

MAHINAWA SPECIALIST SCHOOL AND RESOURCE CENTRE

Annual Report - For the year ended 31 December 2020

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Mahinawa Specialist School and Resource Centre

Statement of Responsibility

For the year ended 31 December 2020

The Board of Trustees accepts responsibility for the preparation of the annual financial statements and the judgements used in these financial statements.

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

It is the opinion of the Board and management that the annual financial statements for the financial year ended 31 December 2020 fairly reflects the financial position and operations of the school.

The School's 2020 financial statements are authorised for issue by the Board.

Geo Callaghan
Full Name of Board Chairperson

[Signature]
Signature of Board Chairperson

31/5/2021
Date.

Susan Mary M'Lean
Full Name of Principal

[Signature]
Signature of Principal

31/5/2021
Date:

Mahinawa Specialist School and Resource Centre
Statement of Changes in Net Assets/Equity

For the year ended 31 December 2020

	Notes	Actual 2020 \$	Budget (Unaudited) 2020 \$	Actual 2019 \$
Balance at 1 January		1,350,356	1,279,758	1,360,326
Total comprehensive revenue and expense for the year		90,143	(21,561)	(11,320)
Capital Contributions from the Ministry of Education Contribution - Furniture and Equipment Grant		-	-	1,350
Adjustment to Accumulated surplus/(deficit) from adoption of PBE IFRS 9		-	-	-
Equity at 31 December	22	1,440,499	1,258,197	1,350,356
Retained Earnings		1,440,499	1,258,197	1,350,356
Equity at 31 December		1,440,499	1,258,197	1,350,356

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.

Mahinawa Specialist School and Resource Centre Statement of Cash Flows

For the year ended 31 December 2020

	Note	2020 Actual \$	2020 Budget (Unaudited) \$	2019 Actual \$
Cash flows from Operating Activities				
Government Grants		2,313,324	1,596,243	1,512,654
Locally Raised Funds		3,419	3,000	18,017
Goods and Services Tax (net)		4,855	-	10,679
Payments to Employees		(1,565,421)	(86,500)	(1,247,631)
Payments to Suppliers		(341,450)	(1,694,206)	(294,863)
Cyclical Maintenance Payments in the year		(9,185)	(11,750)	-
Interest Paid		(1,225)	(784)	(1,269)
Interest Received		12,843	10,000	27,161
Net cash from Operating Activities		417,160	(183,997)	24,748
Cash flows from Investing Activities				
Purchase of Property Plant & Equipment (and Intangibles)		(199,343)	(231,500)	(69,652)
Purchase of Investments		(10,879)	-	(115,506)
Proceeds from Sale of Investments		100,000	-	-
Net cash from Investing Activities		(110,222)	(231,500)	(185,158)
Cash flows from Financing Activities				
Furniture and Equipment Grant		-	-	1,350
Finance Lease Payments		(7,784)	(13,126)	(10,722)
Funds Held for Capital Works Projects		(29,385)	-	-
Net cash from Financing Activities		(37,169)	(13,126)	(9,372)
Net increase/(decrease) in cash and cash equivalents		269,769	(428,623)	(169,782)
Cash and cash equivalents at the beginning of the year	8	343,638	513,420	513,420
Cash and cash equivalents at the end of the year	8	613,407	84,797	343,638

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 Cash Flow Statement should be read in conjunction with the accompanying notes which form part of these financial statements.

Critical Accounting Estimates And Assumptions

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

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

Cyclical maintenance

A school recognises its obligation to maintain the Ministry's buildings in a good state of repair as a provision for cyclical maintenance. This provision relates mainly to the painting of the school buildings. The estimate is based on the school's long term maintenance plan which is prepared as part of its 10 Year Property Planning process. During the year, the Board assesses the reasonableness of its 10 Year Property Plan on which the provision is based. Cyclical maintenance is disclosed at note 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.

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 carryforward 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.

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

j) 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.

k) 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.

Property, plant and equipment acquired with individual values under \$1000 are not capitalised, they are recognised as an expense in the Statement of Comprehensive Revenue and Expense.

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:

Furniture and Equipment	10 years
Information and Communication	5 years
Motor Vehicles	10 years
Leased assets held under a Finance Lease	Term of Lease

o) Employee Entitlements

Short-term employee entitlements

Employee benefits that are due to be settled within 12 months after the end of the period in which the employee renders the related service are measured based on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to balance date, and also annual leave earned, by non teaching staff, to but not yet taken at balance date.

Long-term employee entitlements

Employee benefits that are due to be settled beyond 12 months after the end of the period in which the employee renders the related service, such as long service leave and retirement gratuities, have been calculated on an actuarial basis. The calculations are based on:

- likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement, and contractual entitlement information; and
- the present value of the estimated future cash flows.

p) 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 international students, should the School be unable to provide the services to which they relate.

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

q) 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 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. The cluster of schools operate activities outside of school control. These amounts are not recorded in the Statement of 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 for cyclical maintenance represents the obligation the Board has to the Ministry and is based on the Board's ten year property plan (10YPP).

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 categorised as "loans and receivables" for accounting purposes in accordance with financial reporting standards.

Investments that are shares are categorised as 'financial assets at fair value through other comprehensive revenue and expense' for accounting purposes in accordance with financial reporting standards.

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

2. Government Grants

	2020	2020	2019
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Operational Grants	646,481	397,220	344,356
Teachers' Salaries Grants	2,138,539	1,771,661	2,055,764
Use of Land and Buildings Grants	398,718	384,154	389,520
Other MoE Grants	1,421,613	1,185,343	1,129,101
Other Government Grants	24,827	13,680	30,426
	<u>4,630,178</u>	<u>3,752,058</u>	<u>3,949,167</u>

The school has opted in to the donations scheme for this year. Total amount received was \$12,150.

3. Locally Raised Funds

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

	2020	2020	2019
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Revenue			
Donations	-	3,000	25
Bequests & Grants	2,275	-	8,088
Activities	1,828	-	11,955
	<u>4,103</u>	<u>3,000</u>	<u>20,068</u>
Expenses			
Activities	10,794	12,150	20,520
Other Locally Raised Funds Expenditure	1,000	-	(3,000)
	<u>11,794</u>	<u>12,150</u>	<u>17,520</u>
<i>Surplus/(Deficit) for the year Locally raised funds</i>	<u>(7,691)</u>	<u>(9,150)</u>	<u>2,548</u>

4. Learning Resources

	2020	2020	2019
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Curricular	11,365	14,500	12,738
Employee Benefits - Salaries	2,138,538	1,774,661	1,988,991
Staff Development	12,287	20,802	14,731
Ors	1,512,251	1,104,657	1,166,603
Star	-	2,000	(386)
Outreach Service	1,896	10,700	1,139
	<u>3,676,337</u>	<u>2,927,320</u>	<u>3,183,816</u>

9. Accounts Receivable

	2020 Actual \$	2020 Budget (Unaudited) \$	2019 Actual \$
Receivables	24,680	15,323	15,893
Receivables from the Ministry of Education	-	-	3,774
Banking Staffing Underuse	-	29,235	76,885
Interest Receivable	851	3,611	1,703
Teacher Salaries Grant Receivable	158,316	114,743	123,649
	<u>183,847</u>	<u>162,912</u>	<u>221,904</u>
Receivables from Exchange Transactions	18,369	18,934	17,596
Receivables from Non-Exchange Transactions	165,478	143,978	204,308
	<u>183,847</u>	<u>162,912</u>	<u>221,904</u>

10. Investments

The School's investment activities are classified as follows:

	2020 Actual \$	2020 Budget (Unaudited) \$	2019 Actual \$
Current Asset			
Short-term Bank Deposits	433,629	407,244	522,750
Total Investments	<u>433,629</u>	<u>407,244</u>	<u>522,750</u>

12. Accounts Payable

	2020	2020	2019
	Actual	Budget (Unaudited)	Actual
	\$	\$	\$
Operating Creditors	6,512	9,632	13,578
Accruals	4,737	4,379	4,555
Capital Accruals for PPE items	1,661	-	15,568
Employee Entitlements - Salaries	158,316	114,743	123,649
Employee Entitlements - Leave Accrual	22,020	19,775	16,206
	<u>193,246</u>	<u>148,529</u>	<u>173,556</u>
Payables for Exchange Transactions	193,246	148,529	173,556
Payables for Non-exchange Transactions - Taxes Payable (PAYE and Rates)	-	-	-
Payables for Non-exchange Transactions - Other	-	-	-
	<u>193,246</u>	<u>148,529</u>	<u>173,556</u>

The carrying value of payables approximates their fair value.

13. Revenue Received in Advance

	2020	2020	2019
	Actual	Budget (Unaudited)	Actual
	\$	\$	\$
Income in Advance	-	1,481	-
Grants in Advance -MOE ORS	162,669	-	-
	<u>162,669</u>	<u>1,481</u>	<u>-</u>

14. Provision for Cyclical Maintenance

	2020	2020	2019
	Actual	Budget (Unaudited)	Actual
	\$	\$	\$
Provision at the Start of the Year	30,867	16,649	41,729
Increase/(decrease) to the Provision During the Year	6,108	10,486	(10,862)
Adjustment to the Provision	1,518	-	-
Use of the Provision During the Year	(9,185)	-	-
Provision at the End of the Year	<u>29,308</u>	<u>27,135</u>	<u>30,867</u>
Cyclical Maintenance - Current	3,600	20,557	6,667
Cyclical Maintenance - Term	25,708	6,578	24,200
	<u>29,308</u>	<u>27,135</u>	<u>30,867</u>

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:

	2020	2020	2019
	Actual	Budget (Unaudited)	Actual
	\$	\$	\$
No Later than One Year	12,157	13,977	13,130
Later than One Year and no Later than Five Years	12,511	24,250	19,064
	<u>24,668</u>	<u>38,227</u>	<u>32,194</u>

18. Remuneration

Key management personnel compensation

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

	2020 Actual \$	2019 Actual \$
<i>Board Members</i>		
Remuneration	4,890	4,080
Full-time equivalent members	0.12	0.31
<i>Leadership Team</i>		
Remuneration	353,108	418,323
Full-time equivalent members	2.96	4.00
Total key management personnel remuneration	357,998	422,403
Total full-time equivalent personnel	3.08	4.31

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

Principal

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

	2020 Actual \$000	2019 Actual \$000
Salaries and Other Short-term Employee Benefits:		
Salary and Other Payments	150 - 160	140 - 150
Benefits and Other Emoluments	-	-
Termination Benefits	-	-

Other Employees

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

Remuneration \$000	2020 FTE Number	2019 FTE Number
100 - 110	2.00	2.00
	2.00	2.00

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

23. 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

	2020	2020	2019
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Cash and Cash Equivalents	613,407	84,797	343,638
Receivables	183,847	162,912	221,904
Investments - Term Deposits	433,629	407,244	522,750

Total Financial assets measured at amortised cost	<u>1,230,883</u>	<u>654,953</u>	<u>1,088,292</u>
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Financial liabilities measured at amortised cost

Payables	193,246	148,529	173,556
Borrowings - Loans	-	-	-
Finance Leases	22,199	38,227	32,194
Painting Contract Liability	-	-	-

Total Financial Liabilities Measured at Amortised Cost	<u>215,445</u>	<u>186,756</u>	<u>205,750</u>
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24. Events After Balance Date

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

25. Comparatives

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