

FUTURE READY WORLD READY

ANNUAL REPORT | 2015

88% of Māori students

signed to the
Managed Network

**9,834 Educators &
362 Provider
Organisations**

Registered in Pond

Milestones

As at 30th June 2015

**547,571 Students &
32,354 Educators**

connected to the Managed Network

**97% schools
Satisfied or
Very Satisfied**

with N4L

1,830 schools

connected to the
Managed Network

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12,996

total user
contributions
made in Pond

INTRODUCTION

The Network for Learning's (N4L) overarching objective is to help facilitate a continuous improvement in educational outcomes for all New Zealand children, which in turn will contribute to New Zealand's economic performance. N4L is a catalyst for equitable access to technology and the learning opportunities that the use of technology brings for every learner.

N4L delivers significant benefits to educators and their students by enabling consistent, modern, technology-embedded learning opportunities.

The Company is achieving this with the provision of a growing managed technology stack, a collaborative online platform called Pond and other innovative solutions.

N4L has also operated in a financially sustainable manner.

Working with education and technology sector partners, N4L's activities are designed to encourage learners to leverage benefits derived from digital learning.

By ensuring that all young people have access to high quality networks, platforms and services for learning - no matter where they live - N4L creates opportunities for students to make the most of the universe of digital learning opportunities available to them.

N4L is a Crown company incorporated on 2 July 2012. Ownership is held equally between two shareholding Ministers, the Ministers of Finance and Education, with governance by a Crown-appointed Board of Directors.



CHAIR'S REPORT

Kia ora koutou katoa



At the time of writing this report N4L has connected some 633,000+ students to the Managed Network and we will achieve 90% of all schools connected by end of December this year.



In February 2015 the Associate Minister of Education, Hon. Nikki Kaye announced that N4L would connect 90% of schools to the Managed Network by the end of this calendar year, 12 months ahead of schedule. The Minister went on to say "Ultimately, this is about giving young people skills and confidence for the future, where technology will play a huge role in their careers and everyday lives."

N4L has celebrated its third year, and we are proud of the successful rollout of the Managed Network to more than 2,100 schools (1,830 by end of June), and the innovation in online collaboration and content platform services.

N4L's purpose has been to realise the benefits of the Government's investment in ultrafast broadband and to improve educational outcomes by preparing our young people for the future.

In New Zealand we are fortunate to grow up and live in a thriving society with equal opportunity. This society is one which is embedded with technology - almost everywhere we go and everything we do has an element of technology.

By connecting every school in New Zealand to N4L's Managed Network (fast and predictable broadband), regardless of school size, decile, demographic, or physical location, N4L is ensuring that every young person from years 1 to 13 has the opportunity to be educated with technology in a modern, future-ready, environment.

At the time of writing this report, N4L has connected some 633,000+ students (547,000 at the end of June) to the Managed Network and we will achieve 90% of all schools connected by the end of December this year.

Alongside the Managed Network, N4L's Platform Services strategy, initially via Pond, is providing transformative change in education by meeting the needs of 21st century educators and students.

Teachers are using Pond to connect with their peers across the country in new ways, meeting fellow educators who teach similar or speciality subjects, and learning how others apply different classroom approaches to tackle common challenges. They are sharing best practices, learning from their peers, and growing their own knowledge and networks, as well as the strength of the Pond community as a whole.

The combination of Pond's 'bottom up' development approach, design, functionality, highly scalable infrastructure and progressive rollout has resulted in a truly innovative digital solution for New Zealand education.

Key to N4L's success to date is ensuring that we continue to meet our customers' - schools, teachers and students - needs. Our 'love the customer' strategy focuses our team, first and foremost, on keeping

our customers happy. This critical element has been carefully monitored and will always be our primary priority. As the technology and the sector's needs evolve, N4L's services will continue to evolve too. N4L remains committed to our customers as we move from the Managed Network 'connections' phase into the 'core management of the network' phase.

This year of successes is a tribute to the hard work and talent of the N4L team. I pay tribute to my fellow directors, and to our fabulous Chief Executive John Hanna and his incredible team.

We are fortunate too to work alongside dedicated partners, both commercial and Government, who share our vision for digitally empowered education for a future-ready, world-ready, New Zealand.

In the year to come, we will celebrate the connection of all schools to the Managed Network. We will bring students into the Pond family to leverage connectivity and shared learning experiences, and to find new ways to continue to help improve educational outcomes with technological innovation in education.

The N4L journey has just begun and we are excited by the many and significant opportunities ahead as we bring digitally empowered education to all Aotearoa New Zealand.

Helen Robinson
Chair

CHIEF EXECUTIVE'S REPORT

Parahutihuti te arero, turi ana a taringa ki te hua reka. Ko tā te rangatira he whakarongo, whakarongo, whakarongo.

Listening with our mind, heart and spirit enables us to lead with understanding.



Since launching mid last year, Pond's users have grown to include more than 11,500 teachers and 400 organisations that provide content and services relevant to education.

1,830
schools connected to the Managed Network by the end of June.

As I write this report, N4L celebrates its third birthday. Reflecting on the year, it has been a period of intense and purposeful activity that has built on the success of the years preceding. Across all parts of N4L, the vision for digitally empowered education for a future-ready, world-ready, Aotearoa New Zealand has been well advanced in 2014/15.

I am enormously proud to report that this year, alongside our partner agencies in the education sector and our major delivery partner Spark, we have connected a further 1,301 schools and almost 357,000 students to the N4L Managed Network - over half the schools and students in New Zealand.

Equity of access and experience are critical to successful and meaningful change in our schools. The efforts of many means that over 80% of New Zealand's schools, from the far north to the deep south, now have their teaching and learning enhanced

by access to fully-funded and predictable connectivity, and access to a world-class suite of tools and features with which to manage this service, according to their needs and desires.

That this rollout is now over a year ahead of schedule is a tribute to the work of the high-quality team of technologists and educators who have chosen to make N4L their professional home. It is also a tribute to the many thousands of educators who have told us how they are seeking to advance the learning journeys of their students.

Alongside the Managed Network, our efforts to enable educators and students to have compelling online experiences have borne spectacular fruit. Since launching mid-last year, Pond's users have grown to include more than 11,500 teachers (9,834 on 30 June 2015) and more than 400 organisations (362 by 30 June 2015) that provide content and services relevant to education.

Pond is an example of true Kiwi ingenuity that has the potential to positively impact every school and every child in the country.

Those teachers are now able to share, collaborate and learn from each other in this contemporary, neutral and trusted space, where its content is populated and curated by its users, and where educators can comment freely and ask questions within a safe environment. It is unique in its design, user-interface and implementation.

It is especially gratifying to report that the innovation, imagination and spirit of service of the Pond development team was recognised at the HiTechNZ Awards. Pond was awarded the Most Innovative Initiative Award, with the panel of international and local judges saying they were impressed at the way N4L had created a transformative educational and collaboration environment that is believed to be a world first.

This year has also seen our range and reach of partnerships increase and deepen across government and the private sector. Among others, we have entered into an exciting partnership with the New Zealand Qualifications Authority to advance digital assessment across New Zealand.

The benefits to advancing student achievement that this will deliver to New Zealand teachers and learners are enormous and I am proud to be part of this endeavour.

All of this has been made possible by a passionate and committed team. The N4L staff, Executive Team and Board have gone above and beyond what I have asked of them to deliver such results, and it is to their credit that this has been accomplished in a continuing spirit of service, not to mention humour and collegiality.

It is this desire to make a difference for the teachers and learners of New Zealand that makes N4L successful and inspires the team to continue to deliver such remarkable outcomes.

Last year, I described leading N4L as a true honour and a humbling privilege. These words still capture the experience of leading the team we have built. With the ongoing support of our Board, the future looks bright for N4L.

John Hanna
CEO

N4L OBJECTIVES AND OUTCOMES

N4L advances the Government's goals in the areas of education and infrastructure.

By leveraging the Government's investment in Ultrafast Broadband (UFB), N4L offers a substantial contribution to the achievement of Government's goals for the education system.

The Company also reflects an efficient and effective expenditure of Crown funds.

N4L offers services that are high-value and targeted to increase the ability of the education system to raise achievement for young New Zealanders.



N4L is meeting the needs of New Zealand's education sector in four main areas, which link back to the expectations set out in the Company's constitution:

- Partnering with other education agencies to develop innovative solutions to advance Government's education goals
- The provision of Managed Technology Services, based around the N4L Managed Network, which includes related services such as web filtering, firewall services, performance monitoring and a helpdesk service
- Delivering Platform Services – services building on N4L's Pond platform to address specific areas of need in the education sector, and
- Engaging with the education sector to help lead the direction of the service to best fit their needs as educators. To drive a step change in educational outcomes using technology enabled services, we have to ensure our customers are with us on that journey



N4L OBJECTIVES AND OUTCOMES MANAGED TECHNOLOGY STACK

N4L's Managed Network is specifically designed for New Zealand's 2,500+ schools. It is a connection schools can trust to perform, knowing they will always have enough capacity to use the internet when and how they want, and creating an environment that encourages the uptake of digital learning in a seamless way.

With the Managed Network, schools can access tools that support the creation of a safe online environment for their students and staff, and pursue new teaching and learning opportunities presented by digital technologies (e.g. e-Learning, connected video and content management).

Schools using the Managed Network are benefiting from an enhanced online experience, with many experiencing internet speeds up to ten times faster than they have received previously.

Using the Managed Network for learning helps prepare students to become global citizens, ready for a world where technology will be more prevalent in their future.

The Managed Network supports schools transitioning to more technology-based learning environments, helping them ensure their students can benefit from technology to achieve their best (regardless of their physical location, the size of their school or its decile rating).

In addition to fast and predictable internet speeds, schools using the Managed Network benefit from reduced ICT complexity; they can spend more time and resources on teaching and learning while their technology infrastructure is centrally managed by N4L.

Prior to the Managed Network, schools were left to procure internet services individually, receiving limited benefits and guidance from ICT providers.

As more schools join the network, greater consistency of access and experience is achieved throughout NZ.

Rollout of the Managed Network

The rollout of the Managed Network began in November 2013 when Massey Primary became the first school connected and has continued at a faster than expected rate, with 1,301 schools connected during the 2014/15 year.

As of the end of June 2015, a total of 1,830 New Zealand schools were connected to the Managed Network, almost three-quarters of schools eligible to be connected. Now, more than 547,000 students and 32,000 teachers are using the Managed Network, with approximately 2,500 schools registering their interest in using it when they are able.

On establishment, N4L set itself four milestones for connections to the Managed Network. N4L has met and exceeded all of these milestones:

14

schools connected by 2 December 2013
(target of 2 achieved 29 November 2013)

55

schools connected by 8 January 2014
(target of 20 achieved 16 December 2013)

246

schools connected by 10 March 2014
(target of 200 achieved 26 February 2014)

1,043

schools connected by 3 November 2014
(target of 700 achieved 7 August 2014)

and

70%

of schools connected by 31 December 2016
(target of 1,800 achieved 15 June 2015)

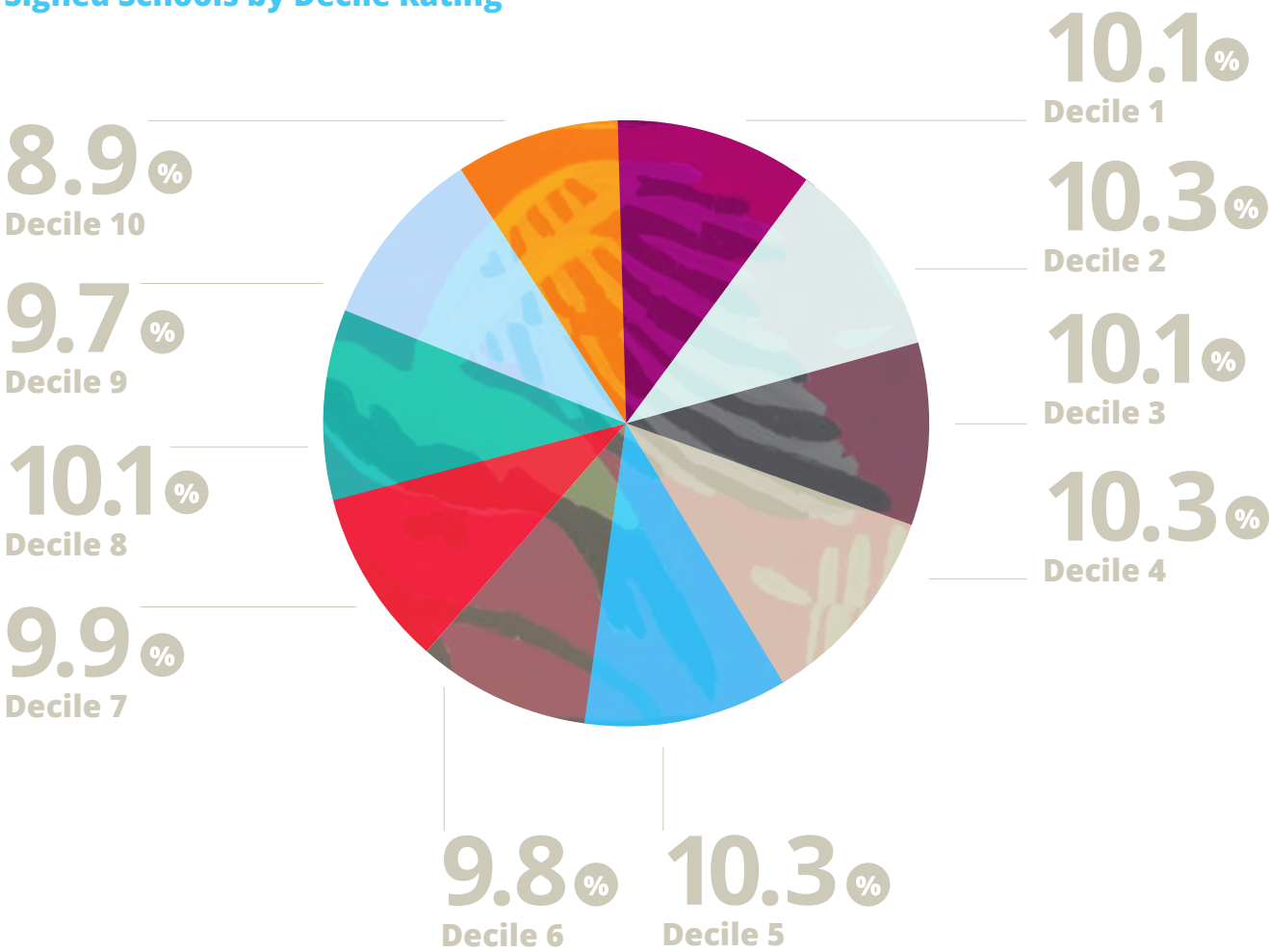
The rollout is a year ahead of schedule, with 90% of schools expected to be connected by the end of 2015.

The original objective of connecting 700 schools in 2014 was ambitious, however by the end of December 1,232 schools had been connected, with the halfway mark being reached in early February 2015.

Feedback from schools, media and our technology sector partners has been overwhelmingly positive. Surveys reveal 91% of schools who joined the Managed Network in the past year were 'Satisfied' or 'Very Satisfied' with their transition experience, and 94% of schools were 'Satisfied' or 'Very Satisfied' with the support they've received from our helpdesk.

N4L OBJECTIVES AND OUTCOMES

Signed Schools by Decile Rating



Percentage of Each Group Signed

European	Māori	Pasifika	Asian	MELAA	Other	International
81%	88%	84%	76%	81%	65%	59%

Innovation and Sustainability

The ongoing success of the Managed Network is dependent on a continuous programme of innovation in the delivery of services and investment in the development of new products and features. These are designed to both enhance the quality of the services we deliver and ensure we remain at the leading edge of network-based services for New Zealand schools.

In the past 12 months we have seen a change in the type of schools being connected, and the technical complexities and barriers that needed to be overcome to enable us to offer these schools a connection. As we have moved from having 25% of schools connected, to around 80%, we have had to further develop our third party fibre company relationships, in order to extend the number of schools able to be connected. We have also started connecting satellite schools, and RSBI integration work is also now under way.

As a company, N4L is focused on remaining flexible enough to respond to challenges and opportunities created by developing technological change. One example of this flexibility is the need to ensure that schools can choose to make a safe and secure environment for teaching and learning. The provision of this service to schools, in a seamless and transparent way, is a key part of the N4L value proposition.

This past year has also seen the introduction of new safety and security features for our users, reflecting increasing activity on the Managed Network. For example, in the month of June, our users accessed over 500TB of web data, streamed more than 550,000 minutes of video, and visited 3.6 billion web pages.

In delivering safety and security services, there were:

21^K virus blocks

490^K adware and spyware blocks, and

88^M inappropriate web page blocks

Other new features and products in 2014/15 include:

New connection sizes made available providing higher bandwidth connections and using wireless services

Upgraded services for school exceeding their initial bandwidth allocation

Raspberry Pi deployment for enhanced support and remote troubleshooting capability

New Individualised Filtering and Secure Website Inspection features added to N4L's Web Filtering service

Security dashboards to display security threats as they take place



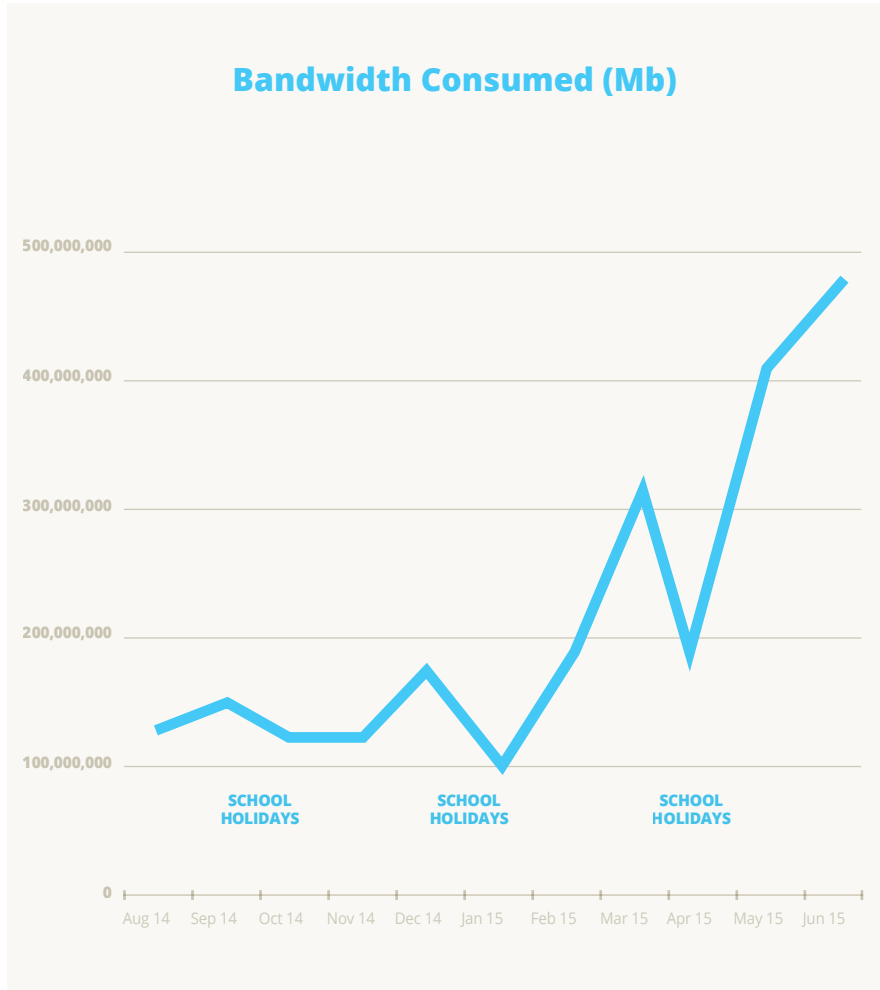
N4L continues to offer different connection sizes to schools to ensure that every student can get the same quality experience – regardless of their school's size or physical location.

The connection size offered to each school is based upon roll size and the type of connection available, while also recognising the school's online behaviour and their needs.

N4L has done, and is continuing to do, extensive development and testing with Local Fibre Companies to create connections that best suit schools' needs. This includes the 500Mbps and 1Gbps connection packages.

N4L OBJECTIVES AND OUTCOMES

PLATFORM SERVICES



There has also been significant development of future capability for the managed technology stack.

In keeping with one of N4L's major goals to reduce ICT complexity for schools, N4L is increasingly taking a proactive approach to our support service, with particular emphasis on developing training materials to further assist schools in the use of N4L products and services. N4L takes a co-pilot approach to working with schools, giving

them the ability to choose when they have control of their own setup and when they want N4L to manage it on their behalf. This approach is shaped by the insight that empowering schools allows them to decide if they do not want control.

Alongside the introduction of additional products and services, continuing at the faster than expected rate of connecting schools to the Managed Network remains a primary goal for N4L.



"N4L is supporting our school by removing technological barriers so we can get on with the job of teaching and learning.

We always appreciate the prompt and efficient service we receive and would highly recommend N4L to other schools."

Andrew Watson
Principal, Lumsden School



Aligning with N4L's Managed Technology Services workstream is N4L's Platform Services (formally Dynamic Services). The Platform Services workstream supports the provision of a framework around content, applications and services which leverage the Managed Network and enhance teaching and learning opportunities across New Zealand's education system, including the delivery and ongoing evolution of Pond.

Pond is a central hub for digital discovery and participation, where educational resources can be accessed and shared easily and effectively. It combines the best parts of existing tools and platforms with additional unique features to create a new, yet familiar, experience. Pond is a world-leading online environment, connecting the community of New Zealand teachers, school administrators and providers of content and services.

In the past year we have seen a dramatic change in the landscape of Pond, and the work being done by the Platform Services team has also increased in scope as work expanded into other development projects.

In July last year Pond was almost brand new to the market and the majority of conversations were focused on simply explaining what Pond was. Throughout the past year a lot of time and effort has been spent introducing Pond to the sector, helping teachers to understand and integrate it into their teaching practices.

To date this has been very successful and there is now a high level of awareness amongst the NZ education community (and some internationally too, but more on that later), with Pond becoming a commonly used tool. There are also a number of ongoing conversations about

how educators around the country, as well as sector agencies and organisations, can use Pond to achieve their wider outcomes.

As awareness and use increase, the frequency and manner in which the Pond community engages within the environment has changed dramatically.

The community itself has grown from a small invitation-only group of early-adopters to a diverse community of more than 9,800 educators by the end of June 2015, and hundreds of organisations. These users are now our best supporters, spreading the Pond word across the country and ensuring that awareness grows every day.

Buckets were added to Pond in October 2014. They provide a quick and easy way for users to save and collate resources - both their own and those contributed by others - into useful collections. The value, especially in cross-curricular areas, of users being easily able to take apparently diverse individual resources and collate them into a meaningful targeted collection has been very well received. Buckets have proven to be incredibly popular and have been leveraged to support featured events such as ANZAC Day.

Universal View was another important feature release which has dramatically increased the use of Pond. Universal View enables anyone to carry out searches in Pond (both locally and internationally),



even if they're not a registered user, and to gain 'read only' access to publicly visible content. What content is available publicly is determined by registered users, when they are adding it to Pond. Educators here in NZ can engage with peers from around the world and Pond is now a great platform to empower and deepen those relationships.

As part of a new development project, N4L has also begun working with the New Zealand Qualifications Authority (NZQA) to ensure that the lessons learned, and the intellectual property developed, are leveraged to provide as much value and benefit for the sector as possible.

NZQA's digital moderation project will be accessed through Pond and will be built on much of the same technical framework that underpins Pond. N4L is also working on strategic alignment with other key parties in the education sector.

Overall, the small team behind Pond has not only met the diverse needs of a hugely time-poor community of users in the sector, but has also developed a platform that can scale to hundreds of thousands of users while maintaining enterprise-level quality along the way.





"As a Government-funded provider of educational resources, Pond is making it easier for us to hone in on our target audience while also allowing us to receive feedback on what resources teachers are wanting and which ones are working best for them."

We highly value our relationship with Pond, and believe that the synergy resulting from our two organisations working together creates significant value-add across the Science Learning Hub and Pond platforms."

Dr Cathy Buntting
Director, Science Learning Hub



9,834
Educators
in Pond by 30 June 2015

488 Provider contacts from 362 organisations by 30 June 2015

More than 20 times

more items in Pond than at the same time last year



63,396
visits in the past 12 months

More than **half a million**

page views in the past 12 months

149,303 searches carried out in the past 12 months



844 Buckets

of curated and collated content created

More than **3,000 comments**
43 times more than this time last year



N4L OBJECTIVES AND OUTCOMES

SECTOR ENGAGEMENT

The relationship between the education sector and N4L has continued to be extremely positive, with schools being greatly appreciative of the Company's willingness to modify and refine its processes in response to feedback. Key findings from formal sector surveys indicate the sector has a positive view of N4L's products, services and people, with an overwhelming 97% satisfaction rate.

In June 2015 a customer lifecycle survey was sent to schools, seeking feedback about their ongoing experience and satisfaction with N4L. The principal and/or operational contact at each school rated their satisfaction with the performance of N4L in administering the Managed Network and associated services. Results show that more than 97% of schools are Satisfied or Very Satisfied.

Of those schools transitioned to the Managed Network in the past year, 97% were transitioned within targeted timeframes, and 91% were either Satisfied or Very Satisfied with their transition experience.

New initiatives and features, such as the N4L Web Filtering Dashboard and various Pond enhancements and feature releases have been received enthusiastically,

including high engagement with training resources. This is particularly pleasing following the addition of two new staff members dedicated to training and engagement, who joined the Company at the beginning of 2015. Schools appreciate the ability to customise N4L's products and services to their individual level.

Throughout the year, the number of provider organisations and educators using Pond has steadily increased. N4L works regularly with content providers, such as the Science Learning Hub, to ensure that the sector has timely, relevant and high quality content available. N4L also uses the functionality of Pond to support teachers during national events such as Māori Language Week.

N4L's involvement in sector events, ranging from national conferences to local teacher-initiated events such as Educamps, has continued. Participation has taken many forms from the delivery of keynote addresses to sponsored stands. N4L continues its commitment to be available to the sector to answer questions, promote services and products and listen to feedback.

In the past 12 months N4L has also initiated work designed to further increase sector engagement.

N4L has invested time in supporting the Northland educational community to identify ways they can fully realize the potential opportunity of both the Managed Network and Pond.

A large piece of this work has involved regular meetings with Te Kupenga o Tai Tokerau, a group of secondary principals who have been supported to grow their digital competence and then use this knowledge to tackle some of the more challenging learning issues within their schools.

A research report from the University of Canterbury reported favourably on the effectiveness of this approach as did the principal participants.

N4L's Advisory Group, which is a cross-sectional representation of the education sector, has met with both the Board and the Executive team, providing grounded commentary and direction.



"The Professional Learning Community is a very inclusive, safe place where members are listened to and learn from each other.

The PLC is small enough to allow individual needs and challenges to be discussed, and the format means that members are able to see practices modelled (e.g. Google Docs) and then set their own priorities with the expectation that they would report back on progress at the next meeting."

Principal
Te Kupenga o Tai Tokerau

Photography by Lisa Whyte, N4L Client Manager, on her travels visiting schools around New Zealand.

EXECUTIVE TEAM

John Hanna
CHIEF EXECUTIVE OFFICER

John has over 30 years' experience with global and local ICT companies, including key executive roles with IBM, Solnet, Sun Microsystems and Computerland. For the three years prior to joining N4L, John was CEO of internet and data centre services provider Maxnet.

Graeme Rayner
CHIEF FINANCIAL OFFICER

A qualified chartered accountant, Graeme spent 20 years in senior finance roles in one of the world's largest consumer goods companies (15 of which were spent outside New Zealand) before joining N4L.

Jeremy Nees
CHIEF TECHNICAL OFFICER

Before N4L, Jeremy held roles as Lead Technology Architect and Product Development Manager within the telecommunications industry, bringing 14 years' experience in computing and network architect design, consultancy and engineering. In addition to this, Jeremy was instrumental in the deployment of the UK's first centralised School Management System.

Chris South
HEAD OF PLATFORM SERVICES

Chris has more than 20 years of technology experience in the UK and NZ. Prior to joining N4L he was a Principal Architect at a telecommunications provider where he looked at how cloud computing and mobile technologies could be applied to achieve demonstrable benefits to customers.

Alexander Brown
GOVERNMENT AND STAKEHOLDER RELATIONS MANAGER

Prior to joining N4L, Alexander (Sandy) spent three years at the Ministry of Education as Chief Advisor, Education Sector Leadership. Prior to this he held several senior management and policy roles in Education New Zealand, the Tertiary Education Commission and the Ministry of Justice.

Andy Schick
HEAD OF MARKETING AND COMMUNICATION

Andy has been involved in a number of entrepreneurial endeavours, entering the telecommunications industry when selling his most recent startup to an ISP. Before moving into the world of technology he was involved with startup social justice organisations in Australia, the United States and Europe, driving community transformation.

Carolyn Stuart
EDUCATION SECTOR LEAD

Carolyn comes to N4L from an extensive career in the schooling sector, including 13 years as a principal. Her passion for the use of technology to make schools relevant and exciting, and her specialisation in educational leadership has seen her involved in many initiatives working with educators across New Zealand.

Steve Hudgell
PROGRAMME DIRECTOR

Before joining N4L, Steve worked in the UK for 20 years managing finance, administrative and ICT teams in large private and public sector organisations. Following his move to New Zealand, Steve has gained local experience working in senior ICT Professional Services Management and Business Development roles as well as in NZ startup businesses.

Gary Wicks
CUSTOMER ACQUISITION MANAGER

Gary brings to the team 25 years' experience in technology sales. He has held senior roles in a number of technology companies, the most recent of which was at Dell, where he was K-12 Education Lead for New Zealand.



BOARD OF DIRECTORS

Helen Robinson
CHAIR

Helen is an independent director serving on numerous, diverse and innovative organisations, and an entrepreneur with interests mostly in technology companies.

Helen has led many technology companies over the past 30 years, including as Managing Director of Microsoft New Zealand and APAC leader (VP) for Pivotal Corporation, a Canadian CRM software company.

Helen was CEO of the TZ1 Registry that was acquired by London based Markit Group Ltd, where she continued to act as Global Managing Director, Environmental Markets until mid-2011 when she decided to pursue other business initiatives and independent directorships.

A theme of Helen's career has been a strong passion and drive to improve the quality of life for all, and to deliver value to stakeholders through innovation and technology.

The following are general disclosures of interest given by Mrs Robinson pursuant to s140 (2) of the Companies Act 1993 and also entered into N4L's interests register:

- Director, Auckland Tourism Events & Economic Development

- Managing Director, Penguin Consulting Limited
- Chair, Organic Initiative Ltd (Oi)
- Chair, CLOUD M Ltd
- Council Member, Open Polytechnic NZ (OPNZ)
- Director, KND Investments Limited
- Director, KND Trustees Limited
- Member, New Zealand Rugby, Board Strategic Relations & Planning Committee
- Chair, Valens Group
- Trustee, Robinson Family Trust
- Trustee, Aktive Auckland Sport & Recreation

Mark Yeoman
DEPUTY CHAIR

Mark is an experienced leader within the ICT industry, having held a number of executive roles in a range of technology-based companies. Mark is currently Group Chief Financial Officer of the Warehouse Group Limited. He was previously CFO at New Zealand Post, CFO at Airways and before that CEO of Samoa's telecom and postal company. He has been involved in telecommunications and internet related industries since the mid 1990's and founded his own internet startup in Melbourne in 1999.

- The following are general disclosures of interest given by Mr Yeoman pursuant to s140 (2) of the Companies Act 1993 and also entered into N4L's interests register:
- Group CFO of the Warehouse Group Limited
 - CEO of The Warehouse Financial Services Limited
 - M.D.Y. Trustee Limited
 - Transend Worldwide Limited (South Africa)
 - Zomar Investments Limited
 - TWP No 6 Limited
 - TW Financial Services Operations Limited
 - Diners Club (NZ) Limited
 - TW Money Limited

Rick Shera
DIRECTOR

Rick is a partner at niche corporate, commercial and IT law firm, Lowndes Jordan. He is a corporate and commercial lawyer, also specialising in internet, media, IT and intellectual property law as well as blogging and commenting as @lawgeeknz.

The following are general disclosures of interest given by Mr Shera pursuant to s140 (2) of the Companies Act 1993 and entered in N4L's interests register:

- Partner of Lowndes Jordan, Barristers & Solicitors
- Chairman of NetSafe Incorporated
- Chairman & Director of Hector's World Limited
- Director & Shareholder of Albof Limited
- Director & Shareholder of Cadmont Holdings Limited
- Director of Agena Investments Limited
- Director & Shareholder of Ngaawari Limited
- Director of Eljay Limited
- Director & Shareholder of Eljay Holdings Limited
- Director & Shareholder of Wharfe Trustee Services Limited
- Trustee & beneficiary of Nightingale Trust
- Trustee & beneficiary of Abu Simbal Trust
- Member of the Advisory Board of DigitalNZ
- Shareholder of Kasart Limited
- Member of InternetNZ Incorporated
- Children at Kings College and Kristin School

Humphrey Wikeepa
DIRECTOR

Humphrey is a professional ICT consultant with more than 30 years experience working in both private and public sectors, and most recently in the education space.

Humphrey is of Ngati Awa, Tainui and Te Atihaunui-a-Paparangi (Wainui a rua) descent, born and raised in Whakatane. He has a Masters Degree in Information Management Systems, and is currently working on his PhD in Information Systems.

He has a passion and focus on ensuring our kids are given the best education and believes this is the only way to develop a better tomorrow, for all New Zealanders. "I know N4L will make a big difference for those students who need that extra mile support to lift their educational achievements."

The following are general disclosures of interest given by Mr Wikeepa pursuant to s140 (2) of the Companies Act 1993 and also entered into N4L's interests register:

- Director - Strategy - Clarity Pay International
- ICT Adviser to Te Huaarahi Tika Trust
- Has a tribal relationship with Sir Wira Gardiner, husband of Hon. Hekia Parata
- Director SAMIT Limited

Martin Wylie
DIRECTOR

Martin is an experienced leader of Internet Service Provider companies, and the CEO of Elevator Group.

The following are general disclosures of interest given by Mr Wylie pursuant to s140 (2) of the Companies Act 1993 and also entered into N4L's interests register:

- CEO Elevator Group
- Director Geneva Elevator Limited
- Trustee Wilson Centre Special School
- Director Autism NZ
- Trustee Autism Charitable Trust
- Trustee ASW Development Trust
- Trustee and beneficial interest in Argyle Family Trust
- Director Argyle Property Investments Limited
- Director Horsil Investments Limited
- Trustee Mahana Charitable Trust

Linda Tame
DIRECTOR

Linda is an experienced education specialist who recently completed a 16-year tenure as a secondary school principal.

The following are general disclosures of



BOARD OF DIRECTORS CONTINUED

interest given by Mrs Tame pursuant to s140 (2) of the Companies Act 1993 and also entered into N4L's interests register:

- Working with CORE Education on MOE contract reviewing vocational pathways, assisting with teacher registration, and will be part of a response to RFP for transforming education.
- Contractor to GCSN, including work with CORE Education on Christchurch Digital Alignment strategy.
- Consultant working in Christchurch Schools
- Ex Principal Lincoln High School
- Member Lincoln University Council
 - Convenor Planning and Marketing Committee
 - Audit and Risk Committee
 - CEO Appointment and Remuneration Committee
 - Appeals Committee
- Director Solus Ltd. Closely Held Companies (Dormant)
- Trustee and beneficial interest in Tame Family Trust
- Member of Canterbury Youth Futures Advisory Group
- Mother of Jack Tame, TVNZ US Correspondent, reporter at Radio Network and Herald
- Married to John Tame, contractor to supplying support and financial services to schools
- Member of the external Challenger Panel for the Education Review Office
- Acting Principal of Linwood College

Jack Matthews DIRECTOR

In addition to the Network for Learning Board, Jack Matthews also sits on the Crown Fibre Holdings board, a Crown company tasked with managing the rollout of an ultra fast broadband network to 75% of the New Zealand market.

Until April 2013, Jack was the CEO of Fairfax Media Metro Division and prior to that, CEO of Fairfax Digital. Jack has over 30 years' experience in the technology, telecommunications and media industries and has extensive international business experience having worked in the United States, New Zealand, Japan and Australia.

In New Zealand he was the founding CEO of Saturn Communications (later TelstraSaturn) which was among the first broadband networks in the world.

Jack holds dual New Zealand and US citizenship.

The following are general disclosures of interest given by Mr Matthews pursuant to s140 (2) of the companies Act 1993 and also entered into N4L's interests register:

- Director Crown Fibre Holdings
- Chair Rewardle Holdings
- Director Trilogy International
- Director APN Outdoor

Karen Poutasi DIRECTOR

Dr Karen Poutasi is currently Chief Executive of the New Zealand Qualifications Authority, an education sector crown entity, being appointed to that role in 2006. Previously she was the Director General of Health and has worked in senior management roles across the health sector.

Karen is a medical graduate and her area of specialisation is public health. She holds both Otago and Harvard University management qualifications.

Karen is the Chair of Basketball New Zealand, the New Zealand Committee for Harkness Fellowships, and is a member of the Ian Axford Fellowships Board. She received a CNZM for services to health in 2006.

The following are general disclosures of interest given by Dr Poutasi pursuant to s140 (2) of the Companies Act 1993 and entered in N4L's interests register:

- CEO New Zealand Qualifications Authority
- Member of GCSB Advisory Committee
- Chair Basketball New Zealand
- Chair, NZ Committee for Harkness Fellowships
- Member Ian Axford Fellowships Board
- Board Member Pasifika Trust

STATEMENT OF CORPORATE GOVERNANCE

Organisational Form

The Network for Learning Limited was incorporated on 2 July 2012 under the Companies Act 1993. It is a Crown-owned Company, listed under Schedule 4A of the Public Finance Act 1989.

The Company is subject to certain provisions of the Crown Entities Act 2004 ("CEA"), and to the Official Information Act 1982 and the Ombudsmen Act 1975. The Company's day-to-day operations are primarily governed by the Companies Act 1993 regime.

N4L's shareholding is 100% vested in the Crown. Its shareholders are the Minister of Finance and the Minister of Education in their capacities as Ministers, with each holding 50% of the issued share capital. (The Minister of Education has delegated responsibility for all matters relating to N4L to the Associate Minister of Education, Hon. Nikki Kaye.)

Accountability

N4L is accountable to its shareholding Ministers. Treasury will assist shareholding Ministers in monitoring the Company's performance against the financial and non-financial measures set out in the Company's Statement of Intent (SOI) and Statement of Performance Expectations (SPE).

Crown Entities Act 2004

Under section 450A of the Public Finance Act 1989, some of the provisions of the CEA apply to the Company by virtue of it being listed in Schedule 4A of that Act. These include sections 139, 149, 150 and 153 of the CEA, relating to preparing an SOI, SPE, Annual Report, and Statement of Performance respectively.

In addition, N4L's constitution requires it to report to its shareholding Ministers, when requested by those Ministers, any activities which would be restricted under sections 161 - 164 of the CEA.

Companies Act 1993

Under this Act, the Board, each Director and each shareholding Minister have the rights, power, duties and obligations set out in the Act, except to the extent that they are negated or modified, in accordance with the Act by the Company's Constitution.

Other Statutory Requirements

Under the Public Audit Act 2001, the Controller and Auditor General is to be the auditor of the Company.

Operations

N4L is required to operate within the functions, powers and constraints outlined above. Within this framework, the Company has considerable discretion how it goes about its day-to-day operations. The earlier reports from the Chair and Chief Executive of the Company, together with the Statement of Performance, contain information concerning the operations and performance of the Company for the financial year covered by this report, including an assessment against the intentions, measures, and standards set out in the Statement of Intent and the Statement of Performance Expectations prepared at the beginning of the financial year.

Board of Directors

The Board currently comprises eight non-executive Directors. The Directors are appointed by the shareholding Ministers. All decisions about N4L's operations are made under the authority of the Board.

The Board is responsible for agreeing outputs with the shareholding Ministers and ensuring expectations of N4L are met.

The Board currently has two standing committees:

Audit and Risk Committee

The Audit and Risk Committee, chaired by Mark Yeoman, assists the Board in fulfilling its responsibilities by providing recommendations, advice and information concerning its:

- Accounting; financial and statutory reporting; and responsibilities under the Companies Act 1993 and other legislation, and
- Identification and management of all material risks, both financial and non-financial, through the operation of a robust internal control environment

Remuneration Committee

The Remuneration Committee, chaired by Jack Matthews, assists the Board in fulfilling its responsibilities by providing recommendations, advice and information concerning:

- N4L's remuneration and human resources policies
- The performance and remuneration of the Chief Executive Officer, and
- The recruitment of members of the senior Executive Team

STATEMENT OF PERFORMANCE

In the Statement of Intent 2014-2017, the Company indicated that it would provide services and outputs under three output classes in 2014/15, being:

- A Managed Network Service
- Dynamic Services (now Platform Services)
- Customer Service

2014/15 targets were reflected in the Statement of Performance Expectations 2014/15.

Managed Network Service

The provision of a base package of Managed Network Services to schools. Performance in relation to the provision of a base package of Managed Network Services to schools will be based on the following:

- Ensuring products allocated to schools reflect the allocation criteria agreed between N4L and the Ministry of Education. This allocation criteria uses the roll size of the school as a significant determinant in product allocation. The roll size and subsequent product allocation is summarised as per the table below:

Roll Size	N4L Managed Network Connection Size
1 - 100	10Mbps (if wireless/satellite) 50Mbps (if fibre)
101 - 250	50Mbps
251 - 750	100Mbps
751 - 3200	500Mbps
3200+	1000Mbps

- Ensuring N4L connects schools in accordance with the connection milestones, that have been agreed with the Ministry of Education.

2 schools to be connected by 2 December 2013

20 schools to be connected by 8 January 2014

200 schools to be connected by 10 March 2014

700 schools to be connected 12 months after the agreement of the detail design (3 November 2014)

and 70% of schools connected by 31 December 2016

Metric

Ensuring products allocated to schools reflect the Connection Allocation Agreement agreed between N4L and the Ministry of Education.

Target

100%

Achieved

100%

Metric

Ensuring N4L connects schools in accordance with the connection milestones.

Target

- 2 schools to be connected by 2 December 2013
- 20 schools to be connected by 8 January 2014
- 200 schools to be connected by 10 March 2014
- 700 schools to be connected 12 months after the agreement of the detail design (3 November 2014)
- 70% of schools to be connected by 31 December 2016

Achieved

N4L connected the 700th school on 7th August 2014

N4L connected 70% of schools on 15th June 2015

The provision of services to assist schools in transitioning to N4L's Managed Network. Performance in relation to the provision of transition services to schools will be based on the following:

- Targeting at transitioning 97% of schools within six weeks of the school being connected to the Managed Network.
- Conducting a satisfaction survey to determine if the principal and/or operation contact at each school was satisfied with the performance of N4L in transitioning their school onto the Managed Network. The survey will ask the respondents to rank their satisfaction as being 'Very Satisfied', 'Satisfied', 'Fair', 'Dissatisfied' or 'Very Dissatisfied' across the following criteria:

- Overall performance of N4L
- Relationship with N4L
- Volume of paperwork that needed to be completed
- Advice and assistance received on testing the Managed Network Service
- Training received
- Quality of documentation received

N4L seeks to achieve a 'Satisfied' or 'Very Satisfied' response from at least 75% of respondents.

Metric

Targeting at transitioning 97% of schools within six weeks of the school being connected to the Managed Network.

Target

97%

Achieved

97%

Metric

Conducting a satisfaction survey to determine if the principal and/or operation contact at each school was satisfied with the performance of N4L in transitioning their school onto the Managed Network.

Target

N4L seeks to achieve a 'Satisfied' or 'Very Satisfied' response from at least 75% of respondents.

Achieved

91%

The provision of a helpdesk service for schools to support their use of N4L's Managed Network Service. Performance in relation to the provision of helpdesk service to schools will be based on criteria including:

- Conducting a satisfaction survey with the user who logged the Service Request or Incident to determine their level of satisfaction (being 'Very Satisfied', 'Satisfied', 'Fair', 'Dissatisfied' or 'Very Dissatisfied') with the overall performance of the N4L service desk. N4L seeks to achieve a 'Satisfied' or 'Very Satisfied' response from at least 75% of respondents.
- Aiming at having Tier 1 incidents resolved within the following timeframes:
P1: less than 4 Support Hours
P2: less than 8 Support Hours
P3: less than 16 Support Hours
P4: as agreed

Metric

Conducting a satisfaction survey with the user who logged the Service Request or Incident to determine their level of satisfaction with the overall performance of the N4L service desk.

Target

N4L seeks to achieve a 'Satisfied' or 'Very Satisfied' response from at least 75% of respondents.

Achieved

94%

Metric

Aiming at having Tier 1 incidents resolved within agreed timeframes:

Target

- P1: less than 4 support hours
- P2: less than 8 support hours
- P3: less than 16 support hours
- P4: as agreed

Achieved

	P1	P2	P3	P4
% of Target	N/A	81%	72%	79%

Note: Tier 1 incidents are those that remain in the N4L helpdesk and do not require escalation to Spark. P1 result is N/A as all P1 incidents in the year were escalated to Spark. For P4 incidents, less than 16 hours was set as the target timeframe.

Platform Services

The N4L 2014-2017 Statement of Intent indicated that over the 2014/15 year, the Company will develop and agree non-financial metrics and performance indicators that will be used to assess the performance of the Platform Services team. These measures have been articulated in the 2015 - 2019 Statement of Intent and 2015 - 2016 Statement of Performance Expectations.

Financial performance

- N4L will measure its financial performance against the following high level targets:
 - N4L will operate within the funding that has been set aside
 - N4L will generate revenue as set out in the Prospective Statement of Comprehensive Income
 - N4L will operate in a financially sustainable manner, ensuring that its operating expenses and any required capital expenditure are covered by its operating revenue and agreed shareholder funding
 - N4L will plan to ensure that it has the financial resilience to transition to a competitive customer funded business model without additional equity investment by the Crown.



STATEMENT OF RESPONSIBILITY

The Board is responsible for the preparation of N4L's financial statements and Statement of Performance, and for judgements made in them. The Board has the responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurances as to the reliability and integrity of financial reporting. In the Board's opinion, these financial statements and Statement of Performance fairly reflect the financial position and operations of N4L for the year ended 30 June 2015.

Signed on behalf of the Board.

Helen Robinson
Director

21 October 2015

Mark Yeoman
Director

21 October 2015

ENSURING N4L IS A GOOD EMPLOYER

The Board and management of N4L are committed to ensuring that the Company is a Good Employer in practice, not only to comply with the statutory requirement, but because it is in accordance with our values and increases the Company's ability to attract, motivate and retain the skilled staff that it needs. During its short existence N4L has established an open, trusted and collaborative culture.



N4L is a relatively young organisation with a small employee base. At the end of the period covered by this annual report the company had grown to 54 full time employees, up from 51 in June 2014. As a result the Board and management has placed significant emphasis on maintaining and building on the already strong culture.



N4L has had regard to guidance issued by the New Zealand Human Rights Commission in assessing its compliance with its Good Employer obligations. A summary of N4L's assessment of its performance against seven key elements of being a Good Employer are set out below.

- **Leadership, accountability and culture:** The Board and management of N4L are committed to ensuring the company is a good employer and has an effective Equal Employment Opportunities programme in place. They have consistently communicated a vision for N4L and have created a culture in which its people feel valued.
- **Recruitment, selection and induction:** N4L uses a variety of different means to recruit staff, including direct advertising, the use of recruitment companies who provide services under all of Government contracts and through the use of our employees own networks. A variety of processes, including structured interviews, have been used to ensure a fair and unbiased recruitment and selection process.
- **Employee development, promotion and exit:** N4L supports the development and promotion of its employees. As the organisation develops and its structure evolves new opportunities have been created within the organisation. Staff retention has been strong throughout the period with a minimal number of people leaving the organisation.
- **Harassment and bullying prevention:** N4L takes a zero tolerance approach to all forms of bullying and harassment and has policies in place to deal with harassment complaints should they arise.
- **Flexibility and work design:** N4L's culture fully supports an approach that enables staff to balance work commitments with other aspects of their lives. To the extent possible and practical, N4L's management supports staff using flexible working arrangements and provides them with the technological solutions to enable this.
- **Remuneration, recognition and conditions:** N4L operates an unbiased and non-discriminatory remuneration policy. All employee remuneration is reviewed on an annual basis to ensure to that it is competitive with the wider market. The company has also established a monthly award programme where employees are recognised for going 'above and beyond'.
- **Safe and healthy environment:** Health and safety is a fundamental priority for the company's Board and management who have consistently communicated a commitment to ensuring a safe and healthy workplace is provided for all employees. N4L's health and safety committee encourages active participation from all employees in creating a safe and supportive environment.





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INDEPENDENT AUDITOR'S REPORT
TO THE READERS OF
THE NETWORK FOR LEARNING LIMITED'S
FINANCIAL STATEMENTS AND STATEMENT OF PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2015

The Auditor-General is the auditor of the Network For Learning Limited. The Auditor-General has appointed me, Susan Jones, using the staff and resources of Ernst & Young, to carry out the audit of the financial statements and the statement of performance of the Network For Learning Limited (referred to as 'the Company'), on her behalf.

Opinion on the financial statements and the statement of performance

We have audited:

- the financial statements of the Company on pages 34 to 54, that comprise the Statement of Financial Position as at 30 June 2015, the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year ended on that date and notes to the financial statements that include accounting policies and other explanatory information; and
- the statement of performance of the Company on pages 26 to 28.

In our opinion:

- the financial statements of the Company:
 - present fairly, in all material respects:
 - its financial position as at 30 June 2015; and
 - its financial performance and cash flows for the year then ended; and
 - comply with generally accepted accounting practice in New Zealand and have been prepared in accordance with New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards.
- the statement of performance:
 - presents fairly, in all material respects, the Company's performance and outcomes for the year ended 30 June 2015, including for each class of reportable outputs its standards of performance achieved as compared with forecasts included in the statement of performance expectations for the financial year; and
 - complies with generally accepted accounting practice in New Zealand.

Our audit was completed on 21 October 2015. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Board and our responsibilities, and we explain our independence.

Basis of opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the financial statements and the statement of performance are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers' overall understanding of the financial statements and statement of performance. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements and statement of performance. The procedures selected depend on our

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judgement, including our assessment of risks of material misstatement of the financial statements and statement of performance, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation of the Company's financial statements and statement of performance that fairly reflect the matters to which they relate. We consider internal control 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 Company's and Company's internal control.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Board;
- the adequacy of the disclosures in the financial statements and the statement of performance; and
- the overall presentation of the financial statements and the statement of performance.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and statement of performance. Also we did not evaluate the security and controls over the electronic publication of the financial statements and the statement of performance.

We believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Responsibilities of the Board

The Board is responsible for preparing the financial statements and the statement of performance that:

- comply with generally accepted accounting practice in New Zealand;
- present fairly the Company's financial position, financial performance and cash flows; and
- present fairly the Company's performance.

The Board's responsibilities arise from the Public Finance Act 1989 and the Crown Entities Act 2004.

The Board is responsible for such internal control as is determined is necessary to enable the preparation of financial statements and the statement of performance that are free from material misstatement, whether due to fraud or error. The Board is also responsible for the publication of the financial statements and the statement of performance, whether in printed or electronic form.

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the financial statements and the statement of performance and reporting that opinion to you based on our audit. Our responsibility arises from section 15 of the Public Audit Act 2001.

Independence

When carrying out the audit, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board.

Other than the audit, we have no relationship with or interests in the Company.

Susan Jones
 Ernst & Young
 On behalf of the Auditor-General
 Auckland, New Zealand

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FINANCIAL STATEMENTS

Statement of Comprehensive Income

For the year ended 30 June 2015

	Notes	2015 Actual	2014 Actual
		\$000	\$000
Income			
Income from services	2	18,574	5,268
Interest income		123	111
Total income		18,697	5,379
Expenditure			
Network services	3	10,988	2,704
Transition support	4	1,073	349
Board operations	14	263	234
Audit fees		65	46
Other general and overhead expenses	5	9,060	7,096
Total expenses		21,449	10,429
Net surplus/(deficit)		(2,752)	(5,050)
Total comprehensive income/(loss) for the period		(2,752)	(5,050)

The accompanying notes form part of these financial statements.

Statement of Financial Position

As at 30 June 2015

	Notes	2015 Actual	2014 Actual
		\$000	\$000
Assets			
Current assets			
Cash and cash equivalents	6	2,309	2,828
Other current assets	7	2,636	1,046
Total current assets		4,945	3,874
Non-current assets			
Property, plant and equipment	8	486	451
Intangible assets		11	31
Total non-current assets		497	482
Total assets		5,442	4,356
Represented by			
Liabilities			
Current liabilities			
Accruals and payables	9	2,592	1,659
Deferred revenue		144	291
Lease incentive - current		27	16
Obligations under finance lease - current		46	-
Total current liabilities		2,809	1,966
Non-current liabilities			
Lease incentive - non-current		45	62
Obligations under finance lease - non-current		12	-
Total non-current liabilities		57	62
Total liabilities		2,866	2,028
Equity			
Share capital and reserves		2,576	2,328
Total shareholders' funds		2,576	2,328
Total liabilities and shareholders' funds		5,442	4,356

The financial statements were approved by the Board and authorised for issue on 21 October 2015.

Helen Robinson
Director



Mark Yeoman
Director



The accompanying notes form part of these financial statements.

Statement of Changes in Equity

For the year ended 30 June 2015

	Notes	Share Capital	Retained Earnings/ (Deficit)	2015 Actual \$000	2014 Actual \$000
Opening balance 1 July 2014		11,000	(8,672)	2,328	1,878
Net surplus/(deficit)		-	(2,752)	(2,752)	(5,050)
Total comprehensive income/(loss) for the period		-	(2,752)	(2,752)	(5,050)
Proceeds from shares issued	10	3,000	-	3,000	5,500
Total contributions by the owners		3,000	-	3,000	5,500
Closing balance 30 June 2015		14,000	(11,424)	2,576	2,328

The accompanying notes form part of these financial statements.

Statement of Cash Flows

For the year ended 30 June 2015

	Notes	2015 Actual \$000	2014 Actual \$000
Cash flows from operating activities			
Receipts from customers		19,538	5,384
Interest received		123	111
Other income		54	2
Payments to suppliers and staff		(23,107)	(9,845)
Net cash outflow from operating activities	11	(3,392)	(4,348)
Cash flows from investing activities			
Purchase of property, plant, equipment and intangibles		(119)	(322)
Net cash outflow from investing activities		(119)	(322)
Cash flows from financing activities			
Equity capital introduced		3,000	5,500
Payments of finance leases		(8)	-
Net cash inflow from financing activities		2,992	5,500
Net increase/(decrease) in cash		(519)	830
Opening balance		2,828	1,998
Closing balance		2,309	2,828

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. Statement of accounting policies

a) Reporting entity

The Network for Learning Limited (N4L), a limited liability company incorporated in New Zealand under the Companies Act 1993, is a Crown entity as defined by the Crown Entities Act 2004. It is listed in Schedule 4A of the Public Finance Act 1989. N4L's ultimate parent is the New Zealand Crown – however the Crown does not guarantee the liabilities of N4L in any way.

N4L's purpose is to establish and operate a student-focused network that offers schools and kura access to predictable and fast internet with uncapped data, web filtering and network security services to help schools create a safe online environment for their students, and internet based content and services over a dedicated network. As such, N4L's principal aim is to provide services to the public, rather than make a financial return. Accordingly, N4L is designated as a public benefit entity (PBE).

The financial statements for N4L are for the 12 month period from 1 July 2014 to 30 June 2015, and were approved by the Board on 21 October 2015.

b) Basis of preparation

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

Statement of compliance

The financial statements of the Company have been prepared in accordance with the relevant requirements of the Public Finance Act 1989 and Crown Entities Act 2004, which includes the requirement to comply with New Zealand Generally Accepted Accounting Practice (NZ GAAP).

The financial statements have been prepared in accordance and comply with Tier 1 PBE accounting standards and other applicable Financial Reporting Standards, as appropriate for public benefit entities.

These financial statements are the first financial statements presented in accordance with the new PBE accounting standards.

Measurement base

The financial statements have been prepared on a historical cost basis.

Functional and presentation currency

The financial statements are presented in New Zealand dollars, and all values are rounded to the nearest thousand (\$000). The functional currency of N4L is New Zealand dollars.

Changes in accounting policies

There have been no changes in accounting policies compared with the previous year. All policies have been applied on a consistent basis throughout the current year.

Transition to PBE Tier 1 accounting standards did not result in any material differences or material changes to carrying amounts of assets or liabilities.

Standards, amendments and interpretations issued that are not yet effective and have not been early adopted

In May 2013, the External Reporting Board issued a new suite of PBE accounting standards for application by public sector entities for reporting periods beginning on or after 1 July 2014. N4L has applied these standards in preparing the 30 June 2015 financial statements.

In October 2014, the PBE suite of accounting standards was updated to incorporate requirements and guidance for the not-for-profit sector. These updated standards apply to PBEs with reporting periods beginning on or after 1 April 2015. N4L will apply these updated standards in preparing its 30 June 2016 financial statements. N4L expects there will be minimal or no change in applying these updated accounting standards.

c) Specific accounting policies

The specific accounting policies set out below, which materially affect the measurement of financial performance, financial position, and cash flows, have been consistently applied to all reporting periods presented in these financial statements.

Income

Income is measured at the fair value of consideration received or receivable.

Income from services

Income from services is recognised by reference to when the service is performed.

Interest

Interest income is recognised using the effective interest method.

Foreign currency transactions

Foreign currency transactions are translated into New Zealand dollars (NZD\$), the functional currency of the Company, using the exchanges rates prevailing at the date of transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in net surplus or deficit.

Leases

Finance Leases

A finance lease is a lease that transfers to the lessee substantially all the risks and rewards incidental to ownership of an asset, whether or not title is eventually transferred. At the commencement of the lease term, finance leases where N4L is the lessee are recognised as assets and liabilities in the statement of financial position at the lower of the fair value of the leased item or the present value of the minimum lease payments. The finance charge is charged to the surplus or deficit over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability. The amount recognised as an asset is depreciated over its useful life. If there is no reasonable certainty as to whether N4L will obtain ownership at the end of the lease term, the asset is fully depreciated over the shorter of the lease term and its useful life.

Operating Leases

Leases that do not transfer substantially all the risk and rewards incidental to ownership of an asset to the Company are classified as operating leases. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term. Lease incentives under an operating lease are recognised as lease incentive in the Statement of Financial Position. The aggregate benefit of incentive is recognised as a reduction of the expense on a straight-line basis over the period of the lease.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand and term deposit held with a major NZ trading bank with original maturity of three months or less.

Receivables

Short-term receivables are recorded at their face value, less any provision for impairment.

Impairment of a receivable is established when there is objective evidence that N4L will not be able to collect amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, receivership or liquidation, and default in payments are considered indicators that the debt is impaired. The amount of impairment is the difference between the assets carrying value and the present value of future cash flows, discounted using the original effective interest rate.

Property, plant and equipment

Property, plant and equipment consists of the following asset classes; computer equipment, office equipment, office furniture and leasehold improvements. Property, plant and equipment is shown at cost, less any accumulated depreciation and impairment losses.

Additions

The cost of an item of property, plant and equipment is recognised as an asset only when it is probable that the future economic benefits or service potential associated with the item will flow to the Company and the cost of the item can be measured reliably. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value when the control over the asset is obtained.

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are included net in the surplus or deficit.

Subsequent costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that the future economic benefits or service potential associated with the item will flow to the Company and the cost of the item can be measured reliability. The costs of day-to-day servicing of property, plant and equipment are recognised in the surplus or deficit as they are incurred.

Depreciation

Depreciation is provided on a straight-line basis on all property, plant and equipment at rates that will write off the cost of the assets to their estimated residual values over their useful lives. The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

Computer Equipment:	2.5 years	40.0%
Office Equipment:	5.7 years	17.5%
Office Furniture:	9.5 years	10.5%
Leasehold Improvements:	5.7 years	17.5%

The residual value and useful lives of assets are reviewed, and adjusted if applicable, at each financial year end.

Intangible assets

Software acquisition and development

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Costs associated with maintaining computer software are recognised as an expense when incurred.

Domain names

Acquired domain names are capitalised on the basis of the costs incurred to acquire. Costs associated with the development and maintenance of N4L domains are recognised as an expense when incurred.

Amortisation

The useful life of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised on a straight-line basis over their useful economic lives. The amortisation period and amortisation method for intangible assets with finite useful lives, are reviewed at least at the end of each reporting period. Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

The useful lives and associated amortisation rates of classes of intangible assets have been estimated as follows:

Software:	2.5 years	40%
Domain names:	Indefinite	no amortisation

Impairment of property, plant, equipment and intangible assets

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

Value in use is the depreciated replacement cost for an asset where the future economic benefits or service potential of the asset are not primarily dependent on the asset's ability to generate net cash inflows and where N4L would, if deprived of the asset, replace its remaining future economic benefits or service potential.

If an assets carrying amount exceeds its recoverable amount, the asset is impaired and the carrying amount is written down to the recoverable amount. The total impairment loss is recognised in surplus or deficit.

The reversal of an impairment loss is recognised in the surplus or deficit.

Accruals and payables

Accruals and payables are non-interest bearing and are stated at their nominal value. They are normally settled on 30-day terms, and the carrying values of accruals and payables approximate their fair values.

Employee entitlements

Short-term employee entitlements

Employee entitlements that are expected to be settled within 12 months after the end of the period in which the employee renders the related service are measured based on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to balance date and annual leave earned but not yet taken at balance date.

A liability and an expense are recognised for bonuses where there is a contractual obligation or where there is a past practice that has created a constructive obligation and a reliable estimate of the obligation can be made.

Goods and services tax

All items in the financial statements are presented exclusive of goods and services tax (GST), except for receivables and payables, which are presented on a GST-inclusive basis. Where GST is not recoverable as input tax, it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the statement of financial position. The net GST paid to, or received from, the IRD, including the GST relating to investing and financing activities, is classified as operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

Income tax

N4L is a public authority and consequently is exempt from the payment of income tax. Accordingly, no provision has been made for income tax.

Forecast

The forecast numbers are taken from the Company's 'Statement of Performance Expectations 2014/2015' as approved by the Board on 19 June 2014. The forecast figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by the Board in preparing these financial statements.

Statement of cash flows

The following are the definitions of the terms used in the statement of cash flows:

- Cash comprises cash at bank and in hand and short-term deposits with an original maturity of three months or less that are readily converted to a known amounts of cash and are subject to an insignificant risk of changes in value.

- Operating activities are the principal revenue-producing activities of the Company and other activities that are not investing or financing activities.
- Investing activities are those activities relating to the acquisition and disposal of current and non-current investments, property, plant and equipment, intangible assets and other non-current assets.
- Financing activities are those activities that results in changes in the size and composition of the contributed equity of the Company.

Critical judgements in applying accounting policies

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

Leases classification

Determining whether a lease agreement is finance lease or operating lease requires judgement as to whether the agreement transfers substantially all the risks and rewards of ownership to N4L.

Judgement is required on various aspects that include, but are not limited to, the fair value of the leased asset, the economic life of the leased asset, whether or not to include renewal options in the lease term, and determining an appropriate discount rate to calculate the present value of the minimum lease payments. Classification as a finance lease means the asset is recognised in the statement of financial position as property, plant and equipment, whereas for an operating lease no such asset is recognised.

N4L has exercised its judgement on the appropriate classification of the equipment leases, and has determined which lease arrangements are finance leases.

2. Income from services

	2015 \$000	2014 \$000
Income from services to schools	13,856	2,033
Income from services to Government	4,718	3,235
Total	18,574	5,268

Income from services to schools represents income from the provision of core network services to schools. These services for state, state-integrated and partnership schools are paid for directly by the Ministry of Education on behalf of the schools.

Income from services to Government represents income relating to the provision of transition support services to schools, a helpdesk service, a package of content and services, and fees in relation to the establishment of the network. These services are paid for by the Ministry of Education. Income from services to Government also includes services provided to education sector agencies.

3. Network services

	2015 \$000	2014 \$000
Network provider services	10,127	1,404
Content and services	31	-
Infrastructure	830	1,300
Total	10,988	2,704

Network provider services expenses represent payments to the network provider for the provision of the Managed Network service. Content and services expenses represent payments to several providers for use of the managed network services. Infrastructure expenses represent payments to the network provider for the establishment of the Managed Network service.

4. Transition support

Transition support expenses represents payments to ICT providers engaged to transition schools to the Managed Network service.

5. Other general and overhead expenses

	2015 \$000	2014 \$000
Personnel costs	6,626	5,130
Professional advisory fees	231	345
Marketing and communications	253	200
Travel and entertainment	532	434
Facility costs	468	412
IT and telecommunications	527	307
Other	415	268
Finance leases	8	-
Total	9,060	7,096

Personnel costs

	2015 \$000	2014 \$000
Salaries, wages and short-term employee benefits	6,218	4,467
Defined contribution plans	146	103
Contractor costs	262	560
Total personnel costs	6,626	5,130

N4L had 50 (2014: 47) full time equivalent employees and 4 contractors (2014: 4) as at 30 June 2015. Employer contributions to defined contribution plans include contributions to KiwiSaver.

6. Cash & cash equivalents

	2015 \$000	2014 \$000
Cash at bank	1,309	1,828
Cash equivalents - term deposits	1,000	1,000
Total cash and cash equivalents	2,309	2,828

All cash and term deposits are held with a major New Zealand trading bank. Term deposit maturities are of 90 days and are based on a fixed interest rate with interest payable at maturity. Term deposits are not subject to automatic renewals.

7. Other current assets

	2015 \$000	2014 \$000
Accounts receivable	2,374	851
Sundry debtors	10	4
Prepayments	31	56
Accrued revenue	221	135
Total other current assets	2,636	1,046

The carrying value of other current assets approximates their fair value. Accounts receivable relates to the outstanding invoices owed from the Ministry of Education and education sector agencies.

8. Property, plant and equipment

Movements for each class of property, plant, and equipment are as follows:

	Computer Equipment	Office Furniture	Office Equipment	Leasehold Improvements	Total \$000
Cost					
Balance at 1 July 2013	37	188	11	-	236
Additions during the year	132	91	26	40	289
Balance at 30 June 2014	169	279	37	40	525
Accumulated depreciation					
Balance at 1 July 2013	3	6	1	-	10
Depreciation charge for the year	30	25	5	4	64
Balance at 30 June 2014	33	31	6	4	74
Net book value at 30 June 2014					
	136	248	31	36	451
Cost					
Balance at 1 July 2014	169	279	37	40	525
Additions during the year	23	25	10	44	102
Reclassification to finance leases	132	-	-	-	132
Balance at 30 June 2015	324	304	47	84	759
Accumulated depreciation					
Balance at 1 July 2014	33	31	6	4	74
Depreciation charge for the year	74	31	8	12	125
Reclassification - accumulated depreciation	74	-	-	-	74
Balance at 30 June 2015	181	62	14	16	273
Net book value at 30 June 2015					
	143	242	33	68	486

During the year computer equipment previously classified under operating leases was reclassified to finance leases. The net carrying amount of computer equipment held under finance leases is \$58k (2014: nil).

9. Accruals and payables

	2015 \$000	2014 \$000
Accounts payable	1,779	1,174
Accrued expenses	813	485
Total accruals and payables	2,592	1,659

10. Share capital

Ordinary shares issued and fully paid:

	2015 Thousands	2014 Thousands
Balance at 1 July 2014	11,000	5,500
Shares issued	3,000	5,500
Balance as at 30 June 2015	14,000	11,000

During the 2014/15 financial year the Company issued a further 3,000,000 shares at an issue price of \$1.00 each (\$1,500,000 each to the two shareholding Ministers). All shares are fully paid and have equal voting rights. The shares have no par value.

11. Reconciliation of net surplus/(deficit) to net cash flow from operating activities

	2015 \$000	2014 \$000
Net deficit	(2,752)	(5,050)
Add/(less) non-cash items		
Depreciation & amortisation	145	83
Total non-cash items	145	83
Add/(less) movements in working capital items		
Accounts receivable	(1,523)	(851)
Prepayments	25	(37)
Other receivables	(6)	30
Accrued revenue	(86)	(135)
Accounts payable & other payables	628	1,380
Employee entitlements	177	208
Net movement in working capital items	(785)	595
Reclassifications of fixed asset items to investing	-	24
Net cash from operating activities	(3,392)	(4,348)

12. Commitments

Operating leases as lessee

The future aggregate minimum lease payments to be paid under non-cancellable operating lease are as follows:

	2015 \$000	2014 \$000
Not later than one year	387	397
Later than one year but not later than five years	1,017	1,270
Later than five years	-	-
Total commitments	1,404	1,667

N4L leases premises in Auckland at Suite 306, 100 Parnell Road, Parnell. The original term of the lease has an expiry of 28 February 2019. Under this lease N4L has a right of renewal for a term of a further 6 years taking the final expiry to 28 February 2025. The lease provides for rent reviews in March 2016, March 2019 and March 2022. The lease also includes a rent free period for 3 months at the commencement of the lease. The benefit of the rent free period is recognised as a reduction of the rental expense over the lease term, on a straight-line basis in accordance with PBE IPSAS 13.

N4L also leases Suite 104,100 Parnell Road, Parnell, Auckland. The original term of the lease has an expiry of 31 May 2016. Under this lease, N4L has a right of renewal for a term of a further 6 years, taking the final expiry to 31 May 2022. The lease provides for rent reviews in June 2016 and June 2019. The lease also included a \$20,000 incentive payment at the commencement of the lease. The benefit of the incentive is recognised as a reduction of the rental expense over the lease term, on a straight-line basis in accordance with PBE IPSAS 13.

N4L leases premises in Wellington at Suite 2, Level 9, 36 Brandon Street, Wellington. The original term of this lease has an expiry of 31 October 2019. Under the lease N4L has a right of renewal for a term of a further 3 years taking the final expiry to 31 October 2022. The lease provides for rent reviews November 2015, November 2017, November 2019 and November 2021. The lease also includes a rent free period for the first 6 months of the lease. This benefit is recognised as a reduction of the rental expense over the lease term, on a straight-line basis in accordance with PBE IPSAS 13. The lease also allowed for N4L to elect to have the landlord make an equivalent contribution (or portion thereof) to the fit-out of the premises. This incentive is recognised as a reduction in the depreciation expense over the unexpired period of the lease or the estimated remaining useful live of the improvements, whichever is the shorter, in accordance with N4L's depreciation policy.

Other commitments

The Company has no other commitments outside of its operating and finance lease commitments.

13. Contingencies

Contingent liabilities

The Company has no contingent liabilities as at 30 June 2015 (2014: \$nil).

Contingent assets

The Company has no contingent assets as at 30 June 2015 (2014: \$nil).

14. Related party transactions and key management personnel

Related party transactions

N4L is a wholly owned entity of the Crown.

All related party transactions have been entered into on an arm's length basis.

Significant transactions with government-related entities

N4L invoices the Ministry of Education directly the costs of each school's connection to the Managed Network. The costs of these connections are in accordance with the contract N4L has with the Ministry of Education.

N4L received capital funding of \$3 million during the year (2014: \$5.5 million).

In conducting its activities, N4L is required to pay various taxes and levies (such as GST, FBT, PAYE and ACC levies) to the Crown and entities related to the Crown. The payment of these taxes and levies, other than income tax, is based on the standard terms and conditions that apply to all tax and levy payers. N4L is exempt from paying income tax.

Key management personnel compensation

	2015 \$000	2014 \$000
Executive Team		
Remuneration and short-term benefits	2,048	1,797
Defined contribution plans	54	44
Total	2,102	1,841
Full-time equivalent members	9	9
Board Members		
Remuneration	213	186
Full-time equivalent members	8	7

Key management personnel includes the Executive team members and the Directors.

Board member remuneration

The total value of remuneration paid or payable to each Board member during the year was:

	Date of Original Appointment	2015 \$000	2014 \$000
Helen Robinson (Chair)	2/7/12	46	46
Mark Yeoman (Deputy Chair)	2/7/12	29	29
Martin Wylie	2/7/12	23	23
Rick Shera	2/7/12	23	23
Linda Tame	2/7/12	23	23
Humphrey Wikeepa	2/7/12	23	23
Karen Poutasi	2/7/14	23	-
Jack Matthews	1/9/13	23	19
Total Directors' fees		213	186

N4L has in place Directors' and Officers' liability insurance. N4L also indemnifies the Directors against cost and liabilities incurred by Directors for acts or omissions made in their capacity as Directors to the extent permitted by N4L's Constitution and the Companies Act 1993.

In addition to the Directors' fees, the Company incurred \$50k (2014: \$48k) of expenditure relating to training and travel costs of the Directors.

15. Employee remuneration

During the year ended 30 June 2015, no employees received compensation and other benefits in relation to cessation of their employment.

16. Events after balance date

There were no significant events after the balance date.

17. Capital management

N4L’s capital is its equity, which comprises accumulated funds and share capital. Equity is represented by the net assets of the Company.

N4L manages its capital through careful control of its operations ensuring it can operate within its agreed capital base. N4L has no external debt.

18. Financial instruments

Financial instrument categories

Cash, cash equivalents and receivables as presented on the Statement of Financial Position are classified as loans and receivables. Accruals, payables and finance leases are classified as financial liabilities, measured at amortised cost.

N4L has no financial assets or liabilities that are measured at fair value in the Statement of Financial Position. Current accruals and payables and short-term receivables are non-interest bearing and are normally settles on 30 day terms, therefore their carrying value is approximately equal to their fair values.

Financial instrument risk management

N4L’s activities expose it to a variety of financial instrument risks, including market risk, credit risk, and liquidity risk. N4L has a treasury policy in place to help manage the risks associates with financial instruments and seeks to minimise exposure from financial instruments. This policy does not allow any transactions that are speculative in nature to be entered into.

Market risk

Cash flow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate due to changes in market interest rates. N4L’s exposure to cash flow interest rate risk is limited to its bank deposits which are held at variable rates of interest. N4L does not actively manage its exposure to cash flow interest rate risk. N4L considers its exposure to interest rate risk to be immaterial. N4L is not exposed to price risk or currency risk.

Credit risk

Credit risk is the risk that a third party will default on its obligation to N4L, causing it to incur a loss.

In the normal course of business, N4L is exposed to credit risk from cash and term deposits with banks and other receivables. For each of these, the maximum credit exposure is best represented by the carrying amount in the statement of financial position.

N4L invests funds only with registered banks that have a Standard and Poor’s credit rating of at least A-1 for short-term and A- for long term investments. N4L has experienced no defaults of interest or principal payments for term deposits.

N4L holds no collateral or other credit enhancements for financial instruments that give rise to credit risk.

Liquidity risk

Liquidity risk is the risk that N4L will encounter difficulty raising liquid funds to meet commitments as they fall due. N4L mostly manages liquidity risk by continuously monitoring forecast and actual cash flow requirements.

All financial liabilities of N4L are current.

19. Explanation of major variances to unaudited forecast (unaudited)

The forecast numbers are taken from the Company’s ‘Statement of Performance Expectations 2014-2015’ (SPE).

Statement of Comprehensive Income

For the year ended 30 June 2015

	Ref	2015 Actual \$000	2015 Forecast (Unaudited) \$000
Income			
Income from services	A	18,574	21,703
Interest income		123	-
Total income		18,697	21,703
Expenditure			
Network services	B	10,988	13,069
Transition support	C	1,073	1,448
Board operations		263	279
Audit fees		65	52
Other general and overhead expenses		9,060	9,601
Total expenses		21,449	24,449
Net surplus/(deficit)		(2,752)	(2,746)
Total comprehensive income/(loss) for the period		(2,752)	(2,746)

A – Income from services

The nature of some of the major contracts with the Government is a cost plus overhead cost recovery construct. Revenue from services is lower than forecast in the SPE due to lower costs incurred by N4L.

B – Network services

Core infrastructure costs were lower than forecast in the SPE.

C – Transition support

Costs were lower than the SPE forecast due to a more efficient performance in transitioning schools to the Managed Network.

Statement of Financial Position

As at 30 June 2015

	Ref	2015 Actual \$000	2015 Forecast (Unaudited) \$000
Assets			
Current assets			
Cash and cash equivalents	D	2,309	1,196
Other current assets		2,636	2,577
Total current assets		4,945	3,773
Non-current assets			
Property, plant and equipment		486	596
Intangible assets		11	-
Total non-current assets		497	596
Total assets		5,442	4,369
Represented by			
Liabilities			
Current liabilities			
Accruals and payables		2,592	2,093
Deferred revenue		144	-
Lease incentive - current		27	-
Obligations under finance lease - current		46	-
Total current liabilities		2,809	2,093
Non-current liabilities			
Lease incentive - non-current		45	62
Obligations under finance lease - non-current		12	-
Total non-current liabilities		57	62
Total liabilities		2,866	2,155
Equity			
Share capital and reserves		2,576	2,214
Total shareholders' funds		2,576	2,214
Total liabilities and shareholders' funds		5,442	4,369

D – Cash and cash equivalents

Cash and cash equivalents is higher than forecast in the SPE, primarily due to a higher opening cash balance than forecast.

Statement of Changes in Equity

For the year ended 30 June 2015

	Ref	Share Capital	Retained Earnings / (Deficit)	2015 Actual \$000	2015 Forecast (Unaudited) \$000
Opening balance 1 July 2014		11,000	(8,672)	2,328	1,960
Net surplus/(deficit)		-	(2,752)	(2,752)	(2,746)
Total comprehensive income/(loss) for the period		-	(2,752)	(2,752)	(2,746)
Proceeds from shares issued		3,000	-	3,000	3,000
Total contributions by the owners		3,000	-	3,000	3,000
Closing balance 30 June 2015		14,000	(11,424)	2,576	2,214

Statement of Cash Flows

For the year ended 30 June 2015

	Ref	2015 Actual \$000	2015 Forecast (Unaudited) \$000
Cash flows from operating activities			
Receipts from customers	E	19,538	20,260
Interest received		123	-
Other income		54	-
Payments to suppliers and staff	F	(23,107)	(23,645)
Net cash outflow from operating activities		(3,392)	(3,385)
Cash flows from investing activities			
Purchase of property, plant, equipment and intangibles		(119)	(247)
Net cash outflow from investing activities		(119)	(247)
Cash flows from financing activities			
Equity capital introduced		3,000	3,000
Payments of finance leases		(8)	-
Net cash inflow from financing activities		2,992	3,000
Net increase/(decrease) in cash		(519)	(632)
Opening balance		2,828	1,828
Closing balance		2,309	1,196

E – Receipts from customers

Receipts from customers largely reflects the lower income from services as outlined in the Statement of Comprehensive Income.

F – Payments to suppliers

Payments to suppliers largely reflects the lower network services and transition costs as outlined in the Statement of Comprehensive Income.

DIRECTORY

Shareholders:

Minister of Finance (Hon. Bill English)
and Minister of Education (Hon. Hekia Parata)

Minister with delegated responsibility
for the Company:

Associate Minister of Education (Hon. Nikki Kaye)

Registered Office:

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Auditor:

The Auditor-General
Pursuant to section 15 of the Public Audit Act 2001

Solicitors:

Elwood Law
Simpson Grierson

Bankers:

Westpac New Zealand Limited

Senior Management:

John Hanna, Chief Executive Officer
Alexander Brown, Government and Stakeholder Relations Manager
Steve Hudgell, Programme Director
Jeremy Nees, Chief Technical Officer
Graeme Rayner, Chief Financial Officer
Andy Schick, Head of Marketing and Communications
Chris South, Head of Platform Services
Carolyn Stuart, Education Sector Lead
Gary Wicks, Customer Acquisition Manager

Board of Directors:

Helen Robinson (Chair)
Mark Yeoman (Deputy Chair)
Jack Matthews
Karen Poutasi
Rick Shera
Linda Tame
Humphrey Wikeepa
Martin Wylie



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