

Longburn Adventist College

Financial Statements

For the Period Ended 30 June 2021

Longburn Adventist College

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For the Year Ended 30 June 2021

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Longburn Adventist College

Statement of Comprehensive Revenue and Expense

For the Year Ended 30 June 2021

	Note	2021 \$	2020 \$
Revenue from exchange transactions			
Boarding income	5	486,437	486,698
Rental revenue		165,594	156,829
Other revenue	6	176,895	110,651
		<u>828,926</u>	<u>754,178</u>
Revenue from non-exchange transactions			
Appropriations	7	50,000	131,184
Offerings & donations		64,911	69,247
		<u>114,911</u>	<u>200,431</u>
Total revenue		<u>943,837</u>	<u>954,609</u>
Expense			
Administrative costs	8	(482,292)	(529,918)
Boarding expenses	9	(435,970)	(419,955)
Industries/ancillary expenses	10	(5,579)	(22,625)
Finance costs		-	(5)
		<u>(923,841)</u>	<u>(972,503)</u>
Total expense		<u>(923,841)</u>	<u>(972,503)</u>
Surplus/(deficit) before income taxes		<u>19,996</u>	<u>(17,894)</u>
Income tax expense	4	-	-
		<u>19,996</u>	<u>(17,894)</u>
Net surplus(deficit)		<u>19,996</u>	<u>(17,894)</u>
Surplus(deficit) for the year		<u>19,996</u>	<u>(17,894)</u>

The financial statements should be read in conjunction with the accompanying notes.

Longburn Adventist College

Statement of Financial Position

As at 30 June 2021

	Note	2021 \$	2020 \$
ASSETS			
Current assets			
Cash and cash equivalents	12	495,532	438,778
Trade and other receivables	13	506,369	576,470
Inventories	14	4,958	4,958
Other financial assets	15	393,162	383,171
Other assets		3,071	12,385
Total current assets		1,403,092	1,415,762
Non-current assets			
Loan receivables	13	198,115	348,115
Property, plant and equipment	16	1,933,376	2,059,142
Total non-current assets		2,131,491	2,407,257
TOTAL ASSETS		3,534,583	3,823,019
LIABILITIES			
Current liabilities			
Trade and other payables	18	117,722	326,952
Financial liabilities	19	28,000	50,000
Provisions	20	73,898	123,100
Total current liabilities		219,620	500,052
Non-current liabilities			
Financial liabilities	19	-	28,000
Total non-current liabilities		-	28,000
TOTAL LIABILITIES		219,620	528,052
NET ASSETS		3,314,963	3,294,967

The financial statements should be read in conjunction with the accompanying notes.

Longburn Adventist College

Statement of Financial Position

As at 30 June 2021

EQUITY AND LIABILITIES			
Reserves	21	586,071	578,082
Denominational equity	22	<u>2,728,892</u>	<u>2,716,885</u>
		<u>3,314,963</u>	<u>3,294,967</u>
TOTAL EQUITY		<u><u>3,314,963</u></u>	<u><u>3,294,967</u></u>

The financial statements should be read in conjunction with the accompanying notes.

Longburn Adventist College

Statement of Changes in Net Assets

For the Year Ended 30 June 2021

	Denominational Equity	General Reserves	Depreciation Reserve	Total
	\$	\$	\$	\$
Balance at 01 July 2020	2,716,885	481,705	96,377	3,294,967
Total comprehensive income for the year	19,996	-	-	19,996
- general reserve	(7,988)	7,988	-	-
Balance at 30 June 2021	2,728,893	489,693	96,377	3,314,963

	Denominational Equity	General Reserves	Depreciation Reserve	Total
	\$	\$	\$	\$
Balance at 01 July 2019	2,874,378	429,965	8,520	3,312,863
Total comprehensive income for the year	(17,896)	-	-	(17,896)
- general reserve	(139,597)	51,740	87,857	-
Balance at 30 June 2020	2,716,885	481,705	96,377	3,294,967

The financial statements should be read in conjunction with the accompanying notes.

Longburn Adventist College

Statement of Cash Flows

For the Year Ended 30 June 2021

	Note	2021 \$	2020 \$
Cash from operating activities:			
Receipts from customers & others		1,305,338	1,313,766
Payments to suppliers and employees		(1,200,670)	(1,112,118)
Interest received		7,977	14,691
Net cash provided by (used in) operating activities	26	<u>112,645</u>	<u>216,339</u>
Cash flows from investing activities:			
Acquisition of property, plant and equipment		(5,892)	(92,349)
Proceeds from sale of available-for-sale investments		-	3,261
Net cash provided by (used in) investing activities		<u>(5,892)</u>	<u>(89,088)</u>
Cash flows from financing activities:			
Repayment of borrowings		(50,000)	-
Net cash used in financing activities		<u>(50,000)</u>	<u>-</u>
Net cash increase (decrease) in cash and cash equivalents		56,753	127,251
Cash and cash equivalents at beginning of year		<u>438,779</u>	<u>311,528</u>
Cash and cash equivalents at end of year	12(b)	<u><u>495,532</u></u>	<u><u>438,779</u></u>

The financial statements should be read in conjunction with the accompanying notes.

Longburn Adventist College

Notes to the Financial Statements

For the Year Ended 30 June 2021

1 Nature of activities and general information

These financial statements are general purpose financial statements that have been prepared in accordance with the Public Benefit Entity International Public Sector Accounting Standards (Not-for-profit)

Longburn Adventist College ("Entity") is registered under the Charities Act 2005, and domiciled in New Zealand. The Executive Members of the entity consider it as a Public Benefit Entity for the purposes of financial reporting in accordance with the Financial Reporting Act 2013.

The financial report is presented in New Zealand currency with rounding to the nearest dollar.

This entity's principal activity is the provision of boarding facilities for students requiring accommodation while attending the College. These financial statements reflect property and activities of Longburn Adventist College that the Executive Committee of New Zealand Pacific Union Conference of the Seventh-day Adventist Church has delegated to the College's Board of Governors. Legal title to such property is held by Seventh-day Adventist Church Property Trustee (NZ) Limited on behalf of the Union Conference.

The provision of tuition at the College is cared for by a Board of Trustees under the Independent Schools Integration Act and is therefore not included in these financial statements.

The financial statements for the year ended 30 June 2021 were approved and authorised for issue by the Board of Governors on 14 December 2021.

2 Change in Accounting Policy

2.1 Changes in accounting policies

There was no change in accounting policies in the year ending 30 June 2021.

3 Accounting policies

The following is a summary of the material accounting policies adopted by the entity in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(a) Statement of compliance

The entity's financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ("NZ GAAP"). They comply with Public Benefit Entity International Public Sector Accounting Standards ("PBE IPSAS") and other applicable financial reporting standards as appropriate that have been authorised for use by the External Reporting Board for Not-For-Profit entities. For the purposes of complying with NZ GAAP, the Group is a public benefit not-for-profit entity and is eligible to apply Tier 2 Not-For-Profit PBE IPSAS on the basis that it does not have public accountability and it is not defined as large.

The entity's Board of Governors has elected to report in accordance with Tier 2 Not-For-Profit PBE Accounting Standards and in doing so has taken advantage of all applicable Reduced Disclosure Regime ("RDR") disclosure concessions.

Longburn Adventist College

Notes to the Financial Statements

For the Year Ended 30 June 2021

3 Accounting policies

(b) Basis of preparation

The financial statements have been prepared on an accrual basis and is based on the historical costs modified by the revaluation of selected non-current assets, and financial assets and financial liabilities for which fair value basis of accounting has been applied, except where otherwise noted.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or liability, the entities take into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the financial report is determined on such a basis, except for leasing transactions that are within the scope of PBE IPSAS 13, and measurement that have some similarities to fair value but are not fair value, such as net realisable value and impairment of assets.

In addition, for financial reporting purposes, fair value measurement are categorised into level 1, 2 or 3 based on the degree to which the inputs to the fair value measurement are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included in Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

(c) Financial Period

The financial statements for the current financial period are made up from 1 July 2020 to 30 June 2021.

(d) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts, which are subject to insignificant risk of changes in value. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

(e) Inventories

Except as stated below, inventories are measured at the lower of cost and net realisable value. Costs are assigned on a first-in first-out basis.

Inventories held for distribution are measured at cost adjusted for loss of service potential.

Longburn Adventist College

Notes to the Financial Statements

For the Year Ended 30 June 2021

3 Accounting policies

(f) Property, plant and equipment

Items of property, plant and equipment are initially measured at cost, except those acquired through non-exchange transactions which are instead measured at fair value as their deemed cost at initial recognition.

Each class of plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment losses.

Subsequent expenditure is capitalised only when it is probable that the future economic benefit associated with the expenditure will flow to the group. Ongoing repairs and maintenance is expensed as incurred.

The carrying amount of property, plant and equipment is reviewed annually to ensure it is not in excess of the recoverable amount from these assets.

Items of plant and equipment are generally not capitalised unless their values exceed \$1,000 per item or \$1,000 per sub-class.

Depreciation

The depreciable amount of all fixed assets including capitalised leased assets is depreciated on a straight-line basis over their useful lives to the individual entities commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements. Depreciation is not calculated on capital works in progress until such time as it is ready for use.

The depreciation rates used for each class of depreciable assets are:

Class of Asset

Buildings	2 - 5%
Plant and Equipment	10 - 33%
Land Improvements	10 - 20%

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of any item of plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the assets and is recognised in the statement of comprehensive revenue and expense. Depreciation methods, useful lives and residual values are reviewed at reporting date and adjusted if appropriate.

(g) Impairment of non-financial assets

At each reporting date, the entity reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the surplus or deficit.

Longburn Adventist College

Notes to the Financial Statements

For the Year Ended 30 June 2021

3 Accounting policies

(g) Impairment of non-financial assets

Where it is not possible to estimate the recoverable amount of an individual asset, the entity estimates the recoverable amount of the cash-generating unit to which the asset belongs or the depreciable replacement cost thereof.

(h) Provisions

Provisions are recognised when the entity has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost within surplus or deficit.

(i) Short-term and long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave and sick leave when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities recognised in respect of short-term employee benefits are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of long-term employee benefits are measured as the present value of the estimated future cash outflows to be made in respect of services provided by employees up to reporting date.

(j) Finance income and finance costs

Finance income comprises interest income on financial assets, gains on disposal on available-for-sale financial assets, fair value gains on financial assets at fair value through surplus and deficit. Interest income is recognised as it accrues in surplus or deficit, using the effective interest method.

Finance costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other finance costs are recognised in income in the period in which they are incurred.

(k) Revenue

Revenue from exchange transactions

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated rebates and similar allowances.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Longburn Adventist College

Notes to the Financial Statements

For the Year Ended 30 June 2021

3 Accounting policies

(k) Revenue

Revenue from the rendering of services is recognised upon the delivery of the service to the customers.

All revenue from exchange transactions are stated net of the amount of goods and services tax (GST).

Revenue from non-exchange transactions

Non-reciprocal revenue such as donations and appropriations is disclosed on the statement of comprehensive revenue and expense after revenue earned from the provision of goods and/or services.

Revenue from contributions are recognised at fair value when the entity obtains control of the contribution.

Revenue from donations is recognised upon receipt.

(l) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(m) Significant management judgment in applying policies

The board of management of Longburn Adventist College evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and based on current trends and economic data, obtained both externally and within.

Estimated uncertainty

Impairment

The entity assessed impairment at each reporting date by evaluating conditions specific to the entity that may be indicative of impairment triggers.

At each reporting date, the entity reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive revenue and expense.

Longburn Adventist College

Notes to the Financial Statements

For the Year Ended 30 June 2021

3 Accounting policies

(m) Significant management judgment in applying policies

Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

Where it is not possible to estimate the recoverable amount of an individual asset, the College estimates the recoverable amount of the cash-generating unit to which the asset belongs or the depreciable replacement cost thereof. For assets where value in use is based on depreciated replacement cost:- Assets and/or cash generating units are assessed in accordance the requirements of PBE IPSAS 17 *Property, Plant and Equipment* and for their already consumed or expired future economic benefits.

Inventories

The entity have measured food stuff inventories at the lower of cost and net realisable value.

Provision for impairment of receivables

In making provision for impairment of receivables, the entity reviews all receivables on a case by case basis to determine recoverability.

4 Tax

The entity has been granted exemption from paying income tax.

5 Boarding income

	2021	2020
	\$	\$
Cafeteria	202,628	179,694
Conference/seminar accommodation	-	23,737
Residential revenue	283,809	283,267
	<u>486,437</u>	<u>486,698</u>

Longburn Adventist College

Notes to the Financial Statements

For the Year Ended 30 June 2021

6 Other revenue from exchange transaction

	2021	2020
	\$	\$
Home stay	57,909	26,863
Uniform revenue	2,781	2,068
Farming revenue	21,000	21,000
Other revenue	95,205	59,697
Gain on disposal of assets	-	1,023
	<u>176,895</u>	<u>110,651</u>

7 Appropriations

	2021	2020
	\$	\$
Base		
New Zealand Pacific Union Conference	<u>50,000</u>	<u>50,000</u>
Other		
Distribution from Cash Management Facility	-	1,885
Interest income	-	14,691
Grant income	-	64,608
	<u>50,000</u>	<u>131,184</u>

8 Administrative expenses

	2021	2020
	\$	\$
Wages & allowances	58,120	64,595
Other staff related expenses	-	6,083
Occupancy expense	81,680	114,809
Campus	7,219	6,570
Chaplaincy	2,400	-
Farming	65,627	47,479
Marketing expense	41,711	88,090

Longburn Adventist College

Notes to the Financial Statements

For the Year Ended 30 June 2021

8 Administrative expenses

Service	11,887	16,766
Vehicle	18,601	22,076
Reversal - impairment loss on non-financial assets	195,047	163,450
	<u>482,292</u>	<u>529,918</u>

9 Boarding expenses

	2021	2020
	\$	\$
Wages and allowances	164,037	152,630
Other staff related expenses	-	1,965
Cafeteria	177,561	167,165
Cleaning	15,481	6,472
Light and Heating	11,171	13,568
Mileage	29,117	29,809
Repairs & Maintenance	19,424	22,001
Rubbish Removal	4,272	4,175
Social Activities	4,688	2,628
Stationery	466	125
Telephone	3,717	4,357
Transportation	4,232	13,102
Water System	1,804	1,958
	<u>435,970</u>	<u>419,955</u>

10 Industries/Ancillary activities

	2021	2020
	\$	\$
Uniform purchases	1,598	693
Tuckshop	193	5,267
Catering expenses	3,788	16,665
	<u>5,579</u>	<u>22,625</u>

Longburn Adventist College

Notes to the Financial Statements

For the Year Ended 30 June 2021

11 Other information relevant to operating activities

	2021	2020
	\$	\$
Net gains on disposal of property, plant and equipment	-	1,023
	<u>-</u>	<u>1,023</u>

	2021	2020
	\$	\$
Depreciation of property plant and equipment	<u>131,657</u>	<u>132,196</u>
Auditors' remuneration		
Deloitte	368	472
Other auditors	<u>11,753</u>	<u>9,951</u>
	<u>12,121</u>	<u>10,423</u>

12 Cash and cash equivalents

	2021	2020
	\$	\$
Cash on hand	174	4,040
Cash at bank	395,982	336,471
Cash Management Facility call deposits	(a) <u>99,376</u>	<u>98,267</u>
	<u>495,532</u>	<u>438,778</u>

(a) Cash Management Facility

In order to ensure that denominational funds in hand are always fully utilised, the South Pacific Division of the Seventh-day Adventist Church has established Division CCMF Limited to provide facilities for their pooling. Funds deposited in the Cash Management Facility operated by that company are unsecured but are available at call. Distributions, paid quarterly to participating denominational entities, are disclosed together with other appropriations received by the entity.

Longburn Adventist College

Notes to the Financial Statements

For the Year Ended 30 June 2021

12 Cash and cash equivalents

(b) Reconciliation of cash

	2021	2020
	\$	\$
Cash at the end of the financial year as shown in the cash flow statement is reconciled to items in the balance sheet as follows:		
Cash and cash equivalents	495,532	438,778
	<u>495,532</u>	<u>438,778</u>

13 Trade and other receivables

Current

	2021	2020
	\$	\$
Receivables from exchange transactions		
Students	83,406	137,795
Other receivables	5,017	116,434
Provision for impairment - trade and other receivables	(74,478)	(69,881)
Total receivables from exchange transactions	<u>13,945</u>	<u>184,348</u>
Receivables from non-exchange transaction		
Denominational entities	342,424	291,257
Employees	-	865
Other related parties	150,000	100,000
Total receivables from non-exchange transactions	<u>492,424</u>	<u>392,122</u>
	<u>506,369</u>	<u>576,470</u>

All amounts are considered short term and at fair value.

Longburn Adventist College

Notes to the Financial Statements

For the Year Ended 30 June 2021

13 Trade and other receivables

Non-current

	2021	2020
	\$	\$
Receivables from exchange transaction		
Loans to other related parties	<u>198,115</u>	<u>348,115</u>

Provision for impairment of receivables from exchange transactions

Movement in the provision for impairment of receivables from exchange transactions is as follows:

	2021
	\$
Balance at the beginning of the period	69,881
Increase / (decrease) in provision	<u>-</u>
Balance at the end of the period	<u><u>69,881</u></u>

All of the entity's trade and other receivables have been reviewed for indicators of impairment. Certain receivables were found to be impaired and an allowance for credit losses of \$69,881 have been recorded accordingly within other expenses.

14 Inventories

	2021	2020
	\$	\$
At Cost		
Raw materials and stores	<u>4,958</u>	<u>4,958</u>
	<u><u>4,958</u></u>	<u><u>4,958</u></u>

15 Other financial assets

	2021	2020
	\$	\$
Current		
LAC Scholarship Trust - term deposit	<u>393,162</u>	<u>383,171</u>

Longburn Adventist College

Notes to the Financial Statements

For the Year Ended 30 June 2021

15 Other financial assets

2021	2020
\$	\$
<u>393,162</u>	<u>383,171</u>

During the financial year the term deposits relating to the LAC Scholarship Trust have been reclassified from cash and cash equivalents to financial assets as their terms exceed 3 months. The prior period has also been amended.

16 Property plant and equipment

Land and Buildings used by the entity are owned by Seventh-day Adventist Church Property Trustee (New Zealand) Limited on behalf of the New Zealand Pacific Union Conference of the Seventh-day Adventist Church. That company, at the request of the New Zealand Pacific Union Conference, has permitted Longburn Adventist College to use the property.

	2021	2020
	\$	\$
Freehold land		
At cost	<u>358,361</u>	358,361
Total freehold land	<u>358,361</u>	358,361
Buildings		
At cost	7,617,689	7,617,689
Accumulated depreciation	<u>(6,256,436)</u>	(6,177,382)
Total buildings	<u>1,361,253</u>	1,440,307
Plant and equipment		
At Cost	821,656	815,765
Accumulated Depreciation	<u>(609,755)</u>	(559,387)
Total plant and equipment	<u>211,901</u>	256,378
Land improvements		
At Cost	123,241	123,241
Accumulated Depreciation	<u>(121,380)</u>	(119,145)
Total land improvements	<u>1,861</u>	4,096
Total property, plant and equipment	<u>1,933,376</u>	<u>2,059,142</u>

Longburn Adventist College

Notes to the Financial Statements
For the Year Ended 30 June 2021

16 Property plant and equipment

Movements in carrying amounts

	Land \$	Buildings \$	Plant and Equipment \$	Improvements \$	Total \$
Balance at 1 July 2020	358,361	7,617,689	815,765	123,241	8,915,056
Additions	-	-	5,891	-	5,891
Balance at 30 June 2021	358,361	7,617,689	821,656	123,241	8,920,947
Depreciation and Impairment losses					
Balance at 1 July 2020	-	(6,177,382)	(559,387)	(119,145)	(6,855,914)
Additions	-	(79,054)	(50,368)	(2,235)	(131,657)
Balance at 30 June 2021	-	(6,256,436)	(609,755)	(121,380)	(6,987,571)
Carrying amount	358,361	1,361,253	211,901	1,861	1,933,376

Longburn Adventist College

Notes to the Financial Statements

For the Year Ended 30 June 2021

17 Intangible assets

Intellectual property used by the entity is owned by Australasian Conference Association Limited as trustee for the South Pacific Division of the Seventh-day Adventist Church. While intellectual property contained in intangible assets is owned by Australasian Conference Association Limited, intangible assets such as business/trading names and computer software are held in the names of the various entities in the entity.

18 Trade and other payables

Current

	2021	2020
	\$	\$
Unsecured liabilities		
Denominational entities	17	-
Students	4,181	176,198
Employees	4,170	6,580
Other payables	109,354	103,306
Accrued expense	-	40,868
	<u>117,722</u>	<u>326,952</u>

All amounts are considered short term and at fair value.

19 Financial liabilities

	2021	2020
	\$	\$
Current		
Denominational loans	<u>28,000</u>	<u>50,000</u>
Total current financial liabilities	<u>28,000</u>	<u>50,000</u>

	2021	2020
	\$	\$
Non Current		
Denominational loans	<u>-</u>	<u>28,000</u>
Total non-current financial liabilities	<u>-</u>	<u>28,000</u>

Longburn Adventist College

Notes to the Financial Statements

For the Year Ended 30 June 2021

20 Provisions

	2021	2020
	\$	\$
Current		
Employee benefits	73,898	123,100
	<u>73,898</u>	<u>123,100</u>

Movements in carrying amounts

	Employee entitlements	Total
	\$	\$
Balance at 1 July 2020	123,100	123,100
Provisions made during the year	(49,202)	(49,202)
Balance at 30 June 2021	<u>73,898</u>	<u>73,898</u>

Provision for employee entitlements

A provision has been recognised for employee entitlements relating to personal annual and long service leave for employees. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based upon historical data.

The provision has also recognised an amount of -\$5,068 employee entitlement to annual leave that has been taken in this year.

The measurement and recognition criteria for employee benefits has been included in note 3.

21 Reserves

(a) Scholarship reserve

The scholarship reserve records funds set aside for the provision of scholarships to students.

(b) Depreciation reserve

The depreciation reserve records funds to be used for the future purchase of plant and equipment.

Longburn Adventist College

Notes to the Financial Statements

For the Year Ended 30 June 2021

21 Reserves

Movement table

	2021	2020
	\$	\$
Scholarship reserve		
Opening balance	481,705	429,964
Transfers in	7,988	79,991
Transfers out	-	(28,250)
	<u>489,693</u>	<u>481,705</u>
Depreciation reserve		
Opening balance	96,377	8,520
Transfers in	-	87,857
	<u>96,377</u>	<u>96,377</u>
Total	<u><u>586,070</u></u>	<u><u>578,082</u></u>

22 Denominational equity

The concept of ownership is not appropriate as all dispositions received by the entity are to be applied to the charitable purposes set out in their respective constitutions. All such dispositions received have been recorded as revenue regardless of intended use whether stipulated by donor or not.

Consequently equity has been classified as retained earnings rather than as contributed equity and is termed Denominational Equity.

Analysis of denominational equity

	2021	2020
	\$	\$
Other non-tithe funds	<u><u>2,728,892</u></u>	<u><u>2,716,885</u></u>

Capital management

When managing capital, management's objective is to ensure the entity continue as a going concern. Management also aims to maintain a cost structure that ensures the lowest cost of capital available to the entity.

Longburn Adventist College

Notes to the Financial Statements

For the Year Ended 30 June 2021

22 Denominational equity

Capital management

Management are constantly adjusting capital structure to take advantage of favourable costs of capital or return on assets.

Management also monitors working capital and liquidity in accordance with the recommendations as outlined in the South Pacific Division Working Policy FIN.10.10 *Working Capital* to ensure working capital is maintained to required levels as set out in policy. Liquidity is also monitored and is required to be maintained at a level at least equivalent to the sum of liabilities, reserves and allocated equity.

When the available working capital is less than 100% of the recommendation and/or the liquid assets on hand are inadequate to cover current liabilities and allocated funds, the entity will make provision for covering such deficiencies in ensuing years in accordance with South Pacific Division Working Policy FIN.10.50 *Financial Control*.

The entity have no other externally imposed capital management requirements.

There were no changes in the entity' approach to capital management during the year.

Analysis of working capital and comparative liquidity

	2021	2020
	\$	\$
Working capital		
Current assets	1,403,091	1,415,762
Current liabilities	<u>219,620</u>	<u>500,052</u>
Actual working capital	1,183,471	915,710
Recommended working capital 20% of net expenditure		
Total expenditure	2021 \$923,843	2020 \$972,503
Allowable deductions	-	-
Reserves	586,071	578,082
Non-current provisions	-	-
Recommended minimum working capital	770,840	772,583
Surplus/(shortfall of) minimum recommended	<u>412,631</u>	<u>143,127</u>
<i>Actual as percentage of recommended minimum</i>	153.53 %	118.53 %

Longburn Adventist College

Notes to the Financial Statements

For the Year Ended 30 June 2021

22 Denominational equity

Analysis of working capital and comparative liquidity

Liquid assets

Cash & cash equivalents	495,532	438,778
Investments	393,161	383,171
Receivable from parent organisation	-	-
Total Liquid assets	888,693	821,949

Less commitments

Current Liabilities	219,620	500,052
Reserves	586,071	578,082
Non-current provisions	-	-
Total commitments	805,691	1,078,134
Liquid assets over/(under) commitments	83,002	(256,185)

Total liquid assets to current liabilities 404.65 % 164.37 %

Total liquid assets to commitments 110.30 % 76.24 %

* Recommended Days of Uncommitted Cash	30	30
Days of Uncommitted Cash available for going concern operations	33	(96)

23 Categories of financial assets and liabilities

The carrying amounts of financial instruments presented in the Statement of Financial Position relate to the following categories of assets and liabilities:

Longburn Adventist College

Notes to the Financial Statements

For the Year Ended 30 June 2021

23 Categories of financial assets and liabilities

	2021	2020
	\$	\$
Financial assets		
Loans and receivables		
Cash and cash equivalent	495,532	438,778
Other financial assets	398,162	383,171
	<u>893,694</u>	<u>821,949</u>
Financial liabilities		
At amortised cost		
Trade and other creditors	-	464,563
Employee entitlement	78,460	123,100
Financial liabilities	28,000	78,000
	<u>106,460</u>	<u>665,663</u>

24 Related party transactions

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Associated companies

The total charitable grants received and paid to associated companies during the year are as follows:

	2021	2020
	\$	\$
Denominational entities	50,000	50,000
	<u>50,000</u>	<u>50,000</u>

The total accounts and loans receivable and payable to associated entities and related parties during the year are as follows:

		2021	2020
	Note	\$	\$
Loans to denominational entities current	13	348,115	448,115
Loans from denominational entities	19	(28,000)	(78,000)
		<u>320,115</u>	<u>370,115</u>

Longburn Adventist College

Notes to the Financial Statements

For the Year Ended 30 June 2021

24 Related party transactions

Key Management Personnel

No remuneration was paid by the College to the KMP.

25 Financing facilities

Financing facilities which are available as at balance date:

	2021	2020
	\$	\$
Bank loan facilities		
Total arrangement	-	100,000
Used as at the end of the financial year	-	-
Unused as at the end of the financial year	<u>-</u>	<u>100,000</u>

26 Cash Flow Information

Reconciliation of cash flow from operations with surplus/(deficit) after income tax

	2021	2020
	\$	\$
Net surplus(deficit) after income tax	19,995	(17,896)
Non-cash flows in surplus/(deficit)		
Depreciation	131,657	132,197
Net (gain)/loss on disposal of property, plant and equipment	-	(1,023)
Unrealised (gains)/losses on investments	(9,990)	(12,599)
Changes in assets and liabilities		
(Increase)/decrease in trade and term receivables	220,100	228,141
(Increase)/decrease in prepayments	9,314	(9,078)
(Increase)/decrease in inventories	-	985
Increase/(decrease) in trade payables and accruals	(209,229)	(99,322)
Increase/(decrease) in provisions	(49,202)	(5,068)
Cash flows from operating activities	<u>112,645</u>	<u>216,337</u>

27 Events after the reporting date

No other events have taken place which will have a material effect on this financial report.

Longburn Adventist College

Notes to the Financial Statements

For the Year Ended 30 June 2021

28 Entity details

The College office is located at:

100 Walkers Road, Longburn

Longburn Adventist College

Board of Governors' Declaration

The members of the Board of Governors have determined that the entity is a reporting entity as defined by PBE IPSAS 6 and that this general purpose financial report should be prepared in accordance with the requirements of the Public Benefit Entity Financial Accounting framework, the Financial Reporting Act 2013, the South Pacific Division Accounting Methods Committee, and the accounting policies described in note 3 to the financial statements.

The members of the Board of Governors declare that:

1. The financial statements and notes, as set out on pages 1 to 26:

- (a) comply with Accounting Standards to the extent described in note 3 to the financial statements; and
- (b) give a true and fair view of the financial position as at 30 June 2021 and of its performance for the year ended on that date in accordance with the accounting policies described in note 3 to the financial statements.

2. In the Board of Governors' opinion, there are reasonable grounds to believe that:

- (a) the entity will be able to pay its debts as and when they become due and payable.; and
- (b) the value of the entity's assets is greater than the value of its liabilities including contingent liabilities.

This declaration is made in accordance with a resolution of the Board of Governors.

Authorised signatory 

Dated 14 - 12 - 2021

Longburn Adventist College

Independent Auditor's Report To the Stockholder Longburn Adventist College and Controlled Entities

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2021, there have been:

- (i) no contraventions of the auditor independence requirements as set out in the act in relation to the audit;
and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

[Enter place of signing]