

ANNUAL REPORT

2017





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INTRODUCTION

The Network for Learning's (N4L) objective is to help facilitate a continuous improvement in educational outcomes for all New Zealand school 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.

The Company 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, content and collaboration solutions, and other innovative services.

N4L operates in a financially sustainable manner within its Crown-allocated operational budget.

Working with education and technology sector partners, N4L's activities are designed to encourage learners to benefit 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 or go to school - N4L creates opportunities for students to make the most of the universe of digital learning opportunities.

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 an independent Board of Directors.



HELEN ROBINSON

CHAIR'S REPORT

As never before, young New Zealanders need to be able to learn, to live and to prosper in a fast-changing digital world.

It is critically important for New Zealand's successful economic and social development that young people are able to leverage and embed technology, in and out of the classroom, to maximise their learning potential.

In May 2017, the Minister of Education, Hon. Nikki Kaye, noted that "the Government has invested more than \$200 million towards the Network for Learning, which is providing schools - about 98 percent of schools - with Crown-funded, uncapped, high-speed broadband. This means we now have the platform in place to support the range of initiatives currently underway to achieve our vision of New Zealand as a world leader in digital education".

N4L's delivery of the Managed Network has meant that on the first day of the 2017 school year, almost every school

in New Zealand opened their doors for a year of teaching and learning planned and delivered in the knowledge that there was an uncapped, fast, safe and reliable internet connection. This connection was available to all New Zealand schools regardless of whether they were large, small, rural, urban, and irrespective of decile.

Usage continues to grow rapidly, reinforcing the critical importance of stable, education-enhancing technology infrastructure. Network traffic has doubled since last year. The usage numbers are staggering; at time of writing this report the monthly usage of the Managed Network was over 2 petabytes with ~16 billion webpage hits.

With great technological use in education comes risk, which must be well managed to protect our young people. N4L works

hard alongside our business partners to monitor use and security of our network and services. Over the past year there has been an increase in viruses, ransomware and other cyber threats. Web safety and security remains a priority for the Board and the business.

Since our inception in 2012 N4L's mandate and strategy has been to provide the Managed Network, and content and services. Like all good tech companies N4L has been successful by its focus on delivery and customer engagement. Content and services, and the move to a more long-term, self-sustaining model is the Board's focus for the Company's future.

Remaining more than 'just keeping current', it is essential that N4L acts as schools' technology research arm, and working alongside our educational agency partners, N4L can help the sector think further ahead to make the right investment



decisions. Over the past five years N4L would like to think that it has truly made a difference to the future of education in New Zealand.

N4L's vision of digitally empowered education for a future-ready, world-ready Aotearoa New Zealand has been significantly advanced this year through the connection of most schools to the Managed Network, the sustaining of the underlying network and its supporting infrastructure. We are working hard to bring new innovation, new products and services to support New Zealand education.

No organisation can be successful without strong governance and I am fortunate to work alongside an incredible and diverse team of Directors, to whom I extend my gratitude and appreciation for their enormous contribution. We are proud of what we have achieved this year

for learners, for teachers, for schools and for New Zealand, and embrace the opportunity to continue to deliver into the future. I would especially like to acknowledge the commitment, dedication and contribution of Humphrey Wikeepa for his five years of service as he leaves the N4L Board. I am looking forward to welcoming his successor, Jeremy Banks, to the Board.

The successful completion of most schools' reliable connection to N4L's Managed Network, and N4L's successes to date, can be attributed to John Hanna, his talented leadership team, and the passion and hard work of all staff at N4L. They are a unique group, and I am pleased and grateful that their talents are harnessed for the good of all young New Zealanders.

The N4L team are excited to be entering a new phase of its journey. The Managed Network has been and continues to lay the

platform for schools' reliable infrastructure, and there are many opportunities for N4L to help enhance and empower New Zealand's greatest asset - its teachers and learners - through great technology and innovation.

Helen Robinson
Chair



JOHN HANNA

CEO'S REPORT

**Mā te whakapono
Mā te titiro
Mā te whakarongo
Mā te mahitahi
Mā te manawanui
Ka taea e au**

**By believing and trusting
By looking and searching
By listening and hearing
By working and striving together
By patience and perseverance
We can succeed**

Children born the year that N4L was founded are turning five and starting school now. I am immensely pleased that they are joining an education system that has world-leading equity of internet access and experience, via N4L's Managed Network. I want these children to be able to take for granted that schools have fast, stable internet access. My goal is for schools and students to be able to say about their network, 'it just works'.

This is not easy to target. 'Just working' means anticipating problems, solving them quickly, and preventing small issues from escalating into big ones. It also means doing this in a manner that is invisible to our customers, so they can continue to lead, teach and learn. To do this, N4L

focuses on three things: innovation, sustainability, and security.

Innovation

From the outset, N4L has focused on innovation. We created the award-winning Pond platform to meet teachers' desire for a contemporary platform on which to collaborate and share content; it was awarded the Most Innovative Initiative at the HiTechNZ awards in 2015.

More recently, we launched Tahī, an identification and access management service specifically designed to meet the needs of the education sector. N4L continues to identify new technologies and new educational needs as they emerge, so we can adapt the Managed Network to handle them.

Sustainability

Our support team responded to over 31,000 calls in the last year, a decrease of around 10% from the previous year, reflecting a service that is increasingly working seamlessly. Our network is designed so we can make requested changes, diagnose and fix minor issues quickly - and often remotely - saving time and money. In fact we are often able to remedy an issue that may be affecting network performance in advance, well before students and teachers experience any issues.

N4L has also increased its research efforts: we regularly seek feedback from schools, and most recently received a result of 92.7% satisfaction with the service delivered.



While I am pleased with this enormously positive feedback, our team is always keen to learn how we can continue to enhance the services we deliver to ensure our customers and shareholders receive the greatest possible value.

Security

Increasingly, one of the largest challenges to a network that 'just works' is security. In the past year there has been a worldwide increase in cyber threats, including malicious malware and ransomware. N4L continues to introduce new safety and security features to address this evolving threat. In June 2017, N4L blocked nearly ten thousand viruses and malware; over fifty thousand attempts to introduce unwanted materials such as ads, spyware, and applications; and blocked access to over one billion websites.

The work required to carry out these tasks, and to a standard that is reflected in an unprecedented level of customer satisfaction, is enormous. I can only express my own gratitude and that of NZ schools, teachers and learners, to the team at N4L. Workloads were higher than ever in 2016/17, and often at considerable personal cost. The N4L team continued to deliver and I should note that I have been admirably supported by my Leadership Team.

The N4L Board continue to support and challenge the Company to look beyond the horizon, to improve our offering to schools and to seek new opportunities as they present themselves. I am grateful for their continued work in this area.

As I look forward, I can see N4L continuing to prosper and succeed, but also to continue to enable the next generation of New Zealanders to live and learn in a seamless, digital world. Kia kaha!

John Hanna
Chief Executive Officer

N4L OBJECTIVES AND OUTCOMES

N4L advances Government goals in the areas of education and infrastructure, while meeting its expectations for efficient and effective expenditure of Crown funds. By leveraging the Government's investment in Ultrafast Broadband (UFB), N4L supports the achievement of Government's goals for the education system. 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 meets the needs of New Zealand's education sector in three main areas, which link back to the expectations set out in the Company's constitution:

- The provision of Managed Network 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 – building on N4L's educational platform to address areas of need in the education sector, and
- Engaging with the education sector to help lead our direction to best fit their needs as educators. In order 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 NETWORK SERVICES

N4L's Managed Network is specifically designed for New Zealand's 2500+ schools. The Managed Network is a connection that schools can trust to perform, knowing they will always have enough capacity to use the internet when and how they want. It creates an environment that encourages the uptake of digital learning in a seamless way. The Managed Network ensures all schools will have equitable access to safe, predictable and fast internet with uncapped data, strong web safety and security services, and full helpdesk support.

With the Managed Network, schools have the tools to create a safe online environment for their students and staff, and can pursue new teaching and learning opportunities presented by digital technologies. Schools using the Managed Network are benefiting from an enhanced online experience, with many experiencing internet speeds of up to ten times faster than what they have received previously.

Rollout of the Managed Network

The rollout of the Managed Network began in November 2013 when Massey Primary became the first connected school, and formally concluded in December 2016.

As of the end of June 2017, there were

2,457

New Zealand school sites connected to the Managed Network. More than 806,000 students and teachers are now using the Managed Network, which makes up almost 99% of New Zealand students and teachers.

With a continuous small stream of new schools, merged schools, or schools being rebuilt, there will continue to be a residual level of connection-related activity.

Feedback from schools, media and our technology sector partners has been overwhelmingly positive.

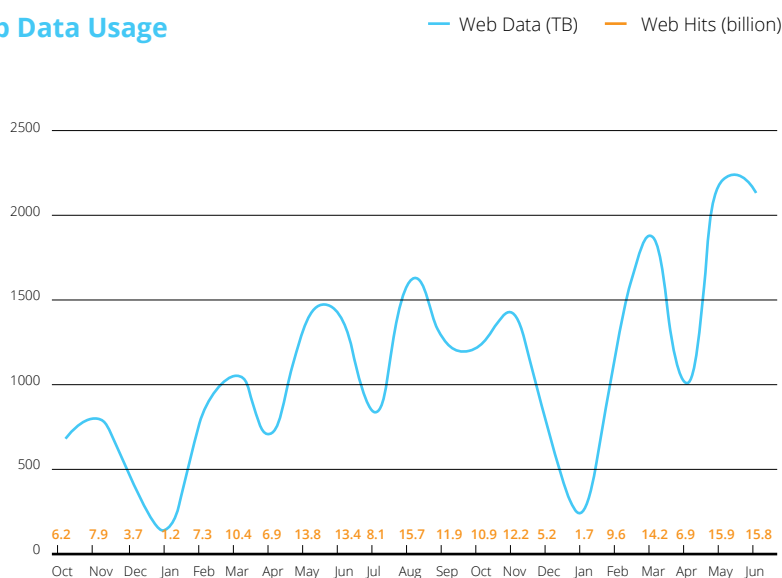
Milestone

The 2016/17 year marked a very important milestone, the completion of the rollout of the Managed Network. This also meant that 2017 was the first full year where effectively all New Zealand schools were connected to the Managed Network, meaning that the school year could be planned in confidence that there would be seamless access to high-quality, reliable safe and secure internet.

For a number of schools in remote and rural New Zealand, access to reliable and high-speed network connections has been completely transformative, allowing access to the vast and rich array of digital content, resources and potential collaborators.

Reaching this milestone has fulfilled N4L's initial charge, and N4L is particularly proud that this has been achieved both ahead of schedule and under budget.

Web Data Usage



2015 - 2017

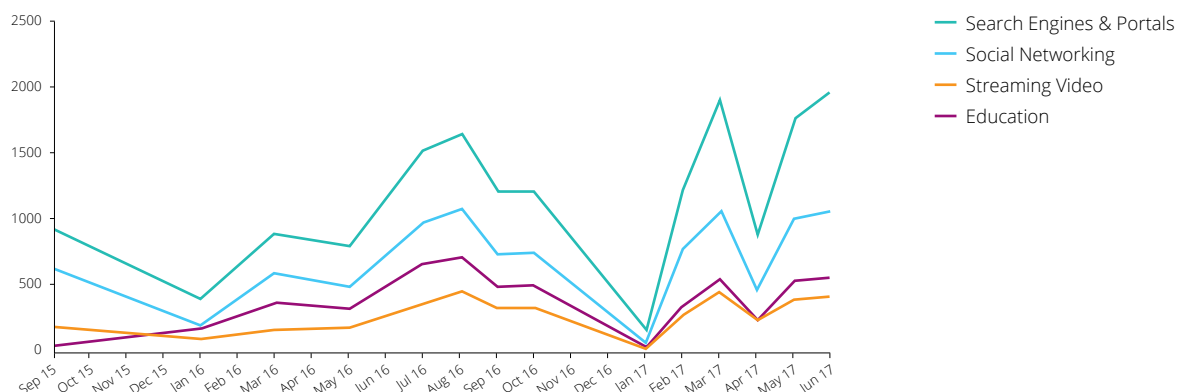
Use

2017 is the first year where almost all schools will have planned their teaching year in the knowledge they have access to uncapped, safe and secure internet, and as such, data use across the network has grown significantly over the last year.

Data consumption patterns are also changing. Although bandwidth used on streaming video is higher than other categories, the number of website hits (individual interactions by users) is not. N4L can see that teachers and learners are using the Managed Network with purpose, with growth in searches and education outstripping growth in streaming video.

MANAGED NETWORK SERVICES

Website Hits by Category



Strong bandwidth growth is being observed across the Managed Network, demonstrating that schools are increasingly using digital resources online and consuming more data. As a result, and in line with the agreed allocation policy, a number of schools are having their connections upgraded to allow them to continue using online resources confidently, without problems with reliability or speed. During the 2016/17 year, 86 schools had their connections upgraded.

Helpdesk

N4L's Helpdesk has performed to a high level over the past 12 months, consistently achieving a high level of customer satisfaction while meeting efficiency and productivity measures.

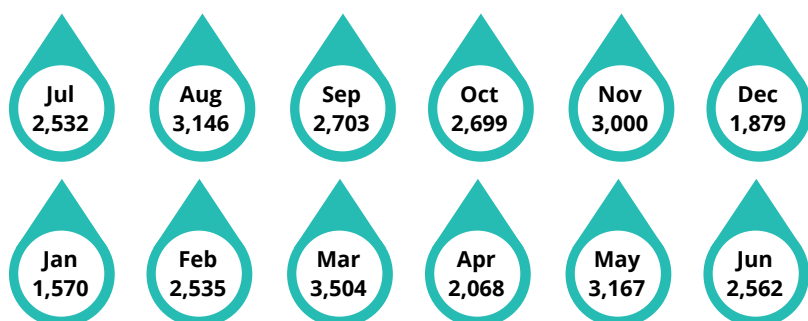
In the coming year we look to drive better outcomes for our customers through the implementation of two key projects. The first is a new customer community portal, which will enable customers to track the progress of the issues they have open with the desk, hold open live chat sessions and explore a knowledge base of helpful articles. The second project is a new phone system, which will allow N4L to offer a superior experience to our customers. It will also drive more efficient work flows and allocation of tasks to our helpdesk team.

Connection Size Upgrades

From/to	100	500	1000	Total
50	19			19
100	1*	60		61
500		3*	4	7
Grand Total	20	63	4	87

* Router upgrade only

Volume of Helpdesk Calls



Total Call Volume **31,365**

Innovation and Sustainability

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

Over 2016/17, N4L has consolidated its programme of network innovation and named it Managed Network 2.0. The scope of Managed Network 2.0 (and the journey towards it) is to update our product and services with the latest technology, while ensuring we provide the necessary visibility and security across the network with the aim of:

Reducing operational costs around change

Implementing self service options and improving customer satisfaction

Providing a solution that is tailored for education

Providing equal or additional capability compared to current state.

New managed technology features and products in 2016/17 include:

Improved network security to counter advanced security threats

Upgrading of all rural schools to a minimum network connection of 100Mbps

Evolution of Tahi to provide schools with better integration with popular cloud based single-sign-on solutions and simplified provisioning of cloud applications

Improved analytics and reporting for schools

Automation of school upgrades

Automation of MAC support processes to reduce the time for school requested changes (such as a firewall change).

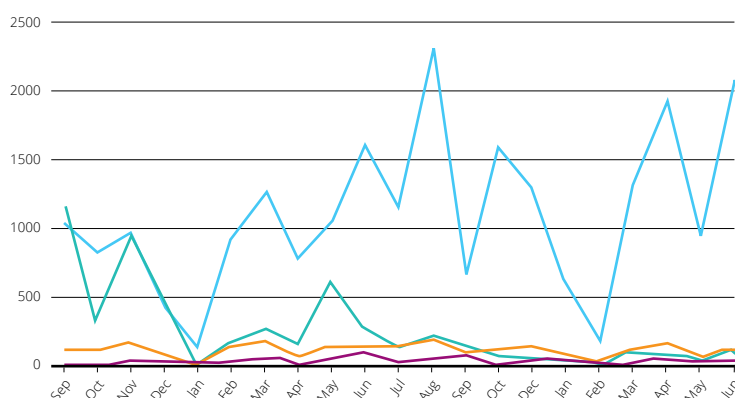
Safety and Security

This past year N4L has introduced new safety and security features for our users, reflecting an ever-changing security landscape. The number of threats blocked across the network have grown with increases in network use. There is variance in the categories of growth, or reduction, month to month, and not directly linked to use patterns, as various threat trends shift.

In delivering this service, there were:

Security Activity	Month of June 2017	Cumulative to June 2017
Viruses & malware blocked (thousands)	10.8	473.2
Adware spyware & unwanted applications blocked (thousands)	51	4,245.6
Security blocks (millions)	55	1,509.0
Websites blocked (millions)	1,022	12,561

Website Hits by Category



- Viruses and Malware Blocked (thousands)
- Adware Spyware & unwanted Applications Blocked (thousands)
- Security Blocks (million)
- Web Blocks (million)

MANAGED NETWORK SERVICES

Identity and Access Management (IAM) - Tahi

During 2016/17, N4L, in conjunction with Spark and under the Managed Network contract, continued to develop Tahi, an IAM solution to support identity management within schools. Tahi is designed to give students access to many online applications via a single username and password, and provide functions to support in-class use and prevent the disruptions to teaching that occur when students forget their passwords. Tahi is also designed to operate on a sector-wide basis, meaning that if students or staff are involved in multiple schools, or if they move between schools, they will retain the same user identity and account. This prevents users from losing their data as they move between schools.

The goal of Tahi is to support student-centred learning by providing students with a consistent digital identity throughout their school lives. This identity will enable easy access to digital learning resources, while also enabling N4L to meet its requirements regarding the provision of individual or group-level web filtering for students. N4L has also created the N4L SMS Extender which integrates with a school's Student Management System (SMS) and allows the SMS data to be used to populate other services, including Tahi. The SMS Extender operates on a per school basis, consistent with the operation of a school's SMS, where the SMS vendor operates as an agent of the school.

Tahi was released to market in June 2016, and during 2016/17, was made available to both schools and content providers. Efforts were focused on building a rich application catalogue of content providers. Discussions with the Ministry of Education continue in order to understand how Tahi or components of Tahi may fulfil the needs for a sector-wide IAM solution for its workforce and students.

Tahi was successfully used by NZQA as the authentication mechanism for Karamu High School's Level 1 Media Studies online digital assessment. The pilot ran in November 2016, and is expected to continue to be used in 2017.



N4L OBJECTIVES AND OUTCOMES

PLATFORM SERVICES

The Platform Services workstream supports the provision of 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 N4L's platform.

Over the latter part of 2016/17, N4L explored a number of opportunities for partnering with other education agencies around the use of N4L's platform assets. While still under development, there are a number of promising opportunities that will continue to be explored in 2017/18.

Pond Application Framework (PAF)

When Government's early vision for N4L was forming, it was understood that supporting teacher and student access to the right content and online services was a critical function for the Company to undertake.

The core issue addressed by the development of the platform remains in place for many teachers: for busy teachers, it is onerous to find, assess, manage and share appropriate and useful teaching resources from the vast quantities of information available online. This became the Company's commitment to build a platform that would support teacher planning, and facilitate access to useful and often hard-to-find content. The platform supports educators to create, manage, publish and share digital content, as well as interact with each other around this content.

Improved Functionality

In 2016/17, the team gathered feedback from users and found that the most common issue was that the interface was too complex for non-technical users. With this in mind, work began on a developing a refreshed, improved user experience.

The focus of this work is to provide a greatly simplified experience, more inline with other contemporary social media and social bookmarking platforms.

Users, including a number of major content providers, as well as educational bodies, continue to add materials, with just under 24,000 items in the database.

“ N4L's Helpdesk takes a step-by-step approach to helping resolve problems, without trying to rush us through it. As a teaching principal at a rural school, this approach is very much appreciated. ”

Hilary Spedding
Principal, Millers Flat School



N4L OBJECTIVES AND OUTCOMES

SECTOR ENGAGEMENT

N4L continues to enjoy positive relationships with the sector. Schools appreciate the proactive nature of our engagement and are hugely grateful for a fibre connection that 'just works' and is safe. The benefit of schools being connected to a managed network was very apparent during the recent 'WannaCry' ransomware attacks, with N4L proactively managing affected connections, in most cases before schools were even aware they were under threat. We work continuously with our technology partners to ensure our web content filtering solutions are designed with the future in mind and meet the needs of all schools. We also work closely with government agencies, including Netsafe, CERT and the Ministry of Education to provide advice and support to schools in this area.

We have continued to provide input into various working groups and support sector agencies and peak bodies in the thinking around the growing impact of digital technologies on education.

Both our client-facing and education sector engagement teams continue to regularly visit schools, either to re-sign Managed Network contracts, or to seek input on product development or relationship building. Schools are very generous with their time as they appreciate the opportunity to tell us about their needs in order to ensure products developed are fit for purpose.

We have been present at many of the sector conferences either with trade stands and/or workshop and plenary presentations. We have also supported, where we can, ground-level initiatives such as Educamps, as our way of helping the innovation happening at the edges of the system.

N4L Advisory

N4L has spent much of the year reviewing the way it receives advice from the sector.

A result of this has been the renaming of N4L's original advisory group to the N4L Leadership Advisory. This group has continued to meet regularly throughout the year. In March, the Leadership Advisory spent a day with N4L's Leadership team in a workshop facilitated by Dr Cheryl Doig combining their areas of expertise to think deeply about future exponential impacts on education.

The membership of this group is:

- **Carolyn Alexander-Bennett**
Far-Net - VLN Community
- **Claire Amos**
Hobsonville Secondary School
- **Dorothy Burt**
Manaiakalani Education Programme
- **Sarah Martin**
Stonefields School
- **Charles Newton**
Education Consultant
- **Richard Newton**
University of Auckland Centre for Educational Leadership
- **Jen Rogers**
St Clair School, Dunedin
- **Mike Williams**
Pakuranga College

The membership of this group will be refreshed in the coming year. N4L has also been investigating ways to increase Teacher Advisory in the company as well engaging more with Māori and Pasifika.



N4L OBJECTIVES AND OUTCOMES

RESEARCH

N4L uses its research findings to improve existing services, learn where opportunities are emerging, and provide well-evidenced reports to Government on N4L service delivery.

Research 2016/2017

Alongside the delivery of the 2017-2021 Business Plan, N4L adopted a renewed focus on customer research. This expanded on our previous research programme and has more formally incorporated hands-on, user-centric, solutions-based Design Thinking methodologies more formally.

The inclusion of Design Thinking into our product planning and development has allowed deeper insight into the technology challenges facing schools.

- Design Thinking around Network-as-a-Service in 2016 identified the need for a customer portal to provide technical content to schools
- As part of our current review of Tahi, we have begun carrying out a range of interviews with schools using the principles of Design Thinking
- We are working towards integrating Design Thinking principles more generally into company culture and processes, in particular the value of customer-centric empathy

Because the Managed Network rollout was completed in December 2016, N4L has adapted its approach to customer satisfaction (formerly covered by the Lifecycle Survey) and technology trends (formerly covered by the Tech in Schools Survey). A new survey covering both of these areas, named Touchpoint, was run for the first time in March 2017. Touchpoint is planned as a semi-annual survey, and is an important channel for gaining information and understanding of schools and their needs.

Some of the key findings from Touchpoint in March 2017 were:

Devices remain a big focus for schools, for example, acquiring devices to reach a ratio of 1 device to 1 student

Respondents reported that students were adjusting increasingly well to the use of technology in the classroom

One third of schools reported planning major changes in the next 12-18 months that could heavily increase their internet use

Schools used a range of locally raised funds, in addition to their operational grant, to fund technology spending

Ensuring access to Professional Learning Development and other training for technology remains a concern for schools

With a large number of schools using more internet and more connected-devices, pressure is likely to come onto schools' internal technology systems, such as their wireless networks. The survey found schools are increasingly focussed on managing their internal tech systems.



N4L OBJECTIVES AND OUTCOMES

Effective engagement with the sector has been critical to the continued success of N4L. Schools appreciate the time the company takes to ensure they fully understand the services being offered, and that N4L's product is customised to individual school's needs.

N4L maintains its good relationship with the sector through sound business processes and a focus on rapidly responding to any identified concerns. Whenever the Managed Network experiences an outage (e.g. when fibre is cut), keeping schools informed through a wide range of communication channels about what has happened and the expected duration of the outage is a key priority.

“ The high level of responsiveness reduces stress - and it is consistently speedy. ”

Gavin Beere,
Principal, Hillpark School

“ N4L were quick to pick up on our network outage and it was quickly repaired... Great service... Thank you. ”

Peter Lawrence,
Teacher, Akaroa Area School

This approach has proved extremely successful.

Customer satisfaction across all N4L services at

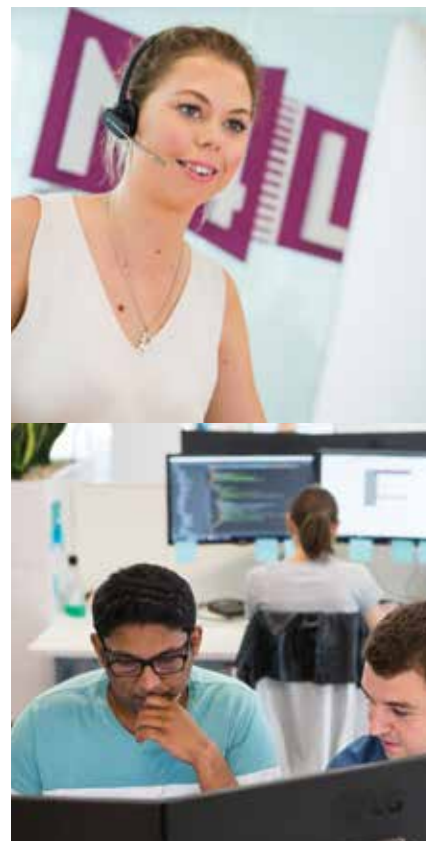
96.4%

of customers indicating they were satisfied or very satisfied.

N4L's helpdesk achieved an ever higher rating, with satisfaction at

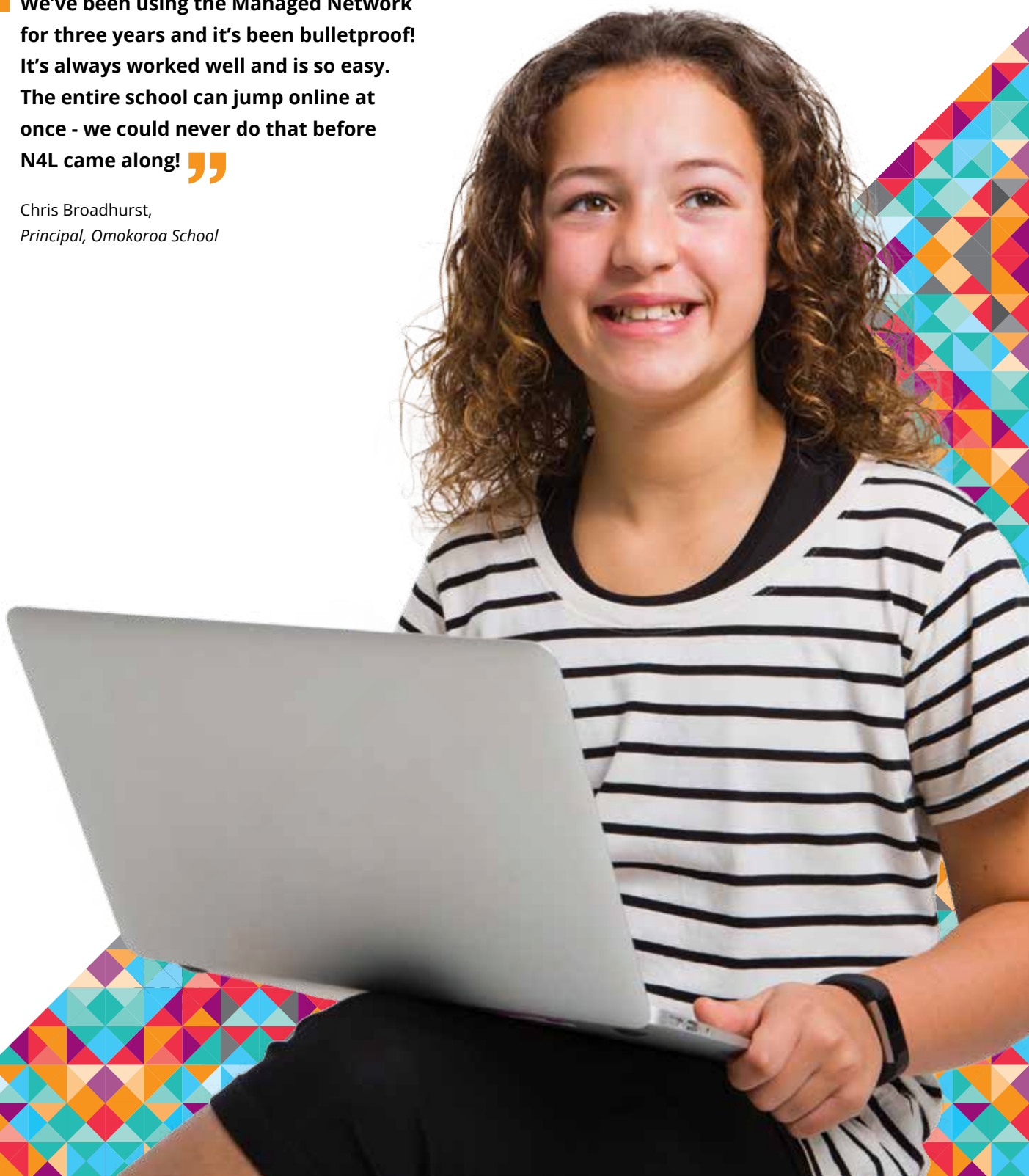
96.8%

If only customers indicating that they were very satisfied were counted, N4L achieves scores for 81.7% across the company and 83.6% for the helpdesk.



“ We’ve been using the Managed Network for three years and it’s been bulletproof! It’s always worked well and is so easy. The entire school can jump online at once - we could never do that before N4L came along! ”

Chris Broadhurst,
Principal, Omokoroa School



LEADERSHIP TEAM

From left to right:

Greg Woolley**ACTING CHIEF PRODUCT OFFICER**

Greg brings over 20 years of experience in enterprise software and consulting to N4L. He started his career as an officer in the Royal New Zealand Navy, going on to found Certus Solutions, a New Zealand-owned IT company. Since exiting Certus Greg has invested in, and co-founded, a number of technology companies and is a believer in the power of technology as a catalyst for change.

Carolyn Stuart**DEPUTY CHIEF EXECUTIVE, EDUCATION**

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

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 (bought by Vocus).

Will Graham**CHIEF OPERATING OFFICER**

Will brings over 17 years of information and communications technology experience to N4L. Will previously held senior management roles at Spark Ventures, Vodafone and Spark Digital, in sales, services and operations.



Susannah Winger
HEAD OF MARKETING

Susannah brings senior marketing experience in both education and telecommunications to N4L. Most recently she returned from Australia where she held a Senior Manager role at Open Universities Australia, responsible for the marketing and advertising across their multiple brands.

Alexander Brown
DEPUTY CHIEF EXECUTIVE, GOVERNMENT

Before 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.

Jenna Woolley,
HEAD OF STRATEGY AND PLANNING (departed 8 August 2017)

Prior to joining N4L, Jenna spent a decade working in the technology industry. She has held a variety of roles, including leading her own strategy consultancy. She is a current member of the TUANZ Board.

Pete Weaver
ACTING CHIEF FINANCIAL OFFICER (departed 21 August 2017)

Pete brings over 30 years experience in general, commercial, strategic and operational management of a range of predominantly technology organisations with business in New Zealand and overseas. Pete has an active interest in supporting innovation in New Zealand and retains an interest in several technology companies. In the years before N4L, Pete was a key figure in the growth and US sale of HR start-up Sonar6.



BOARD OF DIRECTORS

From left to right:

Helen Robinson CHAIR

Helen is an entrepreneur with interests in a diverse range of innovative companies as well as an Independent Director serving on the board of numerous organisations. She has led tech companies for over 30 years.

Helen is Co-founder, Executive Director and CEO of Organic Initiative (Oi). Helen chairs CLOUD M, a mobile software company, and Valens Group, building confidence in women in the early-mid stages of their career.

She is Director, ATEED (Auckland Tourism Events & Economic Development), the NZ Defence Force, Fulbright NZ and a Trustee of Aktive Auckland Sport & Recreation.

Former roles include the Head of Microsoft in NZ, CEO of TZ1 Registry, Managing Director at Markit Group (WW), and VP of Pivotal Corporation (APAC).

Helen Robinson was the Supreme Winner of the NZ Women of Influence Award 2016.

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, growing businesses which 'do good' at mass scale.

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:

- Co-Founder & Executive Director Organic Initiative Ltd (Oi)
- Director, Fulbright NZ
- Director, Auckland Tourism Events & Economic Development
- Managing Director, Penguin Consulting Ltd
- Chair, CLOUD M Ltd
- Director, KND Investments Limited
- Chair, Valens Group
- Trustee, Robinson Family Trust
- Trustee, Aktive Auckland Sport & Recreation
- Director, NZ Defence Force

Mark Yeoman DEPUTY CHAIR

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.

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:

- Director of The Warehouse Limited
- Director of The Warehouse Group Investments Limited
- Director of TWP No6 Limited
- Director of Diners Club (NZ) Limited
- Director of BOYE Developments Limited
- Director of M.D.Y. Trustee Limited
- Group CFO of the Warehouse Group
- Member of NZ Cricket Digital Advisory Board
- Children at Scots College, Hutt International Boys School, Hutt Intermediate School

Linda Tame DIRECTOR

Linda is an experienced education specialist with recent experience as Principal of two secondary schools. She currently works with school leaders on transformational change in the Christchurch post earthquake renewal programme and with a Trust (GCSN) focussed on bridging the digital divide in Christchurch low decile schools.



In 2014 she was awarded a Queen's Service Medal for Services to Education.

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

- Consultant working in Christchurch Schools
- Pro-Chancellor Lincoln University Council
- Chair Lincoln Hospitality Ltd.
- Contractor to Greater Christchurch Schools' Network, (GCSN)
- Contractor to CORE Education Ltd.
- Member Ministry of Education Governance Group - Strategy, Operation and Review Programme
- Ex Principal Lincoln High School, ex Relieving Principal Linwood College
- Trustee Riccarton Bush Trust
- Director Solus Ltd. Closely Held Company (Dormant)
- Trustee and beneficial interest in Tame Family Trust
- Mother of Jack Tame, TVNZ Breakfast Presenter, reporter at Radio Network and Herald
- Married to John Tame, contractor to supplying support and financial services to schools

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
- Shareholder of Kasart Limited
- Fellow of InternetNZ Incorporated
- Children at Kings College and Kristin School
- Member of the CERT Establishment Advisory Board

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 the New Zealand Committee for Harkness Fellowships. 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 of the NZ Committee Harkness Fellowships
- Panel member Havelock North Drinking Water Inquiry

Jack Matthews DIRECTOR

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 and currently resides in Queenstown, NZ.

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 Chorus
- Chair Rewardle Holdings
- Director Trilogy International
- Director APN & Outdoors
- Chair Mediaworks NZ

Jeremy Banks DIRECTOR

(term commenced 1 July 2017)

Jeremy is a software development specialist with experience growing software startups. Currently a board member for Wakatū Incorporation, Ngāti Rārua Ātiawa Iwi Trust and Te Rūnanga o Te Ataarangi, Jeremy has whakapapa links to the top of the South Island through Ngāti Rārua, Rangitāne ki Wairau and Ngāti Kuia.

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

- Director & Shareholder, Wakatū Incorporation
- Trustee, Ngāti Rārua Ātiawa Iwi Trust
- Trustee, Te Rūnanga o Te Ataarangi
- Technician, Data Iwi Leaders Group
- Director, Plink Software Limited
- Children at Nelson Central School

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.

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 45OA 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 on 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.

Board of Directors

The Board currently comprises of seven 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 Leadership Team.

STATEMENT OF PERFORMANCE

In the Statement of Performance Expectations 2016-2017, the Company indicated that it would provide services and outputs under one output class in 2016/17, being a Managed Network service.

N4L is pleased that all SPE targets for 2016/17 have been met.

Managed Network Services

The Managed Network offers schools fast and predictable internet with uncapped data, web filtering and network security services. This also includes firewall services, performance monitoring and full helpdesk support. Schools are funded for their connection packages.

Number of School sites Connected to the Managed Network

Measure

Number of school sites connected.

Q1 Target

2,415 (96%)

Performance

2,424 (97%)

Measure

Number of school sites connected.

Q2 Target

2,440 (97%)

Performance

2,449 (98%)

Measure

Number of school sites connected.

Q3 Target

2,465 (98%)

Performance

2,464 (98%)

Measure

Number of school sites connected.

Q4 Target

2,465 (98%)

Performance

2,457 (98%)¹

Helpdesk Timelines and Satisfaction

Measure

Satisfaction of users logging a Service Request or Incident.

Target

'Satisfied' or 'Very Satisfied' response from at least 75% of respondents.

Performance

Q1

96.1 %

Q2

96.4 %

Q3

97 %

Q4

97.9 %

Measure

Manage uptime in accordance with contractual Service Level Agreements (SLAs).

Target

Meet SLA levels.

Performance

SLA levels met.

Love the Customer

N4L recognises that it is critical that all learners and schools have excellent, second-to-none service delivery. Feedback from customers is sought at key touchpoints.

Measure

Principal and/or operational contact at each school satisfaction with the performance of N4L in administering the Managed Network and associated services.

Target

'Satisfied' or 'Very Satisfied' response from at least 75% of respondents.

Performance

92.7 %

Other Business

Measure

All other work will be completed within budgets and to standards set out in Statements of Work

Target

100% of targets met.

Performance

100% of targets met.

¹ Note that schools are both connected but also closed and subsequently disconnected during the course of the year, and this is reflected in a changing base number of schools that can be connected at any given point in time.

FINANCIAL PERFORMANCE

N4L measures its financial performance against the following high level targets:

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

N4L will plan to ensure that it has the financial resilience to transition to an expanded 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 2017.

Signed on behalf of the Board.



Helen Robinson

Director

27 September 2017



Mark Yeoman

Director

27 September 2017

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 also because it is in accordance with our company 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 stayed roughly constant, shifting to 55 full time employees from 52 in June 2016. 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.
- **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 of where 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 employees 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'.
- **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.
- **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.





Chartered Accountants

**INDEPENDENT AUDITOR'S REPORT
TO THE READERS OF THE NETWORK FOR LEARNING'S FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION FOR
THE YEAR ENDED 30 JUNE 2017**

The Auditor-General is the auditor of The Network For Learning Limited (the Company). 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 performance information of the Company on his behalf.

Opinion

We have audited:

- the financial statements of the Company on pages 32 to 52, that comprise the statement of financial position as at 30 June 2017, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the performance information of the Company on page 26.

In our opinion:

- the financial statements of the Company on pages 32 to 52:
 - present fairly, in all material respects:
 - its financial position as at 30 June 2017; and
 - its financial performance and cash flows for the year then ended; and
 - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards.
 - the performance information on page 26:
 - presents fairly, in all material respects, the Company's performance for the year ended 30 June 2017, including for each class of reportable outputs:
 - its standards of delivery performance achieved as compared with forecasts included in the statement of performance expectations for the financial year; and
- its actual revenue and output expenses as compared with the 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 27 September 2017. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Board and our responsibilities relating to the financial statements and the performance information, we comment on other information, and we explain our independence.

Basis for opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

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

Responsibilities of the Board for the financial statements and the performance information

The Board is responsible on behalf of the Company for preparing financial statements and performance information that are fairly presented and that comply with generally accepted accounting practice in New Zealand.

The Board is responsible for such internal control as it determines is necessary to enable it to prepare financial statements and performance information that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the performance information, the Board is responsible on behalf of the Company for assessing the Company's ability to continue as a going concern. The Board is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to liquidate the Company or to cease operations, or there is no realistic alternative but to do so.

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

Responsibilities of the auditor for the audit of the financial statements and the performance information

Our objectives are to obtain reasonable assurance about whether the financial statements and the performance information, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of these financial statements and performance information.

For the budget information reported in the financial statements and the performance information, our procedures were limited to checking that the information agreed to the Company's statement of performance expectations.

We did not evaluate the security and controls over the electronic publication of the financial statements and the performance information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements and the performance information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board.
- We evaluate the appropriateness of the reported performance information within the Company's framework for reporting its performance.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Company and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the performance information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements and the performance information, including the disclosures, and whether the financial statements and the performance information represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant

deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

Other Information

The Board is responsible for the other information. The other information comprises the information included on pages 1 to 25 and 27 to 29, but does not include the financial statements and the performance information, and our auditor's report thereon.

Our opinion on the financial statements and the performance information does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements and the performance information, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements and the performance information or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

We are independent of the Company in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1(Revised): Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards 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

FINANCIAL STATEMENTS

Statement of Comprehensive Income

For the year ended 30 June 2017

	Notes	2017 Actual \$000	2016 Actual \$000
Income from Non-Exchange Transactions			
Income from Services	3	30,201	28,796
Income from Exchange Transactions			
Interest Income		40	42
Total Income		30,241	28,838
Expenditure			
Network Services	4	20,098	18,157
Transition Support	5	116	768
Board Operations	15	238	254
Audit Fees		51	54
Other General and Overhead Expenses	6	9,230	9,052
Total Expenses		29,733	28,285
Net Surplus/(Deficit)		508	553
Total Comprehensive Income/(Loss) for the Period		508	553

The accompanying notes form part of these financial statements.

Statement of Financial Position

As at 30 June 2017

	Notes	2017 Actual \$000	2016 Actual \$000
Assets			
Current Assets			
Cash and Cash Equivalents	7	3,025	2,514
Receivables - Non Exchange Transactions		3,255	3,094
Other Current Assets	8	53	205
Total Current Assets		6,333	5,813
Non-Current Assets			
Property, Plant and Equipment	9	394	439
Intangible Assets		5	7
Total Non-Current Assets		399	446
Total Assets		6,732	6,259
Represented by			
Liabilities			
Current Liabilities			
Accruals	10	976	827
Payables under Exchange Transactions		2,085	2,198
Deferred Revenue		3	46
Lease Incentive - Current		16	16
Obligations under Finance Lease - Current		-	13
Total Current Liabilities		3,080	3,100
Non-Current Liabilities			
Lease Incentive - Non-Current		15	30
Total Non-Current Liabilities		15	30
Total Liabilities		3,095	3,130
Equity			
Share Capital and Reserves	11	3,637	3,129
Total Shareholders' Funds		3,637	3,129
Total Liabilities and Shareholders' Funds		6,732	6,259

The financial statements were approved by the Board and authorised for issue on 27 September 2017.

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 2017

	Notes	Share Capital	Retained Earnings/ (Deficit)	2017 Actual \$000
Opening Balance 1 July 2016		14,000	(10,871)	3,129
Net Surplus/(Deficit)		-	508	508
Total Comprehensive Income/(Loss) for the Period		-	508	508
Proceeds from Shares Issued	11	-	-	-
Total Contributions by the Owners		-	-	-
Closing Balance 30 June 2017		14,000	(10,363)	3,637

Statement of Changes in Equity

For the year ended 30 June 2016

	Notes	Share Capital	Retained Earnings/ (Deficit)	2016 Actual \$000
Opening Balance 1 July 2015		14,000	(11,424)	2,576
Net Surplus/(Deficit)		-	553	553
Total Comprehensive Income/(Loss) for the Period		-	553	553
Proceeds from Shares Issued	11	-	-	-
Total Contributions by the Owners		-	-	-
Closing Balance 30 June 2016		14,000	(10,871)	3,129

The accompanying notes form part of these financial statements.

Statement of Cash Flows

For the year ended 30 June 2017

	Notes	2017 Actual \$000	2016 Actual \$000
Cash Flows from Operating Activities			
Receipts from Customers		29,908	28,153
Interest Received		40	42
Payments to Suppliers and Staff		(29,300)	(27,800)
Net Cash Inflow from Operating Activities	12	648	395
Cash Flows from Investing Activities			
Purchase of Property, Plant, Equipment and Intangibles		(120)	(141)
Net Cash Outflow from Investing Activities		(120)	(141)
Cash Flows from Financing Activities			
Payments of Finance Leases		(17)	(49)
Net Cash Outflow from Financing Activities		(17)	(49)
Net Increase/(Decrease) in Cash		511	205
Opening Balance		2,514	2,309
Closing Balance		3,025	2,514

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. 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 2016 to 30 June 2017, and were approved by the Board on 27 September 2017.

2. Statement of Significant Accounting Policies

a) 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.

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 the accounting policies in the year ended 30 June 2017, other than the adoption of amendments to PBE Standards as disclosed here:

Amendments to PBE IPSAS 1

The amendments remove the reference to an "approved budget" from PBE IPSAS 1, as this term is not normally used by New Zealand PBEs, and replace it with a reference to general purpose prospective financial statements. The amendments also clarify that, for PBEs that had published general purpose prospective financial statements, the comparison between the prospective financial statements and the "historical" financial statements for the current reporting period should be disclosed on the face of the financial statements, or in a separate statement, or in the notes.

The Company early adopted the amendments, which are effective for annual periods beginning on or after 1 January 2018.

Other than the changes disclosed above, all accounting policies and disclosures are consistent with those applied in the previous financial year.

b) 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. The specific recognition criteria described below must also be met before revenue is recognised.

Income from non-exchange transactions:

Income from Services

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

Income from exchange transactions:

Interest Income

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 exchange 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

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 reliably. 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 asset's 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 2016/2017' as approved by the Board on 23 June 2016. 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.

3. Income from Non-Exchange Transactions

	2017 \$000	2016 \$000
Income from Services to Schools	28,025	25,478
Income from Services to Government	2,176	3,318
Total Income	30,201	28,796

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, fees for the provision of proofs of concept of extensions to the Managed Network service, and fees in relation to the operation 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.

4. Network Services

	2017 \$000	2016 \$000
Network Provider Services	20,055	18,110
Content and Services	43	47
Total	20,098	18,157

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.

5. Transition Support

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

6. Other General and Overhead Expenses

	2017 \$000	2016 \$000
Personnel Costs	6,851	6,667
Professional Advisory Fees	324	287
Marketing and Communications	159	194
Travel	441	516
Facility Costs	544	489
IT and Telecommunications	476	464
Finance Leases	13	7
Other	422	428
Total	9,230	9,052

Personnel Costs

	2017 \$000	2016 \$000
Salaries, Wages and Short-Term Employee Benefits	6,137	6,246
Defined Contribution Plans	84	157
Contractor Costs	630	264
Total Personnel Costs	6,851	6,667

N4L had 55 (2016: 52) full time equivalent employees and 3 contractors (2016: 4) as at 30 June 2017. Employer contributions to defined contribution plans relates to contributions to KiwiSaver.

7. Cash & Cash Equivalents

	2017 \$000	2016 \$000
Cash at Bank	1,325	1,514
Cash Equivalents - Term Deposits	1,700	1,000
Total Cash and Cash Equivalents	3,025	2,514

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.

8. Other Current Assets

	2017 \$000	2016 \$000
Sundry Debtors	1	12
Prepayments	52	26
Accrued Revenue	-	167
Total Other Current Assets	53	205

The carrying value of other current assets approximates their fair value.

9. 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 2015	324	304	47	84	759
Additions during the year	133	-	9	-	142
Movement in finance leases	(7)	-	-	-	(7)
Balance at 30 June 2016	450	304	56	84	894
Accumulated Depreciation					
Balance at 1 July 2015	181	62	14	16	273
Depreciation charge for the year	87	32	10	15	144
Movement in finance leases	38	-	-	-	38
Balance at 30 June 2016	306	94	24	31	455
Net book value at 30 June 2016	144	210	32	53	439
Cost					
Balance at 1 July 2016	450	304	56	84	894
Additions during the year	98	3	13	6	120
Movement in finance leases	(116)	-	-	-	(116)
Balance at 30 June 2017	432	307	69	90	898
Accumulated Depreciation					
Balance at 1 July 2016	306	94	24	31	455
Depreciation charge for the year	95	32	11	15	153
Movement in finance leases	(104)	-	-	-	(104)
Balance at 30 June 2017	297	126	35	46	504
Net book value at 30 June 2017	135	181	34	44	394

The net carrying amount of computer equipment held under finance leases is Nil (2016: \$13k).

10. Accruals

All accruals are short term in nature, non-interest bearing and are repayable on demand.

11. Share Capital

Number of ordinary shares issued and fully paid:

	2017 \$000	2016 \$000
Balance at 1 July	14,000	14,000
Shares Issued	-	-
Balance as at 30 June	14,000	14,000

No shares were issued during the 2017 financial year (2016: Nil). All shares are fully paid and have equal voting rights. The shares have no par value.

12. Reconciliation of Net Surplus/(Deficit) to Net Cash Flow from Operating Activities

	2017 \$000	2016 \$000
Net Surplus	508	553
Add/(Less) Non-Cash Items		
Depreciation & Amortisation	52	154
Total Non-Cash Items	52	154
Add/(Less) movements in Working Capital Items		
Accounts Receivable	(161)	(720)
Prepayments	(26)	5
Other Receivables	11	(2)
Accrued Revenue	167	54
Accounts Payable & Other Payables	71	277
Employee Entitlements	26	74
Net movement in Working Capital Items	88	(312)
Net Cash from Operating Activities	648	395

13. Commitments

Operating leases as lessee

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

	2017 \$000	2016 \$000
Not later than one year	384	369
Later than one year but not later than five years	308	652
Later than five years	-	-
Total Commitments	692	1,021

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. A rent review took place in March 2016, and the lease provides for further rent reviews in 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 expired on 31 May 2016 and was renewed for a further 3 years. Under this lease, N4L has a 6 month break clause and also a right of renewal for a term of a further 3 years, taking the final expiry to 31 May 2022. A rent review took place in June 2016 and the lease provides for another rent review in June 2019. The original lease also included a \$20,000 incentive payment at the commencement of the lease. The benefit of the incentive was 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. A rent review took place in November 2015 and the lease provides for further rent reviews in 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 life of the improvements, whichever is the shorter, in accordance with N4L's depreciation policy.

Finance leases as lessee

N4L has finance leases for various items of computer equipment. The future minimum lease payments under finance leases together with the present value of the net minimum lease payments are, as follows:

	2017 \$000 Minimum payments	2017 \$000 Present value of payments	2016 \$000 Minimum payments	2016 \$000 Present value of payments
Not later than one year	-	-	14	13
Later than one year but not later than five years	-	-	-	-
Later than five years	-	-	-	-
Total minimum lease payments	-	-	14	13
Less amounts representing finance charges	-	-	(1)	-
Present value of minimum lease payments	-	-	13	13

Other commitments

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

14. Contingencies

Contingent liabilities

The company has no contingent liabilities as at 30 June 2017 (2016: \$nil).

Contingent assets

The company has no contingent assets as at 30 June 2017 (2016: \$nil).

15. 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 for 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 no capital funding during the year (2016: Nil).

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

	2017 \$000	2016 \$000
Leadership Team		
Remuneration and Short-Term Benefits	2,063	1,877
Defined Contribution Plans	39	44
Total	2,102	1,921
Full-time Equivalent Members		
	8	8
Board Members		
Remuneration	190	213
Full-time Equivalent Members		
	7	8

Key management personnel includes the Leadership Team and the Directors. During 2017, two members of the Leadership Team left N4L, and one new permanent appointment was made.

During the year ended 30 June 2017, 3 employees received compensation in relation to cessation of their employment to the value of \$149k (2016: \$nil).

There were 10 employees in the Leadership Team which received remuneration over \$100k during the 2017 financial year.

Board Member Remuneration

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

	Date of Original Appointment	2017 \$000	2016 \$000
Helen Robinson (Chair)	02/07/12	46	46
Mark Yeoman (Deputy Chair)	02/07/12	29	29
Martin Wylie (Term Ended 30/06/16)	02/07/12	-	23
Rick Shera	02/07/12	23	23
Linda Tame	02/07/12	23	23
Humphrey Wikeepa (Term Ended 30/06/17)	02/07/12	23	23
Jack Matthews	01/09/13	23	23
Karen Poutasi	02/07/14	23	23
Total Directors' fees		190	213

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 \$48k (2016: \$41k) of expenditure relating to training and travel costs of the Directors.

16. Events after Balance Date

Subsequent to the balance date, the CEO resigned. There were no other 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 settled 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 associated 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

The forecast numbers are taken from the Company's 'Statement of Performance Expectations 2016-2017' (SPE).

Statement of Comprehensive Income

For the year ended 30 June 2017

	Ref	2017 Actual \$000	2017 Forecast (Unaudited) \$000
Income from Non-Exchange Transactions			
Income from Services	A	30,201	29,983
Income from Exchange Transactions			
Interest Income		40	24
Total Income		30,241	30,007
Expenditure			
Network Services	B	20,098	20,085
Transition Support		116	-
Board Operations		238	249
Audit Fees		51	51
Other General and Overhead Expenses	C	9,230	9,587
Total Expenses		29,733	29,972
Net Surplus/(Deficit)		508	35
Total Comprehensive Income/(Loss) for the Period		508	35

2017 Actual delivered a comprehensive income of \$470k higher than forecast. Key drivers of this are:

A – Income from Services

Income from services was higher than the SPE forecast, primarily due to other income received from smaller initiatives during the financial year.

B – Network Services

Network service costs were in-line with SPE forecast.

C – Other General and Overhead Expenses

Costs were lower than the SPE forecast due to lower personnel costs.

Statement of Financial Position

As at 30 June 2017

	Ref	2017 Actual \$000	2017 Forecast (Unaudited) \$000
Assets			
Current Assets			
Cash and Cash Equivalents	D	3,025	2,435
Receivables - Non Exchange Transactions	E	3,255	2,471
Other Current Assets		53	148
Total Current Assets		6,333	5,054
Non-Current Assets			
Property, Plant and Equipment		394	530
Intangible Assets		5	-
Total Non-Current Assets		399	530
Total Assets		6,732	5,584
Represented by			
Liabilities			
Current Liabilities			
Accruals		976	543
Payables under Exchange Transactions	F	2,085	1,805
Lease Incentive - Current		3	7
Deferred Revenue		16	46
Total Current Liabilities		3,080	2,401
Non-Current Liabilities			
Lease Incentive - Non-Current		15	33
Obligations under Finance Lease - Non-Current		-	12
Total Non-Current Liabilities		15	45
Total Liabilities		3,095	2,446
Equity			
Share Capital and Reserves		3,637	3,138
Total Shareholders' Funds		3,637	3,138
Total Liabilities and Shareholders' Funds		6,732	5,584

D – Cash and Cash Equivalents

Cash and cash equivalents is higher than forecast in the SPE, due to a higher comprehensive income than forecast.

E - Receivables - non Exchange Transactions

Receivables is higher than forecast in the SPE, due to higher revenue received than forecast.

F - Payables under Exchange Transactions

Payables is higher than forecast in the SPE, due to higher transition support costs than forecast.

Statement of Changes in Equity

For the year ended 30 June 2017

	Ref	Share Capital	Retained Earnings / (Deficit)	2017 Actual \$000	2017 Forecast (Unaudited) \$000
Opening Balance 1 July 2016		14,000	(10,871)	3,129	3,103
Net Surplus/(Deficit)		-	508	508	35
Total Comprehensive Income/(Loss) for the Period		-	508	508	35
Proceeds from Shares Issued		-	-	-	-
Total Contributions by the Owners		-	-	-	-
Closing Balance 30 June 2017		14,000	(10,363)	3,637	3,138

Statement of Cash Flows

For the year ended 30 June 2017

	Ref	2017 Actual \$000	2017 Forecast (Unaudited) \$000
Cash Flows from Operating Activities			
Receipts from Customers	G	29,908	29,996
Interest Received		40	24
Payments to Suppliers and Staff	H	(29,300)	(29,911)
Net Cash Inflow from Operating Activities		648	109
Cash Flows from Investing Activities			
Purchase of Property, Plant, Equipment and Intangibles		(120)	(200)
Net Cash Outflow from Investing Activities		(120)	(200)
Cash Flows from Financing Activities			
Payments of Finance Leases		(17)	-
Net Cash Outflow from Financing Activities		(17)	-
Net Increase/(Decrease) in Cash		511	(91)
Opening Balance		2,514	2,526
Closing Balance		3,025	2,435

A positive cashflow was delivered in 2017 versus the cash outflow budgeted in the SPE forecast. Key drivers of this are:

E – Receipts from customers

Variance versus SPE forecast of receipts from customers is primarily due to the timing differences of customer receipts.

F – Payments to suppliers and staff

Variance versus SPE forecast of payments to suppliers and staff largely reflects the lower personnel costs as outlined in the Statement of Comprehensive Income, as well as timing differences in payments.

“ Before connecting to the Managed Network, many schools were experiencing internet buffering and bottlenecks. For many schools this bottleneck has now shifted onto their school's internal networks and wifi. Schools are using more devices for digital learning both inside and outside the classroom and some are struggling to cope. The complexity of providing anytime, anywhere learning is increasing. Our job is to reduce this complexity for schools so they can make sure teachers and students can get on with great learning in a way that meets their needs.

It's about making sure every school-aged New Zealand child continues to have equitable access to fast, reliable, safe internet for learning, regardless of where they live or go to school. ”

John Hanna,
CEO, N4L



DIRECTORY

Shareholders:

Minister of Finance (Hon Steven Joyce);
and Minister of Education (Hon Nikki Kaye)

Minister with Delegated Responsibility for the Company:

Minister of Education (Hon. Nikki Kaye)

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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
Anna Aubrey, acting Head of Marketing (commenced July 2017)
Alexander Brown, Deputy Chief Executive, Government
Will Graham, Chief Operating Officer
Carolyn Stuart, Deputy Chief Executive, Education
Pete Weaver, acting Chief Financial Officer
(departed N4L on 21 August 2017)
Susannah Winger, Head of Marketing
(on maternity leave from 5 July 2017)
Greg Woolley, acting Chief Product Officer
Jenna Woolley, Head of Strategy and Planning
(departed N4L on 4 August 2017)

Board of Directors:

Helen Robinson (Chair)
Mark Yeoman (Deputy Chair)
Jeremy Banks (term commenced 1 July 2017)
Jack Matthews
Karen Poutasi
Linda Tame
Rick Shera
Humphrey Wikeepa (term ended 30 June 2017)



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