

MACANDREW BAY SCHOOL

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

Macandrew Bay School

A thick, textured green brushstroke underline that spans the width of the school name above it.

Simply the Best for our Children

MACANDREW BAY SCHOOL

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

School Directory

Ministry Number: 3762

Principal: Nicola Brown

School Address: 488 Portobello Road, Macandrew Bay, Dunedin 9014

School Postal Address: 488 Portobello Road, Macandrew Bay, Dunedin 9014

School Phone: 03 476 1004

School Email: admin@macandrewbay.school.nz

Members of the Board

Name	Position	How Position Gained	Term Expired/ Expires
Sarah Ali-Khan	Presiding Member	Elected	Jun-25
Nicola Brown	Principal	ex Officio	
Julia Albrecht	Parent Representative	Elected	Jun-25
James Angelson	Parent Representative	Elected	Jun-25
William McKee	Parent Representative	Elected	Jun-25
Kerry McMillan	Parent Representative	Elected	Jun-25
Jess McAuley	Staff Representative	Co-opted	Jun-25

Accountant / Service Provider:



Auditor:

Deloitte

MACANDREW BAY SCHOOL

Annual Report - For the year ended 31 December 2022

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Macandrew Bay School

Statement of Responsibility

For the year ended 31 December 2022

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 2022 fairly reflects the financial position and operations of the school.

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

Sarah Esme Ali-Khan

Full Name of Presiding Member



Signature of Presiding Member

20/11/2023

Date:

Nicola Linda Brown

Full Name of Principal



Signature of Principal

20/11/23

Date:

Macandrew Bay School

Statement of Comprehensive Revenue and Expense

For the year ended 31 December 2022

	Notes	2022 Actual \$	2022 Budget (Unaudited) \$	2021 Actual \$
Revenue				
Government Grants	2	1,374,684	1,393,614	1,442,509
Locally Raised Funds	3	80,270	78,000	74,194
Interest Income		740	-	167
Total Revenue		1,455,694	1,471,614	1,516,870
Expenses				
Locally Raised Funds	3	36,736	31,500	29,606
Learning Resources	4	1,086,357	1,014,800	1,144,412
Administration	5	93,406	83,400	71,691
Finance		522	-	531
Property	6	325,813	370,000	319,342
Loss on Disposal of Property, Plant and Equipment		561	-	48
		1,543,395	1,499,700	1,565,630
Net Surplus / (Deficit) for the year		(87,701)	(28,086)	(48,760)
Other Comprehensive Revenue and Expense		-	-	-
Total Comprehensive Revenue and Expense for the Year		(87,701)	(28,086)	(48,760)

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

Macandrew Bay 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		228,657	228,657	281,854
Total comprehensive revenue and expense for the year		(87,701)	(28,086)	(48,760)
Contributions from the Ministry of Education				
Contribution - MOE Foyer & Boiler Flood		-	-	4,913
Distribution - Dental Clinic Project		-	-	(6,833)
Distribution - Special Needs Project		-	-	(2,517)
Equity at 31 December		140,956	200,571	228,657

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.

Macandrew Bay School

Statement of Financial Position

As at 31 December 2022

	Notes	2022 Actual \$	2022 Budget (Unaudited) \$	2021 Actual \$
Current Assets				
Cash and Cash Equivalents	7	33,766	219,951	498,098
Accounts Receivable	8	147,811	77,587	77,587
Prepayments		4,583	5,734	5,734
Inventories	9	-	1,423	1,423
		186,160	304,695	582,842
Current Liabilities				
GST Payable		19,612	51,846	51,846
Accounts Payable	11	121,559	196,081	196,081
Revenue Received in Advance	12	3,084	-	-
Provision for Cyclical Maintenance	13	12,834	2,727	2,727
Finance Lease Liability	14	2,848	2,848	2,778
Funds held for Capital Works Projects	15	22,520	-	255,475
		182,457	253,502	508,907
Working Capital Surplus/(Deficit)		3,703	51,193	73,935
Non-current Assets				
Property, Plant and Equipment	10	192,223	204,969	209,912
		192,223	204,969	209,912
Non-current Liabilities				
Provision for Cyclical Maintenance	13	52,712	53,333	53,333
Finance Lease Liability	14	2,258	2,258	1,857
		54,970	55,591	55,190
Net Assets		140,956	200,571	228,657
Equity		140,956	200,571	228,657

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

Macandrew Bay School

Statement of Cash Flows

For the year ended 31 December 2022

	Note	2022 Actual \$	2022 Budget (Unaudited) \$	2021 Actual \$
Cash flows from Operating Activities				
Government Grants		251,982	265,614	307,353
Locally Raised Funds		82,354	83,773	79,967
Goods and Services Tax (net)		(32,234)	40,298	40,298
Payments to Employees		(248,762)	(176,779)	(188,993)
Payments to Suppliers		(261,518)	(17,252)	(45,251)
Interest Paid		(522)	-	1,769
Interest Received		740	-	167
Net cash from/(to) Operating Activities		(207,960)	195,654	195,310
Cash flows from Investing Activities				
Proceeds from Sale of Property Plant & Equipment (and Intangibles)		-	-	48
Purchase of Property Plant & Equipment (and Intangibles)		(19,687)	-	(32,910)
Net cash from/(to) Investing Activities		(19,687)	-	(32,862)
Cash flows from Financing Activities				
Finance Lease Payments		(3,730)	(2,848)	(816)
Funds Administered on Behalf of Third Parties		(232,955)	-	247,775
Net cash from/(to) Financing Activities		(236,685)	(2,848)	246,959
Net increase/(decrease) in cash and cash equivalents		(464,332)	192,806	409,407
Cash and cash equivalents at the beginning of the year	7	498,098	27,145	88,691
Cash and cash equivalents at the end of the year	7	33,766	219,951	498,098

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.

2. Government Grants

	2022 Actual \$	2022 Budget (Unaudited) \$	2021 Actual \$
Government Grants - Ministry of Education	327,341	259,614	307,353
Teachers' Salaries Grants	823,647	840,000	933,597
Use of Land and Buildings Grants	223,696	288,000	201,559
Other Government Grants	-	6,000	-
	<u>1,374,684</u>	<u>1,393,614</u>	<u>1,442,509</u>

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	41,870	35,400	42,644
Fundraising & Community Grants	4,984	8,500	1,964
Curriculum related Activities - Purchase of goods and services	24,526	25,000	21,459
Other Revenue	4,020	3,600	3,007
Trading	4,870	5,500	5,120
	<u>80,270</u>	<u>78,000</u>	<u>74,194</u>
Expenses			
Extra Curricular Activities Costs	27,757	23,000	18,375
Trading	5,828	5,000	6,647
Fundraising and Community Grant Costs	3,151	3,500	4,584
	<u>36,736</u>	<u>31,500</u>	<u>29,606</u>
<i>Surplus/ (Deficit) for the year Locally raised funds</i>	<u>43,534</u>	<u>46,500</u>	<u>44,588</u>

4. Learning Resources

	2022 Actual \$	2022 Budget (Unaudited) \$	2021 Actual \$
Curricular	21,982	17,500	20,946
Information and Communication Technology	269	-	-
Library Resources	395	3,500	304
Employee Benefits - Salaries	1,013,297	952,800	1,066,862
Staff Development	9,398	7,000	8,496
Depreciation	41,016	34,000	47,804
	<u>1,086,357</u>	<u>1,014,800</u>	<u>1,144,412</u>

5. Administration

	2022 Actual \$	2022 Budget (Unaudited) \$	2021 Actual \$
Audit Fee	4,465	5,000	4,335
Board Expenses	2,059	500	1,903
Communication	2,259	1,500	1,569
Consumables	5,290	7,500	6,175
Operating Lease	(719)	2,500	(1,958)
Other	16,784	11,400	11,107
Employee Benefits - Salaries	55,146	47,000	39,732
Insurance	3,598	3,500	4,304
Service Providers, Contractors and Consultancy	4,524	4,500	4,524
	<u>93,406</u>	<u>83,400</u>	<u>71,691</u>

6. Property

	2022 Actual \$	2022 Budget (Unaudited) \$	2021 Actual \$
Caretaking and Cleaning Consumables	33,068	29,000	29,545
Cyclical Maintenance Provision	9,486	4,000	44,093
Grounds	823	1,600	6,741
Heat, Light and Water	16,787	14,200	13,911
Rates	-	-	4,635
Repairs and Maintenance	21,046	15,700	2,341
Use of Land and Buildings	223,696	288,000	201,559
Employee Benefits - Salaries	20,907	17,500	16,517
	<u>325,813</u>	<u>370,000</u>	<u>319,342</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 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	33,766	219,951	498,098
Cash and cash equivalents for Statement of Cash Flows	<u>33,766</u>	<u>219,951</u>	<u>498,098</u>

Of the \$33,766 Cash and Cash Equivalents, \$2,036 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 2021 on Crown owned school buildings.

8. Accounts Receivable

	2022 Actual \$	2022 Budget (Unaudited) \$	2021 Actual \$
Receivables	1,400	400	400
Receivables from the Ministry of Education	75,359	-	-
Teacher Salaries Grant Receivable	71,052	77,187	77,187
	<u>147,811</u>	<u>77,587</u>	<u>77,587</u>
Receivables from Exchange Transactions	1,400	400	400
Receivables from Non-Exchange Transactions	146,411	77,187	77,187
	<u>147,811</u>	<u>77,587</u>	<u>77,587</u>

9. Inventories

	2022 Actual \$	2022 Budget (Unaudited) \$	2021 Actual \$
Stationery	-	69	69
School Uniforms	-	1,354	1,354
	<u>-</u>	<u>1,423</u>	<u>1,423</u>

10. Property, Plant and Equipment

	Opening Balance (NBV) \$	Additions \$	Disposals \$	Impairment \$	Depreciation \$	Total (NBV) \$
2022						
Building Improvements	87,698	-	-	-	(12,540)	75,158
Furniture and Equipment	71,809	11,146	-	-	(13,353)	69,602
Information and Communication Technology	16,265	5,025	-	-	(7,529)	13,761
Leased Assets	4,449	4,202	-	-	(3,513)	5,138
Library Resources	29,691	3,516	(562)	-	(4,081)	28,564
Balance at 31 December 2022	<u>209,912</u>	<u>23,889</u>	<u>(562)</u>	<u>-</u>	<u>(41,016)</u>	<u>192,223</u>

The net carrying value of furniture and equipment held under a finance lease is **\$5,138 (2021: \$4,449)**

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	Accumulated	Net Book	Cost or	Accumulated	Net Book
	Valuation	Depreciation	Value	Valuation	Depreciation	Value
	\$	\$	\$	\$	\$	\$
Building Improvements	257,769	(182,611)	75,158	257,769	(170,071)	87,698
Furniture and Equipment	251,649	(182,047)	69,602	240,502	(168,693)	71,809
Information and Communication Technology	101,057	(87,296)	13,761	96,032	(79,767)	16,265
Leased Assets	9,832	(4,694)	5,138	13,346	(8,897)	4,449
Library Resources	79,982	(51,418)	28,564	77,941	(48,250)	29,691
Balance at 31 December	700,289	(508,066)	192,223	685,590	(475,678)	209,912

11. Accounts Payable

	2022	2022	2021
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Creditors	24,502	109,960	109,960
Accruals	4,465	4,335	4,335
Banking Staffing Overuse	5,299	-	-
Employee Entitlements - Salaries	84,031	77,881	77,881
Employee Entitlements - Leave Accrual	3,262	3,905	3,905
	121,559	196,081	196,081
Payables for Exchange Transactions	121,559	196,081	196,081
	121,559	196,081	196,081

The carrying value of payables approximates their fair value.

12. Revenue Received in Advance

	2022	2022	2021
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Other revenue in Advance	3,084	-	-
	3,084	-	-

13. Provision for Cyclical Maintenance

	2022 Actual \$	2022 Budget (Unaudited) \$	2021 Actual \$
Provision at the Start of the Year	56,060	56,060	11,967
Increase to the Provision During the Year	9,486	4,000	11,681
Use of the Provision During the Year	-	-	32,412
Other Adjustments	-	-	-
Provision at the End of the Year	<u>65,546</u>	<u>60,060</u>	<u>56,060</u>
Cyclical Maintenance - Current	12,834	2,727	2,727
Cyclical Maintenance - Non current	52,712	53,333	53,333
	<u>65,546</u>	<u>56,060</u>	<u>56,060</u>

Per the cyclical maintenance schedule the school is next expected to undertake painting works during [year]. This plan is based on the schools 10 Year Property plan.

14. Finance Lease Liability

The School has entered into a number of finance lease agreements for computers and other ICT equipment. Minimum lease payments payable:

	2022 Actual \$	2022 Budget (Unaudited) \$	2021 Actual \$
No Later than One Year	3,184	3,184	3,052
Later than One Year and no Later than Five Years	2,390	2,390	1,970
Later than Five Years	(468)	(468)	
Future Finance Charges			(387)
	<u>5,106</u>	<u>5,106</u>	<u>4,635</u>
Represented by			
Finance lease liability - Current	2,848	2,848	2,778
Finance lease liability - Non current	2,258	2,258	1,857
	<u>5,106</u>	<u>5,106</u>	<u>4,635</u>

15. 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. The amount of cash held on behalf of the Ministry for capital works project is included under cash and cash equivalents in note 7.

	2022	Opening Balances	Receipts from MoE	Payments	Board Contributions	Closing Balances
		\$	\$	\$	\$	\$
Roof Leak		2,036	-	-	-	2,036
Junior Block		253,439	45,046	(298,485)	-	-
Security Alarm Project		-	20,484	-	-	20,484
Totals		255,475	65,530	(298,485)	-	22,520

Represented by:

Funds Held on Behalf of the Ministry of Education	22,520
Funds Receivable from the Ministry of Education	-

	2021	Opening Balances	Receipts from MoE	Payments	Board Contributions	Closing Balances
		\$	\$	\$	\$	\$
Foyer and Boiler Flood		4,913	-	-	(4,913)	-
Special Needs		(2,517)	-	-	2,517	-
Roof Leak		2,036	-	-	-	2,036
Junior Block		10,101	718,240	(474,902)	-	253,439
Dental Clinic		(6,833)	-	-	6,833	-
Totals		7,700	718,240	(474,902)	4,437	255,475

Represented by:

Funds Held on Behalf of the Ministry of Education	255,475
Funds Receivable from the Ministry of Education	-

16. 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.

17. 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	323,224	336,051
Full-time equivalent members	3.00	3.00
Total key management personnel remuneration	323,224	336,051

There are 5 members of the Board excluding the Principal. The Board had held 8 full meetings of the Board in the year. As well as these regular meetings, including preparation time, the Presiding member 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 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	20 - 30	130 - 140
Benefits and Other Emoluments	0 - 1	3 - 4
Termination Benefits	-	-

Principal 2

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	0 - 1	-
Benefits and Other Emoluments	0 - 1	-
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	0.00	1.00
	0.00	1.00

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

18. 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	2021 Actual
Total	\$0	\$0
Number of People	nil	nil

19. Contingencies

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

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.

20. Commitments

(a) Capital Commitments

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

(a) MOE Capital works contracts as disclosed in Note 15 - Roof Leak repair for which \$2,876 has been received and \$840 spent to date; Junior Block refurbishment for which \$805,182 was received and \$805,182 spent; Security Alarm Project for which \$20,484 has been received.

(Capital commitments at 31 December 2021: Foyer and Boiler Flood for which \$43,185 was received and \$43,185 spent; Roof Leak repair for which \$2,876 was received and \$840 spent; Junior Block refurbishment for which \$739,652 had been received and \$486,212 spent; Special Needs project for which \$163,305 had been received and \$163,305 spent; Dental Clinic for which \$6,833 had been spent.)

(b) Operating Commitments

As at 31 December 2022 the Board has entered into no operating commitments.

21. 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	33,766	219,951	498,098
Receivables	147,811	77,587	77,587
Total Financial assets measured at amortised cost	<u>181,577</u>	<u>297,538</u>	<u>575,685</u>

Financial liabilities measured at amortised cost

Payables	121,559	196,081	196,081
Finance Leases	5,106	5,106	4,635
Total Financial Liabilities Measured at Amortised Cost	<u>126,665</u>	<u>201,187</u>	<u>200,716</u>

22. Events After Balance Date

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

23. Comparatives

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

Macandrew Bay School

Notes to the Financial Statements

For the year ended 31 December 2022

1. Statement of Accounting Policies

a) Reporting Entity

Macandrew Bay 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 10.

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 14.

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) 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 except for library resources are depreciated over their estimated useful lives on a straight line basis. Library resources are depreciated on a diminishing value basis. Depreciation of all assets is reported in the Statement of Comprehensive Revenue and Expense.

The estimated useful lives of the assets are:

Building improvements	10–75 years
Board Owned Buildings	10–75 years
Furniture and equipment	10–15 years
Information and communication technology	4–5 years
Motor vehicles	5 years
Textbooks	3 years
Leased assets held under a Finance Lease	Term of Lease
Library resources	12.5% Diminishing value

j) 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.

k) 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.

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.

l) 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.

m) 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.

n) 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.

o) 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 Revenue and Expense.

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

p) 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 school 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.

q) 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.

r) 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.

s) Budget Figures

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

t) 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.



Macandrew Bay School



Simply the best for our children.

20 November 2023

Compliance with the Good Employer Policy

The Macandrew Bay School Board:

- Has developed and implemented appropriate policies which promote high levels of staff performance and recognise the needs of students;
- Has reviewed its compliance with these policies and can report that it meets all the requirements identified and is in accordance with best practice;
- Is a good employer and complies with all conditions included within employee contracts;
- Ensures all employees are treated fairly, without bias or discrimination;
- Meets all EEO requirements.