authority

When performing compliance tests on expenses we noted there was no evidence of payment authorisation. By payment authorisation we mean that there was no signature on the invoice which effectively approves payment of the invoice. This is a good internal control tool to have in place as it ensures that only authorised accounts are actually paid and reduces the probability of invoice payments being duplicated.

We recommend that all invoices be authorised by the Chairperson prior to their payment.

Unreliable Long Term Maintenance Plan

While the Board does have a property plan in place, in our opinion this plan is unreliable. In particular, we noted that information is out-of-date being prepared in 2015. The impact of this is that the school does not have the necessary information to adequately plan for and carry out maintenance works in a systematic and efficient manner.

We believe that the school's long-term maintenance planning should be improved. A comprehensive plan should:

- identify the assets (mainly buildings) for which the Board has long-term maintenance responsibility;
- identify the specific maintenance obligations for each asset;
- specify planned maintenance tasks and their expected costs for at least the next ten years;
- include a statement of the assumptions under which the plan is prepared;
- be prepared, or independently assessed, by a qualified person; and
- be approved by the Board.

The Board should monitor the implementation of the plan. Usually, this will be delegated to a property sub-committee for month-by-month supervision, with an annual report to the full Board.

We recommend that the board engage an approved Ministry of Education expert to prepared the cyclical maintenance plan by the 31 December 2022.



School payroll controls

We consider the main risk to the accuracy of payroll payments is transactions being incorrectly processed, because of either fraud or error. The EdPay system relies on schools checking the accuracy of the payroll transactions processed by the school, as this information is not checked centrally.

To ensure the accuracy of payroll payments, our expectation has been that schools had the following key controls:

- effective access controls to EdPay, limiting access to “authorised users”;
- changes to Masterfile data – such as bank account changes, new starters, or payments to non-salaried staff (such as relievers) – have appropriate supporting documentation and are appropriately authorised;
- checking of the fortnightly draft payroll (SUE) report and Novopay Online transactions report for accuracy; and
- review of the final fortnightly payroll (SUE) report by someone independent of staff who has access to EdPay.

During the year the Novopay Online transaction report was discontinued (in October 2021), and from about mid-2021 had not been a complete record of all transactions.

We do not consider that the review of the SUE report on its own is a strong enough control for schools to rely on to detect fraud or error, because it does not include details of changes to pay, or Masterfile changes. The lack of a complete Masterfile change report could also potentially provide an opportunity for a fraud to go undetected.

Updated guidance on payroll controls is now available

Updated guidance on the controls within EdPay that should be operating at schools has recently been published on the EdPay website. The main change is that the Novopay Online transaction report has been replaced by several reports. To review and approve pay changes the following transaction histories should be saved, checked, and signed, ideally after transactions have been processed and prior to payment:

- timesheet history
- leave history
- activity history.

To ensure controls are effective schools also need to ensure that:

- there is segregation of duties between the processing and approval of payroll transactions;
- access to EdPay is controlled;
- payroll transactions are approved in line with delegations; and
- approvals are appropriately documented.



The guidance and resources on payroll controls for schools are available on the [training page](#) of the EdPay website. They consist of:

- A checklist of best practice payroll controls – [School internal processes and controls – payroll](#).
- A video – [How to use EdPay transaction histories \(for checking and approving transactions\)](#).
- A printable 'how to' guide showing the transaction checking process – [Checking transactions using the activity history and timesheet and leave histories](#).

No current report in EdPay to check and approve Masterfile changes

The online activity history for Masterfile changes, such as bank account and other changes to personal details within EdPay is still in development. The updated payroll guidance (referred to above) does suggest some interim procedures, consisting of taking screen shots of changes and having those approved. However, as this will not provide a list of all changes made, the Board needs to consider how it gets comfort that all changes are made with appropriate authorisation. Without a list of all Masterfile changes that can be approved by a second person (as segregation of duties is required for an effective control), this remains an area susceptible to fraud.

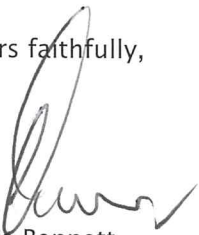
We recommend that the Board ask management for assurance that appropriate controls are in place at the school over payroll transactions, consistent with the updated guidance.

Conclusion

These points are not necessarily exhaustive as they arose from our general financial statement audit rather than a specific systems audit. This letter is prepared solely for the use of the Board of Trustees and senior management of Mangakahia Area School. It may not be provided to third parties without our prior written permission.

Thanks to yourselves and to staff who assisted us in the completion of our audit work. Please contact us with your proposed responses to our recommendations and if you have any questions on any issues raised.

Yours faithfully,



Steve Bennett
Bennett and Associates



Mangakahia Area School

Annual Report for the year ended 31 December 2021

Ministry Number:	18
Principal:	Philip Reynolds
School Address:	1480 Mangakahia Road, Whangarei
School Postal Address:	Private Bag, Whangarei, 0140
School Phone:	09-433 1702
School Email:	admin@mangakahia.school.nz
Service Provider:	Edtech Financial Services Ltd

Mangakahia Area School

Annual Report

For the year ended 31 December 2021

Index

Page	Statement
	Financial Statements
1	Statement of Responsibility
2	Statement of Comprehensive Revenue and Expense
3	Statement of Changes in Net Assets/Equity
4	Statement of Financial Position
5	Statement of Cash Flows
6 - 19	Notes to the Financial Statements
	Other Information
	Analysis of Variance
	Kiwisport

Mangakahia Area 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.

Vivien Knowles

Full Name of Commissioner



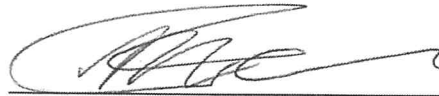
Signature of Commissioner

27.10.22

Date:

MARIA DUNN

Full Name of Principal



Signature of Principal

28/10/22

Date:

Mangakahia Area 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	2,634,483	1,722,177	2,724,977
Locally Raised Funds	3	58,175	98,850	118,511
Interest Income		4,385	5,500	10,176
		<hr/>	<hr/>	<hr/>
		2,697,043	1,826,527	2,853,664
Expenses				
Locally Raised Funds	3	11,537	(1,860)	7,722
Learning Resources	4	1,755,588	1,463,616	1,578,308
Administration	5	259,367	166,020	99,498
Finance		246	600	633
Property	6	748,133	211,200	795,790
Depreciation	11	89,749	20,000	92,360
Loss on Disposal of Property, Plant and Equipment		1,090	-	28
		<hr/>	<hr/>	<hr/>
		2,865,710	1,859,576	2,574,339
Net Surplus / (Deficit) for the year		(168,667)	(33,049)	279,325
Other Comprehensive Revenue and Expense		-	-	-
Total Comprehensive Revenue and Expense for the Year		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
		(168,667)	(33,049)	279,325

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



Mangakahia Area School

Statement of Changes in Net Assets/Equity

For the year ended 31 December 2021

	2021	2021	2020
Notes	Actual \$	Budget (Unaudited) \$	Actual \$
Balance at 1 January	2,286,631	2,286,631	1,999,870
Total comprehensive revenue and expense for the year	(168,667)	(33,049)	279,325
Capital Contributions from the Ministry of Education Contribution - Furniture and Equipment Grant	-	-	7,436
Equity at 31 December	2,117,964	2,253,582	2,286,631
Retained Earnings	2,117,964	2,253,582	2,286,631
Equity at 31 December	2,117,964	2,253,582	2,286,631

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.



Mangakahia Area School

Statement of Financial Position

As at 31 December 2021

		2021	2021	2020
	Notes	Actual	Budget	Actual
		\$	(Unaudited)	\$
			\$	
Current Assets				
Cash and Cash Equivalents	7	1,069,387	1,099,688	1,107,546
Accounts Receivable	8	301,682	159,814	201,817
GST Receivable		41,816	2,000	1,508
Prepayments		15,686	13,300	13,269
Inventories	9	23,080	50	50
Investments	10	411,803	410,000	409,786
		<u>1,863,454</u>	<u>1,684,852</u>	<u>1,733,976</u>
Current Liabilities				
Accounts Payable	12	282,533	141,000	141,322
Provision for Cyclical Maintenance	13	15,600	15,600	15,600
Painting Contract Liability	14	28,622	28,622	28,622
Finance Lease Liability	15	3,933	3,933	3,556
Funds Held for Capital Works Projects	16	236,531	-	-
		<u>567,219</u>	<u>189,155</u>	<u>189,100</u>
Working Capital Surplus/(Deficit)		1,296,235	1,495,697	1,544,876
Non-current Assets				
Property, Plant and Equipment	11	1,002,395	898,816	898,816
		<u>1,002,395</u>	<u>898,816</u>	<u>898,816</u>
Non-current Liabilities				
Provision for Cyclical Maintenance	13	145,769	106,033	106,033
Painting Contract Liability	14	28,383	28,383	49,862
Finance Lease Liability	15	6,514	6,515	1,166
		<u>180,666</u>	<u>140,931</u>	<u>157,061</u>
Net Assets		<u>2,117,964</u>	<u>2,253,582</u>	<u>2,286,631</u>
Equity		<u>2,117,964</u>	<u>2,253,582</u>	<u>2,286,631</u>

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



Mangakahia Area 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		795,443	666,293	693,011
Locally Raised Funds		60,592	98,767	92,817
Goods and Services Tax (net)		(40,308)	(492)	7,063
Payments to Employees		(190,057)	(184,675)	(88,219)
Payments to Suppliers		(531,184)	(530,049)	(292,220)
Cyclical Maintenance Payments in the year		(9,850)	(26,500)	(16,895)
Interest Paid		(246)	(600)	(633)
Interest Received		4,250	5,365	10,532
Net cash from/(to) Operating Activities		88,640	28,109	405,456
Cash flows from Investing Activities				
Proceeds from Sale of Property Plant & Equipment		-	-	(28)
Purchase of Property Plant & Equipment		(185,056)	(85,407)	(44,642)
Purchase of Investments		(2,017)	(214)	(5,457)
Net cash from/(to) Investing Activities		(187,073)	(85,621)	(50,127)
Cash flows from Financing Activities				
Furniture and Equipment Grant		-	-	7,436
Finance Lease Payments		(3,637)	71,133	(4,790)
Painting Contract Payments		(21,479)	(21,479)	(11,825)
Funds Administered on Behalf of Third Parties		85,390	-	-
Net cash from/(to) Financing Activities		60,274	49,654	(9,179)
Net increase/(decrease) in cash and cash equivalents		(38,159)	(7,858)	346,150
Cash and cash equivalents at the beginning of the year	7	1,107,546	1,107,546	761,396
Cash and cash equivalents at the end of the year	7	1,069,387	1,099,688	1,107,546

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.



Mangakahia Area School

Notes to the Financial Statements

For the year ended 31 December 2021

1. Statement of Accounting Policies

Reporting Entity

Mangakahia Area School (the School) is a Crown entity as specified in the Crown Entities Act 2004 and a school as described in the Education and Training Act 2020. The Board (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 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 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 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 11.



Notes to the Financial Statements (cont.)

For the year ended 31 December 2021

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.

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.

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 2021

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:

Building improvements - Crown	10-40 years
Furniture and equipment	10-15 years
Information and communication technology	3-5 years
Motor vehicles	5 years
Leased assets held under a Finance Lease	Term of lease
Library resources	12.5% Diminishing value



Notes to the Financial Statements (cont.)

For the year ended 31 December 2021

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.

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.



Notes to the Financial Statements (cont.)

For the year ended 31 December 2021

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.

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, 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.

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 2021

2 Government Grants

	2021	2021	2020
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Operational Grants	412,461	390,791	413,993
Teachers' Salaries Grants	1,447,948	1,100,000	1,451,207
Use of Land and Buildings Grants	272,603	-	231,551
Use of Land and Buildings Grants - Teen Parent Unit	170,854	-	378,624
Other MoE Grants	96,230	-	90,854
Teen Parent Unit	152,375	149,415	146,092
Other Government Grants	82,012	81,971	12,656
	<u>2,634,483</u>	<u>1,722,177</u>	<u>2,724,977</u>

The School has opted in to the donations scheme for this year. Total amount received was \$11,500. (2020 : \$14,100 was received).

3 Locally Raised Funds

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

	2021	2021	2020
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Revenue			
Donations & Bequests	-	-	(790)
Fees for Extra Curricular Activities	21,531	48,850	68,223
Trading	787	-	774
Other Revenue	35,857	50,000	50,304
	<u>58,175</u>	<u>98,850</u>	<u>118,511</u>
Expenses			
Extra Curricular Activities Costs	11,537	(1,860)	7,722
	<u>11,537</u>	<u>(1,860)</u>	<u>7,722</u>
<i>Surplus/ (Deficit) for the year Locally Raised Funds</i>	<u>46,638</u>	<u>100,710</u>	<u>110,789</u>

4 Learning Resources

	2021	2021	2020
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Curricular	123,730	31,030	21,433
Information and Communication Technology	6,864	5,900	6,261
Extra-Curricular Activities	8,973	33,000	10,157
Library Resources	243	600	710
Employee Benefits - Salaries	1,485,536	1,151,000	1,408,416
Staff Development	3,613	8,700	403
Teen Parent Unit	126,629	233,386	130,928
	<u>1,755,588</u>	<u>1,463,616</u>	<u>1,578,308</u>



Notes to the Financial Statements (cont.)

For the year ended 31 December 2021

5 Administration

	2021	2021	2020
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Audit Fee	4,860	4,600	4,500
Board Fees	-	-	1,472
Board Expenses	150,778	62,300	12,731
Communication	5,466	7,400	6,113
Consumables	18,400	14,600	15,050
Operating Lease	1,538	-	-
Other	2,970	5,620	3,416
Employee Benefits - Salaries	53,712	49,000	36,821
Insurance	15,733	17,000	13,587
Service Providers, Contractors and Consultancy	5,910	5,500	5,808
	<u>259,367</u>	<u>166,020</u>	<u>99,498</u>

6 Property

	2021	2021	2020
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Caretaking and Cleaning Consumables	6,024	3,900	3,498
Cyclical Maintenance Expense	49,486	26,500	21,352
Grounds	18,982	25,500	7,321
Heat, Light and Water	17,806	24,500	18,370
Rates	2,192	(2,200)	2,999
Repairs and Maintenance	109,811	51,000	38,424
Use of Land and Buildings	272,603	-	378,624
Use of Land and Buildings - Teen Parent Unit	170,854	-	231,551
Employee Benefits - Salaries	100,375	82,000	93,651
	<u>748,133</u>	<u>211,200</u>	<u>795,790</u>

The use of land and buildings figure represents 5% 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 Cash and Cash Equivalents

	2021	2021	2020
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Bank Current Account	648,501	709,688	719,221
Bank Call Account	420,886	390,000	388,325
Cash and cash equivalents for Statement of Cash Flows	<u>1,069,387</u>	<u>1,099,688</u>	<u>1,107,546</u>

Of the \$1,069,387 Cash and Cash Equivalents, \$236,531 is held by the School on behalf of the Ministry of Education. These funds have been provided for the Ministry as part of the school's 5 Year Agreement funding for upgrades to the school buildings. The funds are required to be spent in 2022 on Crown owned school buildings.



Notes to the Financial Statements (cont.)

For the year ended 31 December 2021

8 Accounts Receivable

	2021 Actual \$	2021 Budget (Unaudited) \$	2020 Actual \$
Receivables	-	2,500	2,417
Funds Due from the Ministry of Education for Capital Works Projects	152,742	-	1,601
Interest Receivable	314	314	179
Bank Staffing Underuse	35,150	45,000	87,515
Teacher Salaries Grant Receivable	113,476	112,000	110,105
	<u>301,682</u>	<u>159,814</u>	<u>201,817</u>
Receivables from Exchange Transactions	314	2,814	2,596
Receivables from Non-Exchange Transactions	301,368	157,000	199,221
	<u>301,682</u>	<u>159,814</u>	<u>201,817</u>

9 Inventories

	2021 Actual \$	2021 Budget (Unaudited) \$	2020 Actual \$
Stationery	50	50	50
School Uniforms	23,030	-	-
	<u>23,080</u>	<u>50</u>	<u>50</u>

10 Investments

The School's investment activities are classified as follows:

	2021 Actual \$	2021 Budget (Unaudited) \$	2020 Actual \$
Current Asset			
Short-term Bank Deposits	411,803	410,000	409,786
Total Investments	<u>411,803</u>	<u>410,000</u>	<u>409,786</u>



Notes to the Financial Statements (cont.)

For the year ended 31 December 2021

11 Property, Plant and Equipment

	Opening Balance (NBV)	Additions	Disposals	Impairment	Depreciation	Total (NBV)
2021	\$	\$	\$	\$	\$	\$
Land	91,760	-	-	-	-	91,760
Buildings	607,044	87,659	-	-	(26,414)	668,289
Furniture and Equipment	135,220	89,209	-	-	(36,108)	188,321
Information and Communication Technology	19,230	6,546	-	-	(11,271)	14,505
Motor Vehicles	25,986	-	-	-	(9,262)	16,724
Leased Assets	5,967	9,362	-	-	(4,924)	10,405
Library Resources	13,609	1,642	(1,090)	-	(1,770)	12,391
Balance at 31 December 2021	898,816	194,418	(1,090)	-	(89,749)	1,002,395

	2021	2021	2021	2020	2020	2020
	Cost or Valuation	Accumulated Depreciation	Net Book Value	Cost or Valuation	Accumulated Depreciation	Net Book Value
	\$	\$	\$	\$	\$	\$
Land	91,760	-	91,760	91,760	-	91,760
Buildings	1,124,795	(456,506)	668,289	1,037,136	(430,092)	607,044
Furniture and Equipment	862,517	(674,196)	188,321	773,307	(638,087)	135,220
Information and Communication Technology	247,833	(233,328)	14,505	241,287	(222,057)	19,230
Motor Vehicles	122,862	(106,138)	16,724	122,862	(96,876)	25,986
Leased Assets	74,769	(64,364)	10,405	65,407	(59,440)	5,967
Library Resources	68,301	(55,910)	12,391	72,462	(58,853)	13,609
Balance at 31 December	2,592,837	(1,590,442)	1,002,395	2,404,221	(1,505,405)	898,816

The net carrying value of equipment held under a finance lease is \$10,405 (2020: \$5,967).

The net carrying value of motor vehicles held under a finance lease is \$16,724 (2020: \$25,986).

12 Accounts Payable

	2021	2021	2020
	Actual	Budget (Unaudited)	Actual
	\$	\$	\$
Creditors	155,704	24,000	23,542
Accruals	4,060	-	-
Employee Entitlements - Salaries	112,898	112,000	110,847
Employee Entitlements - Leave Accrual	9,871	5,000	6,933
	282,533	141,000	141,322
Payables for Exchange Transactions	282,533	141,000	141,322
	282,533	141,000	141,322

The carrying value of payables approximates their fair value.

13 Provision for Cyclical Maintenance

	2021	2021	2020
	Actual	Budget (Unaudited)	Actual
	\$	\$	\$
Provision at the Start of the Year	121,633	121,633	117,176
Increase/(decrease) to the Provision During the Year	39,836	26,500	21,352
Use of the Provision During the Year	(100)	(26,500)	(16,895)
Provision at the End of the Year	161,369	121,633	121,633
Cyclical Maintenance - Current	15,600	15,600	15,600
Cyclical Maintenance - Term	145,769	106,033	106,033
	161,369	121,633	121,633



Notes to the Financial Statements (cont.)

For the year ended 31 December 2021

14 Painting Contract Liability

	2021 Actual \$	2021 Budget (Unaudited) \$	2020 Actual \$
Due within one year	28,622	28,622	28,622
Due after one year	28,383	28,383	49,862
	<u>57,005</u>	<u>57,005</u>	<u>78,484</u>

In 2018 the Board signed an agreement with Programmed (the contractor) for an agreed programme of work covering a seven year period. The programme provides for an exterior repaint of the Ministry owned buildings in 2018, with regular maintenance in subsequent years. The agreement has an annual commitment of \$26,457. The liability is the best estimate of the actual amount of work performed by the contractor for which the contractor has not been paid at balance sheet date. The liability has not been adjusted for inflation and the effect of the time value of money.

15 Finance Lease Liability

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

	2021 Actual \$	2021 Budget (Unaudited) \$	2020 Actual \$
No Later than One Year	4,685	-	3,812
Later than One Year and no Later than Five Years	7,138	-	1,221
Future Finance Charges	(1,375)	-	(311)
	<u>10,448</u>	<u>-</u>	<u>4,722</u>
Represented by			
Finance lease liability - Current	3,933	3,933	3,556
Finance lease liability - Term	6,515	6,515	1,166
	<u>10,448</u>	<u>10,448</u>	<u>4,722</u>

These funds relate to arrangements where the school is acting as an agent. These amounts are not revenue or expenditure of the school and therefore are not included in the Statement of Comprehensive Revenue and Expense.



Notes to the Financial Statements (cont.)

For the year ended 31 December 2021

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:

2021		Opening Balances	Receipts from MoE	Payments	BOT Contribution/ (Write-off to R&M)	Closing Balances
		\$	\$	\$		\$
SYPP Misc Projects	<i>In progress</i>	-	-	(5,484)	-	(5,484)
SIP LSC Space	<i>In progress</i>	(1,601)	120,880	(82,330)	-	36,949
Heating/Boiler Project	<i>In progress</i>	-	338,610	(248,880)	-	89,730
Astroturf Project	<i>In progress</i>	-	-	(582)	-	(582)
Roofing Project	<i>In progress</i>	-	116,000	(10,294)	-	105,706
Drainage/Water Tank Project	<i>In progress</i>	-	-	(145,580)	-	(145,580)
Project Electricals	<i>In progress</i>	-	-	(1,096)	-	(1,096)
SIP Court, Playground	<i>In progress</i>	-	58,628	(54,482)	-	4,146
Totals		(1,601)	634,118	(548,728)	-	83,789

Represented by:

Funds Held on Behalf of the Ministry of Education

Funds Due from the Ministry of Education

236,531

(152,742)

83,789

2020		Opening Balances	Receipts from MoE	Payments	BOT Contribution/ (Write-off to R&M)	Closing Balances
		\$	\$	\$	\$	\$
SIP LSC Space	<i>In progress</i>	-	-	(1,601)	-	(1,601)
Totals		-	-	(1,601)	-	(1,601)

17 Related Party Transactions

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

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



Notes to the Financial Statements (cont.)

For the year ended 31 December 2021

18 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 \$
<i>Board Members</i> Remuneration	-	1,472
<i>Leadership Team</i> Remuneration Full-time equivalent members	341,663 3.00	327,008 3.00
Total key management personnel remuneration	341,663	328,480

The Ministry of Education has appointed a Commissioner for the governance of the school.

Principal

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	130-140	130-140
Benefits and Other Emoluments	0-10	0-10

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
110-120	-	-
100-110	2	1
	2	1

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

19 Compensation and Other Benefits Upon Leaving

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

	2021 Actual \$30,000	2020 Actual
Total Number of People	1	-

20 Contingencies

There are no contingent liabilities and no contingent assets as at 31 December 2021.

(Contingent liabilities and assets as at 31 December 2020: 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. 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.



Notes to the Financial Statements (cont.)

For the year ended 31 December 2021

21 Commitments

(a) Capital Commitments

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

- (a) A contract for 5YPP Misc Projects has been raised with the Ministry of Education. \$5,484 has been spent on the project to balance date.
- (b) A contract for SIP LSC Space Project has been raised with the Ministry of Education. \$120,880 has been received of which \$83,931 has been spent on the project to balance date.
- (c) A contract for Heating/Boiler Project has been raised with the Ministry of Education. \$338,610 has been received of which \$248,880 has been spent on the project to balance date.
- (d) A contract for Astroturf Project has been raised with the Ministry of Education. \$582 has been spent on the project to balance date.
- (e) A contract for Roofing Project has been raised with the Ministry of Education. \$116,000 has been received of which \$10,294 has been spent on the project to balance date.
- (f) A contract for Drainage/Water Tank Project has been raised with the Ministry of Education. \$145,580 has been spent on the project to balance date.
- (g) A contract for Electricals Project has been raised with the Ministry of Education. \$1,096 has been spent on the project to balance date.
- (h) A contract for SIP Court, Playground Project has been raised with the Ministry of Education. \$58,628 has been received of which \$54,482 has been spent on the project to balance date.

(Capital commitments as at 31 December 2020: nil)

22 Financial Instruments

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

	2021	2021	2020
	Actual	Budget (Unaudited)	Actual
	\$	\$	\$
Financial assets measured at amortised cost			
Cash and Cash Equivalents	1,069,387	1,099,688	1,107,546
Receivables	301,368	159,814	201,817
Investments - Term Deposits	411,803	410,000	409,786
Total Financial assets measured at amortised cost	<u>1,782,558</u>	<u>1,669,502</u>	<u>1,719,149</u>
Financial liabilities measured at amortised cost			
Payables	282,533	141,000	141,322
Finance Leases	10,447	10,448	4,722
Painting Contract Liability	57,005	57,005	78,484
Total Financial Liabilities Measured at Amortised Cost	<u>349,985</u>	<u>208,453</u>	<u>224,528</u>

23 Events After Balance Date

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

24 Comparatives

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



Notes to the Financial Statements (cont.)

For the year ended 31 December 2021

25 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 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.

26 Breach of Law - Failure to comply with Section 137(1) of the Education and Training Act 2020

The Board did not comply with Section 137(1) of the Education and Training Act 2020 which requires the Board to provide its accredited financial statements to the Ministry of Education by 31 May 2022.



MANGAKAHIA AREA SCHOOL ANNUAL PLAN 2020 AOV

GOAL 1: ACHIEVING EXCELLENCE: To develop explicit, high expectations for achieving in learning now, with a focus and ambition for the future	
Priority Objective	
How (mechanisms, systems, processes)	Syndicate meeting review
Specific tasks and carried out by who = <i>Leader primarily responsible for Action implementation and completion</i>	RH Senior syndicate weekly review of progress and achievement PR Academic letters sent home that outline progress/lack of, toward objective and current obstacles.
Completion of specific tasks	RH Senior syndicate weekly review of progress and achievement PR Academic letters sent home
Measurable evidence of completion of the objective (not specific tasks)	Covid Lockdowns have impacted on attendance with year 11 students all below 50% attendance. The same can be said for Year 12 and 13 students. Only a small minority of our senior students continued their learning via Google Classrooms. Lack of connectivity in the Mangakahia Valley and wider area further disadvantaged our students.
Where to from here? - pointing forward	Enhance communication with home via two formal reports for terms two and three to better engage parents in conversation in addition to the academic letters being sent home which is current practice. Continue to review in weekly meetings
Priority Objective	
How (mechanisms, systems, processes)	Syndicate meeting review IEP to individualise learning programme and needs
All students working at level 1 or above will achieve Literacy and Numeracy	
All leavers working at level 2 or above will have NCEA level 2	

MANGAKAHIA AREA SCHOOL ANNUAL PLAN 2020 AOV

<p>Specific tasks and carried out by who___ = <i>Leader primarily responsible for Action implementation and completion</i></p>	<p>PR Arinui teaching as inquiry – assign appraisers and sign off of completed appraisal documents</p> <p>KT PLD ‘building effective teaching practice with a focus on literacy across the curriculum’ working with external provider</p> <p>KT PLD ‘embed an inquiry approach... improve student learning... -Toe by Toe -(key action sustainability plan)</p>
<p>Completion of specific tasks</p>	<p>PR Arinui teaching as inquiry – completed</p> <p>KT PLD ‘building effective teaching practice with a focus on literacy across the curriculum’ this PLD is ongoing into 2020 because the outside provider’s partner suffered a heart attack and the momentum provided by her input and expertise was not available for a significant period.</p> <p>KT PLD CAZ our LA ‘embed an inquiry approach... improve student learning... -Toe by Toe -(key action sustainability plan)</p>

MANGAKAHIA AREA SCHOOL ANNUAL PLAN 2020 AOV

Priority Objective	Actively seek representation of kura whanau in school processes
How (mechanisms, systems, processes)	Assigned Commissioner plan and participate in whanau hui to engage Maori whanau in school wide processes and decision making
Specific tasks and carried out by who = <i>Leader primarily responsible for Action implementation and completion</i>	PR encourage the wider school community to become involved plan and participate in whanau hui to engage Maori whanau in school wide processes and decision making
Completion of specific tasks	PR: Promoted through Whanau engagement team, Staff who live locally and have connections within the community encourage to promote the opportunity to people who they felt were suitable.
Measurable evidence of completion of the objective (not specific tasks)	A reference group to be formulated, encouraging the school whanau, marae, takiwa roopu and Mangakahia Community Trust to meet and plan a way forward.
Where to from here?- pointing forward	<p>There is a juxtaposition between our school community and our local community. They are not one and the same but rather an exaggerated subset. Our school community is over 92% Maori which does not mirror the makeup of the local community. While the local community may wish to direct the course of the school it is not always in harmony with what the school community want. To ensure that this is the direction of the BoT ought to be a strong guiding principle.</p> <p>Electing a Student rep is a focus for this year.</p> <p>Using the collective input of our stakeholders eg whanau engagement group, PTA ought to be an ongoing focus for the BoT</p>

MANGAKAHIA AREA SCHOOL ANNUAL PLAN 2020 AOV

<p>Measurable evidence of completion of the objective (not specific tasks)</p>	<p>Assemblies. 80% of students in the school recognised at least once for keeping the school values of Whanagatanga: supporting each other to learn and/or Matauranga: striving for excellence. Multiple occasions for some students and awards gratefully received (without the humiliating shyness of recent years) much improved culture of celebrating achievement. Believe this is largely due to student's leadership of assemblies.</p> <p>Student council – with support organised and ran 3 successful school wide events. The Ki o rahi tournament for Matariki was a highlight and keenly contested. Students from senior PEd were able to build course work and credits around this activity as well and recognising that they have the ability to lead in this area-recognising the accomplishments of their fellow students and celebrating appropriately</p> <p>School trip to support kappa haka rohe at Tai Tokerau was a success. Fewer students than was hoped for participated simply because they did not return permission slips- families complained about this after the fact.</p> <p>Events action team by default became a teacher led work stream. Major accomplishment in this goal was the end of year prize giving.</p>
<p>Where to from here?- pointing forward</p>	<p>Re Focus on (academic) effort rather than achievement. Effort can be repeated and celebrated more regularly, achievement is a moment in time. Cover all the school values to practically demonstrate that we value a Hau Ora approach to each student's development.</p>
<p>Priority Objective</p>	<p>working with families to meet whanau goals and aspirations</p>

MANGAKAHIA AREA SCHOOL ANNUAL PLAN 2020 AOV

<p>Completion of specific tasks</p>	<p>Powhiri , community engagement</p> <p>Powhiri: with events action team involvement became a whole day whanau experience – largest Powhiri ever? with guests/students from contributing schools very positive feedback</p> <p>Curriculum action team: progress on localised curriculum. Student graduate profile still being developed not sufficiently descriptive.</p> <p>Anti-bullying procedure negotiated now a procedure for the safe school policy</p> <p>Vocational pathways and gateway opportunities promoted to students and families</p> <p>Curriculum meetings completed with participation of most of the community reps with ERO on their visit</p>
<p>Measurable evidence of completion of the objective (not specific tasks)</p>	<p>Minutes of Whanau engagement meetings.</p> <p>Board minutes</p> <p>Bullying procedure</p> <p>Gateway report</p>
<p>Where to from here?- pointing forward</p>	<p>Networks through community groupings continue to be a valid and effective, although not always as cohesive as we would like. They continue to be effective in drawing expertise into the school.</p> <p>We will pursue this</p>

MANGAKAHIA AREA SCHOOL ANNUAL PLAN 2020 AOV

<p>Measurable evidence of completion of the objective (not specific tasks)</p>	<p>MVK commissioning of new mural as pictured above . Representative of important icon in the valley referencing myths and legends, historic figures, Now the backdrop for our most important celebrations The result of ongoing in depth collaboration</p> <p>MVK refurbished pou-painting</p> <p>PR Portico for Whare Being negotiated as part of 10YPP with Avail Pacific</p>
<p>Where to from here?- pointing forward</p>	<p>10YPP will take the focus for us in this area for the next 12 months</p> <p>Collaborating with stakeholders at every opportunity- invite and promote 10YPP</p>
<p>3 THE ENVIRONMENT : To further develop the schools physical, social and emotional environment to engender pride and a sense of belonging</p>	
<p>Priority Objective</p>	<p>To improve student attendance Target: Increase the number of students with an attendance rate ≥ 80% and decrease the number of students with an absence rate ≤ 50%</p>
<p>How (mechanisms, systems, processes)</p>	<p>Attendance process</p> <p>Valley nannies assist with supporting whanau to attend more regularly</p>

MANGAKAHIA AREA SCHOOL ANNUAL PLAN 2020 AOV

Specific tasks and carried out by who = <i>Leader primarily responsible for Action implementation and completion</i>	PR and RH staff meeting revision
Completion of specific tasks	As per staff meeting PD
Measurable evidence of completion of the objective (not specific tasks)	Appraisal reviews
Where to from here?- pointing forward	During the year Bullying raised as an issue by BoT members. Perception rather than fact? Bullying procedure rewritten- will be reviewed 2020 Investigating the KiVa programme suggested by the BoT
Priority Objective	Strengthen Whanau connections as a key factor in belonging and connecting to the school
How (mechanisms, systems, processes)	Honour history and connections- Curriculum as key-- legacy moments, Marae visit. Events –culturally rich collective experience – Tai Tokerau -Matariki- Show Day, JNR kapa Haka

MANGAKAHIA AREA SCHOOL ANNUAL PLAN 2020 AOV

<p>Where to from here?- pointing forward</p>	<p>Whanau connect with the school through culturally rich activities. They need to see that culture is honoured and valued to give credibility to the event.</p> <p>Show day does not do this and we need to look at how this can be done more effectively- currently a work stream for the PTA and BoT</p> <p>There was much excitement at the prospect of hosting Northland regionals Te Manu Korero in 2020. This will not now happen but we have been put on the schedule to host it in 2022 – there is a real sense of pride in hosting-</p>
<p>Priority Objective</p>	<p>Working with students to build respect, responsibility and resilience</p>
<p>How (mechanisms, systems, processes)</p>	<ul style="list-style-type: none"> ○ Student leadership -Head students –assemblies-recognising, promoting and celebrating EFFORT -(key action sustainability plan) active student council-small group meetings ○ Wellbeing (COL focus)
<p>Specific tasks and carried out by who = <i>Leader primarily responsible for Action implementation and completion</i></p>	<p>SB/RH Student leadership active student council</p> <p>PR Head students executive meetings with principal</p> <p>DP/MVDK assemblies-recognising, promoting and celebrating EFFORT -(key action sustainability plan)</p> <p>PR small group meetings</p> <p>Staff Wellbeing (COL focus) meetings attended</p>

MANGAKAHIA AREA SCHOOL ANNUAL PLAN 2020 AOV

<p>Specific tasks and carried out by who___ = <i>Leader primarily responsible for Action implementation and completion</i></p>	<p>MVDK School Pou refurbishment- new mural completed PR Uniform small group meetings</p>
<p>Completion of specific tasks</p>	<p>MVDK School Pou refurbishment- new mural completed As previously described PR Uniform small group meetings As previously described</p>
<p>Measurable evidence of completion of the objective (not specific tasks)</p>	<p>MVDK School Pou refurbishment- new mural completed As previously described PR Uniform small group meetings As previously described</p>
<p>Where to from here?- pointing forward</p>	<p>BoT has received report detailing staff and student feedback re uniform- approval and procurement are issues to be accomplished by the BoT</p>
<p>Priority Objective</p>	<p>To establish a pattern of sustained self-review</p>
<p>How (mechanisms, systems, processes)</p>	<ul style="list-style-type: none"> o Arinui- Staff appraisal o BoT - training o Syndicate meetings- o Meeting minutes
<p>Specific tasks and carried out by who___ = <i>Leader primarily responsible for Action implementation and completion</i></p>	<p>PR Arinui- Staff appraisal NZSTA /BoT BoT Training RH/ KT Syndicate meetings- priority students reviewed at least every two weeks. PR/RH/KT/BoT Meeting minutes</p>

MANGAKAHIA AREA SCHOOL ANNUAL PLAN 2020 AOV

Specific tasks and carried out by who__ = <i>Leader primarily responsible for Action implementation and completion</i>	SLT/All infuse this in all communications in all forums, class, school, community
Completion of specific tasks	As evidenced in minutes /communications/ Assemblies / Pedagogy - the MAS way
Measurable evidence of completion of the objective (not specific tasks)	Greater involvement of the community , Increased support for school events , class trips, meeting attendance , turn out for ERO Visit etc
Where to from here?- pointing forward	Not enough to assume that this is what we are doing. It is what we intend but it needs to be both implicit and explicit in our planning, practice and review of practice.
Priority Objective	To Utilise all vehicles of communication
How (mechanisms, systems, processes)	communications action team
Specific tasks and carried out by who__ = <i>Leader primarily responsible for Action implementation and completion</i>	RT Key focus -Facebook Key concept 'Whanau'
Completion of specific tasks	Use of Facebook has developed.

MANGAKAHIA AREA SCHOOL ANNUAL PLAN 2020 AOV

<ul style="list-style-type: none"> o Student leadership -Head students -assemblies-recognising, promoting and celebrating EFFORT -(key action sustainability plan) active student council-small group meetings o Wellbeing (COL focus) SB/RH Student leadership active student council PR Head students executive meetings with principal DP/MVDK assemblies-recognising, promoting and celebrating EFFORT -(key action sustainability plan) PR small group meetings SB/RH Student leadership active student council – meetings held PR Head students met with Principal DP/MVDK Regular assemblies held -recognising, promoting and celebrating EFFORT -(key action sustainability plan) PR 12 small group meetings held . Staff SB/RH Student leadership active student council whole school events organised as described PR Head students met with Principal . Not as regularly as was anticipated – students have lives too you know. DP/MVDK assemblies-recognising, promoting and celebrating EFFORT -(key action sustainability plan) 	
---	--



MANGAKAHIA AREA SCHOOL TE KURA TAKIWA O MANGAKAHIA

Mangakahia Road
Titoki PDC, Titoki, Whangarei
Phone: 4331-702
E-mail: admin@mangakahia.school.nz
Website: www.mangakahia.school.nz

KIWI SPORT FUNDING

Kiwisport is a Government funding initiative to support students' participation in organised sport. In 2021 the funding was spent on wages of a sport co-ordinator to provide lunchtime activities for the students, we also allocate some of this money towards the purchase of new gym mats and sports equipment.

Regards

Allister Gilbert
Principal