

Otahuhu Intermediate School

Annual Report for the year ended 31 December 2021

| | |
|-------------------------------|-------------------------------|
| Ministry Number: | 1408 |
| Principal: | Brent Woods |
| School Address: | 22 Luke Street, Auckland |
| School Postal Address: | PO Box 22165, Auckland, 1640 |
| School Phone: | 09-2766421 |
| School Email: | BWoods@otahuhuint.school.nz |
| Service Provider: | Edtech Financial Services Ltd |

OTAHUHU INTERMEDIATE SCHOOL

Members of the Board

For the year ended 31 December 2021

| Name | Position | How position on Board gained | Term expired/expires |
|-------------------|------------------|-------------------------------------|-----------------------------|
| Chris France | Presiding Member | Elected | Sep-22 |
| Brent Woods | Principal | Appointed | |
| Tala Page-To'oala | Parent Rep | Elected | Sep-22 |
| Sachin Kumar | Parent Rep | Elected | Sep-22 |
| Sonya Griffiths | Parent Rep | Co-opted 2018 | Sep-22 |
| Cheryl Stephens | Parent Rep | Co-opted 2020 | Sep-22 |
| Paulo Fangupo | Parent Rep | Elected | Sep-22 |
| Amipeliasi Palu | Parent Rep | Elected | Sep-22 |
| Verna Ernstzen | Staff Rep | Elected | Sep-22 |

Otahuhu Intermediate School

Annual Report

For the year ended 31 December 2021

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Otahuhu Intermediate 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.

Full Name of Presiding Member

Full Name of Principal

Signature of Presiding Member

Signature of Principal

Date:

Date:

Otahuhu Intermediate School

Statement of Comprehensive Revenue and Expense

For the year ended 31 December 2021

| | | 2021 | 2021 | 2020 |
|---|-------|------------------|-----------------------|------------------|
| | Notes | Actual | Budget (Unaudited) | Actual |
| | | \$ | \$ | \$ |
| Revenue | | | | |
| Government Grants | 2 | 3,633,982 | 3,905,562 | 3,873,909 |
| Locally Raised Funds | 3 | 116,346 | - | 125,945 |
| Interest Income | | 1,572 | - | 3,542 |
| Resource Teachers Learning and Behaviour Grants | 17 | 2,708,496 | 2,729,265 | 2,668,354 |
| | | <u>6,460,396</u> | <u>6,634,827</u> | <u>6,671,750</u> |
| Expenses | | | | |
| Locally Raised Funds | 3 | 122,496 | - | 120,359 |
| Resource Teachers Learning and Behaviour Expense | 17 | 2,708,496 | 2,729,265 | 2,668,354 |
| Learning Resources | 4 | 2,124,804 | 2,317,100 | 1,936,718 |
| Administration | 5 | 241,520 | 299,053 | 221,080 |
| Finance | | 5,709 | 6,000 | 8,457 |
| Property | 6 | 1,080,894 | 1,331,574 | 1,528,996 |
| Depreciation | 11 | 153,347 | 126,000 | 136,635 |
| Loss on Disposal of Property, Plant and Equipment | | 1,429 | - | 2,547 |
| | | <u>6,438,695</u> | <u>6,808,992</u> | <u>6,623,146</u> |
| Net Surplus / (Deficit) for the year | | 21,701 | (174,165) | 48,604 |
| Other Comprehensive Revenue and Expense | | - | - | - |
| Total Comprehensive Revenue and Expense for the Year | | <u>21,701</u> | <u>(174,165)</u> | <u>48,604</u> |

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

Otahuhu Intermediate School
Statement of Changes in Net Assets/Equity

For the year ended 31 December 2021

| | 2021 | 2021 | 2020 |
|--|------------------|------------------|------------------|
| Notes | Actual | Budget | Actual |
| | \$ | (Unaudited) | \$ |
| | \$ | \$ | \$ |
| Balance at 1 January | 1,267,874 | 1,627,236 | 1,202,214 |
| Total comprehensive revenue and expense for the year | 21,701 | (174,165) | 48,604 |
| Capital Contributions from the Ministry of Education | | | |
| Contribution - Furniture and Equipment Grant | - | - | 17,056 |
| Equity at 31 December | 1,289,575 | 1,453,071 | 1,267,874 |
| Retained Earnings | 1,289,575 | 1,453,071 | 1,267,874 |
| Equity at 31 December | 1,289,575 | 1,453,071 | 1,267,874 |

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.

Otahuhu Intermediate School

Statement of Financial Position

As at 31 December 2021

| | | 2021 | 2021 | 2020 |
|--|-------|-----------|-----------------------|-----------|
| | Notes | Actual | Budget (Unaudited) | Actual |
| | | \$ | \$ | \$ |
| Current Assets | | | | |
| Cash and Cash Equivalents | 7 | 980,641 | 814,274 | 706,639 |
| Accounts Receivable | 8 | 339,330 | 329,200 | 329,343 |
| GST Receivable | | 15,258 | 33,000 | 33,103 |
| Prepayments | | 14,876 | 19,000 | 19,298 |
| Inventories | 9 | 66,478 | 95,000 | 95,825 |
| Investments | 10 | 106,363 | 105,000 | 105,873 |
| Funds Receivable for Capital Works Projects | 17 | 213,746 | 266,000 | 266,319 |
| | | <hr/> | <hr/> | <hr/> |
| | | 1,736,692 | 1,661,474 | 1,556,400 |
| Current Liabilities | | | | |
| Accounts Payable | 12 | 555,370 | 460,000 | 474,744 |
| Revenue Received in Advance | 13 | 15,519 | 10,000 | 10,948 |
| Provision for Cyclical Maintenance | 14 | 27,447 | 22,414 | 8,486 |
| Finance Lease Liability | 15 | 24,642 | 24,643 | 37,641 |
| Funds for Resource Teachers of Learning & Behaviour Services | 17 | 222,405 | 198,000 | 198,265 |
| | | <hr/> | <hr/> | <hr/> |
| | | 845,383 | 715,057 | 730,084 |
| Working Capital Surplus/(Deficit) | | 891,309 | 946,417 | 826,316 |
| Non-current Assets | | | | |
| Property, Plant and Equipment | 11 | 683,190 | 609,665 | 730,665 |
| | | <hr/> | <hr/> | <hr/> |
| | | 683,190 | 609,665 | 730,665 |
| Non-current Liabilities | | | | |
| Provision for Cyclical Maintenance | 14 | 276,743 | 94,830 | 260,719 |
| Finance Lease Liability | 15 | 8,181 | 8,181 | 28,388 |
| | | <hr/> | <hr/> | <hr/> |
| | | 284,924 | 103,011 | 289,107 |
| Net Assets | | <hr/> | <hr/> | <hr/> |
| | | 1,289,575 | 1,453,071 | 1,267,874 |
| Equity | | <hr/> | <hr/> | <hr/> |
| | | 1,289,575 | 1,453,071 | 1,267,874 |

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

Otahuhu Intermediate School

Statement of Cash Flows

For the year ended 31 December 2021

| | 2021 | 2021 | 2020 |
|---|-----------|-----------------------|-----------|
| Note | Actual | Budget (Unaudited) | Actual |
| | \$ | \$ | \$ |
| Cash flows from Operating Activities | | | |
| Government Grants | 1,111,992 | 827,807 | 1,063,704 |
| Locally Raised Funds | 120,917 | (948) | 128,558 |
| Goods and Services Tax (net) | 17,843 | 101 | (9,952) |
| Payments to Employees | (476,332) | (467,923) | (341,924) |
| Payments to Suppliers | (407,886) | (567,231) | (432,713) |
| Interest Paid | (5,707) | (6,000) | (8,457) |
| Interest Received | 1,599 | 62 | 3,893 |
| Net cash from/(to) Operating Activities | 362,426 | (214,132) | 403,109 |
| Cash flows from Investing Activities | | | |
| Proceeds from Sale of Property Plant & Equipment | - | - | (527) |
| Purchase of Property Plant & Equipment | (107,301) | (5,000) | (116,191) |
| Purchase of Investments | (490) | - | (1,226) |
| Proceeds from Sale of Investments | - | 873 | - |
| Net cash from/(to) Investing Activities | (107,791) | (4,127) | (117,944) |
| Cash flows from Financing Activities | | | |
| Furniture and Equipment Grant | - | - | 17,056 |
| Funds Administered on Behalf of Third Parties | 52,573 | (265) | 66,964 |
| Finance Lease Payments | (33,206) | (33,205) | (31,421) |
| Funds Administered on Behalf of Third Parties | - | - | (248,692) |
| Net cash from/(to) Financing Activities | 19,367 | (33,470) | (196,093) |
| Net increase/(decrease) in cash and cash equivalents | 274,002 | (251,729) | 89,072 |
| Cash and cash equivalents at the beginning of the year | 7 | 1,066,003 | 617,567 |
| Cash and cash equivalents at the end of the year | 7 | 814,274 | 706,639 |

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.

Otahuhu Intermediate School

Notes to the Financial Statements

For the year ended 31 December 2021

1. Statement of Accounting Policies

Reporting Entity

Otahuhu Intermediate 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 14.

Useful lives of property, plant and equipment

The School reviews the estimated useful lives of property, plant and equipment at the end of each reporting date. The School believes that the estimated useful lives of the property, plant and equipment as disclosed in the significant accounting policies are appropriate to the nature of the property, plant and equipment at reporting date. Property, plant and equipment is disclosed at note 11.

Otahuhu Intermediate School

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.

Otahuhu Intermediate School

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:

| | |
|--|-------------------------|
| Board owned buildings | 5-40 years |
| Furniture and equipment | 5-10 years |
| Information and communication technology | 4 years |
| Leased assets held under a Finance Lease | Term of lease |
| Library resources | 12.5% Diminishing value |

Otahuhu Intermediate School

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.

Long-term employee entitlements

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

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

Revenue Received in Advance

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

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

Otahuhu Intermediate School

Notes to the Financial Statements (cont.)

For the year ended 31 December 2021

Shared Funds

Shared Funds are held on behalf of a cluster of participating schools as agreed with the Ministry of Education. In instances where the funds are outside the school's control and the cluster of schools operate activities outside of school 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 RTL B programme), all income and expenditure related to the shared services 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.

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

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

Goods and Services Tax (GST)

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

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

Commitments and contingencies are disclosed exclusive of GST.

Budget Figures

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

Services Received In-Kind

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

Otahuhu Intermediate School

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 | 921,741 | 827,488 | 843,919 |
| Teachers' Salaries Grants | 1,751,037 | 2,000,000 | 1,702,361 |
| Use of Land and Buildings Grants | 825,742 | 1,078,074 | 1,130,976 |
| Resource Teachers Learning and Behaviour Grants | 3,100 | - | 1,054 |
| Other MoE Grants | 132,362 | - | 195,599 |
| | <u>3,633,982</u> | <u>3,905,562</u> | <u>3,873,909</u> |

The School has opted in to the donations scheme for this year. Total amount received was \$50,850 (2020 : \$53,100 was received).

Other MOE Grants total includes additional COVID-19 funding totalling \$19,248 for the year ended 31 December 2021 (2020: \$9,194).

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 | - | - | 70 |
| Fees for Extra Curricular Activities | 6,056 | - | 17,694 |
| Trading | 104,577 | - | 102,468 |
| Other Revenue | 5,713 | - | 5,713 |
| | <u>116,346</u> | <u>-</u> | <u>125,945</u> |
| Expenses | | | |
| Extra Curricular Activities Costs | 14,209 | - | 35,469 |
| Trading | 108,287 | - | 84,890 |
| | <u>122,496</u> | <u>-</u> | <u>120,359</u> |
| <i>Surplus/ (Deficit) for the year Locally Raised Funds</i> | <u>(6,150)</u> | <u>-</u> | <u>5,586</u> |

Otahuhu Intermediate School

Notes to the Financial Statements (cont.)

For the year ended 31 December 2021

4 Learning Resources

| | 2021 | 2021 | 2020 |
|--|------------------|------------------|------------------|
| | Actual | Budget | Actual |
| | \$ | (Unaudited) | \$ |
| Curricular | 70,884 | 61,100 | 52,522 |
| Information and Communication Technology | 17,337 | 14,000 | 10,719 |
| Library Resources | 3,293 | 5,000 | 3,125 |
| Employee Benefits - Salaries | 2,000,559 | 2,207,000 | 1,857,990 |
| Staff Development | 32,731 | 30,000 | 12,362 |
| | <u>2,124,804</u> | <u>2,317,100</u> | <u>1,936,718</u> |

5 Administration

| | 2021 | 2021 | 2020 |
|--|----------------|----------------|----------------|
| | Actual | Budget | Actual |
| | \$ | (Unaudited) | \$ |
| Audit Fee | 9,399 | 12,000 | 8,173 |
| Board Fees | 2,760 | 3,000 | 2,800 |
| Board Expenses | 11,221 | 11,250 | 7,162 |
| Communication | 1,608 | 5,300 | 3,760 |
| Consumables | 3,521 | 6,000 | 1,989 |
| Operating Lease | 3,383 | 20,000 | 3,411 |
| Other | 36,345 | 40,600 | 35,710 |
| Employee Benefits - Salaries | 153,373 | 182,000 | 138,763 |
| Insurance | 4,208 | 2,903 | 3,104 |
| Service Providers, Contractors and Consultancy | 15,702 | 16,000 | 16,208 |
| | <u>241,520</u> | <u>299,053</u> | <u>221,080</u> |

6 Property

| | 2021 | 2021 | 2020 |
|-------------------------------------|------------------|------------------|------------------|
| | Actual | Budget | Actual |
| | \$ | (Unaudited) | \$ |
| Caretaking and Cleaning Consumables | 15,586 | 14,000 | 13,008 |
| Consultancy and Contract Services | 44,544 | 51,000 | 42,681 |
| Cyclical Maintenance Expense | 64,915 | 25,000 | 198,852 |
| Grounds | 12,478 | 32,000 | 13,728 |
| Heat, Light and Water | 20,043 | 20,000 | 21,267 |
| Repairs and Maintenance | 21,353 | 38,000 | 53,200 |
| Use of Land and Buildings | 825,742 | 1,078,074 | 1,130,976 |
| Security | 9,313 | 8,500 | 8,020 |
| Employee Benefits - Salaries | 66,920 | 65,000 | 47,264 |
| | <u>1,080,894</u> | <u>1,331,574</u> | <u>1,528,996</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 Accounts | 980,641 | 814,274 | 706,639 |
| Cash and cash equivalents for Statement of Cash Flows | <u>980,641</u> | <u>814,274</u> | <u>706,639</u> |

Of the \$980,641 Cash and Cash Equivalents, \$222,405 is held by the School on behalf of the RTL cluster. See note 17 for details of how the funding received for the cluster has been spent in the year.

Otahuhu Intermediate School

Notes to the Financial Statements (cont.)

For the year ended 31 December 2021

8 Accounts Receivable

| | 2021 Actual \$ | 2021 Budget (Unaudited) \$ | 2020 Actual \$ |
|--|----------------------|-------------------------------------|----------------------|
| Receivables from the Ministry of Education | - | - | - |
| Interest Receivable | 235 | 200 | 262 |
| Teacher Salaries Grant Receivable | 339,095 | 329,000 | 329,081 |
| | 339,330 | 329,200 | 329,343 |
| Receivables from Exchange Transactions | 235 | 200 | 262 |
| Receivables from Non-Exchange Transactions | 339,095 | 329,000 | 329,081 |
| | 339,330 | 329,200 | 329,343 |

9 Inventories

| | 2021 Actual \$ | 2021 Budget (Unaudited) \$ | 2020 Actual \$ |
|-----------------|----------------------|-------------------------------------|----------------------|
| Stationery | 3,861 | 3,000 | 3,670 |
| School Uniforms | 62,276 | 91,800 | 91,991 |
| Canteen | 341 | 200 | 164 |
| | 66,478 | 95,000 | 95,825 |

10 Investments

The School's investment activities are classified as follows:

| | 2021 Actual \$ | 2021 Budget (Unaudited) \$ | 2020 Actual \$ |
|--------------------------|----------------------|-------------------------------------|----------------------|
| Current Asset | | | |
| Short-term Bank Deposits | 106,363 | 105,000 | 105,873 |
| Total Investments | 106,363 | 105,000 | 105,873 |

11 Property, Plant and Equipment

| | Opening Balance (NBV) \$ | Additions \$ | Disposals \$ | Impairment \$ | Depreciation \$ | Total (NBV) \$ |
|--|--------------------------------|-----------------------------|-----------------|-------------------|-----------------------------|-------------------|
| 2021 | | | | | | |
| Buildings | 325,297 | - | - | - | (11,420) | 313,877 |
| Furniture and Equipment | 217,110 | 81,292 | - | - | (54,282) | 244,120 |
| Information and Communication Technology | 104,322 | 22,080 | - | - | (49,729) | 76,673 |
| Leased Assets | 70,313 | - | - | - | (35,901) | 34,412 |
| Library Resources | 13,623 | 3,929 | (1,429) | - | (2,015) | 14,108 |
| Balance at 31 December 2021 | 730,665 | 107,301 | (1,429) | - | (153,347) | 683,190 |
| | 2021 | 2021 | 2021 | 2020 | 2020 | 2020 |
| | Cost or Valuation | Accumulated Depreciation | Net Book Value | Cost or Valuation | Accumulated Depreciation | Net Book Value |
| | \$ | \$ | \$ | \$ | \$ | \$ |
| Buildings | 447,113 | (133,236) | 313,877 | 447,113 | (121,816) | 325,297 |
| Furniture and Equipment | 758,859 | (514,739) | 244,120 | 677,565 | (460,455) | 217,110 |
| Information and Communication Technology | 258,419 | (181,746) | 76,673 | 236,338 | (132,016) | 104,322 |
| Leased Assets | 171,946 | (137,534) | 34,412 | 171,946 | (101,633) | 70,313 |
| Library Resources | 41,652 | (27,544) | 14,108 | 42,145 | (28,522) | 13,623 |
| Balance at 31 December | 1,677,989 | (994,799) | 683,190 | 1,575,107 | (844,442) | 730,665 |

The net carrying value of equipment held under a finance lease is \$34,412 (2020: \$70,313).

Otahuhu Intermediate School

Notes to the Financial Statements (cont.)

For the year ended 31 December 2021

12 Accounts Payable

| | 2021 | 2021 | 2020 |
|---------------------------------------|----------------|----------------|----------------|
| | Actual | Budget | Actual |
| | \$ | (Unaudited) | \$ |
| | \$ | \$ | \$ |
| Creditors | 116,509 | 103,000 | 103,567 |
| Accruals | 17,572 | 8,000 | 8,173 |
| Banking Staffing Overuse | 48,052 | - | - |
| Employee Entitlements - Salaries | 353,399 | 330,000 | 343,043 |
| Employee Entitlements - Leave Accrual | 19,838 | 19,000 | 19,961 |
| | <u>555,370</u> | <u>460,000</u> | <u>474,744</u> |
| Payables for Exchange Transactions | 555,370 | 460,000 | 474,744 |
| | <u>555,370</u> | <u>460,000</u> | <u>474,744</u> |

The carrying value of payables approximates their fair value.

13 Revenue Received in Advance

| | 2021 | 2021 | 2020 |
|--------------------------|---------------|---------------|---------------|
| | Actual | Budget | Actual |
| | \$ | (Unaudited) | \$ |
| | \$ | \$ | \$ |
| Other Revenue in Advance | 15,519 | 10,000 | 10,948 |
| | <u>15,519</u> | <u>10,000</u> | <u>10,948</u> |

14 Provision for Cyclical Maintenance

| | 2021 | 2021 | 2020 |
|--|----------------|----------------|----------------|
| | Actual | Budget | Actual |
| | \$ | (Unaudited) | \$ |
| | \$ | \$ | \$ |
| Provision at the Start of the Year | 269,205 | 269,205 | 80,453 |
| Increase/(decrease) to the Provision During the Year | 64,915 | 25,000 | 198,852 |
| Use of the Provision During the Year | (29,930) | (176,961) | (10,100) |
| Provision at the End of the Year | <u>304,190</u> | <u>117,244</u> | <u>269,205</u> |
| Cyclical Maintenance - Current | 27,447 | 22,414 | 8,486 |
| Cyclical Maintenance - Term | 276,743 | 94,830 | 260,719 |
| | <u>304,190</u> | <u>117,244</u> | <u>269,205</u> |

15 Finance Lease Liability

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

| | 2021 | 2021 | 2020 |
|--|---------------|---------------|---------------|
| | Actual | Budget | Actual |
| | \$ | (Unaudited) | \$ |
| | \$ | \$ | \$ |
| No Later than One Year | 27,171 | 24,643 | 43,347 |
| Later than One Year and no Later than Five Years | 8,894 | 8,181 | 36,066 |
| Future Finance Charges | (3,242) | - | (13,384) |
| | <u>32,823</u> | <u>32,824</u> | <u>66,029</u> |
| Represented by | | | |
| Finance lease liability - Current | 24,642 | 24,643 | 37,641 |
| Finance lease liability - Term | 8,181 | 8,181 | 28,388 |
| | <u>32,823</u> | <u>32,824</u> | <u>66,029</u> |

Otahuhu Intermediate School

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 |
|-----------------------------------|--------------------|------------------|-------------------|----------|--------------------------------------|------------------|
| | | \$ | \$ | \$ | | \$ |
| Tech Block Refurbishment | <i>In progress</i> | (266,319) | - | - | - | (266,319) |
| MOE SIP Pathway | <i>In progress</i> | - | 59,117 | (28,911) | - | 30,206 |
| MOE SIP Driveway Widening Project | <i>In progress</i> | - | 41,190 | (11,293) | - | 29,897 |
| MOE SIP Tree Removal Project | <i>In progress</i> | - | - | (7,530) | - | (7,530) |
| Totals | | (266,319) | 100,307 | (47,734) | - | (213,746) |

Represented by:

| | |
|---|------------------|
| Funds Held on Behalf of the Ministry of Education | 60,103 |
| Funds Due from the Ministry of Education | (273,849) |
| | <u>(213,746)</u> |

| | 2020 | Opening Balances | Receipts from MoE | Payments | BOT Contribution/ (Write-off to R&M) | Closing Balances |
|--------------------------|--------------------|------------------|-------------------|-----------|--------------------------------------|------------------|
| | | \$ | \$ | \$ | \$ | \$ |
| Tech Block Refurbishment | <i>In progress</i> | (17,627) | - | (248,692) | - | (266,319) |
| Totals | | (17,627) | - | (248,692) | - | (266,319) |

17 Funds for Resource Teachers of Learning & Behaviour Services

Otahuhu Intermediate School is the lead school funded by the Ministry of Education to provide the services of Resource Teachers of Learning and Behaviour to its cluster of schools (Cluster 9).

| | 2021 | 2021 | 2020 |
|-------------------------------------|------------------|--------------------|------------------|
| | Actual | Budget (Unaudited) | Actual |
| | \$ | \$ | \$ |
| Funds held at beginning of the year | 198,265 | 198,265 | 131,302 |
| <i>Grants Received</i> | | | |
| Teachers' Salary Grant | 2,369,236 | 2,369,000 | 2,369,649 |
| Administration Grant | 89,485 | 88,000 | 88,839 |
| Learning Support Funding | 172,590 | 171,000 | 170,881 |
| Travel Grant | 83,069 | 81,000 | 82,547 |
| Other Revenue | 18,256 | 20,000 | 23,401 |
| | <u>2,732,636</u> | <u>2,729,000</u> | <u>2,735,317</u> |
| Total funds available | 2,930,901 | 2,927,265 | 2,866,619 |
| <i>Expenses</i> | | | |
| Employee Benefit - Salaries | 2,426,070 | 2,420,000 | 2,395,823 |
| Administration | 80,579 | 69,900 | 80,195 |
| Learning Support | 130,389 | 118,465 | 87,539 |
| Travel | 35,654 | 53,900 | 53,917 |
| Other Expenses | 10,972 | 32,000 | 15,953 |
| | <u>2,683,664</u> | <u>2,694,265</u> | <u>2,633,427</u> |
| Purchase of Assets | 24,832 | 35,000 | 34,927 |
| Funds Held at Year End | <u>222,405</u> | <u>198,000</u> | <u>198,265</u> |

Otahuhu Intermediate School

Notes to the Financial Statements (cont.)

For the year ended 31 December 2021

18 Related Party Transactions

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

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

19 Remuneration

Key management personnel compensation

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

| | 2021 Actual \$ | 2020 Actual \$ |
|------------------------------|----------------------|----------------------|
| <i>Board Members</i> | | |
| Remuneration | 2,760 | 2,800 |
| <i>Leadership Team</i> | | |
| Remuneration | 681,099 | 688,445 |
| Full-time equivalent members | 6.00 | 6.30 |

There are 8 members of the Board excluding the Principal. The Board had held 7 full meetings of the Board in the year. As well as these regular meetings, including preparation time, the Chair and other Board members have also been involved in ad hoc meetings to consider student welfare matters including stand downs, suspensions, and other disciplinary matters.

Principal

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 | 180-190 | 180-190 |
| Benefits and Other Emoluments | 0-5 | 0-5 |
| Termination Benefits | - | - |

Other Employees

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

| Remuneration \$000 | 2021 FTE Number | 2020 FTE Number |
|-----------------------|--------------------|--------------------|
| 100-110 | 5 | 2 |
| 110-120 | 1 | - |
| | 6 | 2 |

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

20 Compensation and Other Benefits Upon Leaving

There were no compensation or other benefits paid or payable to persons upon leaving.

Otahuhu Intermediate School

Notes to the Financial Statements (cont.)

For the year ended 31 December 2021

21 Contingencies

There are no contingent liabilities 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.

22 Commitments

(a) Capital Commitments

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

(a) Contract for Driveway Widening which will be fully funded by the Ministry of Education. \$41,190 has been received of which \$11,293 has been spent on the project to date.

(b) Contract for Concrete Pathway Repairs which will be fully funded by the Ministry of Education. \$59,117 has been received of which \$28,911 has been spent on the project to date.

(c) Contract for Tree Removal which will be fully funded by the Ministry of Education. \$7,530 has been spent on the project to date.

(Capital commitments as at 31 December 2020: Contract for Technology Block Refurbishment which will be fully funded by the Ministry of Education. \$17,564 has been received of which \$283,883 has been spent on the project to date.)

(b) Operating Commitments

As at 31 December 2021 the Board has not entered into new contracts.

(Operating commitments as at 31 December 2020: nil)

23 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 | 980,641 | 814,274 | 706,639 |
| Receivables | 339,330 | 329,200 | 329,343 |
| Investments - Term Deposits | 106,363 | 105,000 | 105,873 |
| Total Financial assets measured at amortised cost | <u>1,426,334</u> | <u>1,248,474</u> | <u>1,141,855</u> |
| Financial liabilities measured at amortised cost | | | |
| Payables | 555,370 | 460,000 | 474,744 |
| Finance Leases | 32,823 | 32,824 | 66,029 |
| Total Financial Liabilities Measured at Amortised Cost | <u>588,193</u> | <u>492,824</u> | <u>540,773</u> |

Notes to the Financial Statements (cont.)

For the year ended 31 December 2021

24 Events After Balance Date

COVID-19

On 11 March 2020, the World Health Organisation declared the outbreak of COVID-19 (a novel Coronavirus) a pandemic. The New Zealand Government declared nationwide lockdowns at various times in 2020 and 2021. During this period there were also lockdowns specific to the Auckland Region. As part of the lockdowns schools were closed except for students of essential workers. At the time of signing the financial statements there were no significant impact from the Covid-19 pandemic.

Extreme Weather Events

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 North, 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 Auckland region was not significant to the school. The School continued to receive funding from the Ministry of Education, even while closed.

There has been substantial time delay in the finalisation of the financial statements for the year ended 31 December 2021 as disclosed in Note 25. There have been no adjusting or non-adjusting events after balance date that require disclosure in these financial statements.

25 Failure to Comply with Section 87C(1) of the Education Act 1989

The Board of Trustees has failed to comply with Section 87C(1) of the Education Act 1989 as the Board were unable to provide their audited financial statements to the Ministry of Education no later than 31 May in the year after the previous financial year. The disruption caused by COVID-19 restrictions and auditor staff shortages meant that the audit could not progress as planned. This resulted in the school missing the statutory deadline.

26 Breach of Legislation – Analysis of Variance

The Board of Trustees did not prepare an Analysis of Variance of the year ended 31 December 2021 as required by Section 87(2)(e) of the Education Act 1989 and acknowledge that this is a breach of legislation. The Analysis of Variance was not prepared due to the period of time the students spent out of school due to Covid-19 lockdowns. As a consequence gaining reliable assessment information was challenging.