

Financial Statements - 2016

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2016 Annual report is available at www.englishlanguage.org.nz/annual-report.

Directory

Board of Trustees	Alasdair Finnie
	Catherine Neill
	Gillian Brookes
	Amit Prasad
	Gurbrinder Aulakh
	David Bromell
	Lloyd Davies
	Praful Rambhai

Chief Executive Officer	Nicola Sutton
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Registered office	192 Tinakori Road, Thorndon
	Wellington 6011
	New Zealand

Nature of business	Providing English language services to New Zealanders.
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Charities Commission Registration number:	CC51013
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Statement of Comprehensive Revenue and Expenses For the year ended 31 December 2016

	Notes	2016 \$
Revenue from non-exchange transactions		
Grants - Tertiary Education Commission	9	7,693,121
Grants - Lottery		339,689
Grants - Other		524,920
Donations and Fundraising		70,601
		<u>8,628,331</u>
Revenue from exchange transactions		
Conference registration		1,074
English Language Group fees		159,245
English for Migrants		627,592
Interest revenue		225,593
Other operating revenue		123,208
		<u>1,136,712</u>
Total revenue		<u>9,765,043</u>
Expenses		
Strategic projects		231,871
Governance		35,735
Employee related costs		6,976,463
Communication and marketing		185,031
Programmes		492,779
Fundraising		2,806
Depreciation and amortisation	13 & 14	83,904
Administration expenses	6	1,093,393
(Loss)/Gain on revaluation of property and equipment		1,974
		<u>9,103,956</u>
Total expenses		<u>9,103,956</u>
Total surplus for the year		<u>661,087</u>
Other comprehensive revenue and expenses		-
Total comprehensive revenue and expense for the year		<u><u>661,087</u></u>

These financial statements should be read in conjunction with the notes to the financial statements.



Statement of Changes in Net Assets

For the year ended 31 December 2016

	Accumulated comprehensive revenue and expenses	Strategic Development Fund	General Reserves	Workplace Reserve	Total Equity
Opening balance 1 January 2016	3,245,775	484,131	1,541,715	-	5,271,621
Restatement (Note 3)	77,546	-	68,143	-	145,689
Opening balance 1 January 2016 (restated)	3,323,321	484,131	1,609,858	-	5,417,310
Surplus/(Deficit) for the year	661,087	-	-	-	661,087
Other comprehensive revenue	-	-	-	-	-
Transfers	9,818	119,516	(175,891)	46,557	-
Closing equity 31 December 2016	3,994,226	603,647	1,433,967	46,557	6,078,397

These financial statements should be read in conjunction with the notes to the financial statements.



Statement of Financial Position

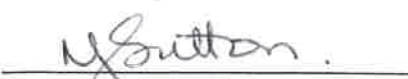
As at 31 December 2016


	Notes	31 December 2016	1 January 2016 Restated *
		\$	\$
Current assets			
Cash and cash equivalents	10	871,664	1,743,861
Short term investments		6,350,000	4,550,000
Receivables from exchange transactions	11	131,318	88,451
Prepayments		49,525	19,125
		<u>7,402,507</u>	<u>6,401,437</u>
Non-current assets			
Property and equipment	13	284,090	199,015
Intangible assets	12	51,393	12,373
		<u>335,483</u>	<u>211,388</u>
Total assets		<u>7,737,990</u>	<u>6,612,825</u>
Current liabilities			
Payables under exchange transactions	14	595,986	357,034
Employee entitlements		234,770	242,235
Goods and services tax payable		232,950	195,366
Revenue in advance from exchange transactions		341,671	219,016
Grants received in advance from non exchange transactions	15	254,216	181,864
Total liabilities		<u>1,659,593</u>	<u>1,195,515</u>
Net assets		<u>6,078,397</u>	<u>5,417,310</u>
Equity			
Accumulated comprehensive revenue and expenses		3,994,226	3,323,321
Strategic development fund		603,647	484,131
General reserve		1,433,967	1,609,858
Workplace Reserve		46,557	-
Total net assets attributable to the owners of the controlling entity		<u>6,078,397</u>	<u>5,417,310</u>

*Certain amount shown here do not correspond to the 2015 financial statements and reflect adjustments made due to the first time adoption of PBE standards. Refer to Note 3.

These financial statements should be read in conjunction with the notes to the financial statements.

Signed for and on behalf of the Board of Trustees who authorised these financial statements for issue on 17 March 2017.


Chief Executive:


Chairperson:



Cash Flow Statement

For the year ended 31 December 2016.

	Notes	2016
		\$
Cash flows from operating activities		
<i>Receipts</i>		
Receipts from Tertiary Education Commission		9,081,806
Receipts from Grants		1,864,585
Receipts from donations and fundraising		71,245
Interest received		200,851
Other income		314,805
		<u>11,533,292</u>
<i>Payments</i>		
Payments to suppliers		(4,066,645)
Payment to employees		(6,309,518)
		<u>(10,376,163)</u>
Net cash flows from operating activities		<u>1,157,129</u>
Cash flows from investing activities		
<i>Receipts</i>		
Sale of property and equipment		90
Receipts from withdrawal of term deposits		4,650,000
<i>Payments</i>		
Purchase of property and equipment		(229,416)
Investments in term deposits		(6,450,000)
		<u>(2,029,326)</u>
Net cash flows from investing activities		<u>(2,029,326)</u>
Net increase/ (decrease) in cash and cash equivalents		(872,197)
Cash and cash equivalents at 1 January		<u>1,743,861</u>
Cash and cash equivalents at 31 December		<u><u>871,664</u></u>

These financial statements should be read in conjunction with the notes to the financial statements.

Notes to the financial statements

For the year ended 31 December 2016.

1 Reporting entity

The reporting entity is English Language Partners New Zealand Trust (the "Trust"). The Trust is domiciled in New Zealand and is a charitable organisation registered under the Incorporated Societies Act 1908, the Charitable Trusts Act 1957 and the Charities Act 2005.

These financial statements and the accompanying notes summarise the financial results of activities carried out by the Trust.

These financial statements have been approved and were authorised for issue by the Board of Trustees on 17 March 2017.

2 Statement of compliance

The financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ("NZ GAAP"). They comply with Public Benefit Entity International Public Sector Accounting Standards ("PBE IPSAS") and other applicable financial reporting standards as appropriate that have been authorised for use by the External Reporting Board for Not-For-Profit entities. For the purposes of complying with NZ GAAP, the Trust is a public benefit not-for-profit entity and is eligible to apply Tier 2 Not-For-Profit PBE IPSAS on the basis that it does not have public accountability and it is not defined as large.

The Board of Trustees has elected to report in accordance with Tier 2 Not-For-Profit PBE Accounting Standards and in doing so has taken advantage of all applicable Reduced Disclosure Regime ("RDR") disclosure concessions, except for PBE IPSAS 1, Presentation of Financial Statements paragraph 116.1 and 116.2.

These financial statements are prepared under the assumption that the Trust will continue to operate as a going concern in the future.

Notes to the financial statements

For the year ended 31 December 2016.

3 Effect of first-time adoption of PBE standards on accounting policies and disclosures

This is the first set of financial statements of the Trust that is presented in accordance with PBE standards. The Trust previously reported in accordance with a Special Purpose Reporting Framework. These have now been restated to Not-For-Profit PBE IPSAS-RDR. An explanation of how the transition to Tier 2 Not-For-Profit PBE Accounting Standards has affected the reporting Statement of Financial Position and Statement of Comprehensive Revenue and Expenses is provided below:

Reconciliation of Net Assets	1 January 2016
	\$
Balance under previous Special Purpose Reporting Framework	5,271,621
Recognition of Grants as revenue from non-exchange transactions (a)	145,689
Net assets under PBE IPSAS	5,417,310

(a) Previously, grants received in relation to the provision of a service were recognised as revenue over the period to which the grant related or when conditions associated with the grant were fulfilled. However, under PBE IPSAS 23 *Revenue from Non-Exchange Transactions*, grants are only deferred and recognised as grants in advance where there are specific conditions attached to the grant that would require the grant to be repaid in the event it is not spent on its intended purpose.

The Trust's transition date is 1 January 2016 and it has prepared its opening PBE IPSAS Statement of Financial Position as at that date.

Consistent with the application of PBE FRS 47 *First-time adoption of PBE standards by entities other than those previously applying NZ IFRSs* paragraph RDR27.2 and RDR27.3, the Trust has not presented comparative information in accordance with PBE Standards in this first set of financial statements under PBE standards. A copy of the previous year's financial statements have been attached and the significant differences in accounting policies applied between the two sets of financial statements have been explained in the reconciliation of net assets above.

4 Summary of accounting policies

The significant accounting policies used in the preparation of these financial statements as set out below have been applied consistently to the year presented in these financial statements.

4.1 Basis of measurement

These financial statements have been prepared on the basis of historical cost.

4.2 Functional and presentational currency

The financial statements are presented in New Zealand dollars (\$), which is the Trust's functional currency. All financial information presented in New Zealand dollars has been rounded to the nearest dollar.

4.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the Trust and revenue can be reliably measured. Revenue is measured at the fair value of the consideration received. The following specific recognition criteria must be met before revenue is recognised.



Notes to the financial statements

For the year ended 31 December 2016.

Revenue from non-exchange transactions

Donations

Donations are recognised as revenue upon receipt and include donations from the general public, donations received for specific programmes or services.

Grant Revenue

Grant revenue includes grants given by other charitable organisations, philanthropic organisations and businesses. Grant revenue is recognised when it is received unless there are specific conditions attached that require repayment. In this case, Grant revenue is recognised when the specific conditions are met.

Revenue from exchange transactions

Conference Registration

Entrance fees for functions and events are recorded as revenue when the function or event takes place.

English Language Group fees

Students attending English Language Groups (ELGs) pay a fee each term as a contribution towards the running costs of the group. Revenue is recognised at the time the money is received.

English for Migrants

Revenue for English for Migrants consists of revenue for English lessons delivered to students. Revenue is recognised as lessons are given by tutors.

Interest revenue

Interest revenue is recognised as it accrues, using the effective interest method.

Other operating revenue

Other operating revenue is all other revenue received. It consists of training and consultancy fees, business initiative receipts, rental income and other sundry receipts and is recognised upon receipt.

4.4 Financial instruments

Financial assets and financial liabilities are recognised when the Trust becomes a party to the contractual provisions of the financial instrument.

The Trust derecognises a financial asset or, where applicable, a part of a financial asset or part of a group of similar financial assets when the rights to receive cash flows from the asset have expired or are waived, or the Trust has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party; and either:

- the Trust has transferred substantially all the risks and rewards of the asset; or
- the Trust has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Financial Asset

Financial assets within the scope of NFP PBE IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through revenue and expenses, loans and receivables, held-to-maturity investments or available-for-sale financial assets. The classifications of the financial assets are determined at initial recognition.

The categorisation determines subsequent measurement and whether any resulting revenue and expense is recognised in surplus or deficit or in other comprehensive revenue and expenses. The Trust's financial assets are classified loans and receivables. The Trust's financial assets include: cash and cash equivalents, short-term investments, receivables from non-exchange transactions, and receivables from exchange transactions.



Notes to the financial statements

For the year ended 31 December 2016.

All financial assets are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less any allowance for impairment. The Trust's cash and cash equivalents, short-term investments, receivables from non-exchange transactions, and receivables from exchange transactions fall into this category of financial instruments.

Impairment of financial assets

The Trust assesses at the end of reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

For financial assets carried at amortised cost, if there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in the surplus or deficit for the reporting period.

In determining whether there is any objective evidence of impairment, the Trust first assesses whether there is objective evidence of impairment of financial assets that are individually significant, and individually or collectively significant for financial assets that are not individually significant. If the Trust determines that there is no objective evidence of impairment for an individually assessed financial asset, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment for impairment.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting the allowance account. If the reversal results in the carrying amount exceeding its amortised cost, the amount of the reversal is recognised in surplus or deficit.

Financial liabilities

The Trust's financial liabilities include trade and other creditors (excluding GST and PAYE), employee entitlements, and deferred revenue (in respect to grants whose conditions are yet to be complied with).

All financial liabilities are initially recognised at fair value and are measured subsequently at amortised cost using the effective interest method.

4.5 Cash and cash equivalents

Cash and cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.



Notes to the financial statements

For the year ended 31 December 2016.

4.6 Short term investments

Short term investments comprise term deposits which have a term of greater than three months and therefore do not fall into the category of cash and cash equivalents.

4.7 Property and equipment

Items of property and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. Where an asset is acquired through a non-exchange transaction, its cost is measured at its fair value as at the date of acquisition.

Depreciation is charged on a straight line (SL) basis over the useful life of the asset. Depreciation is charged at rates calculated to allocate the cost or valuation of the asset less any estimated residual value over its remaining useful life:

· Leasehold improvements	2 - 11 years SL
· Furniture and Fittings	10 - 15 years SL
· Office equipment	10 - 15 years SL
· Computer equipment	4 - 10 years SL

Depreciation methods, useful lives and residual values are reviewed at each reporting date and are adjusted if there is a change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset. During this financial period the method of calculation for those assets on diminishing value was changed straight line.

4.8 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost.

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The amortisation periods and the amortisation methods for intangibles asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits or service potential embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. During this financial period, for those assets amortised on diminishing value to be changed to straight line.

The amortisation expense on intangible assets with finite lives is recognised in surplus or deficit as the expense category that is consistent with the function of the intangible assets.

The Trust does not hold any intangible assets that have an indefinite life.

The amortisation periods for the Trust's intangible assets are as follows:

· Software	3 years SL
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4.9 Leases

Payments on operating lease agreements, where the lessor retains substantially the risk and rewards of ownership of an asset, are recognised as an expense on a straight-line basis over the lease term.

Notes to the financial statements

For the year ended 31 December 2016.

4.10 Employee benefits

Wages, salaries and annual leave

Liabilities for wages and salaries and annual leave are recognised in surplus or deficit during the period in which the employee provided the related services. Liabilities for the associated benefits are measured at the amounts expected to be paid when the liabilities are settled.

4.11 Income Tax

Due to its charitable status, the Trust is exempt from income tax.

4.12 Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except for receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the Inland Revenue Department is classified as part of operating cash flows.

4.13 Equity

Equity is the community's interest in the Trust, measured as the difference between total assets and total liabilities. Equity is made up of the following components:

Accumulated comprehensive revenue and expenses (previously Financial Reserves)

These are earmarked to a Centre or National Office and are required for the day to day operation of the organisation. The Trust aims to hold sufficient reserve funds to meet six months of operating expenditure.

General Reserves

These are any reserves earmarked to a Centre beyond the Accumulated comprehensive revenue and expenses.

Strategic Development Fund

These are reserves not tagged to a Centre or National Office that are available for new strategic initiatives locally or nationally.

Workplace Reserve

This money was a donation received from the Workbase Education Trust on the wind up of their organisation in 2016. The funds are tagged for workplace and language activities.



Notes to the financial statements

For the year ended 31 December 2016.

5 Significant accounting judgements, estimates and assumptions

The preparation of the Trust's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Estimates and assumptions

No significant accounting estimates or assumptions have been made in the preparation of these financial statements.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements.

Operating lease commitments

The Trust has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a substantial portion of the economic life of the leased assets, that it does not retain all the significant risks and rewards of ownership of these leased assets and accounts for the contracts as operating leases.

6 Components of net surplus

Surplus before tax includes the following specific expenses:

	2016
	\$
Administration Expenses	
Audit	37,760
Conference expenditure	70,470
Functions and events	18,181
Insurance	22,543
IT related expenditure	106,830
Legal fees	35,787
Office supplies and administration	166,221
Power and gas	27,701
Rent and rates	407,385
Repairs and maintenance	56,376
Telephone	60,595
Travel and accommodation	83,544
	1,093,393

7 Auditor's remuneration

Grant Thornton New Zealand Audit Partnership provided non-audit services to the Trust in relation to financial reporting services. The total amount of fees were \$9,936.



Notes to the financial statements

For the year ended 31 December 2016.

8 Donated services

We are fortunate to attract considerable support for our work in the form of free services, discounts, donations in kind and in particular the assistance of many volunteers. We acknowledge all this support with much appreciation.

9 Revenue from non-exchange transactions - Tertiary Education Funding

	2016
	\$
ACE pool	2,788,873
less ACE pool repayment	(204,102)
Workplace literacy – employee	1,491,100
Intensive literacy and numeracy (ILN)	2,831,250
ILN one-off payment for Syrian refugees	360,000
Migrant levy	426,000
	7,693,121

10 Cash and cash equivalents

Cash and cash equivalents include the following components:

	31-Dec-16	01-Jan-16
	\$	\$
Cash at bank	871,664	1,743,861
Total cash and cash equivalents	871,664	1,743,861

11 Receivables from exchange transactions

Receivables from exchange transactions include the following components:

	31-Dec-16	01-Jan-16
	\$	\$
Trade receivables	53,519	34,874
Sundry debtors	232	752
Accrued interest	77,567	52,825
Total receivables from exchange transactions	131,318	88,451

Notes to the financial statements

For the year ended 31 December 2016.

12 Intangible Assets

	Software 31-Dec-16	Software 01-Jan-16
	\$	\$
Cost	89,966	37,733
Accumulated amortisation	(38,573)	(25,360)
Net book value	51,393	12,373

Reconciliation of the carrying amount at the beginning and end of the period:

	Software
	\$
Opening balance	12,373
Additions	52,232
Disposals	-
Amortisation	(13,212)
Closing balance	51,393

13 Property and equipment

31-Dec-16	Leasehold Improvements	Furniture and Fittings	Computer Equipment	Office Equipment	Total
	\$	\$	\$	\$	\$
Cost	20,212	85,730	326,292	59,983	492,217
Accumulated depreciation	(5,756)	(40,499)	(126,480)	(35,392)	(208,127)
Net book value	14,456	45,231	199,812	24,591	284,090

01-Jan-16	Leasehold Improvements	Furniture and Fittings	Computer Equipment	Office Equipment	Total
	\$	\$	\$	\$	\$
Cost	12,362	106,567	311,430	91,278	521,637
Accumulated depreciation	(2,832)	(80,000)	(165,460)	(74,330)	(322,622)
Net book value	9,530	26,567	145,970	16,948	199,015

Reconciliation of the carrying amount at the beginning and end of the period:

	Leasehold Improvements	Furniture and Fittings	Computer Equipment	Office Equipment	Total
	\$	\$	\$	\$	\$
Opening balance	9,530	26,567	145,970	16,948	199,015
Additions	7,850	25,356	115,558	11,518	160,282
Disposals	-	-	(4,301)	(214)	(4,515)
Depreciation	(2,924)	(6,692)	(57,415)	(3,661)	(70,692)
Closing balance	14,456	45,231	199,812	24,591	284,090

Notes to the financial statements

For the year ended 31 December 2016.

14 Payables from exchange transactions

Payables from exchange transactions include the following components:

	31-Dec-16	01-Jan-16
	\$	\$
Credit card	15,320	15,092
Trade creditors	185,335	127,752
Other provisions and payables	213,298	40
Accruals	182,033	214,150
Total payables from exchange transactions	595,986	357,034

15 Grants received in advance from non exchange transactions

	31-Dec-16	01-Jan-16
	\$	\$
Private Trusts & Councils	130,861	97,321
Lottery	123,355	84,543
	254,216	181,864

16 Related party transactions

Related Party	Description of the Transaction	2016 Value of transactions	2016 Amount Outstanding	2015 Amount Outstanding
		\$	\$	\$
Mark Sutton (CEO Spouse)	Contracting: IT support, advice and equipment purchases	308,342	30,006	11,627
		308,342	30,006	11,627

Remuneration and compensation provided to close family members of key management personnel

During the reporting period, total remuneration and compensation of \$308,342 incl. GST was provided by the Trust to employees who are close family members of key management personnel.

Key Management Personnel

The key management personnel, as defined by PBE IPSAS 20 Related Party Disclosures, are the members of the governing body which is comprised of the Board of Trustees, Chief Executive Officer, General Manager of Operations and the Chief Financial Controller, which constitutes the governing body of the Trust. No remuneration is paid to members of the Board of Trustees. The aggregate remuneration of key management personnel and the number of individuals, determined on a full-time equivalent basis, receiving remuneration is as follows:

	2016
Total remuneration	400,754
Number of persons	3



Notes to the financial statements

For the year ended 31 December 2016.

17 Leases

The future non-cancellable minimum lease payments of operating leases at reporting date are detailed in the table below:

	2016
	\$
Not later than one year	345,016
Later than one year and no later than five years	356,063
	701,079

The Trust has entered into a number of material operating leases for properties and photocopiers.

During the reporting period, total expenditure under lease commitments for properties and photocopiers was \$410,471.

18 Categories of financial assets and liabilities

The carrying amounts of financial instruments presented in the statement of financial position relate to the following categories of assets and liabilities:

	31-Dec-16	01-Jan-16
	\$	\$
Financial assets		
Cash and cash equivalents	871,664	1,743,861
Short term investments	6,350,000	4,550,000
Receivables from exchange transactions	131,318	88,451
	7,352,982	6,382,312

Financial liabilities

Trade and other creditors (GST & PAYE exclusive)	413,953	142,884
Employee entitlements	234,769	242,234
Accruals (PAYE exclusive)	152,526	182,092
Grants received in advance (conditions attached per Note 4.3)	595,887	400,880
	1,397,135	968,090

19 Capital commitments

There were no capital commitments at the reporting date (2015: \$Nil).

20 Contingent assets and liabilities

There are no contingent assets or liabilities at the reporting date (2015: \$Nil).

21 Events after the reporting date

The Board of Trustees and management are not aware of any other matters or circumstances since the end of the reporting period, not otherwise dealt with in these financial statements that have significantly or may significantly affect the operations of the English Language Partners New Zealand Trust (2015: \$Nil).

Notes to the financial statements

For the year ended 31 December 2016.

22 Funding received in 2016

We greatly value the funding support we receive from the **Tertiary Education Commission**.

We would also like to acknowledge the following trusts, foundations, city councils and other organisations for awarding valuable funding support to our centres this financial year:

Adult Community Education Aotearoa, Altrusa International, ANZ Staff Foundation, Auckland City Council, Auckland Community Foundation, Bay Trust, Betty Campbell Grant, Community Organisation Grants Scheme (COGS), Community Trust of Southland, Dunedin City Council, Eastern & Central Community Trust, Endeavour Community Foundation, Foundation North, Hamilton City Council, Hamilton Multicultural Service Trust, Helen Graham Trust, Horowhenua District Council, Hutt City Council, Infinity Foundation Limited, Invercargill Licensing Trust, John Illott Charitable Trust, Lion Foundation, Lottery Grants Board, Mana Community Grants Foundation, Ministry of Social Development (WINZ) Grant, Nelson City Council, Nelson Tasman Trust, New Plymouth District Council, Nikau Foundation, Norah Howell Charitable Trust, Northland Foundation, NZ Federation of Graduate Women, Office of Ethnic Communities - Settling In Grant, Pelorus Trust, Plunket, Porirua City Council, Port Nelson, Pub Charity, Rata Foundation, Rotorua Energy Charitable Trust, Sky City Auckland Community Trust, Sky City Hamilton Community Trust, Southern Trust, St George Market Shop, Synod of Otago, The Charleston Trust, The Trusts Community Foundation, Thomas George Macarthy Trust, Tindall Foundation, Trust Waikato, Trusts Community Foundation, United Way, Waiora Community Trust, Waipa District Council, Wanganui Community Foundation, WEL Energy, Wellington City Council, Wellington Community Trust



Independent Auditor's Report

Audit

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To the Trustees of English Language Partners New Zealand Trust (the "Trust")

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of English Language Partners New Zealand Trust on pages 2 to 17 which comprise the statement of financial position as at 31 December 2016, and the statement of comprehensive revenue and expense, statement of changes in net assets and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Trust as at 31 December 2016 and its financial performance and cash flows for the year then ended in accordance with Public Benefit Entity International Public Sector Accounting Standards (Not For Profit) Reduced Disclosure Regime issued by the New Zealand Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Trust in accordance with Professional and Ethical Standard 1 (Revised) *Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our firm carried out another assignment for Trust in the area of special consultancy projects. The firm has no other interest in the Trust.

Other matters

In accordance with PBE FRS 47 *First-Time Adoption of PBE Standards by Entities Other Than Those Previously Applying NZ IFRS* issued in New Zealand by the New Zealand Accounting Standards Board, the Trust has not presented comparative information

Independent Auditor's Report

Audit

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Other matter

In accordance with PBE FRS 47 *First-Time Adoption of PBE Standards by Entities Other Than Those Previously Applying NZ IFRS* issued in New Zealand by the New Zealand Accounting Standards Board, the Trust has not presented comparative information

associated with its transition to its new financial reporting framework. As required by Paragraph 27.3, the Trust has instead attached a copy of its prior year financial statements and accounting policies to the 2016 financial statements.

Trustees Responsibilities for the Financial Statements

The Trustees are responsible on behalf of the Trust for the preparation and fair presentation of these financial statements in accordance with Public Benefit Entity International Public Sector Accounting Standards (Not For Profit) Reduced Disclosure Regime issued by the New Zealand Accounting Standards Board, and for such internal control as those charged with governance determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, those charged with governance are responsible for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the Trust or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements 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 conducted in accordance with ISAs (NZ) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the External Reporting Board's website at:

[https://xrb.govt.nz/Site/Auditing Assurance Standards/Current Standards/Description Auditors responsibilities.aspx](https://xrb.govt.nz/Site/Auditing_Assurance_Standards/Current_Standards/Description_Auditors_responsibilities.aspx)

Restriction on use of our report

This report is made solely to the Trustees, as a body. Our audit work has been undertaken so that we might state to the Trustees, as a body, those matters which we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trust and the Trustees, as a body, for our audit work, for this report or for the opinion we have formed.

Grant Thornton New Zealand Audit Partnership



B R Smith

Partner

Wellington

17 March 2017

ONSOLIDATED SPECIAL PURPOSE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
31 DECEMBER 2015**

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION			2015	2014
AS AT 31 DECEMBER 2015			\$	\$
	Note			
EQUITY				
Financial Reserve	10	3,245,775		3,002,726
General Reserve	10	1,541,715		1,329,941
Strategic Development Fund	10	484,131		460,468
TOTAL EQUITY			5,271,621	4,793,135
<i>Represented by:</i>				
CURRENT ASSETS				
Bank and Cash		1,743,861		1,390,485
Debtors		88,451		45,546
Prepayments		19,125		12,059
Stock		-		1,215
Term Investments		4,550,000		4,000,996
		6,401,437		5,450,301
NON CURRENT ASSETS				
Fixed Assets	4	211,388		128,983
TOTAL ASSETS			6,612,825	5,579,284
CURRENT LIABILITIES				
Accounts Payable		142,884		124,956
Accruals		214,150		54,231
Employee Entitlements		242,234		121,356
Goods and Services Tax Payable		195,366		13,344
Grants Received in Advance	5	546,570		472,262
TOTAL LIABILITIES			1,341,204	786,149
NET ASSETS			5,271,621	4,793,135

CONSOLIDATED STATEMENT OF MOVEMENTS IN EQUITY			2015	2014
FOR THE YEAR ENDED 31 DECEMBER 2015			\$	\$
Financial Reserves				
Opening balance	10		3,002,726	4,585,353
Transfer from/(to) reserves			(235,437)	(1,770,384)
Total recognised revenue and expenses			2,767,289	2,814,969
Derecognise Auckland West Centre	1		-	(432,441)
Net surplus for the Year			478,486	620,198
			3,245,775	3,002,726
General Reserves				
Opening balance	10		1,329,941	-
Transfer from/(to) retained earnings			211,774	1,329,941
			1,541,715	1,329,941
Strategic Development Fund				
Opening balance	10		460,468	-
Transfer from/(to) retained earnings			23,663	460,468
			484,131	460,468
Marlborough Reserve				
Opening balance	10		-	20,025
Transfer from/(to) retained earnings			-	(20,025)
			-	-
Equity at the end of the Year			5,271,621	4,793,135

For and on behalf of the Trust, which authorised the issue of the financial statements on 18 March 2016.

Trust Chairperson: Alastair Finnie

Date: 18 March 2016

Chief Executive: Jeff Sutton

Date: 18 March 2016

**CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31 DECEMBER 2015**

	Note	2015 \$	2014 \$
INCOME			
Tertiary Education Commission	11	6,962,438	6,596,752
Conference Registration		790	75,762
Donations and Fundraising		17,653	74,987
English Language Group Fees		111,717	103,299
Grant - English for Migrants		429,448	442,136
Grant - Lottery	5	418,734	428,475
Grants Other	12	602,720	662,877
Interest Received		255,144	197,987
Sale of Products		1,728	15,372
Sundry Income		143,925	69,766
		8,944,297	8,667,413
LESS EXPENDITURE			
Administration Expenses		496,342	436,415
Audit - Trust		36,000	42,000
Audit - Centres		1,568	16,762
Bad Debts		-	1,325
Conference Expenditure		31,856	95,070
Cost of Goods sold		111	7,418
Depreciation	4	56,445	82,638
English for Employees (Workplace Literacy Targeted Fund)		191,571	261,276
English Language Groups		807,901	485,367
Governance Expenses		35,915	84,796
Grant Expenditure English for Migrants		290,614	263,618
Grant Expenditure Lottery	7	-	317,044
Grant Expenditure Other	7	50,324	570,674
Int. Lit. & Numeracy Fund (Int. ESOL, NZCEL & ESOL-Lit.)		1,194,161	1,138,312
Legal fees		13,220	26,740
Loss on Disposal of Assets		11,797	7,620
Rent		384,858	255,020
Resource Purchases		23,851	12,848
Salaries		4,081,371	3,174,464
Services to Centres		236,474	268,691
Strategic Plan Implementation		306,920	404,779
Training and Development Expenses		214,512	94,338
TOTAL EXPENDITURE		8,465,811	8,047,215
NET SURPLUS FOR THE YEAR		478,486	620,198

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2015

CASH FLOWS FROM OPERATING ACTIVITIES*Cash was provided from:*

Tertiary Education Commission - Bulk Funding Grants	11
Interest Received	
Other Income	

Cash was applied to:

Payments to Suppliers and Employees

Net Cash Flows from Operating Activities**CASH FLOWS FROM INVESTING ACTIVITIES***Cash was applied to:*

Purchase of Fixed Assets

Net Cash Flows Used in Investing Activities**Net increase in Cash held****Add: Opening Cash Brought Forward****Closing Cash Carried Forward**

2015 \$	2014 \$
6,962,438	6,596,752
1,475,239	1,396,658
255,144	258,059
275,813	394,354
8,968,634	8,645,823
(7,927,403)	(8,704,535)
1,041,231	(58,712)
(138,851)	(60,633)
(138,851)	(60,633)
902,380	(119,345)
5,391,481	5,510,826
6,293,861	5,391,481

RECONCILIATION WITH THE REPORTED OPERATING SURPLUS (INDIRECT METHOD)

FOR THE YEAR ENDED 31 DECEMBER 2015

Operating Surplus**Add back non-cash items**

Depreciation

Derecognition of Auckland West centre

Add (Less) movements in other working capital items:

(Increase)/Decrease in accounts receivable

Decrease in stock

Increase/(Decrease) in accounts payable

(Decrease) in accruals

(Decrease) in employee entitlements

Increase/(Decrease) in GST payable

Increase/(Decrease) in grants received in advance

Net Inflows from Operating activities

2015 \$	2014 \$
478,486	620,198
56,445	82,638
-	(432,441)
(49,970)	113,255
1,215	7,692
17,928	(60,458)
159,919	(47,382)
120,878	-
182,022	(191,582)
74,308	(138,573)
1,041,231	(46,653)

Consolidated Notes to the Financial Statements

For the Year Ended 31 December 2015

1. ACCOUNTING POLICIES

These financial statements are special purpose financial statements.

The objective of these financial statements is to present a consolidated view of all English Language Partners entities in order to show the results of the consolidated activities of the entities that all share common goals and objectives.

The 2015 figures are from the English Language Partners New Zealand Trust.

The 2014 comparative figures include consolidating the financial results of the following:

- English Language Partners New Zealand Inc. (transactions for the 11 month period prior to the establishment of the new Trust);
- English Language Partners New Zealand Trust (transactions for the 1 month period following wind up of the society); and
- The individual centres that deliver English Language Services to the public. (NB: The previous year disclosures include the derecognition of Auckland West Centre which left the association on 15 December 2014).

The accounting policies that have been applied in respect to the preparation of these special purpose financial statements are set out below.

Measurement Base

The measurement base adopted is that of historical cost.

Going Concern

These financial statements have been prepared on a going concern basis.

Particular Accounting Policies

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

1.1 Fixed Assets and Depreciation

Fixed Assets are recorded at cost less accumulated depreciation. Fixed Assets are depreciated at rates calculated to allocate the assets' cost less residual value, over their estimated useful lives. The following depreciation rates have been applied:

Office Equipment	15% to 50% <i>Diminishing Value (DV) or Straight Line (SL).</i>
Furniture & Fittings	12% to 15% <i>DV or 10% SL</i>
Computer Equipment	30% to 40% <i>DV or SL</i>

1.2 Accounts Receivable

Accounts receivable are carried at estimated realisable value after providing against debts where collection is doubtful.

1.3 Goods and Service Tax

The financial statements have been prepared on a GST exclusive

basis, except for accounts receivable and accounts payable, which are stated with GST included (where applicable).

1.4 Income Taxes

No provision for taxation has been made, as the Trust is a registered charity and accordingly it is exempt from Income Tax under the provisions of the Income Tax Act 2007.

1.5 Revenue

Grants received are recognised in the statement of financial performance when the requirements under the grant agreement have been met. Any grants for which the requirements under the grant agreement have not been completed are carried as liabilities until all the conditions have been fulfilled.

Interest income is accounted for as earned.

1.6 Employee entitlements

Employee entitlements to salaries, wages and annual leave are recognised when they accrue to employees. The liability for employee entitlements is carried at the present value of the estimated future cash outflows.

1.7 Operating Leases

Operating lease payments are recognised as an expense in the periods the amounts are payable.

1.8 Consolidation

The consolidated financial statements are special purpose financial statements where the 2014 comparative figures include the 2014 financial results of the following entities:

ELPNZ Inc Society	ELP Northland
ELPNZ Trust	ELP North Shore
ELP Aoraki	ELP Palmerston North
ELP Auckland Central	ELP Porirua
ELP Auckland South	ELP Rotorua
ELP Bay of Plenty	ELP Southland
ELP Christchurch	ELP Taranaki
ELP Dunedin	ELP Taupo
ELP Hawkes Bay	ELP Waikato
ELP Horowhenua Kapiti	ELP Wanganui
ELP Hutt	ELP Wellington
ELP Nelson Marlborough	

All transactions and balances resulting from transactions between English Language Partners New Zealand and the centres have been eliminated. They all have the same reporting date which is 31 December.

1.9 Changes in accounting policies

There are no changes to accounting policies, which have been applied, on bases consistent with those used in previous years.

2. RELATED PARTIES

Mark Sutton, the husband of the Chief Executive, has worked for the Trust during 2015 as an independent contractor providing computer support, IT advice and has purchased IT equipment and been reimbursed for \$129,632 (2014: \$77,045). There have been no other material related party transactions during the year.

3. DONATED SERVICES

We are fortunate to attract considerable support for our work in the form of free services, discounts, donations in kind and in particular the assistance of many volunteers. We acknowledge all this support with much appreciation.

	2015	2014
No later than 1 year	22,711	16,108
Between 1-2 years	17,539	15,716
Between 2-5 years	11,103	13,579

There are no contingent liabilities for 2015 (2014: Nil).

4. FIXED ASSETS

2015	Cost	Accumulated Depn	Book Value	Depn Expense
Leasehold Impr.	12,362	2,832	9,530	1,417
Furniture & Fittings	109,045	82,490	26,555	5,459
Computer Equipment	350,412	191,899	158,513	43,205
Office Equipment	87,551	70,761	16,790	6,364
	<u>559,370</u>	<u>347,982</u>	<u>211,388</u>	<u>56,445</u>

2014	Cost	Accumulated Depn	Book Value	Depn Expense
Leasehold Impr.	20,813	7,439	13,374	2,647
Furniture & Fittings	122,462	94,750	27,712	18,251
Computer Equipment	228,240	155,138	73,102	45,389
Office Equipment	97,651	82,856	14,795	6,069
Teaching Equipment	0	0	0	4,455
Library	0	0	0	5,827
	<u>469,166</u>	<u>340,183</u>	<u>128,983</u>	<u>82,638</u>

5. GRANTS RECEIVED IN ADVANCE

	2015	2014
Private Trusts & Councils	244,511	222,119
English for Migrants	219,016	148,366
Lottery Grants Board	<u>83,043</u>	<u>101,777</u>
	<u>546,570</u>	<u>472,262</u>

Lottery Grant in Advance

Lottery opening balance	101,777	117,428
Amount awarded by funder	400,000	412,824
Less grant funding spent	<u>(418,734)</u>	<u>(428,475)</u>
	<u>83,043</u>	<u>101,777</u>

6. POST BALANCE DATE EVENTS

No significant events have occurred after balance date that may impact the financial position or results reported in these financial statements (2014: Nil).

7. GRANT EXPENDITURE CODES

At the time of the transition to the Trust, Management determined that it would combine grant funded expenditure codes in the Chart of Accounts with non-grant funded expenditure codes. Grant expenditure is tracked using the project facility in the accounting software and is no longer separately disclosed in these financial reports.

8. COMMITMENTS/CONTINGENT LIABILITIES

The Trust has the following operating lease commitments. These leases relate to properties used in carrying out the activities of the Trust.

	2015	2014
No later than 1 year	346,155	280,689
Between 1-2 years	232,113	141,026
Between 2-5 years	131,693	152,271

Photocopier lease commitments under a non-cancellable operating lease.

9. CHARITIES SERVICES

The Trust was incorporated under the Charitable Trusts Act 1957 on 14 October 2014. The Trust was registered as a charitable entity under the Charities Act 2008. (CC51013)

10. RESERVES

Financial Reserves are earmarked to a Centre or National Office and are required for the day to day operation of the organisation. The Trust aims to hold sufficient reserve funds to meet six months of operating expenditure.

General Reserves are any reserves earmarked to a Centre beyond the Financial Reserves.

The Strategic Development Fund are reserves not tagged to a Centre or National Office. They are available for new strategic initiatives locally or nationally.

Marlborough Reserve The Nelson centre is running the Marlborough site as a satellite. This involved the transfer of funds to the Nelson centre which they had recorded as a reserve in equity.

11. TEC FUNDING

	2015	2014
ACE Pool	2,502,688	2,502,687
Workplace Literacy - employee	1,202,500	1,204,266
Intensive Literacy & Numeracy	2,831,250	2,831,250
Migrant Levy	<u>426,000</u>	<u>426,000</u>
	6,962,438	6,964,203
Less funding to Auckland West	0	-367,451
TEC Funding	6,962,438	6,596,752

12. FUNDING RECEIVED IN 2015

During 2015, we have received financial support from the following funders and organisations:

ANZ Staff Foundation, Auckland City Council, Community Organisation Grants Scheme (COGS), Community Trust of Southland, Dunedin City Council, Eastern & Central Community Trust, Endeavour Community Foundation, Foundation North, Hamilton City Council, Horowhenua District Council, Hutt City Council, Invercargill Licensing Trust Foundation, Infinity Foundation, John Ilott Trust, Lion Foundation, Lottery, Mana Community Grant, McKee Charitable Trust, Nelson City Council, Nelson Tasman Trust, New Plymouth District Council, Nikau Foundation, Norah Howell Charitable Trust, Northland Foundation Grassroots Fund, NZ Federation of Graduate Women, NZ Post, Otago Foundation Trust Board, Plunket Society, Pub Charity, Rata Foundation, Rotorua Trust, Office of Ethnic Communities - Settling In Grant, SKYCITY Auckland Community Trust, SKYCITY Hamilton Community Trust, Southern Trust, St George Market Shop, Thomas George Macarthy Trust, The Charleston Trust, Tertiary Education Commission, Tindall Foundation, Trust Waikato, Trusts Community Foundation, United Way, Waiora House Trust, WEL Energy, Wellington City Council, Wellington Community Trust, Whanganui Community Foundation & Z-Stations 'Good in the Hood'.



Grant Thornton

Independent Auditor's Report

Audit

Grant Thornton New Zealand Audit Partnership

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To the Trustees of English Language Partners New Zealand Trust (consolidated special purpose financial statements)

We have audited the consolidated special purpose financial statements on pages 1 to 5 of English Language Partners New Zealand Trust which comprise the consolidated statement of financial position as at 31 December 2015, the consolidated statement of financial performance, consolidated statement of movements in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

The responsibility of Trustees for the financial statements

The Trustees are responsible for the preparation and fair presentation of these consolidated special purpose financial statements in accordance with the stated accounting policies, and for such internal control as the Trustees determine are necessary to enable the preparation of consolidated special purpose financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated special purpose financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated special purpose financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated special purpose financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated special purpose financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of consolidated special purpose financial statements 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 entity's internal control.



Grant Thornton

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the overall presentation of the consolidated special purpose financial statements.

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

Our firm carries out other assignments for English Language Partners New Zealand Trust in the area of advisory services. The firm has no other interest in the English Language Partners New Zealand Trust.

Opinion

In our opinion, the consolidated special purpose financial statements on pages 1 to 5 present fairly, in all material respects, the financial position of English Language Partners New Zealand Trust as at 31 December 2015, and its financial performance and cash flows, for the year then ended in accordance the accounting policies as described in Note 1.

Restriction on use of our report

This report is made solely to the Trustees, as a body. Our audit work has been undertaken so that we might state to the Trustees, as a body those matters which we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trust and the Trustees, as a body, for our audit work, for this report or for the opinion we have formed.

Grant Thornton New Zealand Audit Partnership
Wellington, New Zealand
18 March 2016