

12 December 2023

The Board of Trustees
Mangakahia Area School

Dear Board of Trustees,

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Mangakahia Area School – Audit Management Letter

We have completed the audit of your financial statements for the year ended 31 December 2022. 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 no disagreement with selection of Accounting Policies and applied accounting principles 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.

Signing of SUE Report by Principal

From our examination of the SUE reports we could not locate any evidence that your principal has been reviewing and signing all SUE Reports. The process of signing the SUE reports by the principal is a control which acknowledges that the SUE reports are accurate.



It is recommended all SUE reports are signed by the principal.

Deficit Budget

We note that a significant deficit budget has been prepared and approved by the board for 2023. 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.

Evidence of Authorisation of Invoices

During our testing of the control environment, we noted that some creditor's invoices lacked physical evidence that they had been authorised for payment. The approval of invoices prior to their payment helps ensure that they are valid and correct and is an essential internal control in any business. This approval should be evidenced on the invoice by an initial or signature of the approver.

We recommend that all invoices be evidenced as authorised by the delegated person by initialling or signing the invoice prior to their payment.

Fixed Asset Review

It was noted that that the school's fixed asset register had a few items on the register that date back to 1995. Some of these items included computers, printers and other such items that are likely to be obsolete and probably don't exist. One of the representations made by the Board of Trustees is that all Property, Plant and Equipment exists and is recorded at fair value. In order to make this representation we recommend that a physical check of the fixed asset register be performed to help ensure that all assets are recorded are in the possession of the school.

It is recommended that the school review the fixed asset schedule annually and write off any obsolete or missing assets.

Missing Records

When testing expenses, we noted that one invoice was not able to be located. Both the GST Act and the Income Tax Act require that source documents are to be held for 7 years and we advise that the Inland Revenue Department may disallow the deduction if an audit is performed and the source documents are unable to be located.

It is recommended that invoices are kept for 7 years in a secure location.



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 Board of Trustees or Principal prior to their payment.

Analysis of Variance Not Included

As a Crown entity, your school is required to comply with a significant amount of legislation covering a wide variety of issues.

Under the Office of the Auditor-General's mandate, we review your school's approach to complying with your statutory obligations, as they relate to your financial reporting obligations. Our review does not guarantee that the Board is currently meeting all its legislative responsibilities.

The Board has failed to comply with section 87(2)(e) of the Education Act 1989 by not providing an analysis of any variance between the school's performance and the relevant aims, objectives, directions, priorities, or targets set out in the school charter.

We recommend that the Board and management team prepare the analysis of variance within the financial reporting timetable to ensure that the report is included in the audited financial statements.

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 2022

School Directory

Ministry Number: 18

Principal: Maria Dunn

School Address: 1480 Mangakahia Road, Titoki

School Postal Address: Private Bag, Titoki, Whangarei, 0140

School Phone: 09 433 1702

School Email: tracyh@mangakahia.school.nz

Accountant / Service Provider:

Education Services.
Dedicated to your school

MANGAKAHIA AREA SCHOOL

Annual Report - For the year ended 31 December 2022

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Mangakahia Area School

Statement of Responsibility

For the year ended 31 December 2022

The Commissioner 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 Commissioner) 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 Commissioner and management that the annual financial statements for the financial year ended 31 December 2022 fairly reflects the financial position and operations of the school.

The School's 2022 financial statements are authorised for issue by the Commissioner.

Vivien Knowles

Full Name of Commissioner

[Handwritten Signature]

Signature of Commissioner

12.12.22

Date:

MARIA DUNN

Full Name of Principal

[Handwritten Signature]

Signature of Principal

11/12/23

Date:

Mangakahia Area School
Statement of Comprehensive Revenue and Expense
For the year ended 31 December 2022

		2022	2022	2021
	Notes	Actual	Budget	Actual
		\$	(Unaudited)	\$
			\$	
Revenue				
Government Grants	2	2,751,118	1,739,721	2,639,788
Locally Raised Funds	3	106,664	70,800	77,924
Interest Income		14,880	2,200	4,385
		2,872,662	1,812,721	2,722,097
Expenses				
Locally Raised Funds	3	78,470	-	100,226
Learning Resources	4	2,037,900	1,551,329	1,782,372
Administration	5	383,101	172,240	328,567
Finance		2,026	-	246
Property	6	462,079	329,600	678,263
Loss on Disposal of Property, Plant and Equipment	11	20	-	1,090
		2,963,596	2,053,169	2,890,764
Net Surplus / (Deficit) for the year		(90,934)	(240,448)	(168,667)
Other Comprehensive Revenue and Expense		-	-	-
Total Comprehensive Revenue and Expense for the Year		(90,934)	(240,448)	(168,667)

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 2022

	Notes	2022 Actual \$	2022 Budget (Unaudited) \$	2021 Actual \$
Equity at 1 January		2,117,964	2,117,964	2,286,631
Total comprehensive revenue and expense for the year		(90,934)	(240,448)	(168,667)
Contributions from the Ministry of Education				
Equity at 31 December		2,027,030	1,877,516	2,117,964
Accumulated comprehensive revenue and expense		2,027,030	1,877,516	2,117,964
Equity at 31 December		2,027,030	1,877,516	2,117,964

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 2022

		2022	2022	2021
	Notes	Actual \$	Budget (Unaudited) \$	Actual \$
Current Assets				
Cash and Cash Equivalents	7	1,192,409	688,953	1,069,387
Accounts Receivable	8	156,961	146,450	148,940
GST Receivable		2,137	30,000	41,817
Prepayments		14,512	15,000	15,686
Inventories	9	14,243	12,000	23,080
Investments	10	416,644	425,000	411,803
Funds Receivable for Capital Works Projects	16	17,371	-	20,022
		<u>1,814,277</u>	<u>1,317,403</u>	<u>1,730,735</u>
Current Liabilities				
Accounts Payable	12	199,414	229,000	282,531
Provision for Cyclical Maintenance	13	7,695	15,600	15,600
Painting Contract Liability	14	22,678	28,622	28,622
Finance Lease Liability	15	9,325	5,000	3,933
Funds held for Capital Works Projects	16	434,921	100,000	103,811
		<u>674,033</u>	<u>378,222</u>	<u>434,497</u>
Working Capital Surplus/(Deficit)		<u>1,140,244</u>	<u>939,181</u>	<u>1,296,238</u>
Non-current Assets				
Property, Plant and Equipment	11	998,932	1,053,250	1,002,393
		<u>998,932</u>	<u>1,053,250</u>	<u>1,002,393</u>
Non-current Liabilities				
Provision for Cyclical Maintenance	13	90,336	98,011	145,769
Painting Contract Liability	14	8,200	6,904	28,383
Finance Lease Liability	15	13,610	10,000	6,515
		<u>112,146</u>	<u>114,915</u>	<u>180,667</u>
Net Assets		<u>2,027,030</u>	<u>1,877,516</u>	<u>2,117,964</u>
Equity		<u>2,027,030</u>	<u>1,877,516</u>	<u>2,117,964</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 2022

		2022	2022	2021
	Note	Actual	Budget	Actual
		\$	(Unaudited)	\$
			\$	
Cash flows from Operating Activities				
Government Grants		797,723	639,721	795,443
Locally Raised Funds		91,437	69,600	60,592
Goods and Services Tax (net)		39,679	11,816	(40,308)
Payments to Employees		(358,996)	(275,643)	(190,057)
Payments to Suppliers		(701,972)	(728,430)	(541,034)
Interest Paid		(2,026)	-	(246)
Interest Received		14,265	2,264	4,250
Net cash from/(to) Operating Activities		(119,890)	(280,672)	88,640
Cash flows from Investing Activities				
Proceeds from Sale of Property Plant & Equipment (and Intangibles)		-	(114,138)	-
Purchase of Property Plant & Equipment (and Intangibles)		(67,609)	(46,481)	(185,056)
Purchase of Investments		(4,842)	(13,197)	(2,017)
Net cash from/(to) Investing Activities		(72,451)	(173,816)	(187,073)
Cash flows from Financing Activities				
Finance Lease Payments		(123)	79,322	(3,637)
Painting contract payments		(23,048)	(21,479)	(21,479)
Loans Received		-	16,211	-
Funds Administered on Behalf of Third Parties		338,534	-	85,390
Net cash from/(to) Financing Activities		315,363	74,054	60,274
Net increase/(decrease) in cash and cash equivalents		123,022	(380,434)	(38,159)
Cash and cash equivalents at the beginning of the year	7	1,069,387	1,069,387	1,107,546
Cash and cash equivalents at the end of the year	7	1,192,409	688,953	1,069,387

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 2022

1. Statement of Accounting Policies

a) 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 is of the view that the School is a public benefit entity for financial reporting purposes.

b) Basis of Preparation

Reporting Period

The financial statements have been prepared for the period 1 January 2022 to 31 December 2022 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 expense threshold of \$30 million per year. All relevant reduced disclosure concessions have been taken.

Measurement Base

The financial statements are prepared on the historical cost basis unless otherwise noted in a specific accounting policy.

Presentation Currency

These financial statements are presented in New Zealand dollars, rounded to the nearest dollar.

Specific Accounting Policies

The accounting policies used in the preparation of these financial statements are set out below.

Critical Accounting Estimates And Assumptions

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenue and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Cyclical maintenance

A school recognises its obligation to maintain the Ministry's buildings in a good state of repair as a provision for cyclical maintenance. This provision relates mainly to the painting of the school buildings. The estimate is based on the school's best estimate of the cost of painting the school and when the school is required to be painted, based on an assessment of the school's condition. During the year, the Board assesses the reasonableness of its painting maintenance 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.

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. A lease is classified as a finance lease if it transfers substantially all risks and rewards incidental to ownership of an underlying asset to the lessee. In contrast, an operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset to the lessee. Judgement is required on various aspects that include, but are not limited to, the fair value of the leased asset, the economic life of the leased asset, whether or not to include renewal options in the lease term, and determining an appropriate discount rate to calculate the present value of the minimum lease payments. Classification as a finance lease means the asset is recognised in the statement of financial position as property, plant, and equipment, whereas for an operating lease no such asset is recognised. Finance lease liability disclosures are contained in note 15. Future operating lease commitments are disclosed in note 21b.

Recognition of grants

The School reviews the grants monies received at the end of each reporting period and whether any require a provision to carry forward amounts unspent. The School believes all grants received have been appropriately recognised as a liability if required. Government grants are disclosed at note 2.

c) Revenue Recognition

Government Grants

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

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

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

Other Ministry Grants for directly funded programs are recorded as revenue when the School has the rights to the funding in the period they relate to. The grants are not received in cash by the School and are paid directly 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. Grants for the use of land and buildings 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 where conditions exist

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 recognised as an asset and revenue when the right to receive funding or the asset has been established unless there is an obligation to return funds if conditions are not met. If conditions are not met funding is recognised as revenue in advance and recognised as revenue when conditions are satisfied.



Interest Revenue

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

d) Operating Lease Payments

Payments made under operating leases are recognised in the Statement of Comprehensive Revenue and Expense on a straight line basis over the term of the lease.

e) Finance Lease Payments

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

f) Cash and Cash Equivalents

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

g) Accounts Receivable

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

h) Inventories

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

i) Investments

Bank term deposits are initially measured at the amount invested. Interest is subsequently accrued and added to the investment balance. A loss allowance for expected credit losses is recognised if the estimated loss allowance is not trivial.

j) Property, Plant and Equipment

Land and buildings owned by the Crown are excluded from these financial statements. The Board's use of the land and buildings as 'occupant' is based on a property occupancy document.

Improvements (funded by the Board) to buildings owned by the Crown or directly by the board 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 are depreciated over their estimated useful lives on a straight line 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	10-40 Years
Buildings	40 Years
Furniture and Equipment	10-15 Years
Information and Communication Technology	3-5 Years
Motor Vehicles	5 Years
Library Resources	8 Years
Leased assets held under a Finance Lease	Term of Lease

k) Intangible Assets

Software costs

Computer software acquired by the School are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Costs associated with subsequent maintenance and research expenditure are recognised as an expense in the Statement of Comprehensive Revenue and Expense when incurred.

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

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

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

Non cash generating assets

Property, plant, and equipment and intangible assets held at cost that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If such indication exists, the School estimates the asset's recoverable service amount. 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.

In determining fair value less costs to sell the school engages an independent valuer to assess market value based on the best available information. The valuation is based on a comparison to recent market transactions.

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. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable service amount since the last impairment loss was recognised.

m) Accounts Payable

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



n) Employee Entitlements

Short-term employee entitlements

Employee entitlements that are expected to be settled within 12 months after the end of the reporting period in which the employees provide the related service are measured based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date, annual leave earned, by non teaching staff, to but not yet taken at balance date.

Long-term employee entitlements

Employee benefits that are not expected to be settled wholly before 12 months after the end of the reporting period in which the employee provides the related service, such as retirement and long service leave, have been calculated on an actuarial basis.

The calculations are based on the likely future entitlements accruing to employees, based on years of service, years to entitlement, the likelihood that employees will reach the point of entitlement, and contractual entitlement information, and the present value of the estimated future cash flows. Remeasurements are recognised in surplus or deficit in the period in which they arise.

o) Revenue Received in Advance

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

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

p) Funds Held in Trust

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

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

q) Funds held for Capital works

The school directly receives funding from the Ministry of Education for capital works projects that are included in the School five year capital works agreement. These funds are held on behalf and for a specified purpose as such these transactions are not recorded in the Statement of Comprehensive Revenue and Expense.

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

r) Shared Funds

Shared Funds are held on behalf of a cluster of participating schools as agreed with the Ministry of Education. In instances where funds are outside of the School's control, these amounts are not recorded in the Statement of Comprehensive Revenue and Expense. In instances where the school is determined to be the principal for providing the service related to the Shared Funds (such as the RTLB programme), all income and expenditure related to the provision of the service is recorded in the Statement of Comprehensive Revenue and Expense. The School holds sufficient funds to enable the funds to be used for their intended purpose.



s) 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 the school's best estimate of the cost of painting the school and when the school is required to be painted, based on an assessment of the school's condition.

The schools carries out painting maintenance of the whole school over a 7 to 10 year period, the economic outflow of this is dependent on the plan established by the school to meet this obligation and is detailed in the notes and disclosures of these accounts.

t) 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 initially recognised at fair value and subsequently measured at amortised cost, using the effective interest method.

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. On initial recognition of an equity investment that is not held for trading, the School may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive revenue and expense. This election has been made for investments that are shares. Subsequent to initial recognition, these assets are measured at fair value. Dividends are recognised as income in surplus or deficit unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in other comprehensive revenue and expense and are never reclassified to surplus or deficit.

The School's financial liabilities comprise accounts payable, borrowings, finance lease liability, and painting contract liability. Financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and any gain or loss on derecognition are recognised in surplus or deficit.

u) Borrowings

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

v) Goods and Services Tax (GST)

The financial statements have been prepared on a GST exclusive basis, with the exception of accounts receivable and accounts payable which are stated as GST inclusive.

The net amount of GST paid to, or received from, the IRD, including the GST relating to investing and financing activities, is classified as a net operating cash flow in the statements of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

w) Budget Figures

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

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



2. Government Grants

	2022 Actual \$	2022 Budget (Unaudited) \$	2021 Actual \$
Government Grants - Ministry of Education			
Teachers' Salaries Grants	887,792	418,500	691,459
Use of Land and Buildings Grants	1,498,630	1,100,000	1,447,948
Other Government Grants	321,590	-	443,457
	43,106	221,221	56,924
	<u>2,751,118</u>	<u>1,739,721</u>	<u>2,639,788</u>

The school has opted in to the donations scheme for this year. Total amount received was \$10,200.

3. Locally Raised Funds

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

	2022 Actual \$	2022 Budget (Unaudited) \$	2021 Actual \$
Revenue			
Donations & Bequests	500	-	500
Fees for Extra Curricular Activities	27,588	7,300	41,567
Trading	18,471	-	-
Other Revenue	60,105	63,500	35,857
	<u>106,664</u>	<u>70,800</u>	<u>77,924</u>
Expenses			
Extra Curricular Activities Costs	6,452	-	9,459
Trading	17,059	-	-
Other Locally Raised Funds Expenditure	54,959	-	90,767
	<u>78,470</u>	<u>-</u>	<u>100,226</u>
	<u>28,194</u>	<u>70,800</u>	<u>(22,302)</u>

Surplus/(Deficit) for the year Locally raised funds

4. Learning Resources

	2022 Actual \$	2022 Budget (Unaudited) \$	2021 Actual \$
Curricular	73,330	251,134	59,949
Library Resources	1,836	1,200	243
Employee Benefits - Salaries	1,688,791	1,250,500	1,485,106
Staff Development	11,726	8,200	7,412
Depreciation	94,303	34,995	89,752
Information Communication Technology	12,933	5,300	6,183
Teen Parenting Unit	154,981	-	133,727
	<u>2,037,900</u>	<u>1,551,329</u>	<u>1,782,372</u>



5. Administration

	2022 Actual \$	2022 Budget (Unaudited) \$	2021 Actual \$
Audit Fee	5,800	4,600	4,860
Board Fees	-	2,500	-
Board Expenses	26,742	57,600	77,730
Intervention Costs & Expenses	73,711	-	73,049
Communication	9,724	6,000	5,834
Consumables	18,293	19,700	12,683
Operating Lease	-	2,540	626
Other	16,264	3,800	11,821
Employee Benefits - Salaries	114,192	53,000	52,829
Insurance	12,339	17,000	1,187
Service Providers, Contractors and Consultancy	7,180	5,500	5,910
Healthy School Lunch Programme	98,856	-	82,038
	383,101	172,240	328,567

6. Property

	2022 Actual \$	2022 Budget (Unaudited) \$	2021 Actual \$
Caretaking and Cleaning Consumables	10,637	4,500	7,832
Cyclical Maintenance Provision	(53,573)	26,500	39,736
Grounds	9,742	28,200	17,961
Heat, Light and Water	21,091	19,000	18,322
Repairs and Maintenance	59,922	173,400	41,147
Use of Land and Buildings	321,590	-	443,457
Security	1,173	-	229
Employee Benefits - Salaries	97,707	78,000	99,929
Consultancy And Contract Ser	(6,210)	-	9,650
	462,079	329,600	678,263

The use of land and buildings figure represents 5% of the school's total property value. Property values are established as part of the nation-wide revaluation exercise that is conducted every 30 June for the Ministry of Education's year-end reporting purposes.

7. Cash and Cash Equivalents

	2022 Actual \$	2022 Budget (Unaudited) \$	2021 Actual \$
Bank Accounts	1,192,409	688,953	1,069,387
Cash and cash equivalents for Statement of Cash Flows	1,192,409	688,953	1,069,387

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

Of the \$1,192,409 Cash and Cash Equivalents \$434,921 is held by the School on behalf of the Ministry of Education. These funds have been provided by the Ministry as part of the school's 5 Year Agreement funding for upgrades to the school's buildings. The funds are required to be spent in 2023 on Crown owned school buildings.



8. Accounts Receivable

	2022 Actual \$	2022 Budget (Unaudited) \$	2021 Actual \$
Receivables	14,727	1,200	-
Receivables from the Ministry of Education	29,988	-	-
Banking Staffing Underuse	-	30,000	35,150
Interest Receivable	929	250	314
Teacher Salaries Grant Receivable	111,317	115,000	113,476
	<u>156,961</u>	<u>146,450</u>	<u>148,940</u>
Receivables from Exchange Transactions	15,656	1,450	314
Receivables from Non-Exchange Transactions	141,305	145,000	148,626
	<u>156,961</u>	<u>146,450</u>	<u>148,940</u>

9. Inventories

	2022 Actual \$	2022 Budget (Unaudited) \$	2021 Actual \$
Uniforms	14,243	12,000	23,080
	<u>14,243</u>	<u>12,000</u>	<u>23,080</u>

10. Investments

The School's investment activities are classified as follows:

	2022 Actual \$	2022 Budget (Unaudited) \$	2021 Actual \$
Current Asset			
Short-term Bank Deposits	416,644	425,000	411,803
Total Investments	<u>416,644</u>	<u>425,000</u>	<u>411,803</u>



11. Property, Plant and Equipment

2022	Opening Balance (NBV)	Additions	Disposals	Impairment	Depreciation	Total (NBV)
	\$	\$	\$	\$	\$	\$
Land	91,760	-	-	-	-	91,760
Buildings	668,289	-	-	-	(27,763)	640,527
Furniture and Equipment	188,321	49,885	-	-	(38,634)	205,744
Information and Communication Technology	14,505	13,583	-	-	(7,954)	20,135
Motor Vehicles	16,724	-	-	-	(9,123)	7,602
Leased Assets	10,405	20,457	-	-	(9,187)	21,674
Library Resources	12,391	761	(20)	-	(1,642)	11,490
Balance at 31 December 2022	1,002,395	84,686	(20)	-	(94,303)	998,932

The net carrying value of equipment held under a finance lease is \$21,674 (2021: \$10,405)

Restrictions

There are no restrictions over the title of the school's property, plant and equipment, nor are any property, plant and equipment pledged as security for liabilities.

	2022	2022	2022	2021	2021	2021
	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	(484,268)	640,527	1,124,795	(456,506)	668,289
Furniture and Equipment	918,578	(712,834)	205,744	862,517	(674,196)	188,321
Information and Communication Technology	261,416	(241,281)	20,135	247,833	(233,328)	14,505
Motor Vehicles	122,862	(115,260)	7,602	122,862	(106,138)	16,724
Leased Assets	95,226	(73,552)	21,674	74,769	(64,364)	10,405
Library Resources	75,356	(63,866)	11,490	68,301	(55,912)	12,389
Balance at 31 December	2,689,993	(1,691,061)	998,932	2,592,837	(1,590,444)	1,002,393

12. Accounts Payable

	2022	2022	2021
	Actual	Budget (Unaudited)	Actual
	\$	\$	\$
Creditors	29,116	100,000	155,702
Accruals	5,000	4,000	4,060
Banking Staffing Overuse	49,233	-	-
Employee Entitlements - Salaries	111,317	115,000	112,898
Employee Entitlements - Leave Accrual	4,748	10,000	9,871
	199,414	229,000	282,531
Payables for Exchange Transactions	199,414	229,000	282,531
Payables for Non-exchange Transactions - Taxes Payable (PAYE and Rates)	-	-	-
Payables for Non-exchange Transactions - Other	-	-	-
	199,414	229,000	282,531

The carrying value of payables approximates their fair value.



13. Provision for Cyclical Maintenance

Provision at the Start of the Year
Increase to the Provision During the Year
Use of the Provision During the Year
Provision at the End of the Year

	2022 Actual \$	2022 Budget (Unaudited) \$	2021 Actual \$
	161,369	87,111	121,633
	20,722	26,500	39,836
	(84,060)	-	(100)
	<u>98,031</u>	<u>113,611</u>	<u>161,369</u>
	7,695	15,600	15,600
	90,336	98,011	145,769
	<u>98,031</u>	<u>113,611</u>	<u>161,369</u>

Cyclical Maintenance - Current
Cyclical Maintenance - Non current

Per the cyclical maintenance schedule the school is next expected to undertake painting works during 2023. This plan is based on the schools 10 Year Property plan / painting quotes.

14. Painting Contract Liability

Due within one year
Due after one year

	2022 Actual \$	2022 Budget (Unaudited) \$	2021 Actual \$
	22,678	28,622	28,622
	8,200	6,904	28,383
	<u>30,878</u>	<u>35,526</u>	<u>57,005</u>

In 2018 the Board signed an agreement with Programmed Maintenance Services Ltd (the contractor) for an agreed programme of work covering a 7 year period. The programme provides for interior and exterior paint of the Ministry owned buildings in 2018, with regular maintenance in subsequent years. The agreement has an annual commitment of \$22,678. 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 computers and other ICT equipment. Minimum lease payments payable:

No Later than One Year
Later than One Year and no Later than Five Years
Future Finance Charges

	2022 Actual \$	2022 Budget (Unaudited) \$	2021 Actual \$
	11,012	5,000	3,933
	14,872	10,000	6,515
	(2,949)	-	-
	<u>22,935</u>	<u>15,000</u>	<u>10,448</u>
	9,325	5,000	3,933
	13,610	10,000	6,515
	<u>22,935</u>	<u>15,000</u>	<u>10,448</u>

Represented by
Finance lease liability - Current
Finance lease liability - Non current



16. Funds Held (Owed) for Capital Works Projects

During the year the School received and applied funding from the Ministry of Education for the following capital works projects. The amount of cash held on behalf of the Ministry for capital works projects is included under cash and cash equivalents in note 7.

	2022	Project No.	Opening Balances	Receipts from MoE	Payments	Board Contributions	Closing Balances
			\$	\$	\$		\$
5YP Project			1,630	-	(1,630)	-	-
LSC Office Upgrade		218887	(6,775)	6,494	281	-	-
SIPS: Court, Playground		226821	658	565	(1,223)	-	-
Stage 1 Heating, Boiler Replacement		229390	70,502	-	(19,090)	-	51,412
Electrical Upgrade		229997	6,511	(7,506)	995	-	-
Roofing Works		231401	(5,684)	-	1,861	-	(3,823)
Site: Drainage Work and Tank Re-line		231403	(6,063)	5,000	1,063	-	-
SIPS/AMS: Internal Refurbishment		231405	19,032	271,000	(40,133)	-	249,899
Stage 2 Boiler Removal		231492	5,478	-	(12,401)	-	(6,923)
Mould Decontamination		234658	-	77,567	(77,567)	-	-
Classroom Refurbishment		239585	-	70,800	(3,890)	-	66,910
Hall Internal Refurbishment		239586	-	32,000	(2,600)	-	29,400
Pool & Pool Shed Refurbishment		239587	-	40,000	(2,700)	-	37,300
Stage 2 Internal Works		240197	(1,500)	-	(5,125)	-	(6,625)
TPU Fencing			-	129,060	(129,060)	-	-
Totals			83,789	624,980	(291,219)	-	417,550

Represented by:

Funds Held on Behalf of the Ministry of Education	434,921
Funds Receivable from the Ministry of Education	(17,371)

	2021	Project No.	Opening Balances	Receipts from MoE	Payments	Board Contributions	Closing Balances
			\$	\$	\$		\$
5YP Project			1,630	-	-	-	1,630
LSC Office Upgrade		218887	(1,601)	74,250	(79,424)	-	(6,775)
SIPS: Court, Playground		226821	-	58,628	(57,970)	-	658
Stage 1 Heating, Boiler Replacement		229390	-	244,710	(174,208)	-	70,502
Electrical Upgrade		229997	-	31,500	(24,989)	-	6,511
Roofing Works		231401	-	90,000	(95,684)	-	(5,684)
Site: Drainage Work and Tank Re-line		231403	-	45,000	(51,063)	-	(6,063)
SIPS/AMS: Internal Refurbishment		231405	-	26,000	(6,968)	-	19,032
Stage 2 Boiler Removal		231492	-	62,400	(56,922)	-	5,478
Stage 2 Internal Works		240197	-	-	(1,500)	-	(1,500)
Totals			29	632,488	(548,728)	-	83,789

Represented by:

Funds Held on Behalf of the Ministry of Education	103,811
Funds Receivable from the Ministry of Education	(20,022)



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

18. Remuneration

Key management personnel compensation

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

	2022 Actual \$	2021 Actual \$
<i>Board Members</i> Remuneration	-	-
<i>Leadership Team</i> Remuneration	269,785	341,663
Full-time equivalent members	2.00	3.00
Total key management personnel remuneration	269,785	341,663

There are no members of the Board as a Commissioner is in place. The Commissioner met with the Principal X times throughout the year. As well as these regular meetings, including preparation time, the Commissioner has also been involved in ad hoc meetings to consider student welfare matters including stand downs, suspensions, and other disciplinary matters.

Principal 1

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

	2022 Actual \$000	2021 Actual \$000
Salaries and Other Short-term Employee Benefits:		
Salary and Other Payments	110 - 120	130 - 140
Benefits and Other Emoluments	0 - 10	0 - 10
Termination Benefits	-	-



Principal 2

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

Salary and Other Payments	40 - 50	-
Benefits and Other Emoluments	0 - 10	-
Termination Benefits	-	-

Other Employees

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

Remuneration \$000	2022 FTE Number	2021 FTE Number
100 - 110	2.00	2.00
	<u>2.00</u>	<u>2.00</u>

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 board members, committee members, or employees during the financial year in relation to that cessation and number of persons to whom all or part of that total was payable was as follows:

	2022 Actual \$4,000	2021 Actual \$30,000
Total Number of People	1	1

20. Contingencies

There are no contingent liabilities and no contingent assets (except as noted below) as at 31 December 2022 (Contingent liabilities and assets at 31 December 2021: nil).

In 2022 the Ministry of Education provided additional funding for both the Support Staff in Schools' Collective Agreement (CA) Settlement and the Teacher Aide Pay Equity Settlement. The school is still yet to receive a final wash up that adjusts the estimated quarterly instalments for the actual teacher aides employed in 2022.

The Ministry is in the Process of determining the amount of the final wash up payment for the year ended 31 December 2022. Even though the payment is probable, the amount to be received is not known with a high level of certainty. The school has therefore not recognised the expected receipt (asset) and income in its financial statements. The payment is expected to be received in July 2023.

Holidays Act Compliance – schools payroll

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

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

To the extent that any obligation cannot reasonably be quantified at 31 December 2022 a contingent liability for the school may exist.



21. Commitments

(a) Capital Commitments

As at 31 December 2022 the Board has entered into contract agreements for capital works as follows:

contract for the Stage 1 Heating, Boiler Replacement as agent for the Ministry of Education. This project is fully funded by the Ministry and \$244,710 has been received of which \$193,298 has been spent on the project to balance date. This project has been approved by the Ministry; and

contract for the Roofing Works as agent for the Ministry of Education. This project is fully funded by the Ministry and \$90,000 has been received of which \$93,823 has been spent on the project to balance date. This project has been approved by the Ministry; and

contract for the SIPS/AMS: Internal Refurbishment as agent for the Ministry of Education. This project is fully funded by the Ministry and \$297,000 has been received of which \$47,101 has been spent on the project to balance date. This project has been approved by the Ministry; and

contract for the Stage 2 Boiler Removal as agent for the Ministry of Education. This project is fully funded by the Ministry and \$62,400 has been received of which \$69,323 has been spent on the project to balance date. This project has been approved by the Ministry; and

contract for the Classroom Refurbishment as agent for the Ministry of Education. This project is fully funded by the Ministry and \$70,800 has been received of which \$3,890 has been spent on the project to balance date. This project has been approved by the Ministry; and

contract for the Hall Internal Refurbishment as agent for the Ministry of Education. This project is fully funded by the Ministry and \$32,000 has been received of which \$2,600 has been spent on the project to balance date. This project has been approved by the Ministry; and

contract for the Pool & Pool Shed Refurbishment as agent for the Ministry of Education. This project is fully funded by the Ministry and \$40,000 has been received of which \$2,700 has been spent on the project to balance date. This project has been approved by the Ministry; and

contract for the Stage 2 Internal Works as agent for the Ministry of Education. This project is fully funded by the Ministry and \$0 has been received of which \$6,625 has been spent on the project to balance date. This project has been approved by the Ministry.

(Capital commitments as at 31 December 2021:

contract for the LSC Office Upgrade as agent for the Ministry of Education. This project is fully funded by the Ministry and \$74,250 has been received of which \$81,025 has been spent on the project to balance date. This project has been approved by the Ministry; and

contract for the SIPS: Court, Playground as agent for the Ministry of Education. This project is fully funded by the Ministry and \$58,628 has been received of which \$57,970 has been spent on the project to balance date. This project has been approved by the Ministry; and

contract for the Stage 1 Heating, Boiler Replacement as agent for the Ministry of Education. This project is fully funded by the Ministry and \$244,710 has been received of which \$174,208 has been spent on the project to balance date. This project has been approved by the Ministry; and

contract for the Electrical Upgrade as agent for the Ministry of Education. This project is fully funded by the Ministry and \$31,500 has been received of which \$24,989 has been spent on the project to balance date. This project has been approved by the Ministry; and

contract for the Roofing Works as agent for the Ministry of Education. This project is fully funded by the Ministry and \$90,000 has been received of which \$95,684 has been spent on the project to balance date. This project has been approved by the Ministry; and



contract for the SIPS/AMS: Internal Refurbishment as agent for the Ministry of Education. This project is fully funded by the Ministry and \$26,000 has been received of which \$6,968 has been spent on the project to balance date. This project has been approved by the Ministry; and

contract for the Stage 2 Boiler Removal as agent for the Ministry of Education. This project is fully funded by the Ministry and \$62,400 has been received of which \$56,922 has been spent on the project to balance date. This project has been approved by the Ministry; and

contract for the Stage 2 Internal Works as agent for the Ministry of Education. This project is fully funded by the Ministry and \$0 has been received of which \$1,500 has been spent on the project to balance date. This project has been approved by the Ministry.)

(b) Operating Commitments

There are no operating commitments as at 31 December 2022 (Operating commitments at 31 December 2021: nil).

22. Financial Instruments

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

Financial assets measured at amortised cost

	2022 Actual \$	2022 Budget (Unaudited) \$	2021 Actual \$
Cash and Cash Equivalents	1,192,409	688,953	1,069,387
Receivables	156,961	146,450	148,940
Investments - Term Deposits	416,644	425,000	411,803
Total Financial assets measured at amortised cost	<u>1,766,014</u>	<u>1,260,403</u>	<u>1,630,130</u>

Financial liabilities measured at amortised cost

Payables	199,414	229,000	282,531
Finance Leases	22,935	15,000	10,448
Painting Contract Liability	30,878	35,526	57,005
Total Financial Liabilities Measured at Amortised Cost	<u>253,227</u>	<u>279,526</u>	<u>349,984</u>

23. Events After Balance Date

During February 2023 the North Island of New Zealand was struck by several extreme weather events which resulted in widespread flooding, road closures, slips, and prolonged power and water outages for many communities in the Northland, Auckland, Coromandel, Bay of Plenty, Gisborne, and Hawkes Bay/Tairāwhiti regions.

While many schools were able to reopen soon after the extreme weather events, some schools have remained closed for a prolonged period.

The damage caused by extreme weather events in the Northland region and the full financial impact has not yet been determined, but it is not expected to be significant to the school. The school continued to receive funding from the Ministry of Education, even while closed.



24. Comparatives

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

25. Breach of Law - Statutory Reporting

The School did not submit its annual financial statements to the Auditor-General within 90 days after the end of the financial year, which is a breach of its obligations under Section 135 of the Education and Training Act 2020.

26. Breach of Law - Statutory Reporting

The School has failed to comply with section 137 of the Education and Training Act 2020, as the school was unable to provide their audited financial statements to the Ministry of Education by 31 May 2023.

27. Funds held for Teen Parent Unit

The School's teen parent unit is a separate business unit of the school in accordance with the agreement with the MOE. The revenue and expense is included in the School's Statement of Revenue & Expenditure. During the year, funds were spent on employee benefit expenses, administration and property management expenses.

28. Breach of Law - Failure to produce Analysis of Variance

The Board have failed to comply with Section 134 of the Education and Training Act 2020 as an Analysis of Variance was not included with the Financial Statements.



Mangakahia Area School

Members of the Board

Name	Position	How Position Gained	Term Expired/ Expires
Maria Dunn	Principal	Appointed	Dec 2023
Vivien Knowles	Commissioner	Appointed	Dec 2023

Mangakahia Area School

Kiwisport

Kiwisport is a Government funding initiative to support students' participation in organised sport. In 2022, the school received total Kiwisport funding of \$1,600 (excluding GST). The funding was spent on sporting endeavours.

Statement of Compliance with Employment Policy

For the year ended 31st December 2022 the Mangakahia Area School Board:

- Has developed and implemented personnel policies, within policy and procedural frameworks to ensure the fair and proper treatment of employees in all aspects of their employment
- Has reviewed its compliance against both its personnel policy and procedures and can report that it meets all requirements and identified best practice.
- Is a good employer and complies with the conditions contained in the employment contracts of all staff employed by the Board.
- Ensures all employees and applicants for employment are treated according to their skills, qualifications and abilities, without bias or discrimination.
- Meets all Equal Employment Opportunities requirements.

**INDEPENDENT AUDITOR'S REPORT
TO THE READERS OF MANGAKAHIA AREA SCHOOL'S
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

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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 22, that comprise the statement of financial position as at 31 December 2022, 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 2022; 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 12 December 2023. 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.

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

