

**TO THE READERS OF BERKLEY NORMAL MIDDLE SCHOOL'S FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

The Auditor-General is the auditor of Berkley Normal Middle School (the School). The Auditor-General has appointed me, R K Owen, using the staff and resources of Owen McLeod & Co 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 Public Sector Public Benefit Entity (PBE) Standards Reduced Disclosure Regime.

Our audit was completed on 13 September 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 Board 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 Board for the financial statements

The Board 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 Board Members are 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 Board is responsible on behalf of the School for assessing the School's ability to continue as a going concern. The Board 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.

Freephone 0800 269 139

91 Clarence Street Hamilton 3204
PO Box 389 Hamilton 3240

Telephone 07 839 1235
Facsimile 07 839 1237

enquiries@owenmcleod.co.nz
www.owenmcleod.co.nz



The Board'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 Board.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board 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 Edpay 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 Board 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 arise from the Public Audit Act 2001.

Other information

The Board is responsible for the other information. The other information comprises the information included on page 1 Statement of Responsibility, Kiwisport note and statement of Compliance with Employment Policy, Analysis of Variance report, cover page and index page, 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.



R K Owen
Owen McLeod & Co Limited
On behalf of the Auditor-General
Hamilton, New Zealand

BERKLEY NORMAL MIDDLE SCHOOL

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

School Directory

Ministry Number: 1695

Principal: Nathan Leith

School Address: 26 Berkley Avenue, Hillcrest, Hamilton

School Postal Address: 26 Berkley Avenue, Hillcrest, Hamilton 3216

School Phone: 07 856 6537

School Email: office@berkley.school.nz

Members of the Board

Name	Position	How Position Gained	Term Expired/ Expires
Angela Strange	Presiding Member	Elected	Aug-25
Carl Allan	Deputy Presiding Member	Elected	Aug-25
Nathan Leith	Principal	ex Officio	
Owen Culliney	Parent Representative	Elected	Aug-25
Hongwei Di	Parent Representative	Elected	Aug-25
Charlotte Watson	Finance	Elected	Aug-25
Sandra Woods	Secretary	Elected	Aug-25
Jeong Hyun	Staff Representative	Elected	Aug-25

Retired Members

Dominic Kay	Presiding Member	Aug-22
Glenys Doake	Parent Representative	Aug-22
Ingrid ter Beek	Parent Representative	Aug-22
Sam Ware	Parent Representative	Aug-22
Beth Germaine	Staff Representative	Aug-22

Accountant / Service Provider:

SRN Partners Chartered Accountants Ltd

BERKLEY NORMAL MIDDLE SCHOOL

Annual Report - For the year ended 31 December 2022

Index

Page	Statement
------	-----------

	Financial Statements
--	-----------------------------

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
<u>6 - 19</u>	Notes to the Financial Statements

	Other Information
--	--------------------------

	Analysis of Variance
--	----------------------

	Kiwisport
--	-----------

	Statement of Compliance with Employment Policy
--	--

Berkley Normal Middle School

Statement of Responsibility

For the year ended 31 December 2022

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

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

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

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

Angela Strange

Full Name of Presiding Member

AStrange

Signature of Presiding Member

8-9-2023

Date:

Nathan Leith

Full Name of Principal

Nathan Leith

Signature of Principal

8.9.23

Date:

Berkley Normal Middle 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	6,167,769	5,914,770	5,981,365
Locally Raised Funds	3	598,353	379,300	532,814
Interest Income		34,338	20,000	17,916
Total Revenue		6,800,460	6,314,070	6,532,095
Expenses				
Locally Raised Funds	3	174,672	170,000	113,829
Learning Resources	4	4,586,165	4,368,100	4,607,035
Administration	5	449,328	396,200	364,699
Finance		2,737	-	8,982
Property	6	1,068,558	1,347,900	1,451,527
Loss on Disposal of Property, Plant and Equipment	11	15,618	-	27,713
		6,297,078	6,282,200	6,573,785
Net Surplus / (Deficit) for the year		503,382	31,870	(41,690)
Total Comprehensive Revenue and Expense for the Year		503,382	31,870	(41,690)

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



Berkley Normal Middle 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		2,649,878	2,659,206	2,659,206
Total comprehensive revenue and expense for the year		503,382	31,870	(41,690)
Contributions from the Ministry of Education				
Contribution - Furniture and Equipment Grant		-	-	32,362
Equity at 31 December		3,153,260	2,691,076	2,649,878

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.



Berkley Normal Middle 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	86,266	90,903	98,207
Accounts Receivable	8	460,005	228,000	519,162
GST Receivable		18,657	4,370	43,332
Prepayments		98,085	51,000	41,252
Inventories	9	3,421	6,093	6,272
Investments	10	1,491,979	1,482,000	1,536,049
Funds Receivable for Capital Works Projects	16	159,043	-	5,697
		2,317,456	1,862,366	2,249,971
Current Liabilities				
Accounts Payable	12	389,136	387,500	416,568
Revenue Received in Advance	13	140,762	141,500	119,463
Provision for Cyclical Maintenance	14	32,184	32,180	32,985
Finance Lease Liability	15	51,795	36,305	40,773
Funds held for Capital Works Projects	16	-	-	7,712
		613,877	597,485	617,501
Working Capital Surplus/(Deficit)		1,703,579	1,264,881	1,632,470
Non-current Assets				
Property, Plant and Equipment	11	1,537,655	1,501,295	1,384,164
		1,537,655	1,501,295	1,384,164
Non-current Liabilities				
Provision for Cyclical Maintenance	14	42,682	42,680	338,823
Finance Lease Liability	15	45,292	32,420	27,933
		87,974	75,100	366,756
Net Assets		3,153,260	2,691,076	2,649,878
Equity		3,153,260	2,691,076	2,649,878

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



Berkley Normal Middle 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		1,792,268	1,384,770	1,518,644
Locally Raised Funds		575,003	94,817	496,595
International Students		64,206	47,131	22,338
Goods and Services Tax (net)		24,675	38,962	(33,741)
Payments to Employees		(907,811)	(413,519)	(812,297)
Payments to Suppliers		(1,061,001)	(693,851)	(759,908)
Interest Paid		(2,737)	-	(8,982)
Interest Received		34,590	19,804	14,829
Net cash from/(to) Operating Activities		519,193	478,114	437,478
Cash flows from Investing Activities				
Purchase of Property Plant & Equipment (and Intangibles)		(366,753)	(492,927)	(400,230)
Proceeds from Sale of Investments		44,070	54,049	90,416
Net cash from/(to) Investing Activities		(322,683)	(438,878)	(309,814)
Cash flows from Financing Activities				
Furniture and Equipment Grant		-	-	32,362
Finance Lease Payments		(47,393)	(53,853)	(134,782)
Painting contract payments		-	-	(12,005)
Funds Administered on Behalf of Third Parties		(161,058)	(2,015)	(100,822)
Net cash from/(to) Financing Activities		(208,451)	(55,868)	(215,247)
Net increase/(decrease) in cash and cash equivalents		(11,941)	(16,632)	(87,583)
Cash and cash equivalents at the beginning of the year	7	98,207	98,207	185,790
Cash and cash equivalents at the end of the year	7	86,266	81,575	98,207

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.



Berkley Normal Middle School

Notes to the Financial Statements

For the year ended 31 December 2022

1. Statement of Accounting Policies

a) Reporting Entity

Berkley Normal Middle School (the School) is a Crown entity as specified in the Crown Entities Act 2004 and a school as described in the Education and Training Act 2020. The Board is of the view that the School is a public benefit entity for financial reporting purposes.

b) Basis of Preparation

Reporting Period

The financial statements have been prepared for the period 1 January 2022 to 31 December 2022 and in accordance with the requirements of the Education and Training Act 2020.

Basis of Preparation

The financial statements have been prepared on a going concern basis, and the accounting policies have been consistently applied throughout the period.

Financial Reporting Standards Applied

The Education and Training Act 2020 requires the School, as a Crown entity, to prepare financial statements in accordance with generally accepted accounting practice. The financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand, applying Public Sector Public Benefit Entity (PBE) Standards Reduced Disclosure Regime as appropriate to public benefit entities that qualify for Tier 2 reporting. The school is considered a Public Benefit Entity as it meets the criteria specified as 'having a primary objective to provide goods and/or services for community or social benefit and where any equity has been provided with a view to supporting that primary objective rather than for financial return to equity holders'.

PBE Accounting Standards Reduced Disclosure Regime

The School qualifies for Tier 2 as the school is not publicly accountable and is not considered large as it falls below the expense threshold of \$30 million per year. All relevant reduced disclosure concessions have been taken.

Measurement Base

The financial statements are prepared on the historical cost basis unless otherwise noted in a specific accounting policy.

Presentation Currency

These financial statements are presented in New Zealand dollars, rounded to the nearest dollar.

Specific Accounting Policies

The accounting policies used in the preparation of these financial statements are set out below.

Critical Accounting Estimates And Assumptions

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

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

Cyclical maintenance

A school recognises its obligation to maintain the Ministry's buildings in a good state of repair as a provision for cyclical maintenance. This provision relates mainly to the painting of the school buildings. The estimate is based on the school's best estimate of the cost of painting the school and when the school is required to be painted, based on an assessment of the school's condition. During the year, the Board assesses the reasonableness of its painting maintenance plan on which the provision is based. Cyclical maintenance is disclosed at note 14.

Useful lives of property, plant and equipment

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



Critical Judgements in applying accounting policies

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

Classification of leases

Determining whether a lease is a finance lease or an operating lease requires judgement as to whether the lease transfers substantially all the risks and rewards of ownership to the school. 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 Crown and managed by the Ministry of Education on behalf of the Crown. Grants for the use of land and buildings are not received in cash by the School as they equate to the deemed expense for using the land and buildings which are owned by the Crown. The School's use of the land and buildings as occupant is based on a property occupancy document as gazetted by the Ministry. The expense is based on an assumed market rental yield on the value of land and buildings as used for rating purposes.

This is a non-cash revenue that is offset by a non-cash expense. The use of land and buildings grants and associated expenditure are recorded in the period the School uses the land and buildings.

Other Grants

Other grants are recorded as revenue when the School has the rights to the funding, unless there are unfulfilled conditions attached to the grant, in which case the amount relating to the unfulfilled conditions is recognised as a liability and released to revenue as the conditions are fulfilled.

Donations, Gifts and Bequests

Donations, gifts and bequests are recognised as an asset and revenue when the right to receive funding or the asset has been established unless there is an obligation to return funds if conditions are not met. If conditions are not met funding is recognised as revenue in advance and recognised as revenue when conditions are satisfied.

Interest Revenue

Interest Revenue earned on cash and cash equivalents and investments is recorded as revenue in the period it is earned.

d) 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.

e) 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.



f) 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.

g) 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.

h) 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.

i) Property, Plant and Equipment

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

Improvements (funded by the Board) to buildings owned by the Crown or directly by the board are recorded at cost, less accumulated depreciation and impairment losses.

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

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

Finance Leases

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

Depreciation

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

The estimated useful lives of the assets are:

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



j) Impairment of property, plant, and equipment and intangible assets

The school does not hold any cash generating assets. Assets are considered cash generating where their primary objective is to generate a commercial return.

Non cash generating assets

Property, plant, and equipment and intangible assets held at cost that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If such indication exists, the School estimates the asset's recoverable service amount. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable service amount. The recoverable service amount is the higher of an asset's fair value less costs to sell and value in use.

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

In determining fair value less costs to sell the school engages an independent valuer to assess market value based on the best available information. The valuation is based on [details of the valuer's approach to determining market value (i.e. what valuation techniques have been employed, comparison to recent market transaction etc.)].

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.

k) 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.

l) 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.

m) Revenue Received in Advance

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

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

n) Funds held for Capital works

The school directly receives funding from the Ministry of Education for capital works projects that are included in the School five year capital works agreement. These funds are held on behalf and for a specified purpose as such these transactions are not recorded in the Statement of Revenue and Expense.

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



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 Board's property maintenance responsibilities. The Board is responsible for maintaining the land, buildings and other facilities on the School site in a state of good order and repair.

Cyclical maintenance, which involves painting the interior and exterior of the School, makes up the most significant part of the Board's responsibilities outside day-to-day maintenance. The provision is a reasonable estimate, based on the school's best estimate of the cost of painting the school and when the school is required to be painted, based on an assessment of the school's condition.

The school carries out painting maintenance of the whole school over a 7 to 10 year period, the economic outflow of this is dependent on the plan established by the school to meet this obligation and is detailed in the notes and disclosures of these accounts.

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 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, finance lease liability, and painting contract liability. Financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and any gain or loss on derecognition are recognised in the surplus or deficit.

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 Board.

t) Services received in-kind

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



2. Government Grants

	2022 Actual	2022 Budget (Unaudited)	2021 Actual
	\$	\$	\$
Government Grants - Ministry of Education	1,637,187	1,384,770	1,449,694
Teachers' Salaries Grants	3,560,287	3,560,000	3,634,748
Use of Land and Buildings Grants	970,295	970,000	896,923
	<u>6,167,769</u>	<u>5,914,770</u>	<u>5,981,365</u>

3. Locally Raised Funds

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

	2022 Actual	2022 Budget (Unaudited)	2021 Actual
	\$	\$	\$
Revenue			
Donations & Bequests	72,728	75,000	86,479
Fees for Extra Curricular Activities	442,273	228,700	341,923
Trading	34,828	34,000	31,758
Fundraising & Community Grants	11,518	9,100	14,388
Other Revenue	10,350	7,500	6,375
International Student Fees	26,656	25,000	51,891
	<u>598,353</u>	<u>379,300</u>	<u>532,814</u>
Expenses			
Extra Curricular Activities Costs	137,606	137,000	80,032
Trading	37,066	33,000	33,797
	<u>174,672</u>	<u>170,000</u>	<u>113,829</u>
<i>Surplus for the year Locally raised funds</i>	<u>423,681</u>	<u>209,300</u>	<u>418,985</u>

During the year the School hosted 2 International students (2021:5)

4. Learning Resources

	2022 Actual	2022 Budget (Unaudited)	2021 Actual
	\$	\$	\$
Curricular	286,094	98,900	255,165
Information and Communication Technology	5,525	7,600	21,531
Library Resources	6,828	16,000	6,142
Employee Benefits - Salaries	3,986,494	3,976,100	3,992,048
Staff Development	27,841	49,500	42,796
Depreciation	273,383	220,000	289,353
	<u>4,586,165</u>	<u>4,368,100</u>	<u>4,607,035</u>



5. Administration

	2022 Actual \$	2022 Budget (Unaudited) \$	2021 Actual \$
Audit Fee	5,570	5,600	5,408
Board Fees	3,150	2,500	2,230
Board Expenses	5,468	3,000	1,684
Communication	18,236	12,000	15,758
Consumables	40,168	28,500	20,320
Other	93,672	124,800	82,519
Employee Benefits - Salaries	260,398	197,300	214,956
Insurance	18,486	18,500	18,274
Service Providers, Contractors and Consultancy	4,180	4,000	3,550
	<u>449,328</u>	<u>396,200</u>	<u>364,699</u>

6. Property

	2022 Actual \$	2022 Budget (Unaudited) \$	2021 Actual \$
Caretaking and Cleaning Consumables	12,599	9,000	5,689
Consultancy and Contract Services	94,344	92,900	88,351
Cyclical Maintenance Provision	(273,422)	56,000	256,022
Grounds	48,679	19,000	15,003
Heat, Light and Water	37,938	34,300	35,134
Rates	8,719	8,500	7,670
Repairs and Maintenance	81,589	67,600	49,141
Use of Land and Buildings	970,295	970,000	896,923
Security	7,073	9,000	9,095
Employee Benefits - Salaries	80,744	81,600	88,499
	<u>1,068,558</u>	<u>1,347,900</u>	<u>1,451,527</u>

The use of land and buildings figure represents 5% of the school's total property value. Property values are established as part of the nation-wide revaluation exercise that is conducted every 30 June for the Ministry of Education's year-end reporting purposes.

7. Cash and Cash Equivalents

	2022 Actual \$	2022 Budget (Unaudited) \$	2021 Actual \$
Bank Accounts	86,266	81,575	98,207
Cash and cash equivalents for Statement of Cash Flows	<u>86,266</u>	<u>81,575</u>	<u>98,207</u>

The carrying value of short-term deposits with original maturity dates of 90 days or less approximates their fair value.



8. Accounts Receivable

	2022 Actual	2022 Budget (Unaudited)	2021 Actual
	\$	\$	\$
Receivables	11,054	120,000	30,611
Interest Receivable	7,552	8,000	7,804
Banking Staffing Underuse	171,646	100,000	194,524
Teacher Salaries Grant Receivable	269,753	-	286,223
	<u>460,005</u>	<u>228,000</u>	<u>519,162</u>
Receivables from Exchange Transactions	18,606	128,000	38,415
Receivables from Non-Exchange Transactions	441,399	100,000	480,747
	<u>460,005</u>	<u>228,000</u>	<u>519,162</u>

9. Inventories

	2022 Actual	2022 Budget (Unaudited)	2021 Actual
	\$	\$	\$
Stationery	3,421	6,093	6,272
	<u>3,421</u>	<u>6,093</u>	<u>6,272</u>

10. Investments

The School's investment activities are classified as follows:

	2022 Actual	2022 Budget (Unaudited)	2021 Actual
	\$	\$	\$
Current Asset			
Short-term Bank Deposits	1,491,979	1,482,000	1,536,049
Total Investments	<u>1,491,979</u>	<u>1,482,000</u>	<u>1,536,049</u>



11. Property, Plant and Equipment

	Opening Balance (NBV)	Additions	Disposals	Impairment	Depreciation	Total (NBV)
2022	\$	\$	\$	\$	\$	\$
Buildings	574,070	107,996	-	(5,138)	(53,466)	623,462
Furniture and Equipment	404,321	96,789	-	-	(74,869)	426,241
Information and Communication Technology	280,189	59,072	-	(50)	(70,609)	268,602
Motor Vehicles	17,456	104,161	-	-	(24,668)	96,949
Leased Assets	62,780	67,646	-	(2,487)	(44,242)	83,697
Library Resources	45,348	6,828	-	(7,943)	(5,529)	38,704
Balance at 31 December 2022	1,384,164	442,492	-	(15,618)	(273,383)	1,537,655

The net carrying value of equipment held under a finance lease is \$83,697 (2021: \$62,780)

	2022 Cost or Valuation	2022 Accumulated Depreciation	2022 Net Book Value	2021 Cost or Valuation	2021 Accumulated Depreciation	2021 Net Book Value
	\$	\$	\$	\$	\$	\$
Buildings	1,876,819	(1,253,357)	623,462	1,793,034	(1,218,964)	574,070
Furniture and Equipment	1,118,444	(692,203)	426,241	1,057,039	(652,718)	404,321
Information and Communication Te	385,643	(117,041)	268,602	377,255	(97,066)	280,189
Motor Vehicles	230,249	(133,300)	96,949	126,088	(108,632)	17,456
Leased Assets	376,738	(293,041)	83,697	479,478	(416,698)	62,780
Library Resources	119,760	(81,056)	38,704	112,932	(67,584)	45,348
Balance at 31 December	4,107,653	(2,569,998)	1,537,655	3,945,826	(2,561,662)	1,384,164

12. Accounts Payable

	2022 Actual	2022 Budget (Unaudited)	2021 Actual
	\$	\$	\$
Creditors	37,927	37,000	61,467
Accruals	10,753	10,500	10,359
Employee Entitlements - Salaries	302,363	302,000	307,129
Employee Entitlements - Leave Accrual	38,093	38,000	37,613
	389,136	387,500	416,568
Payables for Exchange Transactions	389,136	387,500	416,568
Payables for Non-exchange Transactions - Other	-	-	-
	389,136	387,500	416,568

The carrying value of payables approximates their fair value.



13. Revenue Received in Advance

	2022 Actual	2022 Budget (Unaudited)	2021 Actual
	\$	\$	\$
International Student Fees in Advance	79,550	98,400	42,000
Other revenue in Advance	61,212	43,100	77,463
	<u>140,762</u>	<u>141,500</u>	<u>119,463</u>

14. Provision for Cyclical Maintenance

	2022 Actual	2022 Budget (Unaudited)	2021 Actual
	\$	\$	\$
Provision at the Start of the Year	371,808	371,808	127,131
Increase to the Provision During the Year	32,152	(296,808)	244,677
Use of the Provision During the Year	(23,520)	-	-
Adjustment to the provision	(305,574)	-	-
	<u>74,866</u>	<u>75,000</u>	<u>371,808</u>
Provision at the End of the Year			
	74,866	75,000	371,808
Cyclical Maintenance - Current	32,184	32,180	32,985
Cyclical Maintenance - Non current	42,682	42,680	338,823
	<u>74,866</u>	<u>74,860</u>	<u>371,808</u>

The schools 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 and painting contract.

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	53,847	38,300	43,432
Later than One Year and no Later than Five Years	54,925	42,000	28,873
Future Finance Charges	(11,685)	(11,600)	(3,599)
	<u>97,087</u>	<u>68,700</u>	<u>68,706</u>
Represented by			
Finance lease liability - Current	51,795	36,300	40,773
Finance lease liability - Non current	45,292	32,400	27,933
	<u>97,087</u>	<u>68,700</u>	<u>68,706</u>



16. Funds Held for Capital Works Projects

During the year the School received and applied funding from the Ministry of Education for the following capital works projects.

	2022	Opening Balances \$	Receipts from MoE \$	Payments \$	Board Contributions \$	Closing Balances \$
SIP Funding	222933	7,712	1,338	(9,050)	-	-
Carpet Replacement	232034	(5,697)	-	(5,135)	-	(10,832)
HVAC Upgrade	238231	-	27,751	(28,017)	-	(266)
Performing Arts Centre Upgrade		-	-	(50,897)	-	(50,897)
Roofing Repairs	230686	-	-	(1,417)	-	(1,417)
Weather Tightness	230691	-	-	(95,631)	-	(95,631)
Totals		2,015	29,089	(190,147)	-	(159,043)

Represented by:

Funds Receivable from the Ministry of Education (159,043)

	2021 Projects	Opening Balances \$	Receipts from MoE \$	Payments \$	Board Contributions \$	Closing Balances \$
Solar Panels	222948	-	86,807	(90,049)	3,242	-
Gymnasium Upgrade	213575	29,125	-	(29,125)	-	-
SIP Funding	222933	60,252	56,576	(109,116)	-	7,712
Carpet Replacement	232034	-	104,381	(110,078)	-	(5,697)
Library Gate	224530	-	12,108	(12,108)	-	-
Totals		89,377	259,872	(350,476)	3,242	2,015

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.



18. Remuneration

Key management personnel compensation

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

	2022 Actual \$	2021 Actual \$
<i>Board Members</i>		
Remuneration	3,150	2,230
<i>Leadership Team</i>		
Remuneration	591,235	559,169
Full-time equivalent members	4	4
Total key management personnel remuneration	594,385	561,399

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

Principal 1

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

	2022 Actual \$000	2021 Actual \$000
Salaries and Other Short-term Employee Benefits:		
Salary and Other Payments	190 - 200	170 - 180
Benefits and Other Emoluments	0 - 5	0 - 5

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
140 - 150	1	0
130 - 140	1	1
120 - 130	0	2
110 - 120	0	1
100 - 110	3	3
	5	7

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:

	2022 Actual	2021 Actual
Total	-	\$4,000
Number of People	-	1

20. Contingencies

There are no contingent liabilities (except as noted below) and no contingent assets (except as noted below) 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.

TAPEC & CA Wash up

The Ministry of Education provided additional funding for both the Support Staff in Schools' Collective Agreement (CA) Settlement and the Teacher Aide Pay Equity Settlement. The School has not been notified of the final wash up calculation relating to 31 December 2022. The final calculations impact on the financial statements is unable to be determined at the date of reporting.

21. Commitments

(a) Capital Commitments

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

(a) Funding for carpet replacement to be completed in 2023, which will be fully funded by the Ministry of Education. \$104,381 has been received and \$115,213 has been spent on the project to date.

(b) Project 230691 Weathertightness, which will be fully funded by the Ministry of Education. The project was started in 2022 and \$95,630 of expenditure has been incurred to date.

(c) Performing Arts Centre upgrade project funded by the Ministry of Education to be completed in 2023. \$50,897 has been spent on the project to date.

(Capital commitments at 31 December 2021: \$2,015)

(b) Operating Commitments

As at 31 December 2022 the Board has entered into a contract agreement with Carus Group Ltd for the painting of the School's buildings:

	2022 Actual \$	2021 Actual \$
No later than One Year	50,280	-
Later than One Year and No Later than Five Years	127,160	-
	<u>177,440</u>	<u>-</u>



22. Financial Instruments

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

Financial assets measured at amortised cost

	2022 Actual \$	2022 Budget (Unaudited) \$	2021 Actual \$
Cash and Cash Equivalents	86,266	81,575	98,207
Receivables	460,005	228,000	519,162
Investments - Term Deposits	1,491,979	1,482,000	1,536,049
Total Financial assets measured at amortised cost	<u>2,038,250</u>	<u>1,791,575</u>	<u>2,153,418</u>

Financial liabilities measured at amortised cost

Payables	389,136	387,500	416,568
Finance Leases	97,087	68,725	68,706
Total Financial Liabilities Measured at Amortised Cost	<u>486,223</u>	<u>456,225</u>	<u>485,274</u>

23. Events After Balance Date

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

24. Breach of Reporting deadline 31 March

While the school provided all financial information to the accountant in sufficient time for the annual financial statements to be submitted for audit by the 31st March, the accountant was unable to meet the reporting deadline due to a combination of understaffing and staff illness. Accordingly the accountant accepts the responsibility for this legislative breach of section 135 of the Education and Training Act 2020.

25. Breach of Reporting deadline 31 May

The school breached section 137 of the Education and Training Act 2020 in that it did not submit its audited financial statements to the Ministry by 31 May 2023. The accountant accepts the responsibility for this legislative breach.



Berkley Normal Middle School

Kiwisport Note

For the year ended 31 December 2022

Kiwisport is a government funding initiative to support students' participation in organised sport. In 2022 the school received total Kiwisport funding of \$11,052 excluding GST (2021: \$11,078) This funding was spent on wages for the Sports Co-ordinator.