N4L

TE PŪRONGO PAEARU MAHI | STATEMENT OF PERFORMANCE EXPECTATIONS

FINANCIAL YEAR 2023/2024

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KŌRERO WHAKATAKI
MAI I TE POARI
INTRODUCTION FROM THE BOARD

Ko te whakakitenga a Network for Learning he whakahaumaru mārika i ngā kaiako me ngā ākonga e ako ana i te pae matihiko.

E mōhio whānuitia ana a Network for Learning (N4L) mō tōnā ūkaha ki te whakarato i ngā hangarau hei whakamana i ngā kaiako me ngā ākonga. Ko a mātou rauemi me a mātou ratonga he tūhono, he tiaki, he tautoko hoki i ngā kura kia whai wāhi ai rātou ki te pae matihiko haumaru. He whānui ōnā pānga ki te hunga e whakamahi ana i a mātou ratonga, e taunakitia ana e ngā kura Māori me ngā kura auraki puta noa i te motu.

I te mutunga o te tau i te marama o Pipiri 2023, i mahitahi mātou ko Te Tāhūhū o Te Mātauranga ki te whakakaupapa i a Network 2.0 - He pūnaha i hora i te ipurangi-Wi-Fi me te whakamaru matihiko ki ngā kura. Ngā kura a te kāwanatanga me ngā kura whenumi huri noa i a Aotearoa New Zealand. Kua mahi nui mātou ki te waihanga i ētahi hinonga hou, pērā i te tātari īmēra (hei whakaatu i ngā tūkinotanga matihiko mā te īmēra) me te āta ine i te taiao (te tautoko i te ine i te taiao i te hōrapa o te mate kōwheori 19 i ngā kura). Ko a mātou mahi he mea tautiaki i ngā tūmuaki, kaiako me ngā ākonga e ako ana i ngā pae matihiko i roto i a rātou akomanga.

I te tau 2022-23, ko te nuinga o a mātou mahi i roto i ngā pāhekeheketanga me ngā pōrarutanga o te wā i ngā whiunga o te mate urutā kōwheori 19, ngā hiwa o te taiao me ngā huringa whakamaru matihiko e nuku haere ana. Nā te ūpoko pakaru o te karawhiu o ngā kaimahi a N4L i te wā o te taimaha i eke panuku ai a mātou huanga.

A te tau e heke mai nei, e rikarika ana mātou ki te whakawhānui ia mātou ratonga. E hāngai ana ēnei mahi ki te whakatō i te ipurangi, i te pūnaha Wi-Fi, ā, e whai wāhi ai ngā kura e noho mamao ana ki te hono ipurangi kounga rawa e tere tūhonohono ai i a rātou. Ka ū tonu mātou ki te whakahaere ia mātou ratonga whakamaru matihiko e ārai ake i ngā tūkinotanga mōrearea a ngā nanakia. He tautoko anō hoki i ngā tūmuaki me ngā kaiako, e whakahiato ana rātou i tētehi pūnaha-motuhake, pū-rongo hoki e māmā ai te whakahaere i te pūnaha e whakamārama hoki i ngā kura ki ngā inenga e whai oranga ai ngā ākonga.

E whai hua ai te Karauna i a rātou mahi, ratonga hoki i roto i te kaupapa mahi-tahi, te whakatō me te whakawhanake i a rātou ratonga me te oranga tonutanga o ēnei ratonga i tua hoki o te rāngi mātauranga. Hei tapae atu i a mātou pūnaha whakahaere, tūkunga, ine mamao, aka kōtuitui i ngā whanaungatanga, ngā tautoko-ā-matihiko, ā-hangarau hoki ki te pae pūnaha matihiko e wātea ai mātou ki te tuku whānui i a mātou ratonga i te rāngai matihiko.

E ūkaha ana mātou ki te whakatīnana i te mana ōritetanga e whai hua ai ngā ākonga e eke ai rātou ki ngā whāinga me ngā taumata tiketike o te mātauranga. E tū pehapeha ana mātou ki te mahi tahi ki Te Tāhūhū o Te Mātauranga me te rāngai mātauranga e whakatīnana ai mātou i ngā tino whāinga me ngā hua a te Karauna.

The Network for Learning's vision is to empower all kaiako and ākonga to teach and learn safely online.

The Network for Learning (N4L) has a well-established track record of providing technology that supports and empowers kaiako and ākonga alike. Our products and services connect, protect and support schools, enabling access to a safer and more secure online learning environment. They are widely used by schools and kura all over the motu, who consistently provide high satisfaction ratings in their feedback to us.

In the year ending June 2023, we partnered with the Ministry of Education to deliver Managed Network 2.0 - a fully managed network service spanning internet access, Wi-Fi and cybersecurity - to kura, state, and state-integrated schools throughout Aotearoa New Zealand. We've also worked hard to introduce new offerings, such as email filtering (reflecting the high proportion of cyber threats delivered via email) and environmental monitoring (supporting monitoring of environmental conditions in schools conducive to the spread of COVID-19). Our mahi has helped protect tumuaki, kaiako and ākonga online and helped ensure their classrooms are safer for teaching and learning.

In 2022-23, much of this work was done in an environment of significant uncertainty and disruption, including the ongoing legacy of the COVID-19 pandemic, natural disasters and an ever-growing, ever-changing cybersecurity landscape. This is a credit to the hard work of N4L's dedicated staff and leadership team, who rose to the challenge and delivered exceptional results.

In the year ahead, we're excited to continue expanding our services. This includes upgrading schools' internet connections and internal Wi-Fi networks and ensuring that even the most remote schools can access reliable, high-quality connectivity. We will continue to operate and further enhance our cybersecurity services, providing the capability and capacity to detect and respond to cyber threats. To further support tumuaki and kaiako, we're also developing a self-service and reporting portal which will help simplify network management and provide schools with insights and tools that help monitor and act on ākonga well-being.

The Crown can also leverage our core capabilities in product and service co-design, vendor procurement, project management, program delivery and lifecycle management to extend our products and services further into and beyond the education sector. Additionally, our scalable customer management systems and processes, remote monitoring, relationship management, technical support and a mature, nationwide network of IT providers and installers means we're well placed to deliver a broad range of digital services.

We remain committed to delivering equitable and outstanding outcomes for ākonga while achieving ambitious service performance and program delivery targets. We're proud to be a trusted partner to the Ministry of Education and the education sector, and remain focused on delivering outstanding value for money for the Crown.

Colin MacDonald, QSO | *Chair*
30 June 2023

Jeremy Banks | *Deputy Chair*
30 June 2023

COMPANY STRATEGY ON A PAGE FY23-FY25

PURPOSE

HELP ALL ĀKONGA THRIVE IN TODAY'S DIGITAL WORLD

VISION

ALL KAIAKO AND ĀKONGA ARE EMPOWERED TO TEACH AND LEARN SAFELY ONLINE

MISSION

WE PUT YOU IN CONTROL WITH SMART IDEAS, SIMPLY DELIVERED SO YOU CAN FOCUS ON LEARNING

TE ARONGA, WHAKAKITENGA ME TE HAERENGA
PURPOSE, VISION AND MISSION

E mārama ana te aro a N4L - 'kia āwhina i ngā ākonga kia whai hua ai rātou i te ao matihiko' - me te whakakitenga - 'e whakahaumaru ai ngā kaiako me ngā ākonga ki te āta ako mā te ipurangi'.

I tēnei rā, neke atu i te 2,460 ngā kura a te kāwanatanga me te 900 mano tūmuaki, kaiako me ngā ākonga e whai wāhi ana ki ngā ngā whakaakoranga matihiko a N4L me a mātou rauemi, ratonga nui hoki puta noa i Aotearoa. Ko te whakahaumaru i ngā pae matihiko, ipurangi hoki tā mātou tino aronga. Ka whakamahia e mātou ngā hangarau kounga rawa e whakamaru ai ngā tūmuaki, kaiako me ngā ākonga i ngā whakamōreareatanga me ngā matū tūkino a te rāngai matihiko.

Hei whakatīnana i tā mātou whakakitenga, i te pounga o te marama o Pipiri 2024, Ka ū tonu a N4L ki te tītari i ngā ratonga e whanake ai te whakatupuranga hou o tēnei pūnaha matihiko - e kī ana ko Managed Network 3.0 ahakoa ko te rāngai mātauranga tōnā whāinga tuatahi, kua kitea ōnā hua me te angitū mā te Karauna hei whakakorowai i ngā ākonga i roto i waho hoki i te kura, ahakoa ki hea rātou ako ai huri noa i a Aotearoa.

N4L has a clear purpose - 'to help all ākonga thrive in today's digital world' - and vision - 'all kaiako and ākonga are empowered to teach and learn safely online.

Today, more than 2,460 state and state-integrated schools and 900,000 tumuaki, kaiako and ākonga access safer internet for learning whilst at school via N4L's suite of managed products and services, making it the largest network of its kind in Aotearoa. Online safety and security is a key benefit of our managed broadband service, using world-leading enterprise-grade technologies to protect tumuaki, kaiako and ākonga against an ever-expanding range of cyber threats and harmful content.

In order to advance our vision, in the year ending June 2024, N4L will continue to deliver products and services, and develop the next generation of network services - Managed Network 3.0. While intended in the first instance for education users in school, the new infrastructure will provide the opportunity for the Crown to safely and securely connect all learners, inside and out of school, wherever they may live and learn in Aotearoa New Zealand.

NGĀ MĀTĀPONO ME TE TŪĀKIRITANGA
VALUES AND CULTURAL IDENTITY

N4L's purpose, vision and mission are supported by three core values, each with associated behaviours, which we see as critical for success for the N4L team and, most importantly, the customers and partners that N4L serves.

In 2023/24, N4L will continue its journey towards becoming a bicultural organisation. We will deliver training in the basics of te ao Māori and te reo Māori to all directors and staff and will continue Māori cultural practices such as pōwhiri welcoming new joiners and important cultural celebrations such as Matariki.

Internships for young Māori and Pacific professionals will be offered as part of N4L's participation in the Tupu Toa programme.

Do the right thing
- ➔ Make it smart and simple for others
- ➔ Go the extra mile
- ➔ Take ownership, be accountable

Succeed together
- ➔ Listen with empathy
- ➔ Bring passion and purpose everyday
- ➔ Take pride in lifting others up

Innovate for impact
- ➔ Anticipate and solve problems
- ➔ Explore, experiment and reach for better
- ➔ Push boundaries, be bold and courageous

TE ARONGA NUI A N4L
N4L'S NATURE AND SCOPE

N4L is a Crown-owned company listed under Schedule 4a of the Public Finance Act 1989. Currently, ownership is held entirely between two shareholding Ministers, the Ministers of Finance and Education, with governance by a Crown-appointed Board of Directors. Management and leadership draw on significant experience across the government, education and technology sectors.

NGĀ WHĀINGA TAUHOKOHOKO
COMMERCIAL OBJECTIVES

N4L has funding commitments from the Crown sufficient to ensure services can be sustainably delivered and N4L can meet its operational requirements. N4L is focused on maximising the value for money of the Crown's investment as the company continues to develop and expand.

Financial sustainability is an important goal and expectation for N4L. In 2023/24, we will work with our government partners to ensure our commercial arrangements are fit for purpose to achieve this goal.

NGĀ HUA TIKETIKE
MAJOR ACHIEVEMENTS

N4L has delivered strongly against our commitments despite ongoing supply chain disruptions from the pandemic, climate events and teacher strikes. It is extremely important to N4L that our service to schools and kura remains of the highest possible quality despite these disruptions, and we are proud to have achieved this goal.

- Maintained customer satisfaction, the measure that tells us how well our products and services meet the expectations of schools and kura, coming in at 91%.

- Increased the adoption of N4L's Safe & Secure Internet[1] standard, the measure that tells us how many schools and kura chose to opt-in to N4L's fully-funded firewall service and follow our recommended security and safety standard, increasing to 95%.

- Operated the Security Operations Centre (SOC), a purpose-built facility that provides all schools and kura with a suite of capabilities for managing cybersecurity incidents. We provide real-time monitoring and data analysis, vulnerability analysis, incident coordination and remediation support services.

- Launched the new Email Protection platform (which feeds into the SOC); so far, 1,460 schools have been connected to the service, blocking, on average, 30 million malicious and spam emails a month.

- As SNUP and WSNUP[2] hardware reaches its end of life, N4L has replaced, as part of the Ministry of Education's Te Mana Tūhono program, school Wi-Fi networks for over 850 (around 30%) schools and kura.

NGĀ WHĀINGA MŌ 2023/24
OBJECTIVES FOR 2023/24

Our objectives for 2023/24 revolve around three major goals: to connect, protect and support all kaiako and ākonga to teach and learn safely online.

Tūhono - Te whakapiki haere o ngā kura auraki me ngā kura māori e hono ana ki te ipurangi

Connect - use of the internet in schools and kura is increasing rapidly

Use of the internet in schools and kura is increasing, with more and more schools using bandwidth-intensive applications like video streaming. School networks are supporting more learning devices and, in addition, other internet-enabled devices, like environmental monitoring sensors, are connecting to schools' managed networks.

Data consumption in 2021 vs. 2022

Consumption in 2021 (PB) — Consumption in 2022 (PB)

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[1] Safe & Secure Internet includes firewall security and content filtering settings, DNS filtering, SafeSearch and DDoS Protection

[2] School Network Upgrade Programme (SNUP) and Wireless School Network Upgrade Programme (WSNUP) were Ministry of Education programmes
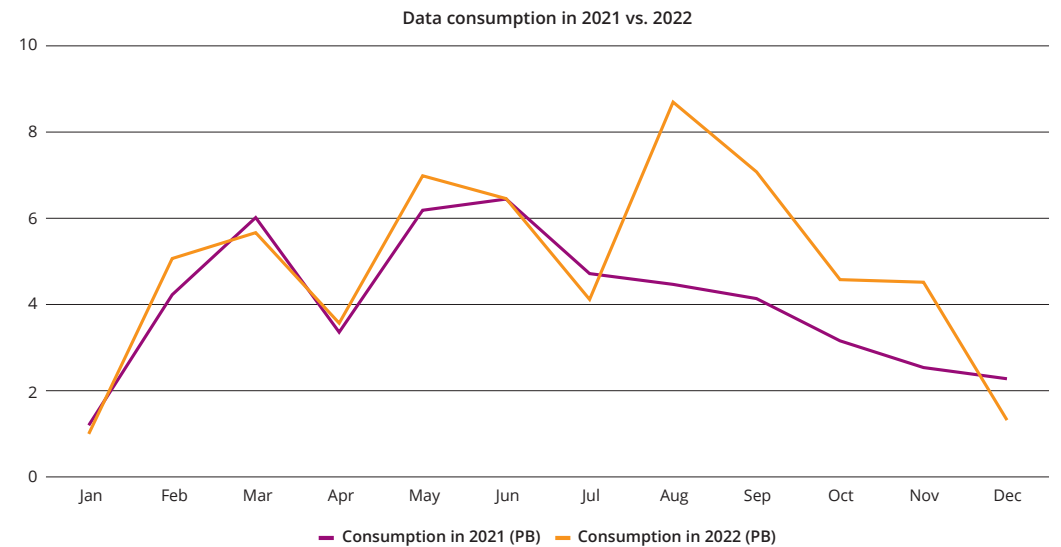
NGĀ WHĀINGA MŌ 2023/24
OBJECTIVES FOR 2023/24

Tiakina - kia heke iho ngā tūkinotanga

Protect - number of incidents is increasing

It is clear that the schooling system and ākonga, wherever they may be in Aotearoa New Zealand, are growing targets for cybercriminals, and the number of cybersecurity incidents reported by N4L's Security Operations Centre has increased significantly over the previous year. There is a need for ongoing investment in this area to help mitigate the increasing number and sophistication of cyber threats.

Security Operations Centre (SOC) cases

Legend:
- Unusual remote activity
- Safety
- Phishing
- Misuse of school technology
- Denial of service
- Privacy breach
- Malicious software
- Other
- Account compromise
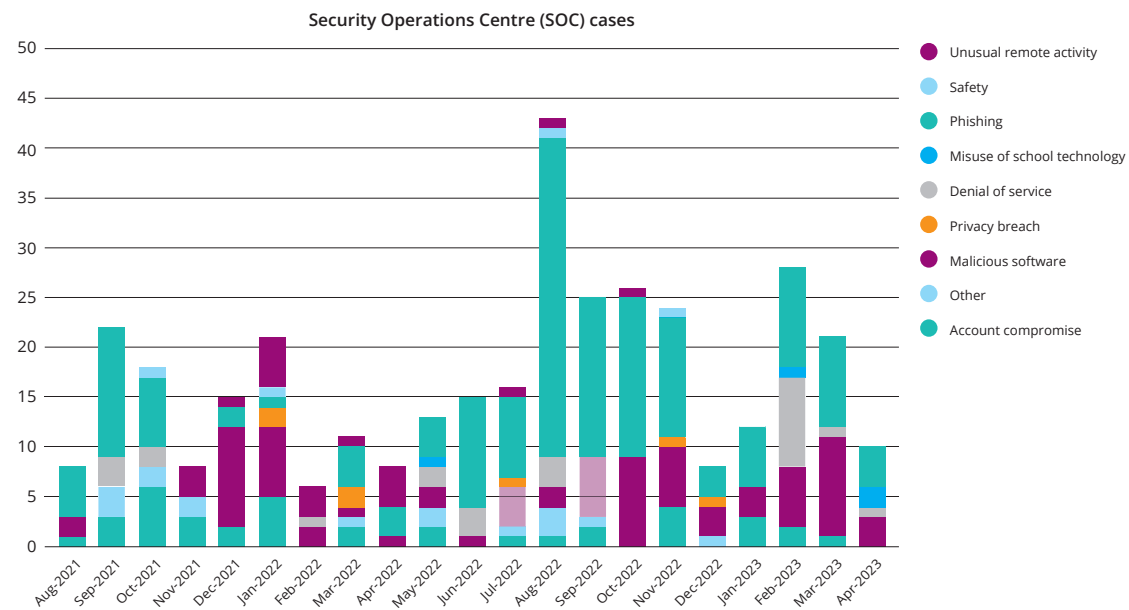
NGĀ WHĀINGA MŌ 2023/24
OBJECTIVES FOR 2023/24

He tuku - tautoko ki ngā tūmuaki me ngā kaiako ki te ako me te whakaako mā ngā rauemi whakaako matihiko

Support - providing exceptional digital service and support to tumuaki and kaiako, so they can focus on teaching and learning

N4L places our customers first. We are proud of our ongoing record of customer satisfaction exceeding 90%. In 2023/24, N4L will continue offering comprehensive support for our products and services and will carry on with a continuous improvement programme to maintain high customer service and satisfaction levels.

Customer Support satisfaction and cases opened by financial year

- Customer Support cases opened
- Customer Support satisfaction
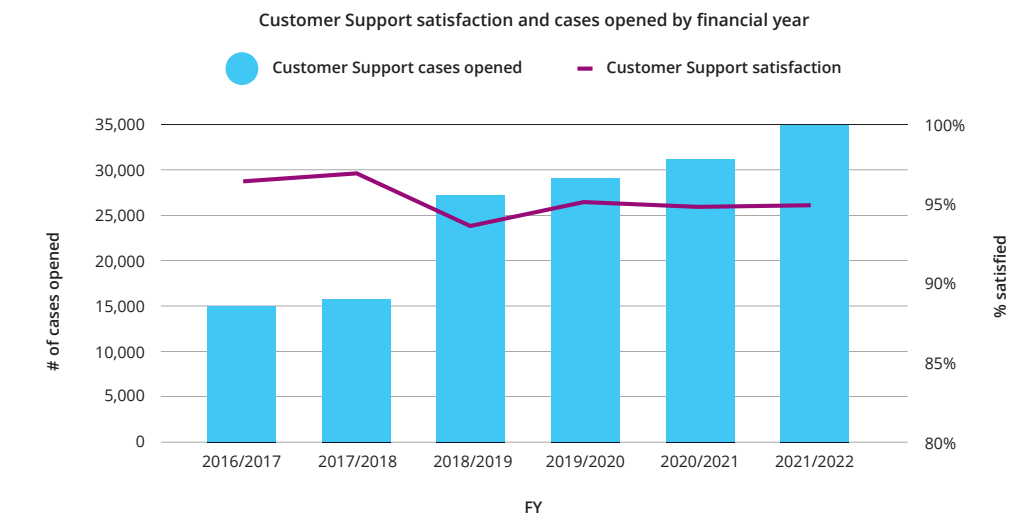
Our regionally-based N4L School Relationship Managers visit schools and kura across the country every day, listening to the needs of principals and tumuaki, taking ownership for resolving issues, and providing technology insights. At the same time, the N4L Customer Support and Security Operations teams ensure schools and kura receive the support and protection they need.

Kia ū ki ngā taumata tiketike
Maintaining high standards

N4L is committed to keeping kaiako and ākonga data safe and secure. To make sure we deliver on this commitment, we have implemented an internally-focused Cyber Security Framework based on the National Institute of Standards and Technology (NIST) and the New Zealand Information Security Manual (NZISM) and aligned to the National Cyber Security Centre (NCSC) guidance. N4L emphasises the privacy of our users and remains compliant with the Privacy Act.

NGĀ HUA KORE PŪTEA, NGĀ INENGA ME NGĀ WHĀINGA

NON-FINANCIAL PERFORMANCE, MEASURES AND TARGETS

N4L has identified a number of key metrics against which it will assess its non-financial performance.

Connect: Managed Internet connection

Key metric	Performance to date (2022/23)	Target (2023/24)
Percentage of eligible schools (defined as state schools and state-integrated schools) connected to the internet by N4L.	Q1: 100.0% Q2: 100.0% Q3: 100.0%	99.9%
Percentage of schools that voluntarily disconnect from N4L's internet service.	Q1: 0.0% Q2: 0.0% Q3: 0.0%	Less than 0.5%

Connect: Availability of internet services for schools

Key metric	Performance to date (2022/23)	Target (2023/24)
Network availability.	Q1 Metro: 100% Q2 Metro: 100% Q3 Metro: 100%	Metro schools > 99.863%
	Q1 Non Metro: 100% Q2 Non Metro: 100% Q3 Non Metro: 100%	Non-metro schools > 99.817%

Connect: Equipment Support

Key metric	Performance to date (2022/23)	Target (2023/24)
School licences renewed before expiry based on the Ministry-provided list.	Q1: 72 Q2: 114 Q3: 151	125

Connect: Equipment Replacement

Key metric	Performance to date (2022/23)	Target (2023/24)
Number of schools' hardware replaced.	Q1: 34 (+19) Q2: 70 (+74) Q3: 119 (+153)	Full replacement: 309 Switch only: 90 Access Point only: 89

In addition to the full installations (network switches and Wi-Fi access points), the numbers in brackets relate to additional access point-only installations that were completed.

Connect: Secure Access

Key metric	Performance to date (2022/23)	Target (2023/24)
Number of schools provided with Secure Access services.	Q1: 18 Q2: 71 Q3: 89	98

Protect: N4L's Safe & Secure Internet

Key metric	Performance to date (2022/23)	Target (2023/24)
Number of schools meeting N4L's Safe & Secure Internet[3] standard.	Q1: 93.8% Q2: 94.1% Q3: 95.2%	93.5%

Protect: Safety and security

Key metric	Performance to date (2022/23)	Target (2023/24)
Implement N4L's cybersecurity framework, aligned with guidance from the National Cyber Security Centre.	The current cybersecurity threat level remains as "Guarded". Zero major security breaches. Zero data breaches.	Continuous improvement of controls' effectiveness against NIST/NZISM N4L Cyber Security Framework.

Support: Customer satisfaction

Key metric	Performance to date (2022/23)	Target (2023/24)
Principal and/or operational contact at each state and state-integrated school satisfaction with the performance of N4L in administering the Managed Network and associated services.	91%	90% 'satisfied' or 'very satisfied' response from respondents.

Support: Support services

Key metric	Performance to date (2022/23)	Target (2023/24)
The number of minutes to acknowledge a service request (measured per month).	Q1: 90% Q2: 94% Q3: 88%	80% of all requests under 8 Support Hours.
Percentage of total calls taken[4].	Q1: 97% Q2: 96% Q3: 90%	At least 85%.
The number of minutes to resolve an incident (measured per month).	Q1: 97% Q2: 98% Q3: 87%	P1: 85% less than 4 Support Hours. P2: 85% less than 8 Support Hours. P3: 85% less than 16 Support Hours. P4: 85% as agreed.

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[3] Safe & Secure Internet includes firewall security and content filtering settings, DNS filtering, SafeSearch and DDoS protection

[4] This is a target of 85% of calls received being answered within 30 seconds.

NGĀ HUA PŪTEA, NGĀ INENGA ME NGĀ WHĀINGA

FINANCIAL PERFORMANCE, MEASURES AND TARGETS

N4L will measure its financial performance against the following high-level targets:

- N4L will generate income 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 income and agreed on shareholder funding; and

- N4L will notify the Treasury early if it expects material changes in its financial forecast.

- N4L will meet the then Minister's expectations as set out in their Letter of Expectations.

Ngā hua me ngā whakapaunga pūtea

Expected revenues and proposed expenses

Ngā puna pūtea

Sources of Income

The Company expects to receive income from:

- The Managed Services SOW;

- Project SOWs, providing elements of the Te Mana Tūhono programme to state and state-integrated schools, as set out in statements of work with the Ministry of Education, including

  - Network Hardware Replacement services,

  - Network Support Extension services,

  - Secure Access services, and

  - Te Haratau (Internal Environment Sensors).

  - Cybersecurity Tacticals in Schools.

- Providing Managed Network services and support services to independent schools.

The company may also receive additional income from other government contracts.

Te pūrongo matapae i ngā take hira

Statement of significant assumptions

The prospective financial statements included in this Statement of Performance Expectations rely on a set of critical assumptions made by N4L.

The most significant assumptions reflected in these financial statements are:

- All project SOWs with the Ministry of Education will be signed.

- COVID-19 alert levels permit N4L to access schools and kura within appropriate timeframes.

- Global equipment supply shortages will continue to ease.

Any additional activities will be conducted within the parameters established by Ministerial expectations of N4L and in accordance with the agreed Statements of Work.

Colin MacDonald, QSO | *Chair*
30 June 2023

Jeremy Banks | *Deputy Chair*
30 June 2023

NGĀ PŪRONGO MATAPAE PŪTEA
PROSPECTIVE FINANCIAL STATEMENTS

Te pūrongo matapae i ngā hua pūtea mō te mutunga o te tau a te 30 o Pipiri 2024
Prospective Statement of Comprehensive Income for the year ended 30 June 2024

	2022/23 Forecast $000	2022/23 SPE $000	2023/24 SPE $000
Income from Non-Exchange Transactions	50,427	47,093	55,313
Income from Exchange Transactions	489	454	526
Total Income	**50,916**	**47,547**	**55,839**
Expenditure			
Network Services	17,888	17,191	18,113
Transition Support	1,236	1,291	950
Board Operations	240	226	243
Audit Fees	70	67	76
Other General and Overhead Expenses	32,247	30,129	36,260
Total Expenses	**51,681**	**48,904**	**55,642**
Net Surplus/(Deficit)	**(765)**	**(1,357)**	**197**
Total Comprehensive Income/(Loss) for the Period	**(765)**	**(1,357)**	**197**

Ngā matapae nuku i te mana ōritetanga mō te mutunga o te tau a te 30 o Pipiri 2024
Prospective Statement of Changes in Equity for the year ended 30 June 2024

	2022/23 Forecast $000	2022/23 SPE $000	2023/24 SPE $000
Opening Balance	**6,971**	**6,284**	**6,639**
Net Surplus/(Deficit)	(765)	(1,357)	197
Total Income/(Loss) for the Period	**(765)**	**(1,357)**	**197**
Closing Balance	**6,206**	**4,927**	**6,836**

Te pūrongo matapae e pā ana ki te tūranga pūtea a te 30 o Pipiri 2024
Prospective Statement of Financial Position as at 30 June 2024

	2022/23 Forecast $000	2022/23 SPE $000	2023/24 SPE $000
Current Assets			
Cash and Cash Equivalents	5,779	4,591	5,942
Other Current Assets	5,021	4,667	5,092
Total Current Assets	**10,800**	**9,258**	**11,034**
Non-Current Assets			
Property, Plant, Equipment and Intangibles	3,389	3,664	2,805
Total Non-Current Assets	**3,389**	**3,664**	**2,805**
Total Assets	**14,189**	**12,922**	**13,839**
Current Liabilities			
Accruals and Payables	7,958	7,952	6,985
Total Current Liabilities	**7,958**	**7,952**	**6,985**
Non-Current Liabilities			
Lease Incentive	25	43	18
Total Non-Current Liabilities	**25**	**43**	**18**
Total Liabilities	**7,983**	**7,995**	**7,003**
Shareholders' Funds			
Share Capital	14,000	14,000	14,000
Retained Earnings	(7,794)	(9,073)	(7,164)
Total Shareholders' Funds	**6,206**	**4,927**	**6,836**
Total Liabilities and Shareholders' Funds	**14,189**	**12,922**	**13,839**

Te pūrongo pūtea mō te mutunga o te tau pūtea a te 30 o Pipiri 2024
Prospective Statement of Cash Flows for the year ended 30 June 2024

	2022/23 Forecast $000	2022/23 SPE $000	2023/24 SPE $000
Cash Flows from Operating Activities			
Receipts from Customers	59,301	56,137	61,892
Interest Received	58	29	76
Payments to Suppliers and Employees	(55,298)	(52,808)	(60,248)
Net Cash Inflow/(Outflow) from Operating Activities	**4,061**	**3,358**	**1,720**
Cash Flows from Investing Activities			
Purchase of Property, Plant and Equipment	(3,687)	(4,090)	(2,972)
Net Cash Inflow/(Outflow) from Investing Activities	**(3,687)**	**(4,090)**	**(2,972)**
Net Increase/(Decrease) in Cash	**374**	**(732)**	**(1,252)**
Opening Balance	5,405	5,323	7,194
Closing Balance	**5,779**	**4,591**	**5,942**

NGĀ PITO KŌRERO MŌ NGĀ MATAPAE PŪTEA-Ā-TAU

NOTES TO THE PROSPECTIVE 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 defined by the Crown Entities Act 2004. It is listed in Schedule 4A of the Public Finance Act 1989.

N4L's purpose is to establish and operate a student-focused network for schools and kura that provides significant benefits to ākonga and kaiako by delivering a reliable, safe and secure internet connection. 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 New Zealand Crown is the ultimate parent of N4L; however, the Crown does not guarantee the liabilities of N4L in any way.

2. Statement of compliance

The prospective financial statements are for the year ending 30 June 2024, with comparatives to the forecast and SPE for the current year ending 30 June 2023. The forecast comparatives for 2022/2023 include actual financial results for July 2022 to February 2023. The prospective financial statements have been prepared in accordance with the relevant requirements of the Public Finance Act 1989 and Crown Entities Act 2004, which include the requirement to comply with New Zealand Generally Accepted Accounting Practice (NZ GAAP).

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

These statements will be used in our Annual Report as the budgeted figures.

3. Critical accounting estimates and assumptions

In preparing these prospective financial statements, N4L has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results and these differences may be material.

Estimates and assumptions are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The prospective financial statements were authorised for issue by the Board of Directors on 21 June 2023. The Board is responsible for preparing the forecast financial statements presented, including judgements concerning the appropriateness of the assumptions underlying the prospective financial statements and other required disclosures. It is important, however, to note that the prospective financial statements are estimates based on the available information at the time of publication and

contain inherent uncertainties. Actual financial results achieved will likely vary from the information presented, and the variations may be material.

4. Measurement

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

5. Functional and presentation

Currency

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

6. Summary of significant accounting policies

Accounting Policies

The following accounting policies, which significantly affect the measurement of financial performance and financial position, have been consistently applied.

Income

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

Income from non-exchange transactions:

(i)   Income from services: Income from services is recognised by reference to when the service is performed.

Income from exchange transactions:

(i)   Income from services includes income for the sale of equipment.

(ii) Interest: Interest income is recognised using the effective interest method.

7. Cash and cash equivalents

Cash and cash equivalents include cash on hand and term deposits held with a major New Zealand trading bank.

8. Other current assets

Other current assets are recorded at their face value, less any provision for impairment.

9. Property, plant, equipment and intangibles

Property, plant and equipment consist of computer equipment, office equipment, office furniture and leasehold improvements. Property, plant and equipment are shown at cost, less accumulated depreciation and impairment losses.

Intangible assets consist of acquired computer software licenses, which are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Costs associated with maintaining computer software or developing and maintaining N4L domains are recognised as an expense when incurred.

10. 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 other payables approximate their fair values.

11. Goods and Services Tax

All items in the prospective 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.

12. 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.

13. Statement of Cash Flows

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

Cash comprises cash at the bank and in hand and short-term deposits that are readily converted to a known amount of cash and are subject to an insignificant risk of changes in value.

- Operating activities are the principal income-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 result in changes in the size and composition of the contributed equity of the Company.

14. Income from services

Income from services represents:

- Estimated income from providing core network and school support services to schools. These state and state-integrated services are paid for directly by the Ministry of Education on behalf of the schools. Income from services to schools also includes income from independent schools to provide core networks and support services.

- Estimated income from providing core network and school support services to schools. These state and state-integrated services are paid for directly by the Ministry of Education on behalf of the schools. Income from services to schools also includes income from independent schools to provide core networks and support services.
- Estimated income from license upgrades, a hardware replacement programme and school security services. The Ministry of Education pays for these services.
- Exchange revenue relates to equipment sales to schools and IT providers which is recognised at the time of sale.

15. Network services represent:

- Estimated payments to the network provider and other providers for services to N4L.

16. Other general and overhead expenses

Other general and overhead expenses represent:

- Estimated direct departmental costs in providing products and services.
- Estimated departmental costs of general management, customer relationship management, marketing/communications, education sector/government liaison, finance, human resources, facilities and professional services/legal.
- Personnel costs, including estimated salaries and short-term employee benefits and contractor costs.

17. Reportable outputs

In compliance with the Crown Entities Act (2004) S149E (1)(c), N4L confirms that it does not propose to supply any class of outputs in the financial year that is not a reportable class of outputs.