

Performance Report

NetNZ Limited

For the year ended 31 December 2016

Prepared by Polson Higgs

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Compilation Report

NetNZ Limited

For the year ended 31 December 2016

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 2016.

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

Stephen Higgs is both a Consultant to Polson Higgs and an Advisor to the board of NetNZ Limited.

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: 6 June 2017

Entity Information

NetNZ Limited

For the year ended 31 December 2016

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
Grant Walker
Anne Williams

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

69B Oxford Street
Dunedin 9012

Approval of Financial Report

NetNZ Limited

For the year ended 31 December 2016

The Directors are pleased to present the approved financial report including the historical financial statements of NetNZ Limited for year ended 31 December 2016.

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 2016

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 meet the requirements of 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 courses	2016	2015
<ul style="list-style-type: none"> • Number of full year NetNZ courses/classes • Number of non-NetNZ courses accessed (<i>reciprocal exchange</i>) • Number of NetNZ Scholarship Communities / Mentored classes 	62/56 14 1/11	45/49 21 0/12
<ul style="list-style-type: none"> • Number of enrolments in full year NetNZ courses (<i>at 1 March</i>) • Number of enrolments in non-NetNZ courses (<i>at 1 March</i>) • with VLNC clusters (<i>reciprocal exchange</i>) • with Tertiary course (<i>fee paying</i>) • Number of enrolments in NetNZ Scholarship Mentor courses 	622 37 30 120	511 42 6 122
<ul style="list-style-type: none"> • Number of schools receiving full year NetNZ courses • No. of NetNZ schools (providing & receiving) • No. of NetNZ schools (receiving only) • Number of receiving non-NetNZ schools • Non-school participants (eg Home schoolers) 	37 10 39 1	36 6 24 1
<ul style="list-style-type: none"> • Number of schools receiving full year NetNZ courses • No. of NetNZ schools (providing & receiving) • No. of NetNZ schools (receiving only) • Number of receiving non-NetNZ schools • Non-school participants (eg Home schoolers) 	37 10 39 1	36 6 24 1
<ul style="list-style-type: none"> • Net reciprocity balance(<i>with VLNC clusters at 1 March</i>) <p><i>(NB the number of VLNC enrolments accepted in NetNZ classes minus the NetNZ enrolments accepted by VLNC clusters)</i></p>	+23	+29 <i>(+83 in 2013)</i>
<ul style="list-style-type: none"> • 'Networked schools' indicator: Average number (& range) of additional courses received by each school through NetNZ 	7.1 <i>(0 - 29)</i>	7.4 <i>(0 -18)</i>

Quality of online courses

2016

2015

<ul style="list-style-type: none"> • NZQA student achievement: <ul style="list-style-type: none"> • % of students who did not achieve in a standard they were entered • % of students who achieved • % of students who achieved with merit • % of students who achieved with excellence 	33 23 23 21	<i>Different format in 2015. Does not allow comparison</i>
<ul style="list-style-type: none"> • Student engagement indicators: <ul style="list-style-type: none"> • Student review Indicators <ul style="list-style-type: none"> • Engagement • Learning • Clarity • Supported • Attrition rate from courses (<i>after 1 March</i>) 	88% 93% 81% 86% 18%	<i>Data unavailable</i>

Extend the range of relevant learning opportunities**2016****2015**

<ul style="list-style-type: none"> Number of new full year NetNZ courses 	14	7
<ul style="list-style-type: none"> Names of new courses (& courses withdrawn) 	Beg - L3 Chinese (5); Beg - L3 Korean (5); L2 Accounting; L2 Digital Technology; L2 Economics; L3 French L3 Te Reo Maori (L1 Classics; L1 Media Studies)	Crafting History; L1 Media Studies; L1-3 Perf Music; L2 Maths; L2 Te Reo Maori; L3 Economics; L3 Computer Science & Programming; L3 Photography (L1 Visual Art; L1 Chemistry; L2 Geography; L2 Photography; L3 Agriculture)

Certainty of course availability**2016****2015**

<ul style="list-style-type: none"> Number of courses over 19 students (<i>at 1 March</i>) 	1 (L3 Computer Science)	1 (L2 Psych)
<ul style="list-style-type: none"> Average class size (<i>at 1 March</i>) 	10.0 5.8	10.4 (11.1 in 2014) 5.4
<ul style="list-style-type: none"> Average number of connecting sites (<i>at 1 March</i>) per class 		

Statement of Financial Performance

NetNZ Limited

For the year ended 31 December 2016

	NOTES	2016	2015
Revenue			
Revenue from providing goods or services		370,415	350,429
Interest, dividends and other investment revenue		1,852	3,165
Other revenue		-	2,974
Total Revenue		372,267	356,568
Expenses			
Volunteer and employee related costs		248,402	251,926
Costs related to providing goods or service		44,647	39,459
Other expenses		9,538	16,853
Total Expenses		302,586	308,238
Surplus/(Deficit) for the Year		69,681	48,330

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 2016

	NOTES	31 DEC 2016	31 DEC 2015
Assets			
Current Assets			
Cash and Bank	3	130,874	131,565
Trade and Other Receivables	3	12,022	3,984
Income Tax Receivable		-	2,529
Total Current Assets		142,896	138,078
Non-Current Assets			
Property, Plant and Equipment	5	17,299	10,270
Total Non-Current Assets		17,299	10,270
Total Assets		160,195	148,348
Liabilities			
Current Liabilities			
Trade and Other Payables	4	6,878	7,523
Income in Advance		-	30,000
Income Tax Payable		-	-
Total Current Liabilities		6,878	37,523
Non-Current Liabilities			
Other Non-Current Liabilities	6	47,278	74,465
Total Non-Current Liabilities		47,278	74,465
Total Liabilities		54,155	111,988
Net Assets		106,040	36,359
Equity			
Share Capital		270	270
Accumulated Funds	7	105,770	36,089
Total Equity		106,040	36,359

For and on behalf of the Board who authorises these

_____ Director Date_____

_____ Director Date_____

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

Statement of Cash Flows

NetNZ Limited

For the year ended 31 December 2016

	2016	2015
Cash Flows from Operating Activities		
Receipts from providing goods or services	236,285	207,181
GST	(6,435)	(25,510)
Payments to suppliers and employees	(219,618)	(178,607)
Total Cash Flows from Operating Activities	10,232	3,065
Cash Flows from Investing Activities		
Interest received	1,852	2,637
Proceeds from sales of property, plant and equipment	870	-
Payment for property, plant and equipment	(13,645)	-
Total Cash Flows from Investing Activities	(10,924)	2,637
Net Cash Flows	(691)	5,702
Cash Balances		
Cash and cash equivalents at beginning of period	131,565	125,863
Cash and cash equivalents at end of period	130,874	131,565
Net change in cash for period	(691)	5,702

Statement of Accounting Policies

NetNZ Limited

For the year ended 31 December 2016

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 2016

	2016	2015
1. Analysis of Revenue		
Revenue from providing goods or services		
ALLis Income	26,567	-
ALLis MOE Project Income	9,200	-
Cluster Funds Received	27,188	31,188
MOE Deep Support Project Income	15,600	-
Partnerships/Sponsorship	15,000	14,600
Scholarship Mentoring Course Fees	5,217	6,243
Scholarship Mentoring Rural Schools Grant	14,000	14,000
Staffing Income Received	68,700	64,348
Staffing Transfers Received	93,750	142,350
Subscriptions	53,500	52,500
Tuition Sales	68,260	28,174
Total Revenue from providing goods or services	396,983	353,403
Interest, dividends and other investment revenue		
Interest Income	1,852	3,165
Total Interest, dividends and other investment revenue	1,852	3,165
	2016	2015

2. Analysis of Expenses

Costs related to providing goods or services		
Advertising/Marketing	723	900
ALLis Classroom Resources	7,638	-
ALLis MOE Project Expenses	5,180	-
ALLis Other Expenses	209	-
ALLis Staffing Expense	10,402	-
ALLis Teacher Capability Expense	2,107	-
ALLis Travel Expenses	7,030	-
Bank Fees	104	70
Computing & Communication	4,981	6,050
Cost of Sales	139	-
eTeacher & eDean PLD	1,668	2,556
Financial Administration	3,190	4,350
General Expenses	251	1,888
Leadership PLD	493	1,405
MOE Deep Support Project Expenses	1,749	-
Motor Vehicle Expenses	5,082	5,087
Salaries	238,912	241,247
Scholarship Mentoring Tuition Cost	15,125	15,825
Secretarial Services - salaries	460	-

Stationery & Office Equipment	406	329
Subscriptions & Memberships	1,927	1,000
Travel - International	542	-
Travel - National	5,600	5,484
Total Costs related to providing goods or services	313,917	286,190

Other expenses

Accounting Fees	5,895	12,595
Board and Governance Costs	3,349	5,195
Depreciation	3,395	4,219
IRD Interest Expense (prior years)	198	-
IRD Penalties Paid (prior years)	50	-
Legal Expenses	-	39
Loss on Sale of Assets	2,350	-
Total Other expenses	15,237	22,048

2016 2015

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

Darren's Debit Card	3,316	3,605
Ken's Debit Card	779	1,867
NetNZ Limited	18,316	59,481
NetNZ Limited (Call)	108,462	66,612
Total Bank accounts and cash	130,874	131,565

Debtors and prepayments

Accounts Receivable	3,694	2,300
GST	8,128	1,684
Prepayments	200	-
Total Debtors and prepayments	12,022	3,984

Other current assets

Income Tax Receivable	-	2,529
Total Other current assets	-	2,529

2016 2015

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

Accounts Payable	1,878	443
PAYE Payable	-	1,080
Sundry Payables	5,000	6,000
Total Creditors and accrued expenses	6,878	7,523

Other current liabilities

Income in Advance	-	30,000
Total Other current liabilities	-	30,000

Other non-current liabilities

Income in Advance	47,278	74,465
Total Other non-current liabilities	47,278	74,465

2016 2015

5. Property, Plant and Equipment**Motor Vehicles**

Vehicles owned	23,757	14,757
Accumulated depreciation - vehicles owned	(7,246)	(6,412)
Total Motor Vehicles	16,511	8,345

Other Fixed Assets

Owned fixed assets	4,740	4,095
Accumulated depreciation - fixed assets owned	(3,951)	(2,170)
Total Other Fixed Assets	789	1,925

Total Property, Plant and Equipment	17,299	10,270
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6. Income Received in Advance

Otagonet	31-Dec-16	31-Dec-15
Opening Balance	74,465	101,653
Income Realised in Current Year	(27,188)	(27,188)
Additions to Income in Advance	-	-
Closing Balance	47,277	74,465

* 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.

Total Income received in advance at 31 December 2016 is \$47,277

2016 2015

7. Accumulated Funds**Accumulated Funds**

Opening Balance	36,359	(11,971)
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	2016	2015
Current Year Surplus	69,681	48,330
Total Accumulated Funds	106,040	36,359
Total Accumulated Funds	106,040	36,359

8. Commitments

There are no commitments as at 31 December 2016 (Last year - nil)

9. Contingent Liabilities and Guarantees

There are no contingent liabilities or guarantees as at 31 December 2016 Last year - nil)

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

ALLis funding received was all utilised in the current financial year. Deep Support funding received of \$15,600 has had only \$1,749 expended up to 31 December 2016. The balance is carried over to the next 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 2016

NAME	RATE	METHOD	PURCHASED	DISPOSED	COST	OPENING VALUE	PURCHASES	DISPOSALS	LOSS	DEPRECIATION	CLOSING ACCUM DEP	CLOSING VALUE
Computer Equipment												
Chromebox Asus	40%	SL	15 Jul 2014		1,187	475	-	-	-	475	1,187	-
Chromebox Asus	40%	SL	15 Jul 2014		1,187	475	-	-	-	475	1,187	-
Laptop (Ken) serial X510790NZ-XP12	40%	SL	27 Dec 2014		1,721	975	-	-	-	688	1,434	287
Toshiba Chromebook 2 (Darren)	40%	SL	14 Apr 2016		645	-	645	-	-	143	143	502
Total Computer Equipment					4,740	1,925	645	-	-	1,781	3,951	789
Motor Vehicles												
Ford Fiesta FTK996	26%	DV	31 Jul 2013		10,757	5,125	-	-	-	1,332	6,965	3,792
Purchase Hyundai GWF413 i30CRDi	30%	DV	19 Dec 2016		13,000	-	13,000	-	-	282	282	12,718
Toyota Caldina	26%	SL	1 Apr 2015	19 Dec 2016	4,000	3,220	-	3,220	2,350	-	-	-
Total Motor Vehicles					27,757	8,345	13,000	3,220	2,350	1,614	7,246	16,511
Total					32,497	10,270	13,645	3,220	2,350	3,395	11,198	17,299

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