

Performance Report

NetNZ Limited

For the year ended 31 December 2018

Prepared by Polson Higgs

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Compilation Report

NetNZ Limited

For the year ended 31 December 2018

Compilation Report to the Directors of NetNZ Limited

Reporting Scope

On the basis of information provided and in accordance with Service Engagement Standard 2 Compilation of Financial Information, we have compiled the financial statements of NetNZ Limited for the year ended 31 December 2018.

These statements have been prepared in accordance with the accounting policies described in the Notes to these financial statements.

Responsibilities

The Directors are solely responsible for the information contained in the financial statements and have determined that the Special Purpose Reporting Framework used is appropriate to meet your needs and for the purpose that the financial statements were prepared.

The financial statements were prepared exclusively for your benefit. We do not accept responsibility to any other person for the contents of the financial statements.

No Audit or Review Engagement Undertaken

Our procedures use accounting expertise to undertake the compilation of the financial statements from information you provided. Our procedures do not include verification or validation procedures. No audit or review engagement has been performed and accordingly no assurance is expressed.

Independence

We have no involvement with NetNZ Limited other than for the preparation of financial statements and management reports and offering advice based on the financial information provided.

Disclaimer

We have compiled these financial statements based on information provided which has not been subject to an audit or review engagement. Accordingly, we do not accept any responsibility for the reliability, accuracy or completeness of the compiled financial information contained in the financial statements. Nor do we accept any liability of any kind whatsoever, including liability by reason of negligence, to any person for losses incurred as a result of placing reliance on these financial statements.



Polson Higgs
Chartered Accountants
Dunedin, New Zealand

Dated: 16 May 2019

Entity Information

NetNZ Limited

For the year ended 31 December 2018

Legal Name of Entity

NetNZ Limited

Entity Type and Legal Basis

Registered Charity and Registered NZ Company

Registration Number and Company Number

CC51498
4383540

Directors

Michael Campbell
William Feasey
Maurice Jackways
Anne Williams
Marina Krijgsman
Stuart Dillon-Roberts

Shareholder

NetNZ Charitable Trust 27 Ordinary Shares

Entity's Mission

To develop an environment for sustained innovation and development of quality, online learning experiences, for anyone, anywhere across New Zealand and beyond

Main Sources of Entity's Cash and Resources

NetNZ's cash and resources come from a combination of:

- Reciprocal service provided by and to members
- Membership subscriptions
- Grants from the Ministry of Education
- Philanthropic donations / Sponsored activities
- Sale of the tuition and mentoring programmes

Entity's Reliance on Volunteers and Donated Goods or Services

The eDean role in member schools is funded by members themselves. Some Board members are not remunerated for their role as Board members.

Postal Address

30 Leckhampton Court
Dunedin 9011

Approval of Financial Report

NetNZ Limited

For the year ended 31 December 2018

The Directors are pleased to present the approved financial report including the historical financial statements of NetNZ Limited for year ended 31 December 2018.

APPROVED

For and on behalf of the Board of Directors.

Director

Date

Director

Date

Statement of Service Performance

NetNZ Limited

For the year ended 31 December 2018

NetNZ's Outcomes for Learners

- Have access to quality online programmes of learning that broaden their local curriculum
- Participate in 'connected' programmes of learning which are engaging, flexible and collaborative, and align with the New Zealand Curriculum
- Are supported by eTeachers and eDeans to grow as learners and to ensure they develop the necessary skills and dispositions to flourish in the online environment
- Participate in an online, networked environment that develops them as digital citizens, willing and able to fully contribute to modern society

NetNZ's Outcomes for members of NetNZ

- Participate in a culture of innovative practice for online learning through NetNZ's activities
- Through participation are able to provide a sustainable, broad and flexible school curriculum that reflects the needs of the modern world
- Are able to extend teaching opportunities for, and professionally develop local teachers by contributing to the NetNZ course mix
- Experience sustained, system-wide support and development to ensure the quality and ongoing improvement of students' online learning experience and practice
- Use open, participatory communication and decision-making for contributing to NetNZ
- NetNZ operates as an economically and socially sustainable organisation
- NetNZ develops revenue generating opportunities in non-traditional markets, for example outside of public education and in overseas markets

Description and Quantification of NetNZ's Outputs

Provision of online resources	2018	2017
Number of full year NetNZ courses/classes	71/66	69/63
Number of non-NetNZ courses accessed (<i>reciprocal exchange</i>)	19	20
Number of NetNZ Scholarship Mentored classes	4	0/7
Number of enrolments in full year NetNZ courses (<i>at 1 March</i>)`	750	799
Number of enrolments in non-NetNZ courses (<i>at 1 March</i>)		
with VLNC clusters (<i>reciprocal exchange</i>)	61	48
with Tertiary course (<i>fee paying</i>)	14	9
Number of enrolments in other NetNZ programmes (<i>Scholarship Mentor 14; Korean exam programme 64; 'Creative Forest' 54</i>)	132*	27
Number of schools receiving full year NetNZ courses		
No. of NetNZ schools (providing & receiving)	43	46
No. of NetNZ schools (receiving only)	13	7
Number of receiving non-NetNZ schools	44	55
Non-school participants (eg Home schoolers)	4	0
Net reciprocity balance(<i>with VLNC clusters at 1 March</i>) (<i>NB the number of VLNC enrolments accepted in NetNZ classes minus the NetNZ enrolments accepted by VLNC clusters</i>)	+25	+42
'Networked schools' indicator: Average number (& <i>range</i>) of additional courses received by each school through NetNZ	7.6 (0 -25)	7.7 (0 -25)

Quality of online courses	2018	2017
<i>NZQA student achievement:</i>		
% of students who did not achieve in a standard they were entered	20	19
% of students who achieved	23	24
% of students who achieved with merit	24	25
% of students who achieved with excellence	33	32
"Student Voice" - <i>student review survey results (43% participation rate):</i>		
- <i>Review Indicators:</i>		
Engagement	88%	87%
Learning	90%	90%
Clarity	84%	79%
Supported	85%	87%
Attrition rate from courses (<i>after 1 March; including students who left school during the school year</i>)	16%	14.1%

Extend the range of relevant learning opportunities	2018	2017
Number of new full year NetNZ courses	7	5
Names of new courses (& <i>courses withdrawn</i>)	L1 Robotics; L3 Drama; L3 Electronics; L2 & L3 Philosophy; L2 Te Reo Maori; 'Creative Forest' (L1 Maori Performing Arts; L1 Robotics)	L1 Robotics; L2 Business Studies; L1 & L2 Drama; L2 Electronics; L3 Agriculture; (Crafting History, L2 Maths)

Certainty of course availability	2018	2017
Number of courses over 19 students <i>(at 1 March)</i>	8	5
	(L1 Korean, L2 Biology, L2 Psychology, L3 Computer Science, L3 Economics, L3 Korean, L3 Physics, L3 Psychology)	(Beginners Korean, L2 Psychology, L2 Computer Science, L3 Economics, L3 Korean)
Average class size <i>(at 1 March)</i>	11.9	12.7
Average number of connecting sites <i>(at 1 March) per class</i>	6.2	6.8

Statement of Financial Performance

NetNZ Limited

For the year ended 31 December 2018

	NOTES	2018	2017
Revenue			
Revenue from providing goods or services	1	647,343	384,508
Interest, dividends and other investment revenue	1	3,046	1,577
Total Revenue		650,388	386,085
Expenses			
Volunteer and employee related costs	2	249,884	251,322
Costs related to providing goods or service	2	253,181	67,039
Other expenses	2	8,691	10,941
Total Expenses		511,757	329,303
Surplus/(Deficit) for the Year		138,631	56,782

This statement has been prepared without conducting an audit or review engagement, and should be read in conjunction with the attached Compilation Report.

Statement of Financial Position

NetNZ Limited

As at 31 December 2018

	NOTES	31 DEC 2018	31 DEC 2017
Assets			
Current Assets			
Cash and Bank	3	304,219	232,017
Trade and Other Receivables	3	20,183	2,760
Total Current Assets		324,403	234,777
Non-Current Assets			
Property, Plant and Equipment	5	8,672	11,953
Total Non-Current Assets		8,672	11,953
Total Assets		333,075	246,730
Liabilities			
Current Liabilities			
Trade and Other Payables	4	11,622	13,818
Income Received in Advance	6	20,000	70,090
Total Current Liabilities		31,622	83,908
Total Liabilities		31,622	83,908
Net Assets		301,453	162,822
Equity			
Share Capital		270	270
Accumulated Funds	7	301,183	162,552
Total Equity		301,453	162,822

For and on behalf of the Board who authorises these

Director Date_____

Director Date_____

Statement of Cash Flows

NetNZ Limited

For the year ended 31 December 2018

	2018	2017
Cash Flows from Operating Activities		
Receipts from providing goods or services	464,853	269,096
GST	(14,354)	15,197
Payments to suppliers and employees	(378,321)	(184,718)
Total Cash Flows from Operating Activities	72,178	99,574
Cash Flows from Investing Activities		
Interest received	3,046	1,570
Payment for property, plant and equipment	(3,022)	-
Total Cash Flows from Investing Activities	24	1,570
Net Cash Flows	72,202	101,144
Cash Balances		
Cash and cash equivalents at beginning of period	232,017	130,874
Cash and cash equivalents at end of period	304,219	232,017
Net change in cash for period	72,202	101,144

Statement of Accounting Policies

NetNZ Limited

For the year ended 31 December 2018

Basis of Preparation

NetNZ Limited has elected to apply PBE SFR-A (NFP) Public Benefit Entity Simple Format Reporting - Accrual (Not-For-Profit) on the basis that it does not have public accountability and has total annual expenses equal to or less than \$2,000,000. All transactions in the Performance Report are reported using the accrual basis of accounting. The Performance Report is prepared under the assumption that the entity will continue to operate in the foreseeable future.

NetNZ Limited is a company incorporated under the Companies Act 1993 and is involved in the business of Education.

NetNZ Limited is registered as a charitable entity with the Charities Commission from 28 March 2015.

Goods and Services Tax (GST)

The entity is registered for GST. All amounts are stated exclusive of goods and services tax (GST) except for accounts payable and accounts receivable which are stated inclusive of GST.

Income Tax

NetNZ Limited is wholly exempt from New Zealand income tax having fully complied with all statutory conditions for these exemptions.

Bank Accounts and Cash

Bank accounts and cash in the Statement of Cash Flows comprise cash balances and bank balances (including short term deposits) with original maturities of 90 days or less.

Changes in Accounting Policies

There have been no changes in accounting policies. Policies have been applied on a consistent basis with those of the previous reporting period.

Notes to the Performance Report

NetNZ Limited

For the year ended 31 December 2018

	2018	2017
1. Analysis of Revenue		
Revenue from providing goods or services		
Korean Language Programme Income	101,248	6,536
Cluster Funds Received	20,090	27,188
Korean Exams Income	13,844	13,000
Partnerships/Sponsorship	-	10,000
Scholarship Mentoring Rural Schools Grant	5,400	9,000
Staffing Income Received	77,400	73,200
Staffing Transfers Received	163,800	114,000
Subscriptions		
Annual Subscription Fees	81,120	50,000
Tuition Sales		
Tuition Sales Revenue	184,440	81,583
Total Revenue from providing goods or services	647,343	384,508
Interest, dividends and other investment revenue		
Interest Income	3,046	1,577
Total Interest, dividends and other investment revenue	3,046	1,577
	2018	2017

2. Analysis of Expenses

Volunteer and employee related costs		
Board and Governance Costs	2,203	2,635
Salaries (Leadership Team)	235,200	239,040
Travel - National	12,481	9,648
Total Volunteer and employee related costs	249,884	251,322
Costs related to providing goods or services		
Advertising/Marketing	-	713
ALLis Classroom Resources	561	2,077
ALLis Other Expenses	-	360
ALLis Staffing Expense	9,727	261
ALLis Teacher Capability Expense	-	2,655
ALLis Travel Expenses	1,961	3,234
Bank Fees	186	74
Computing & Communication	10,821	8,024
eTeacher & eDean PLD	3,877	1,792
Financial Administration	2,878	2,780
General Expenses	1,211	1,708
Kiwisaver (NetNZ contribution)	696	-
Korean Exams Expense	1,943	2,539
Leadership PLD	3,923	1,888

Learning Resources	30	121
NEx expenses	-	9,112
Motor Vehicle Expenses	8,739	6,181
Scholarship Mentoring Tuition Cost	4,920	8,125
Secretarial Services - salaries	8,478	1,175
Special Projects Expense	8,040	-
Stationery & Office Equipment	758	340
Subscriptions & Memberships	2,274	1,199
Salaries (Teachers)	180,352	12,681
Loss on Sale of Assets	1,806	-
Total Costs related to providing goods or services	253,181	67,039

Other expenses

Accounting Fees	5,195	5,595
Depreciation	3,496	5,346
Total Other expenses	8,691	10,941

2018 2017

3. Analysis of Assets**Bank accounts and cash**

Darren's Debit Card	5,255	2,050
Ken's Debit Card	4,999	2,344
NetNZ Limited	43,391	40,095
NetNZ Limited (Call)	250,574	187,529
Total Bank accounts and cash	304,219	232,017

Debtors and prepayments

Accounts Receivable	12,650	2,760
Petty Cash - Chairman	1,000	-
GST	6,533	-
Total Debtors and prepayments	20,183	2,760

2018 2017

4. Analysis of Liabilities**Creditors and accrued expenses**

Accounts Payable	5,105	2,354
PAYE Payable	2,017	55
Sundry Payables	4,500	4,500
GST	-	6,909
Total Creditors and accrued expenses	11,622	13,818

	2018	2017
5. Property, Plant and Equipment		
Motor Vehicles		
Vehicles owned	13,000	23,757
Accumulated depreciation - vehicles owned	(6,768)	(12,048)
Total Motor Vehicles	6,232	11,709
Other Fixed Assets		
Owned fixed assets	7,762	4,740
Accumulated depreciation - fixed assets owned	(5,322)	(4,496)
Total Other Fixed Assets	2,440	244
Total Property, Plant and Equipment	8,672	11,953
	2018	2017

6. Income Received in Advance

Asian Language Programmes	20,000	50,000
Otagonet	-	20,090
Total Income Received in Advance	20,000	70,090

Income Received in Advance

Asian Language Programmes	31-Dec-18	31-Dec-17
Opening Balance	50,000	-
Additions to Income in Advance	-	56,536
Income Realised in Current Year	(30,000)	(6,536)
Closing Balance	20,000	50,000

Income in Advance per the table above represents funds received from ALLis. These funds are to be recognised as services to be provided over a 2 year period.

Otagonet	31-Dec-18	31-Dec-17
Opening Balance	20,089	47,277
Additions to Income in Advance	-	-
Income Realised in Current Year	(20,089)	(27,188)
Closing Balance	-	20,089

**Table represents Otagonet Cluster funds only.*

Income in Advance per the table above represents funds received from OtagoNet (held on behalf by Mt Aspiring College). These funds are to be recognised as services are rendered from 1 September 2013. Services are to be provided over a period of 5 years.

	2018	2017
7. Accumulated Funds		
Accumulated Funds		
Opening Balance	162,552	105,770
Current Year Surplus	138,631	56,782
Total Accumulated Funds	301,183	162,552
Total Accumulated Funds	301,183	162,552

8. Commitments

There are no commitments as at 31 December 2018 - Last year (nil)

9. Contingent Liabilities and Guarantees

There are no contingent liabilities or guarantees as at 31 December 2018 - Last year (nil)

10. Significant Grants and Donations with Conditions not Recorded as a Liability

Funding received was all utilised in the current financial year.

11. Goods or Services Provided to the Entity in Kind

NetNZ has a reciprocal exchange agreement of teaching services with its members. Member schools provide tutors and staffing in return for pupil placements in NetNZ online courses.

12. Events After the Balance Date

There were no events that have occurred after the balance date that would have a material impact on the Performance Report (Last year - nil).

13. Ability to Continue Operating

The entity will continue to operate for the foreseeable future.

Depreciation Schedule

NetNZ Limited
For the year ended 31 December 2018

NAME	RATE	METHOD	PURCHASED	DISPOSED	COST	OPENING VALUE	PURCHASES	DISPOSALS	LOSS	DEPRECIATION	CLOSING ACCUM DEP	CLOSING VALUE
Computer Equipment												
Chromebox Asus	40.00%	SL	15 Jul 2014		1,187	-	-	-	-	-	1,187	-
Chromebox Asus	40.00%	SL	15 Jul 2014		1,187	-	-	-	-	-	1,187	-
Laptop (Emily) serial X510790NZ-XP12	40.00%	SL	27 Dec 2014		1,721	-	-	-	-	-	1,721	-
Laptop Ken Lenovo YOGA Product 80Y7CTO1WSerial No: PF1674JS	33.00%	SL	11 May 2018		3,022	-	3,022	-	-	582	582	2,440
Toshiba Chromebook 2 (Darren)	40.00%	SL	14 Apr 2016		645	244	-	-	-	244	645	-
Total Computer Equipment					7,762	244	3,022	-	-	826	5,322	2,440
Motor Vehicles												
Ford Fiesta FTK996	26.00%	DV	31 Jul 2013	17 Oct 2018	10,757	2,806	-	2,806	1,806	-	-	-
Purchase Hyundai GWF413 i30CRDi	30.00%	DV	19 Dec 2016		13,000	8,903	-	-	-	2,671	6,768	6,232
Total Motor Vehicles					23,757	11,709	-	2,806	1,806	2,671	6,768	6,232
Total					31,519	11,953	3,022	2,806	1,806	3,496	12,090	8,672

These financial statements have been prepared without conducting an audit or review engagement, and should be read in conjunction with the attached Compilation Report.