

**VERDALA INTERNATIONAL SCHOOL  
FOUNDATION**

**Annual Report and Financial Statements**

**31 August 2021**

**VERDALA INTERNATIONAL SCHOOL FOUNDATION**  
**Annual Financial Statements for the year ended 31 August 2021**

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**VERDALA INTERNATIONAL SCHOOL FOUNDATION**  
**Annual Financial Statements for the year ended 31 August 2021**

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**GENERAL INFORMATION**

**BOARD MEMBERS**

The members of the Board of Directors of the school during the year were:

**Chairperson of the Board**

Mr. Stephen Crichton (Interim Non-Voting Chairman) - appointed June 2020

Mr. David Nyheim – (appointed December 2020)

**Representing Parents**

Mr. Benjamin Brown (appointed January 2021)

Ms. Laura Keurhorst (appointed April 2021)

Mr. Nick Borg (appointed September 2021)

Ms. Clare Sheasby (resigned December 2020)

Mr. Ian Howard (resigned June 2021)

Mr. Willem Steenkamer (resigned March 2021)

**Representing Staff**

Ms. Corinne Borg

Mr. Daniel Shrewsbury (appointed September 2021)

Mr. Stephen Crichton (resigned June 2021)

**Representing American Embassy**

Mr. Mark Patanella

**Representing the Education Ministry**

Mr. Gaetano Bugeja (resigned Nov 2020)

Ms. Josianne Ghirxi (appointed Nov 2020, resigned May 2021)

Mr. Anthony Sammut (June 2021)

**HEAD OF SCHOOL**

Ms. Totty Aris (non-voting)

**REGISTERED ADDRESS**

Verdala International School Foundation  
Fort Pembroke  
Pembroke PBK 1641  
Malta

**BANKERS**

HSBC Bank Malta plc  
32, Merchants Street,  
Valletta VLT 1116  
Malta

Lombard Bank Malta plc  
67, Republic Street  
Valletta VLT 1173  
Malta

Bank of Valetta plc  
Racecourse Street  
Marsa  
Malta

**AUDITOR**

Ernst & Young Malta Limited  
Regional Business Centre  
Achille Ferris Street  
Msida MSD 1751  
Malta

**VERDALA INTERNATIONAL SCHOOL FOUNDATION**  
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**BOARD OF DIRECTORS' REPORT**

The members of the Board of Directors submit their annual report, together with the audited accounts of the School for the year ended 31 August 2021.

**Principal activities**

The principal activities of the school are to establish, maintain, carry on and support an American International School for the education of children.

**Performance review**

During the year ended 31 August 2021, there has been an increase in school income of EUR528,301 (2020: decrease of EUR314,148) and an increase in operating expenditure of EUR539,955 (2020: EUR148,521). So that the operating deficit for the year amounted to EUR53,095 (2020: EUR51,541).

**Post balance sheet events**

There are no events that occurred after the reporting period that need to be disclosed in the financial statements.

**Future developments**

The directors do not see any changes in the School's activities in the foreseeable future.

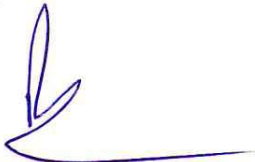
**Directors**

The Directors of the School who held office during the years are set out on page 2.

**Auditor**

Ernst & Young Malta Limited have signified their willingness to continue in office.

By Order of the Board



**MR. BENJAMIN BROWN**  
Board Member



**MS. TOTTY ARIS**  
Head of School

18 March 2022



Ernst & Young Malta Limited  
Regional Business Centre  
Achille Ferris Street  
Msida MSD 1751, Malta

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## **INDEPENDENT AUDITOR'S REPORT**

### to the members of Verdala International School Foundation

#### **Report on the audit of the financial statements**

##### **Opinion**

We have audited the financial statements of Verdala International School Foundation (the "Foundation"), set on pages 7 to 16, which comprise the balance sheet as at 31 August 2021, the Income statement and the cash flow statement for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Foundation as at 31 August 2021, and of its financial performance and its cash flows for the year then ended in accordance with the Accountancy Profession (General Accounting Principles for Small and Medium-sized entities) Regulations, 2015 and Schedule accompanying and forming an integral part of those regulations ("GAPSME").

##### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Foundation in accordance with the *International Code of Ethics for Professional Accountants (including International Independence Standards) as issued by the International Ethics Standards Board of Accountants (IESBA Code)* together with the ethical requirements that are relevant to our audit of the financial statements in accordance with the *Accountancy Profession (Code of Ethics for Warrant Holders) Directive issued in terms of the Accountancy Profession Act, Cap. 281 of the Laws of Malta*, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### **Other information**

The board members are responsible for the other information. The other information comprises the information included in the Annual Report, other than 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 assurance conclusion thereon .



## **INDEPENDENT AUDITOR'S REPORT**

to the members of Verdala International School Foundation - continued

### **Other information - continued**

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, 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 the work we have performed, 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.

### **Responsibilities of the board members for the financial statements**

The board members are responsible for the preparation and fair presentation of the financial statements in accordance with GAPSME and for such internal control as the board members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the board members are responsible for assessing the Foundation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the board members either intend to liquidate the Foundation or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities 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 conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- 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.



## INDEPENDENT AUDITOR'S REPORT

to the members of Verdala International School Foundation - continued

- 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 Foundation internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board members.
- conclude on the appropriateness of the board members' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Foundation 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 Foundation to cease to continue as a going concern.
- 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 communicate with the board members 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.

*The partner in charge of the audit resulting in this independent auditor's report is Christopher Balzan for and on behalf of*

Ernst & Young Malta Limited  
Certified Public Accountants

18 March 2022

**VERDALA INTERNATIONAL SCHOOL FOUNDATION**  
**Annual Financial Statements for the year ended 31 August 2021**

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**INCOME STATEMENT**  
**for the year ended 31 August 2021**

	Notes	2021 EUR	2020 EUR
School income	3	<b>5,113,765</b>	4,585,464
School expenditure		<b>(5,321,615)</b>	(4,781,660)
<hr/>			
School deficit		<b>(207,850)</b>	(196,196)
Boarding surplus		<b>738</b>	2,000
Other operating income		<b>154,017</b>	142,655
<hr/>			
<b>Operating deficit for the year</b>	4	<b>(53,095)</b>	(51,541)
Other income		<b>51,048</b>	73,583
Interest receivable		<b>219</b>	215
Grant receivable		<b>29,778</b>	40,000
<hr/>			
Surplus for the year before taxation		<b>27,950</b>	62,257
Income tax charge	11	<b>(56,104)</b>	(39,311)
<hr/>			
<b>(Deficit)/surplus for the year after taxation</b>		<b>(28,154)</b>	22,946
<hr/> <hr/>			

*The accounting policies and explanatory notes on pages 10 to 16 form an integral part of the financial statements.*



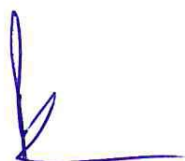
**VERDALA INTERNATIONAL SCHOOL FOUNDATION**  
**Annual Financial Statements for the year ended 31 August 2021**

**BALANCE SHEET**  
**as at 31 August 2021**

	Notes	2021 EUR	2020 EUR
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment	6	209,905	270,190
<b>Total non-current assets</b>		<b>209,905</b>	<b>270,190</b>
<b>Current assets</b>			
Debtors	7	1,205,757	1,328,215
Short-term financial assets		27,180	26,961
Cash and cash equivalents	9	3,596,998	4,241,174
<b>Total current assets</b>		<b>4,829,935</b>	<b>5,596,350</b>
<b>Total assets</b>		<b>5,039,840</b>	<b>5,866,540</b>
<b>LIABILITIES</b>			
Creditors - amounts falling due within one year	8	(4,142,680)	(4,969,432)
Taxation payable		(54,854)	(26,648)
<b>Total liabilities</b>		<b>(4,197,534)</b>	<b>(4,996,080)</b>
<b>Total net assets</b>		<b>842,306</b>	<b>870,460</b>
<b>RESERVES</b>			
Accumulated fund	10	842,306	870,460

*The accounting policies and explanatory notes on pages 10 to 16 form an integral part of the financial statements.*

*Approved by the Board of Directors on 18 March 2022 and signed on its behalf by:*



**MR. BENJAMIN BROWN**  
Board Member



**MS. TOTTY ARIS**  
Head of School

**VERDALA INTERNATIONAL SCHOOL FOUNDATION**  
**Annual Financial Statements for the year ended 31 August 2021**

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**CASH FLOW STATEMENT**  
**for the year ended 31 August 2021**

	Note	2021 EUR	2020 EUR
<b>Cash flows (used in)/from operating activities</b>			
Surplus for the year before taxation		27,950	62,257
<i>Adjustments for:</i>			
Depreciation		74,659	71,183
Interest income		(219)	(215)
Bad Debts		-	27,074
Provision for doubtful debts		100,000	-
		<hr/>	<hr/>
<b>Operating surplus before working capital changes</b>		<b>202,390</b>	160,299
Decrease/(Increase) in debtors		22,238	(223,556)
(Decrease)/Increase in creditors		(1,142,830)	1,077,552
		<hr/>	<hr/>
Cash flows (used in)/generated from operations		(918,202)	1,014,295
Income tax paid		(27,898)	(72,571)
		<hr/>	<hr/>
<b>Net cash (used in)/from operating activities</b>		<b>(946,100)</b>	941,724
		<hr/>	<hr/>
<b>Cash flows from investing activities</b>			
Purchase of property and equipment		(127,022)	(134,557)
Capital projects contribution		428,727	416,538
Movement in term deposits		219	217
		<hr/>	<hr/>
<b>Net cash from investing activities</b>		<b>301,924</b>	282,198
		<hr/>	<hr/>
(Decrease)/Increase in cash and cash equivalents		(644,176)	1,223,922
Cash and cash equivalents at 1 September		4,241,174	3,017,252
		<hr/>	<hr/>
<b>Cash and cash equivalents at 31 August</b>	9	<b>3,596,998</b>	4,241,174
		<hr/> <hr/>	<hr/> <hr/>

*The accounting policies and explanatory notes on pages 10 to 16 form an integral part of the financial statements.*

## **NOTES TO THE FINANCIAL STATEMENTS**

### **1. BASIS OF PREPARATION**

#### **1.1 Basis of measurement and statement of compliance**

The financial statements of Verdala International School Foundation (“the School”) have voluntarily been prepared in accordance with the Accountancy Profession (General Accounting Principles for Small and Medium-Sized Entities) Regulations 2015, and the Schedule accompanying and forming an integral part of those Regulations (“GAPSME”). The financial statements have been prepared on the historical cost basis.

#### **1.2 Functional and presentation currency**

The financial statements are presented in EURO, which is the School’s functional and presentation currency.

#### **1.3 Going concern**

As in previous year the School has to operate under the COVID 19 scenario. The Board of Directors decided not to increase fees or this scholastic year in order to avoid additional financial stress on parents. The School managed to maintain the student population as in the previous year. Despite uncertainties brought over by the pandemic, the School’s financial position remained stable. There are no issues with the going concern of the School.

### **2. SIGNIFICANT ACCOUNTING POLICIES**

#### **Property and equipment**

The cost of an item of property and equipment is recognised as an asset when it is probable that the future economic benefits that are associated with the asset will flow to the School and the cost can be measured reliably. Property and equipment are initially measured at cost comprising the purchase price, any costs directly attributable to bringing the assets to a working condition for their intended use, and the initial estimate of costs of dismantling and removing the item and restoring the site on which it is located. Subsequent expenditure is capitalized as part of the cost of property, plant and equipment only if it enhances the economic benefits of an asset in excess of the previously assessed standard of performance, or it replaces or restores a component that has been separately depreciated over its useful life. After initial recognition, property and equipment may be carried under the cost model, that is at cost less any accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated to write off the cost of property and equipment on a straight-line basis over the expected useful lives of the assets concerned. The annual rates used for this purpose, which are consistent with those of the previous year, are:

	%
Leasehold land and buildings	10 - 15
Office furniture and equipment	10 - 33
Motor vehicles	20

The expected useful lives of leasehold land and buildings being depreciated does not exceed the remaining lease term of the leasehold land and buildings. Any capital project contributions received to finance specific projects of a capital nature are deducted from additions upon acquisition and thus not reflected in the carrying amount of these assets.

#### **Receivables**

Trade receivables are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. An estimate for impairment is made when collection of the full amount is no longer probable. Impaired debts are written off as incurred.

**NOTES TO THE FINANCIAL STATEMENTS - continued**

**2. SIGNIFICANT ACCOUNTING POLICIES - continued**

**Payables**

Liabilities for amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the School.

**Impairment**

The School's property and equipment and financial assets are tested for impairment.

*Property and equipment*

The carrying amounts of the School's property and equipment are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized and the carrying amount of the asset is reduced to its recoverable amount. Impairment losses are recognized immediately in profit or loss, unless they relate to an asset which is carried at revalued amount, in which case they are treated as a revaluation decrease to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that asset.

*Financial assets*

A financial asset or a group of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset and that loss event has an impact on the estimated future cash flows of the financial asset or group of financial asset that can be reliably estimated.

**Cash and cash equivalents**

Cash and short-term deposits in the balance sheet comprise cash at banks and short-term deposits. Cash equivalents are short-term investments that are held to meet short-term cash commitments rather than for investment or other purposes.

**Income taxes**

Income tax expense comprises current tax. Income tax expense is recognized in profit or loss except to the extent that the tax arises from a transaction or event which is recognized directly in equity, in which case it is recognized in equity.

Current tax is based on the taxable profit for the year, as determined in accordance with tax laws, and measured using tax rates, which have been enacted or substantively enacted by the balance sheet date.

**Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to School and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

*Interest income*

Revenue is recognised as interest accrues.

**VERDALA INTERNATIONAL SCHOOL FOUNDATION**  
**Annual Financial Statements for the year ended 31 August 2021**

**NOTES TO THE FINANCIAL STATEMENTS - continued**

**2. SIGNIFICANT ACCOUNTING POLICIES - continued**

**Revenue recognition - continued**

*Rendering of services*

Revenue is recognised on the performance of the service.

*Grants*

The Foundation receives grants from the US Department of State to finance the current expenditure to run the School. These grants are credited to the profit and loss account to match to the operating expenses to which it relates.

**Expenditure recognition**

Expenditure is accounted for on the accruals basis.

**Employee benefits**

The School contributes towards the state pension in accordance with local legislation. The only obligation of the School is to make the required contributions. Costs are expenses in the year in which they are incurred.

**3. INCOME**

	<b>2021</b>	2020
	<b>EUR</b>	EUR
Tuition income (i)	<b>4,491,365</b>	3,914,511
Registration fees	<b>622,400</b>	670,953
	<b>5,113,765</b>	4,585,464

(i) During financial year 31 August 2020, tuition Fees are stated net of COVID-19 rebates granted to parents for the proportion of the scholastic year whereby tuition was provided by use of virtual means. Total rebates for scholastic year 2019/2020 amounted to EUR502,588 and were credited to parents' accounts or refunded accordingly. No COVID-19 rebates were granted during the current financial year.

**4. OPERATING (DEFICIT)/SURPLUS**

	<b>2021</b>	2020
	<b>EUR</b>	EUR
The operating deficit is stated after charging:		
- Audit fee	<b>8,000</b>	7,000
- Depreciation	<b>74,657</b>	71,183
- Provision for doubtful debts	<b>100,000</b>	-
- Staff costs (Note 5)	<b>3,977,473</b>	3,451,243

**VERDALA INTERNATIONAL SCHOOL FOUNDATION**  
**Annual Financial Statements for the year ended 31 August 2021**

**NOTES TO THE FINANCIAL STATEMENTS – continued**

**5. STAFF COSTS**

	<b>2021</b>	2020
	<b>EUR</b>	EUR
<i>Staff costs during the year are analysed as follows:</i>		
Wages and salaries	<b>3,721,813</b>	3,595,776
- Social Security contributions	<b>258,494</b>	252,645
- Maternity fund (refund)/expense	<b>(2,834)</b>	6,875
- COVID-19 Wage Supplement (ii)	-	(404,053)
	<b>3,977,473</b>	3,451,243

- (i) The average number of persons employed by the School during the year was at 122 (2020: 119).
- (ii) COVID-19 Wage supplements represent a reimbursement of school's staff salaries and wages which are refunded by the Government of Malta following an agreement reached between the Government and Private schools, conditional to a 35% refund on tuition fees being granted to parents as disclosed in note 3. This supplement covers the period March to August 2020. No COVID-19 wage supplement received during financial year 31 August 2021.

**6. PROPERTY AND EQUIPMENT**

	<b>Leasehold land and buildings EUR</b>	<b>Office furniture and equipment EUR</b>	<b>Motor vehicles EUR</b>	<b>Total EUR</b>
<b>Cost</b>				
At 1 September 2019	735,674	1,538,583	74,948	2,349,205
Additions	-	134,557	-	134,557
Capital projects contribution (i)	-	(88,440)	-	(88,440)
<b>At 1 September 2020</b>	<b>735,674</b>	<b>1,584,700</b>	<b>74,948</b>	<b>2,395,322</b>
Additions	-	114,314	12,708	127,022
Capital projects contribution (i)	-	(112,650)	-	(112,650)
<b>At 31 August 2021</b>	<b>735,674</b>	<b>1,586,364</b>	<b>87,656</b>	<b>2,409,694</b>
<b>Depreciation</b>				
At 1 September 2019	510,818	1,468,183	74,948	2,053,949
Charge for the year	38,609	32,574	-	71,183
At 31 August 2020	549,427	1,500,757	74,948	2,125,132
Charge for the year	38,609	33,506	2,542	74,657
<b>At 31 August 2021</b>	<b>588,036</b>	<b>1,534,263</b>	<b>77,490</b>	<b>2,199,789</b>
<b>Net book value:</b>				
<b>At 31 August 2021</b>	<b>147,638</b>	<b>52,101</b>	<b>10,166</b>	<b>209,905</b>
At 31 August 2020	186,247	83,943	-	270,190

**VERDALA INTERNATIONAL SCHOOL FOUNDATION**  
**Annual Financial Statements for the year ended 31 August 2021**

**NOTES TO THE FINANCIAL STATEMENTS – continued**

**6. PROPERTY AND EQUIPMENT - continued**

- (i) A capital projects contribution is requested from each student to finance specific projects of a capital nature. As of the financial year ended 31 August 2021, this contribution is being deducted from the property and equipment additions upon acquisition and are thus reflected in arriving at the carrying amounts of these assets, rather than recognised as income. This contribution is recognized in the profit or loss over the life of the depreciable assets as a reduced depreciation expense. Up to 31 August 2021, the accumulated cost of property and equipment financed through capital contributions stood at EUR2,131,832 (2020: EUR2,019,177). Had these assets been depreciated over their useful life, the net book value of these assets as of 31 August 2021 would have been EUR573,590 (2020: EUR743,752).

**7. DEBTORS**

	2021 EUR	2020 EUR
<b>Amounts falling due within one year:</b>		
Debtors	582,602	675,194
Other debtors (i)	544,564	580,727
Prepayments	78,591	72,294
	<b>1,205,757</b>	<b>1,328,215</b>

- (i) Other debtors represent amounts due from the Government of Malta in relation to LSE refund and COVID-19 wage supplement. The amounts are stated net of provision for doubtful debts amounting to EUR100,000 (2020: EUR Nil).

**8. CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2021 EUR	2020 EUR
Creditors	296,362	570,816
Prepaid school fees and contributions	3,162,727	3,243,391
Accruals and other creditors (i)	44,144	827,127
Deferred capital projects contributions	639,447	328,098
	<b>4,142,680</b>	<b>4,969,432</b>

- (i) An amount of EUR14,403 (2020: EUR25,701), is held in custody in relation to the refugee fund is included in accruals and other creditors.

**9. CASH AND CASH EQUIVALENTS**

Analysis of the balances of cash and cash equivalents as shown in the balance sheet:

	2021 EUR	2020 EUR
Cash in bank (i)	3,587,302	4,227,074
Cash in hand	9,696	14,100
	<b>3,596,998</b>	<b>4,241,174</b>

**VERDALA INTERNATIONAL SCHOOL FOUNDATION**  
**Annual Financial Statements for the year ended 31 August 2021**

**NOTES TO THE FINANCIAL STATEMENTS – continued**

**9. CASH AND CASH EQUIVALENTS - continued**

- (ii) An amount of EUR14,403 (2020: EUR25,701) in relation to the refugee fund is held in custody in one of the School's bank accounts.

The School has an amount of EUR6,900 (2020: EUR5,300) held as guarantee with the bank due to restoration works still in progress as at reporting date. Furthermore, the School has pledged amount of EUR10,000 with the bank.

**10. ACCUMULATED FUND**

	2021 EUR	2020 EUR
Balance at 1 September	870,460	847,514
(Deficit)/Surplus for the year	(28,154)	22,946
<b>Balance at 31 August</b>	<b>842,306</b>	<b>870,460</b>

**11. INCOME TAX EXPENSE**

The taxation on the school's surplus before tax differs from the theoretical amount that would arise using the basic tax rate as follows:

	2021 EUR	2020 EUR
Surplus for the year	27,950	62,257
Tax on surplus at 35%	(9,783)	21,790
<i>Tax effect of:</i>		
Expenses not allowed for tax purposes	35,443	508
Income taxed at reduced rates of tax	(1,058)	(1,058)
Differences between tax base and carrying amounts of property, plant and equipment	10,686	5,408
Under provision of prior period tax charge	1,250	12,663
<b>Income tax expense</b>	<b>56,104</b>	<b>39,311</b>

**12. RELATED PARTY DISCLOSURES**

*Transactions with related parties*

During the year ended 31 August 2021, salaries and fees paid to key management personnel amounting to EUR147,766 (2020: EUR181,757).



**NOTES TO THE FINANCIAL STATEMENTS – continued**

**13. POST BALANCE SHEET EVENTS**

In February 2022, following the military conflict between Russia and Ukraine, certain countries announced new packages of sanctions against the public debt of the Russian Federation and a number of Russian banks, as well as personal sanctions against a number of individuals.

The School regards these events as non-adjusting events after the reporting period. The School only has a small number of students from these countries and currently the board of Directors is analysing the possible impacts emanating from these events. However, it is not anticipated that these events will have any significant impact on the School's operations. The board of Directors will continue monitoring the situation as it progresses.

**VERDALA INTERNATIONAL SCHOOL FOUNDATION**  
**Annual Financial Statements for the year ended 31 August 2021**

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**INCOME AND EXPENDITURE SCHEDULES**  
**FOR THE YEAR ENDED 31 August 2021**

	<b>SCHEDULES</b>
School income and expenditure account	I
Boarding income and expenditure account	II

**VERDALA INTERNATIONAL SCHOOL FOUNDATION**  
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**SCHOOL INCOME AND EXPENDITURE ACCOUNT**  
**for the year ended 31 August 2021**

	<b>SCHEDULE I</b>	
	<b>2021</b>	<b>2020</b>
	<b>EUR</b>	<b>EUR</b>
<b>Income</b>		
Tuition income	4,491,365	3,914,511
Registration fees	622,400	670,953
	<b>5,113,765</b>	<b>4,585,464</b>
<b>Expenditure</b>		
Advertising and student recruitment	9,283	5,216
Audit fee	8,000	7,000
Bank charges	21,406	11,088
Cleaning services	86,005	70,725
Depreciation	74,657	71,183
Drama and art services	9,000	14,033
Graduation expenses	8,741	988
Insurance	59,757	59,446
Exam fees	30,367	27,208
Legal and professional fees	59,537	66,835
Medical supplies	1,782	6,905
Membership and accreditation expenses	93,017	3,895
Software licences	59,528	86,522
Postages	-	129
Rent	60,996	62,748
Repairs and maintenance	32,512	44,642
Site upkeep	220,530	341,423
Sports and field trip activities	-	35,649
Staff and programme development	62,979	63,763
Staff recruitment and relocation	94,208	118,352
<i>Staff remuneration:</i>		
- administration	489,935	440,515
- maintenance	157,992	114,994
- instructional	3,332,380	3,292,912
- Maternity fund	-	6,875
- maternity fund refund	(2,834)	-
- COVID-19 wage supplement	-	(404,053)
Teaching supplies and stationery	175,254	138,655
Telecommunications	15,197	12,110
Transport and travelling	30,936	30,918
Water and electricity	19,338	17,357
Bad debts	-	27,074
Provision for doubtful debts	100,000	-
Other expenses	11,112	6,553
	<b>5,321,615</b>	<b>4,781,660</b>
<b>School deficit for the year</b>	<b>(207,850)</b>	<b>(196,196)</b>

**VERDALA INTERNATIONAL SCHOOL FOUNDATION**  
**Annual Financial Statements for the year ended 31 August 2021**

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**BOARDING INCOME AND EXPENDITURE ACCOUNT**  
**for the year ended 31 August 2021**

	<b>SCHEDULE II</b>	
	<b>2021</b>	<b>2020</b>
	<b>EUR</b>	<b>EUR</b>
<b>Income</b>		
Residency programme	<b>6,700</b>	2,000
	<hr/>	<hr/>
<b>Expenditure</b>		
Food services	<b>(627)</b>	-
Residency programme	<b>(5,335)</b>	-
	<hr/>	<hr/>
	<b>(5,962)</b>	-
	<hr/>	<hr/>
<b>Boarding surplus for the year</b>	<b>738</b>	2,000
	<hr/>	<hr/>