

# Al-Madinah School

## ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

<b>Ministry Number:</b>	544
<b>Principal:</b>	Asin Ali
<b>School Address:</b>	8 Westney Way, Mangere, 2022
<b>School Postal Address:</b>	P O Box 43246, Manukau, 2153
<b>School Phone:</b>	09 275 5195
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<b>Accountant / Service Provider:</b>	School Finance Hub

# Al-Madinah School

Annual Report - For the year ended 31 December 2021

## Index

<b>Page</b>	<b>Statement</b>
	<b>Financial Statements</b>
1	Statement of Responsibility
2	Statement of Comprehensive Revenue and Expense
3	Statement of Changes in Net Assets/Equity
4	Statement of Financial Position
5	Statement of Cash Flows
6 - 20	Notes to the Financial Statements
	<b>Other Information</b>
	Analysis of Variance
	Kiwisport
	Independent Auditor's Report

# Al-Madinah School

## Statement of Responsibility

For the year ended 31 December 2021

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

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

It is the opinion of the Commissioner and management that the annual financial statements for the financial year ended 31 December 2021 fairly reflects the financial position and operations of the school.

The School's 2021 financial statements are authorised for issue by the Commissioner.

Bruce William Adin  
Full Name of Commissioner

[Signature]  
Signature of Commissioner

13-06-22  
Date

ASIN ALI  
Full Name of Principal

[Signature]  
Signature of Principal

13/06/2022  
Date

# Al-Madinah School

## Statement of Comprehensive Revenue and Expense

For the year ended 31 December 2021

	Notes	2021 Actual \$	2021 Budget (Unaudited) \$	2020 Actual \$
<b>Revenue</b>				
Government Grants	2	5,304,024	4,268,322	5,031,865
Locally Raised Funds	3	137,082	109,000	126,997
Use of Proprietor's Land and Buildings		510,000	-	816,000
Interest Income		670	2,000	1,210
International Students	4	-	-	17,391
		<u>5,951,776</u>	<u>4,379,322</u>	<u>5,993,463</u>
<b>Expenses</b>				
Locally Raised Funds	3	97,466	112,000	99,759
International Students	4	-	-	162
Learning Resources	5	4,335,259	3,472,800	4,202,240
Administration	6	258,272	317,500	327,717
Finance		5,110	9,000	3,719
Property	7	831,461	361,000	1,150,012
Depreciation	11	183,683	100,000	176,410
Loss on Disposal of Property, Plant and Equipment		1,694	-	2,425
		<u>5,712,945</u>	<u>4,372,300</u>	<u>5,962,444</u>
<b>Net Surplus for the year</b>		<b>238,831</b>	<b>7,022</b>	<b>31,019</b>
Other Comprehensive Revenue and Expense		-	-	-
<b>Total Comprehensive Revenue and Expense for the Year</b>		<u><u>238,831</u></u>	<u><u>7,022</u></u>	<u><u>31,019</u></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.

# Al-Madinah School

## Statement of Changes in Net Assets/Equity

For the year ended 31 December 2021

Notes	2021 Actual \$	2021 Budget (Unaudited) \$	2020 Actual \$
<b>Equity at 1 January</b>	<u>1,427,543</u>	<u>1,427,543</u>	<u>1,372,058</u>
Total comprehensive revenue and expense for the year	238,831	7,022	31,019
Capital Contributions from the Ministry of Education Contribution - Furniture and Equipment Grant	-	-	24,466
<b>Equity at 31 December</b>	<u>1,666,374</u>	<u>1,434,565</u>	<u>1,427,543</u>

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.

# Al-Madinah School

## Statement of Financial Position

As at 31 December 2021

	Notes	2021 Actual \$	2021 Budget (Unaudited) \$	2020 Actual \$
<b>Current Assets</b>				
Cash and Cash Equivalents	8	1,088,066	617,582	792,478
Accounts Receivable	9	298,116	300,000	370,905
GST Receivable		12,148	-	28,875
Prepayments		4,089	-	2,363
Inventories	10	89,245	50,000	52,544
		<u>1,491,664</u>	<u>967,582</u>	<u>1,247,165</u>
<b>Current Liabilities</b>				
Accounts Payable	12	387,719	415,000	417,761
Borrowings	13	11,935	10,000	11,935
Revenue Received in Advance	14	2,131	2,000	1,783
Finance Lease Liability	16	23,105	15,000	14,926
		<u>424,890</u>	<u>442,000</u>	<u>446,405</u>
<b>Working Capital Surplus/(Deficit)</b>		1,066,774	525,582	800,760
<b>Non-current Assets</b>				
Property, Plant and Equipment	11	710,669	1,008,983	728,983
		<u>710,669</u>	<u>1,008,983</u>	<u>728,983</u>
<b>Non-current Liabilities</b>				
Borrowings	13	32,821	45,000	44,756
Provision for Cyclical Maintenance	15	37,438	25,000	27,914
Finance Lease Liability	16	40,810	30,000	29,530
		<u>111,069</u>	<u>100,000</u>	<u>102,200</u>
<b>Net Assets</b>		<u>1,666,374</u>	<u>1,434,565</u>	<u>1,427,543</u>
<b>Equity</b>		<u>1,666,374</u>	<u>1,434,565</u>	<u>1,427,543</u>

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

# Al-Madinah School

## Statement of Cash Flows

For the year ended 31 December 2021

	Note	2021 Actual \$	2021 Budget (Unaudited) \$	2020 Actual \$
<b>Cash flows from Operating Activities</b>				
Government Grants		1,679,857	1,568,322	1,507,533
Locally Raised Funds		137,430	109,217	126,997
Goods and Services Tax (net)		16,727	28,875	6,504
Payments to Employees		(750,785)	(747,375)	(793,178)
Payments to Suppliers		(623,662)	(745,788)	(765,451)
Interest Paid		(5,110)	(9,000)	(3,719)
Interest Received		670	2,000	1,210
Net cash from/(to) Operating Activities		455,127	206,251	79,896
<b>Cash flows from Investing Activities</b>				
Proceeds from Sale of Property Plant & Equipment (and Intangibles)		-	(67,617)	-
Purchase of Property Plant & Equipment (and Intangibles)		(125,212)	(413,452)	(176,085)
Net cash from/(to) Investing Activities		(125,212)	(481,069)	(176,085)
<b>Cash flows from Financing Activities</b>				
Furniture and Equipment Grant		-	-	24,466
Finance Lease Payments		(22,392)	101,613	(23,829)
Loans Received/ Repayment of Loans		(11,935)	(1,691)	56,691
Net cash from/(to) Financing Activities		(34,327)	99,922	57,328
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>295,588</b>	<b>(174,896)</b>	<b>(38,861)</b>
Cash and cash equivalents at the beginning of the year	8	792,478	792,478	831,339
<b>Cash and cash equivalents at the end of the year</b>	<b>8</b>	<b>1,088,066</b>	<b>617,582</b>	<b>792,478</b>

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.

# Al-Madinah School

## Notes to the Financial Statements

For the year ended 31 December 2021

### 1. Statement of Accounting Policies

#### a) Reporting Entity

Al-Madinah 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 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 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 Commissioner assesses the reasonableness of its 10 Year Property Plan on which the provision is based. Cyclical maintenance is disclosed at note 15.

##### *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.



# Al-Madinah School

## Notes to the Financial Statements (cont'd)

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.

### **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.

The property from which the School operates is owned by the Proprietor. Grants for the use of land and buildings are also not received in cash by the school however they equate to the deemed expense for using the land and buildings. This expense is based on an assumed market rental yield on the 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.

### **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.

# Al-Madinah School

## Notes to the Financial Statements (cont'd)

For the year ended 31 December 2021

### g) 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.

### h) Inventories

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

### i) Investments

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

### j) Property, Plant and Equipment

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

Improvements to buildings owned by the Crown are recorded at cost, less accumulated depreciation and impairment losses.

Property, plant and equipment are recorded at cost or, in the case of donated assets, fair value at the date of receipt, less accumulated depreciation and impairment losses. Cost or fair value as the case may be, includes those costs that relate directly to bringing the asset to the location where it will be used and making sure it is in the appropriate condition for its intended use.

Gains and losses on disposals (i.e. sold or given away) are determined by comparing the proceeds received with the carrying amounts (i.e. the book value). The gain or loss arising from the disposal of an item of property, plant and equipment is recognised in the Statement of Comprehensive Revenue and Expense.

### Finance Leases

A finance lease transfers to the lessee substantially all the risks and rewards incidental to ownership of an asset, whether or not title is eventually transferred. At the start of the lease term, finance leases are recognised as assets and liabilities in the statement of financial position at the lower of the fair value of the leased asset or the present value of the minimum lease payments. The finance charge is charged to the surplus or deficit over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability. The amount recognised as an asset is depreciated over its useful life. If there is no reasonable certainty whether the school will obtain ownership at the end of the lease term, the asset is fully depreciated over the shorter of the lease term and its useful life.

### Depreciation

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

The estimated useful lives of the assets are:

Building Improvements	50 years
Furniture and equipment	5-10 years
Information and communication technology	5 years
Motor vehicles	5-10 years
Leased assets held under a Finance Lease	3 years
Library resources	12.5% Diminishing value

# Al-Madinah School

## Notes to the Financial Statements (cont'd)

For the year ended 31 December 2021

### **k) 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.

### **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.

### **n) Revenue Received in Advance**

Revenue received in advance relates to fees received from student funds 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 the above revenue received in advance, should the School be unable to provide the services to which they relate.

### **o) 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 School's property maintenance responsibilities. The Commissioner 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 Commissioner'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.

# Al-Madinah School

## Notes to the Financial Statements (cont'd)

For the year ended 31 December 2021

### p) Financial Instruments

The School's financial assets comprise cash and cash equivalents, accounts receivable, and investments. All of these financial assets, except for investments that are shares, are categorised as 'financial assets measured at amortised cost' for accounting purposes in accordance with financial reporting standards.

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

The School's financial liabilities comprise accounts payable 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.

### q) Borrowings

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

Borrowings include but are not limited to bank overdrafts, operating leases, finance leases, painting contracts and term loans.

### 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 Commissioner.

### 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.

# Al-Madinah School

## Notes to Financial Statements (cont'd)

For the year ended 31 December 2021

### 2. Government Grants

	2021 Actual	2021 Budget (Unaudited)	2020 Actual
	\$	\$	\$
Operational Grants	1,454,865	1,342,822	1,278,197
Teachers' Salaries Grants	3,576,729	2,700,000	3,524,332
Other MoE Grants	236,734	200,500	200,040
Other Government Grants	35,696	25,000	29,296
	<u>5,304,024</u>	<u>4,268,322</u>	<u>5,031,865</u>

The school has opted in to the donations scheme for this year. Total amount received was \$83,700.

### 3. Locally Raised Funds

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

	2021 Actual	2021 Budget (Unaudited)	2020 Actual
	\$	\$	\$
<b>Revenue</b>			
Donations & Bequests	-	-	5,709
Fees for Extra Curricular Activities	32,856	8,000	29,844
Trading	94,599	94,000	91,444
Fundraising & Community Grants	9,627	7,000	-
	<u>137,082</u>	<u>109,000</u>	<u>126,997</u>
<b>Expenses</b>			
Extra Curricular Activities Costs	35,462	50,000	27,456
Trading	61,609	62,000	72,303
Fundraising and Community Grant Costs	395	-	-
	<u>97,466</u>	<u>112,000</u>	<u>99,759</u>
<i>Surplus / (Deficit) for the year Locally Raised Funds</i>	<u>39,616</u>	<u>(3,000)</u>	<u>27,238</u>

### 4. International Student Revenue and Expenses

	2021 Actual Number	2021 Budget (Unaudited) Number	2020 Actual Number
International Student Roll	0	0	1
<b>Revenue</b>			
International Student Fees	-	-	17,391
<b>Expenses</b>			
Other Expenses	-	-	162
	<u>-</u>	<u>-</u>	<u>162</u>
<i>Surplus / (Deficit) for the year International Students</i>	<u>-</u>	<u>-</u>	<u>17,229</u>

# Al-Madinah School

## Notes to Financial Statements (cont'd)

For the year ended 31 December 2021

### 5. Learning Resources

	2021 Actual	2021 Budget (Unaudited)	2020 Actual
	\$	\$	\$
Curricular	72,886	121,250	101,464
Equipment Repairs	31,230	26,500	29,510
Information and Communication Technology	1,061	10,000	926
Library Resources	2,636	4,550	2,848
Employee Benefits - Salaries	4,198,436	3,278,500	4,038,050
Staff Development	29,010	32,000	29,442
	<u>4,335,259</u>	<u>3,472,800</u>	<u>4,202,240</u>

### 6. Administration

	2021 Actual	2021 Budget (Unaudited)	2020 Actual
	\$	\$	\$
Audit Fee	8,673	20,000	29,500
Board Fees	-	2,000	385
Board Expenses	20,688	15,500	17,859
Intervention Costs & Expenses	47,438	40,000	41,138
Communication	8,383	7,000	8,410
Consumables	29,648	43,000	31,782
Operating Lease	-	-	3,280
Legal Fees	2,223	1,000	-
Other	14,701	34,500	33,773
Employee Benefits - Salaries	108,814	137,500	141,399
Insurance	8,181	6,000	6,334
Service Providers, Contractors and Consultancy	9,523	11,000	13,857
	<u>258,272</u>	<u>317,500</u>	<u>327,717</u>

### 7. Property

	2021 Actual	2021 Budget (Unaudited)	2020 Actual
	\$	\$	\$
Caretaking and Cleaning Consumables	12,123	12,500	13,304
Consultancy and Contract Services	86,296	105,000	90,481
Cyclical Maintenance Provision	9,524	20,000	24,659
Grounds	6,278	10,500	5,863
Heat, Light and Water	42,031	42,500	36,213
Repairs and Maintenance	42,618	68,500	70,911
Use of Land and Buildings	510,000	-	816,000
Security	8,539	7,000	3,811
Employee Benefits - Salaries	114,052	95,000	88,770
	<u>831,461</u>	<u>361,000</u>	<u>1,150,012</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.

# Al-Madinah School

## Notes to Financial Statements (cont'd)

For the year ended 31 December 2021

### 8. Cash and Cash Equivalents

	2021 Actual \$	2021 Budget (Unaudited) \$	2020 Actual \$
Bank Accounts	1,088,066	617,582	792,478
Cash and cash equivalents for Statement of Cash Flows	<u>1,088,066</u>	<u>617,582</u>	<u>792,478</u>

### 9. Accounts Receivable

	2021 Actual \$	2021 Budget (Unaudited) \$	2020 Actual \$
Teacher Salaries Grant Receivable	298,116	300,000	370,905
Receivables from Exchange Transactions	-	-	-
Receivables from Non-Exchange Transactions	298,116	300,000	370,905
	<u>298,116</u>	<u>300,000</u>	<u>370,905</u>

### 10. Inventories

	2021 Actual \$	2021 Budget (Unaudited) \$	2020 Actual \$
Stationery	5,665	-	-
School Uniforms	83,580	50,000	52,544
	<u>89,245</u>	<u>50,000</u>	<u>52,544</u>

# Al-Madinah School

## Notes to Financial Statements (cont'd)

For the year ended 31 December 2021

### 11. Property, Plant and Equipment

	Opening Balance (NBV)	Additions	Disposals	Impairment	Depreciation	Total (NBV)
2021	\$	\$	\$	\$	\$	\$
Building Improvements	21,636	-	-	-	(3,773)	17,863
Furniture and Equipment	451,824	24,627	-	-	(80,795)	395,656
Information and Communication Technology	104,783	80,584	-	-	(41,845)	143,522
Motor Vehicles	16,394	-	-	-	(10,344)	6,050
Leased Assets	70,988	41,851	-	-	(36,718)	76,121
Library Resources	63,358	20,001	(1,694)	-	(10,208)	71,457
<b>Balance at 31 December 2021</b>	<b>728,983</b>	<b>167,063</b>	<b>(1,694)</b>	<b>-</b>	<b>(183,683)</b>	<b>710,669</b>

The net carrying value of equipment held under a finance lease is \$76,121 (2020: \$70,988)

	2021	2021	2021	2020	2020	2020
	Cost or Valuation	Accumulated Depreciation	Net Book Value	Cost or Valuation	Accumulated Depreciation	Net Book Value
	\$	\$	\$	\$	\$	\$
Building Improvements	39,597	(21,734)	17,863	39,597	(17,961)	21,636
Furniture and Equipment	1,414,000	(1,018,344)	395,656	1,389,374	(937,550)	451,824
Information and Communication Technology	892,624	(749,102)	143,522	812,039	(707,256)	104,783
Motor Vehicles	84,011	(77,961)	6,050	84,011	(67,617)	16,394
Leased Assets	142,920	(66,799)	76,121	101,069	(30,081)	70,988
Library Resources	182,596	(111,139)	71,457	167,061	(103,703)	63,358
<b>Balance at 31 December</b>	<b>2,755,748</b>	<b>(2,045,079)</b>	<b>710,669</b>	<b>2,593,151</b>	<b>(1,864,168)</b>	<b>728,983</b>



# Al-Madinah School

## Notes to Financial Statements (cont'd)

For the year ended 31 December 2021

### 12. Accounts Payable

	2021 Actual	2021 Budget (Unaudited)	2020 Actual
	\$	\$	\$
Creditors	11,440	40,000	35,678
Accruals	8,000	35,000	34,803
Banking Staffing Overuse	24,367	-	-
Employee Entitlements - Salaries	305,368	300,000	307,604
Employee Entitlements - Leave Accrual	38,544	40,000	39,676
	<u>387,719</u>	<u>415,000</u>	<u>417,761</u>
Payables for Exchange Transactions	387,719	415,000	417,761
	<u>387,719</u>	<u>415,000</u>	<u>417,761</u>

The carrying value of payables approximates their fair value.

### 13. Borrowings

	2021 Actual	2021 Budget (Unaudited)	2020 Actual
	\$	\$	\$
Loans due in one year	11,935	10,000	11,935
Loans due after one year	32,821	45,000	44,756
	<u>44,756</u>	<u>55,000</u>	<u>56,691</u>

The school has borrowings at 31 December 2021 of \$44,756 (31 December 2020 \$56,691). This loan is from Energy Efficiency and Conservation Authority for the purpose of an Electrical Upgrade. The loan is unsecured, and is payable without interest in equal quarterly instalments of \$2,984.

### 14. Revenue Received in Advance

	2021 Actual	2021 Budget (Unaudited)	2020 Actual
	\$	\$	\$
Other	2,131	2,000	1,783
	<u>2,131</u>	<u>2,000</u>	<u>1,783</u>

# Al-Madinah School

## Notes to Financial Statements (cont'd)

For the year ended 31 December 2021

### 15. Provision for Cyclical Maintenance

	2021 Actual \$	2021 Budget (Unaudited) \$	2020 Actual \$
Provision at the Start of the Year	27,914	27,914	50,255
Increase / (decrease) to the Provision During the Year	9,524	20,000	1,159
Use of the Provision During the Year	-	-	(23,500)
Provision at the End of the Year	<u>37,438</u>	<u>47,914</u>	<u>27,914</u>
Cyclical Maintenance - Term	37,438	25,000	27,914
	<u>37,438</u>	<u>25,000</u>	<u>27,914</u>

### 16. Finance Lease Liability

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

Minimum lease payments payable:

	2021 Actual \$	2021 Budget (Unaudited) \$	2020 Actual \$
No Later than One Year	27,728	-	18,048
Later than One Year and no Later than Five Years	44,476	-	33,803
Future Finance Charges	(8,289)	-	(8,025)
	<u>63,915</u>	<u>-</u>	<u>43,826</u>
<b>Represented by</b>			
Finance lease liability - Current	23,105	-	14,296
Finance lease liability - Term	40,810	-	29,530
	<u>63,915</u>	<u>-</u>	<u>43,826</u>

# Al-Madinah School

## Notes to Financial Statements (cont'd)

For the year ended 31 December 2021

### 17. Related Party Transactions

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

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

The Proprietor of the School (IED Trust) is a related party of the Commissioner/Board because the proprietor appoints representatives to the Board, giving the proprietor significant influence over the Commissioner/Board. Any services or contributions between the Commissioner and Proprietor have been disclosed appropriately, if the proprietor collects fund on behalf of the school (or vice versa) the amounts are disclosed. The principal is also a board member of the Trust that is the Proprietor of the school.

The Proprietor provides land and buildings free of charge for use by the Board as noted in Note 1(c). The estimated value of this use during the current period is included in the Statement of Comprehensive Revenue and Expense as 'Use of Land and Buildings'.

# Al-Madinah School

## Notes to Financial Statements (cont'd)

For the year ended 31 December 2021

### 18. Remuneration

#### Key management personnel compensation

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

	2021 Actual \$	2020 Actual \$
Commissioner Remuneration	47,438	41,138
Leadership Team Remuneration Full-time equivalent members	-	-
Total key management personnel remuneration	<u>47,438</u>	<u>41,138</u>

Note: There is NO Board of Trustees. The School is governed by the Commissioner. The Commissioner has invited some parents as 'Advisory Committee'. These parents attend the monthly meetings and give suggestions and they are there for observance. The intention is to establish a BOT in the future. At least 8-9 monthly meetings have taken place in 2021 including Zoom meetings. Other ad hoc meetings have taken place many times between the Principal and the Commissioner.

#### 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	160 - 170	160 - 170
Benefits and Other Emoluments	1 - 5	1 - 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
130 - 140	-	1.00
120 - 130	1.00	1.00
110 - 120	2.00	5.00
100 - 110	4.00	1.00
	<u>7.00</u>	<u>8.00</u>

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

### 19. Compensation and Other Benefits Upon Leaving

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

	2021 Actual	2020 Actual
Total Number of People	-	-

# Al-Madinah School

## Notes to Financial Statements (cont'd)

For the year ended 31 December 2021

### 20. Contingencies

There are no contingent liabilities (except as noted below) and no contingent assets as at 31 December 2021.  
(Contingent liabilities and assets at 31 December 2020: 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 2021, a contingent liability for the school may exist

### 21. Commitments

Capital Commitments

As at 31 December 2021 the Commissioner has entered into no contract agreements for capital works.

(Capital commitments at 31 December 2020: nil)

### 22. Financial Instruments

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

	2021 Actual	2021 Budget (Unaudited)	2020 Actual
	\$	\$	\$
<b>Financial assets measured at amortised cost</b>			
Cash and Cash Equivalents	1,088,066	617,582	792,478
Receivables	298,116	300,000	370,905
Total Financial assets measured at amortised cost	<u>1,386,182</u>	<u>917,582</u>	<u>1,163,383</u>
<b>Financial liabilities measured at amortised cost</b>			
Payables	387,719	415,000	417,761
Borrowings - Loans	44,756	55,000	56,691
Finance Leases	63,915	45,000	44,456
Total Financial liabilities measured at amortised cost	<u>496,390</u>	<u>515,000</u>	<u>518,908</u>

### 23. Events After Balance Date

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

### 24. Comparatives

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

# Al-Madinah School

## Notes to Financial Statements (cont'd)

For the year ended 31 December 2021

### **25. COVID 19 Pandemic on going implications**

#### **Impact of Covid-19**

During 2021 the country moved between alert levels. During February and March 2021 Auckland was placed into alert levels 3 and 2 and other parts of the country moved into alert level 2.

Towards the end of June 2021, the Wellington region was placed into alert level 2 for one week.

Towards the end of August 2021, the entire country moved to alert level 4, with a move to alert level 3 and 2 for everyone outside the Auckland region three weeks later. While Auckland has remained in alert level 3 for a prolonged period of time the Northland and Waikato regions have also returned to alert level 3 restrictions during this period.

#### **Impact on operations**

Schools have been required to continue adapting to remote and online learning practices when physical attendance is unable to occur in alert level 4 and 3. Schools continue to receive funding from the Te Tāhuhu o te Mātauranga | Ministry to Education, even while closed.

However, the ongoing interruptions resulting from the moves in alert levels have impacted schools in various ways which potentially will negatively affect the operations and services of the school. We describe below the possible effects on the school that we have identified, resulting from the ongoing impacts of the COVID-19 alert level changes.

#### **Reduction in locally raised funds**

Under alert levels 4,3, and 2 the school's ability to undertake Gala Day or other means of fund raising events in the community and/ or collect donations or other contributions from parents, has been compromised. Costs already incurred arranging future events may not be recoverable.

#### **Increased Remote learning additional costs**

Under alert levels 4 and 3 ensuring that students have the ability to undertake remote or distance learning has incurred additional vehicle costs in the supply of materials and devices to students to enable alternative methods of curriculum delivery.

#### **Reduction in International students**

Under alert levels 4, 3, 2, and 1 International travel is heavily restricted. The school has been unable to welcome and enrol prospective international students which has resulted in a reduction in revenue from student fees & charges from International students and/or Board of Trustee operated boarding facilities.

## Independent Auditor's Report

# To the Readers of Al-Madinah School's Financial Statements

## For the Year Ended 31 December 2021

The Auditor-General is the auditor of Al-Madinah School (the School). The Auditor-General has appointed me, Darren Wright, using the staff and resources of William Buck Audit (NZ) Limited, to carry out the audit of the financial statements of the School on his behalf.

### Opinion

We have audited the financial statements of the School on pages 2 to 20, that comprise the statement of financial position as at 31 December 2021, the statement of comprehensive revenue and expense, statement of changes in net assets/equity and statement of cash flows for the year ended on that date, and the notes to the financial statements that include accounting policies and other explanatory information.

In our opinion the financial statements of the School:

- present fairly, in all material respects:
  - its financial position as at 31 December 2021; and
  - its financial performance and cash flows for the year then ended; and
- comply with generally accepted accounting practice in New Zealand in accordance with PBE Accounting Standards (PBE IPSAS) Reduced Disclosure Regime.

Our audit was completed on 13 June 2022. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Commissioner and our responsibilities relating to the financial statements, we comment on other information, and we explain our independence.

### Basis for our opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board.

Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report. We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### ACCOUNTANTS & ADVISORS

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William Buck Audit (NZ) Limited

### **Responsibilities of the Commissioner for the financial statements**

The Commissioner is responsible on behalf of the School for preparing financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand.

The Commissioner is responsible for such internal control as it determines is necessary to enable it to prepare financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Commissioner is responsible on behalf of the School for assessing the School's ability to continue as a going concern. The Commissioner is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to close or merge the School, or there is no realistic alternative but to do so.

The Commissioner's responsibilities, in terms of the requirements of the Education and Training Act 2020, arise from section 87 of the Education Act 1989.

### **Responsibilities of the auditor for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of these financial statements.

For the budget information reported in the financial statements, our procedures were limited to checking that the information agreed to the School's approved budget.

We did not evaluate the security and controls over the electronic publication of the financial statements.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Commissioner.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Commissioner and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the School's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in



our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the School to cease to continue as a going concern.

- We evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We assess the risk of material misstatement arising from the school payroll system, which may still contain errors. As a result, we carried out procedures to minimise the risk of material errors arising from the system that, in our judgement, would likely influence readers' overall understanding of the financial statements.

We communicate with the Commissioner regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arises from the Public Audit Act 2001.

#### **Other information**

The Commissioner is responsible for the other information. The other information comprises the information included in the annual report being the Kiwisport Report and the Analyses of Variance, but does not include the financial statements, and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### **Independence**

We are independent of the School in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board.

Other than the audit, we have no relationship with or interests in the School.



**Darren Wright**  
**William Buck Audit (NZ) Limited**  
On behalf of the Auditor-General  
Auckland, New Zealand