

Al-Madinah School

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

| | |
|---------------------------------------|-----------------------------|
| Ministry Number: | 544 |
| Principal: | Asin Ali |
| School Address: | 8 Westney Way, Mangere 2022 |
| School Postal Address: | PO Box 43246, Manukau 2153 |
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| Accountant / Service Provider: | School Finance Hub |

Al-Madinah School

Annual Report - For the year ended 31 December 2022

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Al-Madinah School

Statement of Responsibility

For the year ended 31 December 2022

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

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

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

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

Bruce Adin

Full Name of Commissioner



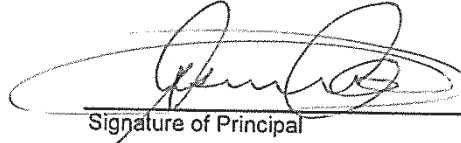
Signature of Commissioner

19-05-23

Date:

ASIN ALI

Full Name of Principal



Signature of Principal

19/05/2023

Date:

Al-Madinah 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 | 5,443,532 | 5,102,085 | 5,304,024 |
| Locally Raised Funds | 3 | 136,495 | 117,000 | 137,082 |
| Use of Proprietor's Land and Buildings | | 510,000 | - | 510,000 |
| Interest Income | | 7,497 | 2,000 | 670 |
| Total Revenue | | 6,097,524 | 5,221,085 | 5,951,776 |
| Expenses | | | | |
| Locally Raised Funds | 3 | 132,149 | 75,000 | 97,466 |
| Learning Resources | 4 | 4,638,412 | 4,464,950 | 4,518,942 |
| Administration | 5 | 375,887 | 307,000 | 258,272 |
| Finance | | 4,959 | 5,000 | 5,110 |
| Property | 6 | 898,582 | 361,000 | 831,461 |
| Loss on Disposal of Property, Plant and Equipment | | 1,019 | - | 1,694 |
| Total Expenses | | 6,051,008 | 5,212,950 | 5,712,945 |
| Net Surplus / (Deficit) for the year | | 46,516 | 8,135 | 238,831 |
| Other Comprehensive Revenue and Expense | | - | - | - |
| Total Comprehensive Revenue and Expense for the Year | | 46,516 | 8,135 | 238,831 |

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 2022

| | Notes | 2022 Actual \$ | 2022 Budget (Unaudited) \$ | 2021 Actual \$ |
|--|-------|----------------------|-------------------------------------|----------------------|
| Equity at 1 January | | 1,666,374 | 1,666,374 | 1,427,543 |
| Total comprehensive revenue and expense for the year | | 46,516 | 8,135 | 238,831 |
| Equity at 31 December | | 1,712,890 | 1,674,509 | 1,666,374 |
| Accumulated comprehensive revenue and expense | | 1,712,890 | 1,674,509 | 1,666,374 |
| Equity at 31 December | | 1,712,890 | 1,674,509 | 1,666,374 |

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 2022

| | Notes | 2022 Actual \$ | 2022 Budget (Unaudited) \$ | 2021 Actual \$ |
|--|-------|-------------------------|-------------------------------------|-------------------------|
| Current Assets | | | | |
| Cash and Cash Equivalents | 7 | 1,120,827 | 1,078,382 | 1,088,066 |
| Accounts Receivable | 8 | 391,766 | 300,000 | 298,116 |
| GST Receivable | | 27,151 | 12,500 | 12,148 |
| Prepayments | | 6,520 | 4,000 | 4,089 |
| Inventories | 9 | 121,288 | 75,000 | 89,245 |
| | | <u>1,667,552</u> | <u>1,469,882</u> | <u>1,491,664</u> |
| Current Liabilities | | | | |
| Accounts Payable | 11 | 451,935 | 368,000 | 387,719 |
| Borrowings | 12 | 11,935 | 11,935 | 11,935 |
| Revenue Received in Advance | 13 | 7,267 | 2,000 | 2,131 |
| Provision for Cyclical Maintenance | 14 | 11,318 | 10,800 | - |
| Finance Lease Liability | 15 | 25,231 | 25,231 | 23,105 |
| | | <u>507,686</u> | <u>417,966</u> | <u>424,890</u> |
| Working Capital Surplus/(Deficit) | | 1,159,866 | 1,051,916 | 1,066,774 |
| Non-current Assets | | | | |
| Property, Plant and Equipment | 10 | 666,994 | 720,669 | 710,669 |
| | | <u>666,994</u> | <u>720,669</u> | <u>710,669</u> |
| Non-current Liabilities | | | | |
| Borrowings | 12 | 20,886 | 28,875 | 32,821 |
| Provision for Cyclical Maintenance | 14 | 70,521 | 46,638 | 37,438 |
| Finance Lease Liability | 15 | 22,563 | 22,563 | 40,810 |
| | | <u>113,970</u> | <u>98,076</u> | <u>111,069</u> |
| Net Assets | | <u>1,712,890</u> | <u>1,674,509</u> | <u>1,666,374</u> |
| Equity | | <u>1,712,890</u> | <u>1,674,509</u> | <u>1,666,374</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 2022

| | Note | 2022 Actual \$ | 2022 Budget (Unaudited) \$ | 2021 Actual \$ |
|--|----------|----------------------|-------------------------------------|----------------------|
| Cash flows from Operating Activities | | | | |
| Government Grants | | 1,624,611 | 1,577,718 | 1,679,857 |
| Locally Raised Funds | | 141,631 | 116,869 | 137,430 |
| Goods and Services Tax (net) | | (15,003) | (352) | 16,727 |
| Payments to Employees | | (893,313) | (854,796) | (750,785) |
| Payments to Suppliers | | (653,790) | (626,056) | (623,662) |
| Interest Paid | | (4,959) | (5,000) | (5,110) |
| Interest Received | | 7,497 | 2,000 | 670 |
| Net cash from/(to) Operating Activities | | 206,674 | 210,383 | 455,127 |
| Cash flows from Investing Activities | | | | |
| Proceeds from Sale of Property Plant & Equipment (and Intangibles) | | - | (77,961) | - |
| Purchase of Property Plant & Equipment (and Intangibles) | | (137,644) | (117,039) | (125,212) |
| Net cash from/(to) Investing Activities | | (137,644) | (195,000) | (125,212) |
| Cash flows from Financing Activities | | | | |
| Finance Lease Payments | | (24,334) | (21,121) | (22,392) |
| Repayment of Loans | | (11,935) | (3,946) | (11,935) |
| Net cash from/(to) Financing Activities | | (36,269) | (25,067) | (34,327) |
| Net increase/(decrease) in cash and cash equivalents | | 32,761 | (9,684) | 295,588 |
| Cash and cash equivalents at the beginning of the year | 7 | 1,088,066 | 1,088,066 | 792,478 |
| Cash and cash equivalents at the end of the year | 7 | 1,120,827 | 1,078,382 | 1,088,066 |

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 2022

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 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 Commissioner assesses the reasonableness of its painting maintenance 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 10.

Al-Madinah School

Notes to the Financial Statements (cont'd)

For the year ended 31 December 2022

Critical Judgements in applying accounting policies

Management has exercised the following critical judgements in applying accounting policies:

Classification of leases

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

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 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 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 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.

Al-Madinah School

Notes to the Financial Statements (cont'd)

For the year ended 31 December 2022

f) Cash and Cash Equivalents

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

g) Accounts Receivable

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

h) Inventories

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

i) Investments

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

j) Property, Plant and Equipment

Land and buildings owned by the Proprietor 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 Proprietor 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 | 10-20 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 2022

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. If such indication exists, the School estimates the assets's recoverable service amount. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable service amount. The recoverable service amount is the higher of an asset's fair value less costs to sell and value in use.

Value in use is determined using an approach based on either a depreciated replacement cost approach, restoration cost approach, or a service units approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and availability of information.

In determining fair value less costs to sell the school engages an independent valuer to assess market value based on the best available information. The valuation is based on the valuer's approach to determining market value.

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 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) Funds Held in Trust

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

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

Al-Madinah School

Notes to the Financial Statements (cont'd)

For the year ended 31 December 2022

p) Provision for Cyclical Maintenance

The property from which the School operates is owned by the Proprietor. 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 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 7-10 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.

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

r) 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.

s) Goods and Services Tax (GST)

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

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

Commitments and contingencies are disclosed exclusive of GST.

t) Budget Figures

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

u) 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 the Financial Statements (cont'd)

For the year ended 31 December 2022

2. Government Grants

| | 2022 Actual | 2022 Budget (Unaudited) | 2021 Actual |
|---|------------------|-------------------------------|------------------|
| | \$ | \$ | \$ |
| Government Grants - Ministry of Education | 1,693,883 | 1,571,929 | 1,691,599 |
| Teachers' Salaries Grants | 3,713,243 | 3,500,000 | 3,576,729 |
| Other Government Grants | 36,406 | 30,156 | 35,696 |
| | <u>5,443,532</u> | <u>5,102,085</u> | <u>5,304,024</u> |

The school has opted in to the donations scheme for this year. Total amount received was \$84,450.

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 | 1,628 | - | - |
| Fees for Extra Curricular Activities | 32,581 | 1,000 | 32,856 |
| Trading | 102,286 | 104,000 | 94,599 |
| Fundraising & Community Grants | - | 12,000 | 9,627 |
| | <u>136,495</u> | <u>117,000</u> | <u>137,082</u> |
| Expenses | | | |
| Extra Curricular Activities Costs | 54,889 | - | 35,462 |
| Trading | 77,260 | 73,000 | 61,609 |
| Fundraising and Community Grant Costs | - | 2,000 | 395 |
| | <u>132,149</u> | <u>75,000</u> | <u>97,466</u> |
| <i>Surplus/ (Deficit) for the year Locally raised funds</i> | <u>4,346</u> | <u>42,000</u> | <u>39,616</u> |

4. Learning Resources

| | 2022 Actual | 2022 Budget (Unaudited) | 2021 Actual |
|--|------------------|-------------------------------|------------------|
| | \$ | \$ | \$ |
| Curricular | 99,769 | 125,950 | 72,886 |
| Equipment Repairs | 31,697 | 26,000 | 31,230 |
| Information and Communication Technology | 1,316 | - | 1,061 |
| Library Resources | 3,628 | 5,000 | 2,636 |
| Employee Benefits - Salaries | 4,282,569 | 4,096,500 | 4,198,436 |
| Staff Development | 30,920 | 21,500 | 29,010 |
| Depreciation | 188,513 | 190,000 | 183,683 |
| | <u>4,638,412</u> | <u>4,464,950</u> | <u>4,518,942</u> |

Al-Madinah School

Notes to the Financial Statements (cont'd)

For the year ended 31 December 2022

5. Administration

| | 2022 Actual | 2022 Budget (Unaudited) | 2021 Actual |
|--|----------------|-------------------------------|----------------|
| | \$ | \$ | \$ |
| Audit Fee | 9,270 | 9,000 | 8,673 |
| Board Fees | - | 2,000 | - |
| Board Expenses | 6,388 | 23,000 | 20,688 |
| Intervention Costs & Expenses | 54,839 | 30,000 | 47,438 |
| Communication | 9,307 | 10,000 | 8,383 |
| Consumables | 38,141 | 33,000 | 29,648 |
| Legal Fees | 1,665 | 5,000 | 2,223 |
| Other | 27,705 | 26,500 | 14,701 |
| Employee Benefits - Salaries | 209,232 | 152,500 | 108,814 |
| Insurance | 10,865 | 7,000 | 8,181 |
| Service Providers, Contractors and Consultancy | 8,475 | 9,000 | 9,523 |
| | <u>375,887</u> | <u>307,000</u> | <u>258,272</u> |

6. Property

| | 2022 Actual | 2022 Budget (Unaudited) | 2021 Actual |
|-------------------------------------|----------------|-------------------------------|----------------|
| | \$ | \$ | \$ |
| Caretaking and Cleaning Consumables | 15,250 | 16,000 | 12,123 |
| Consultancy and Contract Services | 93,712 | 105,000 | 86,296 |
| Cyclical Maintenance Provision | 44,401 | 20,000 | 9,524 |
| Grounds | 6,179 | 8,500 | 6,278 |
| Heat, Light and Water | 47,674 | 40,000 | 42,031 |
| Repairs and Maintenance | 57,686 | 59,500 | 42,618 |
| Use of Land and Buildings | 510,000 | - | 510,000 |
| Security | 8,222 | 7,000 | 8,539 |
| Employee Benefits - Salaries | 115,458 | 105,000 | 114,052 |
| | <u>898,582</u> | <u>361,000</u> | <u>831,461</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 the Financial Statements (cont'd)
For the year ended 31 December 2022

7. Cash and Cash Equivalents

| | 2022 Actual \$ | 2022 Budget (Unaudited) \$ | 2021 Actual \$ |
|---|----------------------|-------------------------------------|----------------------|
| Bank Accounts | 1,120,827 | 1,078,382 | 1,088,066 |
| Cash and cash equivalents for Statement of Cash Flows | <u>1,120,827</u> | <u>1,078,382</u> | <u>1,088,066</u> |

8. Accounts Receivable

| | 2022 Actual \$ | 2022 Budget (Unaudited) \$ | 2021 Actual \$ |
|--|----------------------|-------------------------------------|----------------------|
| Banking Staffing Underuse | 26,472 | - | - |
| Teacher Salaries Grant Receivable | 365,294 | 300,000 | 298,116 |
| | <u>391,766</u> | <u>300,000</u> | <u>298,116</u> |
| Receivables from Non-Exchange Transactions | 391,766 | 300,000 | 298,116 |
| | <u>391,766</u> | <u>300,000</u> | <u>298,116</u> |

9. Inventories

| | 2022 Actual \$ | 2022 Budget (Unaudited) \$ | 2021 Actual \$ |
|-----------------|----------------------|-------------------------------------|----------------------|
| Stationery | 2,686 | 2,500 | 5,665 |
| School Uniforms | 118,602 | 72,500 | 83,580 |
| | <u>121,288</u> | <u>75,000</u> | <u>89,245</u> |

Al-Madinah School

Notes to the Financial Statements (cont'd)

For the year ended 31 December 2022

10. Property, Plant and Equipment

| | Opening Balance (NBV) | Additions | Disposals | Impairment | Depreciation | Total (NBV) |
|---|-----------------------------|----------------|----------------|------------|------------------|----------------|
| 2022 | \$ | \$ | \$ | \$ | \$ | \$ |
| Building improvements | 17,863 | - | - | - | (3,771) | 14,092 |
| Furniture and Equipment | 395,656 | 81,254 | - | - | (76,235) | 400,675 |
| Information and Communication Technology | 143,522 | 38,188 | - | - | (49,873) | 131,837 |
| Motor Vehicles | 6,050 | - | - | - | (6,050) | - |
| Leased Assets | 76,121 | 8,213 | - | - | (41,504) | 42,830 |
| Library Resources | 71,457 | 18,202 | (1,019) | - | (11,080) | 77,560 |
| Balance at 31 December 2022 | 710,669 | 145,857 | (1,019) | - | (188,513) | 666,994 |

The net carrying value of furniture and equipment held under a finance lease is \$42,830 (2021: \$76,121)

Restrictions

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

| | 2022 | 2022 | 2022 | 2021 | 2021 | 2021 |
|---|----------------------|-----------------------------|-------------------|----------------------|-----------------------------|-------------------|
| | Cost or Valuation | Accumulated Depreciation | Net Book Value | Cost or Valuation | Accumulated Depreciation | Net Book Value |
| | \$ | \$ | \$ | \$ | \$ | \$ |
| Building improvements | 39,598 | (25,506) | 14,092 | 39,597 | (21,734) | 17,863 |
| Furniture and Equipment | 1,495,254 | (1,094,579) | 400,675 | 1,414,000 | (1,018,344) | 395,656 |
| Information and Communication Technology | 930,811 | (798,974) | 131,837 | 892,624 | (749,102) | 143,522 |
| Motor Vehicles | 84,011 | (84,011) | - | 84,011 | (77,961) | 6,050 |
| Leased Assets | 151,133 | (108,303) | 42,830 | 142,920 | (66,799) | 76,121 |
| Library Resources | 198,193 | (120,633) | 77,560 | 182,596 | (111,139) | 71,457 |
| Balance at 31 December | 2,899,000 | (2,232,006) | 666,994 | 2,755,748 | (2,045,079) | 710,669 |

Al-Madinah School
Notes to the Financial Statements (cont'd)
For the year ended 31 December 2022

11. Accounts Payable

| | 2022 Actual | 2022 Budget (Unaudited) | 2021 Actual |
|---------------------------------------|----------------|-------------------------------|----------------|
| | \$ | \$ | \$ |
| Creditors | 32,872 | 15,000 | 11,440 |
| Accruals | 7,270 | 8,000 | 8,000 |
| Banking Staffing Overuse | - | - | 24,367 |
| Employee Entitlements - Salaries | 368,243 | 306,000 | 305,368 |
| Employee Entitlements - Leave Accrual | 43,550 | 39,000 | 38,544 |
| | <u>451,935</u> | <u>368,000</u> | <u>387,719</u> |
| Payables for Exchange Transactions | 451,935 | 368,000 | 387,719 |
| | <u>451,935</u> | <u>368,000</u> | <u>387,719</u> |

The carrying value of payables approximates their fair value.

12. Borrowings

| | 2022 Actual | 2022 Budget (Unaudited) | 2021 Actual |
|--------------------------|----------------|-------------------------------|----------------|
| | \$ | \$ | \$ |
| Loans due in one year | 11,935 | 11,935 | 11,935 |
| Loans due after one year | 20,886 | 28,875 | 32,821 |
| | <u>32,821</u> | <u>40,810</u> | <u>44,756</u> |

The school has borrowings at 31 December 2022 of \$32,821 (31 December 2021 \$44,756). This loan is from Energy Efficiency and Conservation Authority for the purpose of Electrical Upgrade. The loan is unsecured, and is payable without interest in equal quarterly instalments of \$2,984.

13. Revenue Received in Advance

| | 2022 Actual | 2022 Budget (Unaudited) | 2021 Actual |
|-------|----------------|-------------------------------|----------------|
| | \$ | \$ | \$ |
| Other | 7,267 | 2,000 | 2,131 |
| | <u>7,267</u> | <u>2,000</u> | <u>2,131</u> |

Al-Madinah School

Notes to the Financial Statements (cont'd)

For the year ended 31 December 2022

14. Provision for Cyclical Maintenance

| | 2022 Actual | 2022 Budget (Unaudited) | 2021 Actual |
|---|----------------|-------------------------------|----------------|
| | \$ | \$ | \$ |
| Provision at the Start of the Year | 37,438 | 37,438 | 27,914 |
| Increase to the Provision During the Year | 44,401 | 20,000 | 9,524 |
| Provision at the End of the Year | <u>81,839</u> | <u>57,438</u> | <u>37,438</u> |
| Cyclical Maintenance - Current | 11,318 | 10,800 | - |
| Cyclical Maintenance - Non current | 70,521 | 46,638 | 37,438 |
| | <u>81,839</u> | <u>57,438</u> | <u>37,438</u> |

The school's cyclical maintenance schedule details annual painting to be undertaken, the costs associated to this annual work will vary dependent on the requirements during the year. This plan is based on the schools 10 Year Property plan.

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:

| | 2022 Actual | 2022 Budget (Unaudited) | 2021 Actual |
|--|----------------|-------------------------------|----------------|
| | \$ | \$ | \$ |
| No Later than One Year | 29,058 | 25,231 | 27,728 |
| Later than One Year and no Later than Five Years | 25,589 | 22,563 | 44,476 |
| Future Finance Charges | (6,853) | - | (8,289) |
| | <u>47,794</u> | <u>47,794</u> | <u>63,915</u> |
| Represented by | | | |
| Finance lease liability - Current | 25,231 | 25,231 | 23,105 |
| Finance lease liability - Non current | 22,563 | 22,563 | 40,810 |
| | <u>47,794</u> | <u>47,794</u> | <u>63,915</u> |

Al-Madinah School

Notes to the Financial Statements (cont'd)

For the year ended 31 December 2022

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

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 School 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 the Financial Statements (cont'd)

For the year ended 31 December 2022

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 \$ |
|---|----------------------|----------------------|
| Commissioner Remuneration | 54,839 | 47,438 |
| Leadership Team Remuneration Full-time equivalent members | - | - |
| Total key management personnel remuneration | 54,839 | 47,438 |

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 2022. 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:

| | 2022 Actual \$000 | 2021 Actual \$000 |
|--|-------------------------|-------------------------|
| Salaries and Other Short-term Employee Benefits: | | |
| Salary and Other Payments | 170 - 180 | 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 | 2022 FTE Number | 2021 FTE Number |
|-----------------------|--------------------|--------------------|
| 120 - 130 | 1.00 | 1.00 |
| 110 - 120 | 3.00 | 2.00 |
| 100 - 110 | 7.00 | 4.00 |
| | 11.00 | 7.00 |

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 Number of People | - | - |

Al-Madinah School

Notes to the Financial Statements (cont'd)

For the year ended 31 December 2022

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 no contract agreements for capital works.

(Capital commitments at 31 December 2021: \$nil)

21. Financial Instruments

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

| | 2022 Actual | 2022 Budget (Unaudited) | 2021 Actual |
|---|------------------|-------------------------------|------------------|
| Financial assets measured at amortised cost | \$ | \$ | \$ |
| Cash and Cash Equivalents | 1,120,827 | 1,078,382 | 1,088,066 |
| Receivables | 391,766 | 300,000 | 298,116 |
| Total Financial Assets Measured at Amortised Cost | <u>1,512,593</u> | <u>1,378,382</u> | <u>1,386,182</u> |
| Financial liabilities measured at amortised cost | | | |
| Payables | 451,935 | 368,000 | 387,719 |
| Borrowings - Loans | 32,821 | 40,810 | 44,756 |
| Finance Leases | 47,794 | 47,794 | 63,915 |
| Total Financial Liabilities Measured at Amortised Cost | <u>532,550</u> | <u>456,604</u> | <u>496,390</u> |

22. Events After Balance Date

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

Independent Auditor's Report

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

For the Year Ended 31 December 2022

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 19, that comprise the statement of financial position as at 31 December 2022, the statement of comprehensive revenue and expense, statement of changes in net assets/equity and statement of cash flows for the year ended on that date, and the notes to the financial statements that include accounting policies and other explanatory information.

In our opinion the financial statements of the School:

- present fairly, in all material respects:
 - its financial position as at 31 December 2022; and
 - its financial performance and cash flows for the year then ended; and
- comply with generally accepted accounting practice in New Zealand in accordance with PBE Accounting Standards (PBE IPSAS) Reduced Disclosure Regime.

Our audit was completed on 22 May 2023. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the 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.

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 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