

English Language Partners New Zealand Trust

Financial statements 2020

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The 2020 Annual report is available at
<https://www.englishlanguage.org.nz/hub/publications/annual-report/>

English Language Partners New Zealand Trust

Directory

Board of Trustees

Chair	Karunakar Sadasiva Shenoy
Deputy Chair	Jane von Dadelszen
Trustee	Anne Alkema
Trustee	Catherine Neill
Trustee	David Bromell
Trustee	Kararaina Scally-Irvine
Trustee	Li Ling Ho
Trustee	Mark Bryan
Trustee	Susan Warren

Chief Executive	James McCulloch (Start date: 7 December 2020) Nicola Sutton (End date: 2 October 2020)
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Registered office	Level 7, Ranchhod Tower 39 The Terrace Wellington 6011 New Zealand
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Nature of business	Providing English language services to New Zealanders.
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Charities Services Registration number	CC51013
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English Language Partners New Zealand Trust

Statement of Comprehensive Revenue and Expenses

For the year ended 31 December 2020

	Notes	2020	2019
		\$	\$
Revenue from non-exchange transactions			
Grants - Tertiary Education Commission	8	9,812,142	8,946,043
Grants - Lottery		87,400	350,612
Grants - Other		303,836	445,545
Donations, Fundraising and Bequests	3.14	94,105	9,788
		<u>10,297,483</u>	<u>9,751,988</u>
Revenue from exchange transactions			
English Language Group fees		68,605	151,259
English for Migrants		844,477	1,242,515
Interest revenue		186,965	236,269
Other operating revenue		<u>111,743</u>	<u>145,283</u>
		<u>1,211,790</u>	<u>1,775,326</u>
Total revenue		<u>11,509,273</u>	<u>11,527,314</u>
Expenses			
Strategic projects		105,693	159,877
Governance		33,676	26,079
Employee related costs		8,772,747	8,762,534
Communication and marketing		188,520	186,294
Programmes		532,884	693,897
Fundraising		-	470
Depreciation and amortisation	11 & 12	172,563	183,156
Administration expenses	5	1,283,360	1,371,505
Loss on disposal of property and equipment		9,877	3,933
COVID-19 support for learners	8	39,913	-
Total expenses		<u>11,139,233</u>	<u>11,387,745</u>
Total surplus for the year		<u>370,040</u>	<u>139,569</u>
Other comprehensive revenue and expenses		-	-
Total comprehensive revenue and expenses for the year		<u>370,040</u>	<u>139,569</u>

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

English Language Partners New Zealand Trust

Statement of Changes in Net Assets

For the year ended 31 December 2020

	Accumulated comprehensive revenue and expenses	Strategic Development Fund	General Reserves	Workplace Reserve	Total Equity
Opening balance 1 January 2020	4,431,298	972,268	1,323,574	29,869	6,757,009
Surplus/(Deficit) for the year	370,040	-	-	-	370,040
Other comprehensive revenue	-	-	-	-	-
Transfers	(567,722)	564,252	(52,736)	56,206	-
Closing equity 31 December 2020	4,233,616	1,536,520	1,270,838	86,075	7,127,049
Opening balance 1 January 2019	4,450,829	709,331	1,427,411	29,869	6,617,440
Surplus/(Deficit) for the year	139,569	-	-	-	139,569
Other comprehensive revenue	-	-	-	-	-
Transfers	(159,100)	262,937	(103,837)	-	-
Closing equity 31 December 2019	4,431,298	972,268	1,323,574	29,869	6,757,009

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

English Language Partners New Zealand Trust

Statement of Financial Position

As at 31 December 2020

	Notes	31 December 2020 \$	31 December 2019 \$
Current assets			
Cash and cash equivalents	9	376,768	372,812
Short term investments		4,100,000	6,950,000
Receivables from exchange transactions	10	92,579	62,921
Prepayments		110,129	107,443
		<u>4,679,476</u>	<u>7,493,176</u>
Non-current assets			
Long term investments		3,350,000	-
Property and equipment	11	563,109	392,643
Intangible assets	12	289,233	325,387
		<u>4,202,342</u>	<u>718,030</u>
Total assets		<u>8,881,818</u>	<u>8,211,206</u>
Current liabilities			
Payables under exchange transactions	13	192,262	258,291
Employee entitlements		270,504	246,269
Goods and services tax payable		316,851	272,012
Revenue in advance from exchange transactions		529,761	487,958
Payables from non exchange transactions	14	433,435	173,363
		<u>1,742,813</u>	<u>1,437,893</u>
Non-current liabilities			
Payables under exchange transactions		11,956	16,304
		<u>11,956</u>	<u>16,304</u>
Total liabilities		<u>1,754,769</u>	<u>1,454,197</u>
Net assets		<u>7,127,049</u>	<u>6,757,009</u>
Equity			
Accumulated comprehensive revenue and expenses		4,233,616	4,431,298
Strategic development fund		1,536,520	972,268
General reserve		1,270,838	1,323,574
Workplace reserve		86,075	29,869
Total net assets attributable to the owners of the controlling entity		<u>7,127,049</u>	<u>6,757,009</u>

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 8 March 2021.

Chief Executive:

Chairperson:

English Language Partners New Zealand Trust

Cash Flow Statement

For the year ended 31 December 2020

	Notes	2020	2019
		\$	\$
Cash flows from operating activities			
<i>Receipts</i>			
Receipts from Tertiary Education Commission		12,243,755	11,740,019
Receipts from Grants		746,977	779,068
Receipts from donations and fundraising	3.14	93,985	9,920
Other income		182,491	290,466
		<u>13,267,208</u>	<u>12,819,473</u>
<i>Payments</i>			
Payments to suppliers		(4,654,104)	(4,912,931)
Payments to employees		(7,936,817)	(7,711,281)
		<u>(12,590,921)</u>	<u>(12,624,212)</u>
Net cash flows from operating activities		<u>676,287</u>	<u>195,261</u>
Cash flows from investing activities			
<i>Receipts</i>			
Receipts from withdrawal of term deposits		9,950,000	5,850,000
Interest received		190,510	239,222
<i>Payments</i>			
Purchase of property and equipment		(362,841)	(107,107)
Purchase of intangible assets		-	(49,328)
Investments in term deposits		(10,450,000)	(6,350,000)
Net cash flows from investing activities		<u>(672,331)</u>	<u>(417,213)</u>
Net increase/ (decrease) in cash and cash equivalents		3,956	(221,952)
Cash and cash equivalents at 1 January		372,812	594,764
Cash and cash equivalents at 31 December		<u>376,768</u>	<u>372,812</u>

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

English Language Partners New Zealand Trust

Notes to the financial statements

For the year ended 31 December 2020

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 Charities Act 2005.

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

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.

3 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.

3.1 Basis of measurement

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

3.2 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.

3.3 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.

English Language Partners New Zealand Trust

Notes to the financial statements

For the year ended 31 December 2020

Revenue from non-exchange transactions

Donations

Donations are recognised as revenue upon receipt and include donations from the general public and 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.

Bequest

Bequest income is recognised when received unless a specific obligation exists to return the funds or pay them to another party where funds are not spent in accordance with its specific condition.

Revenue from exchange transactions

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 learners receive the service.

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 or when a contract is closed. Revenue for Group English for Migrant lessons is recognised at the end of each term.

Interest revenue

Interest revenue is recognised when investments mature or as interest from investments 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 contract income, rental income and other sundry receipts. Other income is recognised upon receipt or invoice, whichever occurs earlier.

3.4 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.

English Language Partners New Zealand Trust

Notes to the financial statements

For the year ended 31 December 2020

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, long term investments and receivables from exchange transactions.

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, long term investments 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.

English Language Partners New Zealand Trust

Notes to the financial statements

For the year ended 31 December 2020

Financial liabilities

The Trust's financial liabilities include trade and other creditors (excluding GST and PAYE), employee entitlements, and deferred revenue.

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

3.5 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.

3.6 Short term investments

Short term investments comprise of term deposits which have an original maturity term of greater than three months and mature within twelve months of balance date.

3.7 Long term investments

Long term investments are term deposits which have a maturity term of greater than twelve months from balance date.

3.8 Property and equipment

Items of property and equipment are measured at cost less accumulated depreciation and impairment losses. Costs include 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 years SL
· Office equipment	10 years SL
· Computer equipment	4 - 10 years SL

Depreciation methods, useful lives and residual values are reviewed at each reporting date and are adjusted in the current year if there is a change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset.

3.9 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.

English Language Partners New Zealand Trust

Notes to the financial statements

For the year ended 31 December 2020

The amortisation periods and the amortisation methods for intangible 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.

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.

Intangible assets comprise software licences and software development costs. The costs for the development of the student management software (SMS) have been capitalised and disclosed as an intangible asset in the statement of financial position.

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

· Software Licences	3 years SL
· Student Management Software (SMS)	10 years SL

3.10 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.

3.11 Employee benefits

Liabilities for wages, 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.

3.12 Income Tax

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

3.13 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.

3.14 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 (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.

English Language Partners New Zealand Trust

Notes to the financial statements

For the year ended 31 December 2020

Workplace Reserve

This money was a donation of \$86,075 that was received from the Industry Training Federation on the wind up of their organisation in 2020. The funds are tagged for workplace and language activities.

4 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 Trust's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the 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 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.

5 Components of net surplus

Surplus before tax includes the following specific expenses:

	2020	2019
	\$	\$
Administration Expenses		
Audit	35,055	33,993
Functions and events	22,389	20,766
Insurance	36,889	38,275
IT related expenditure	162,415	123,943
Legal fees	19,160	67,194
Office supplies and administration	207,446	218,208
Power and gas	40,042	44,375
Rent and rates	587,512	565,279
Repairs and maintenance	57,878	54,729
Sharefest expenditure	752	63,853
Telephone	63,905	65,776
Travel and accommodation	49,917	75,114
	1,283,360	1,371,505

6 Auditor's remuneration

Grant Thornton New Zealand Audit Partnership did not provide any non-audit services to the Trust in 2020. (2019 \$1,725).

English Language Partners New Zealand Trust

Notes to the financial statements

For the year ended 31 December 2020

7 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.

8 Revenue from non-exchange transactions - Tertiary Education Commission Funding

	2020	2019
	\$	\$
Adult and Community Education (ACE) pool	3,239,786	2,775,949
SAC repayment provision 2019	2,800	(38,000)
Workplace literacy – employee	1,575,635	1,547,775
Intensive literacy and numeracy (ILN ESOL)	4,243,135	3,954,319
Student Achievement Component (SAC) Funding	285,040	280,000
Immigration levy (previously called Migrant levy)	426,000	426,000
TEC Hardship Fund *	39,746	-
	9,812,142	8,946,043

*= Funding from the TEC to support learners experiencing financial hardship due to COVID-19, \$39,913 spent.

9 Cash and cash equivalents

Cash and cash equivalents include the following components:

	2020	2019
	\$	\$
Cash at bank	376,768	372,812
Total cash and cash equivalents	376,768	372,812

10 Receivables from exchange transactions

Receivables from exchange transactions include the following components:

	2020	2019
	\$	\$
Trade receivables	84,409	51,002
Sundry debtors	679	883
Accrued interest	7,491	11,036
Total receivables from exchange transactions	92,579	62,921

English Language Partners New Zealand Trust

Notes to the financial statements

For the year ended 31 December 2020

11 Property and equipment

31-Dec-20	Leasehold Improvements	Furniture and Fittings	Computer Equipment	Office Equipment	Total
	\$	\$	\$	\$	\$
Cost	99,361	207,637	574,386	91,778	973,162
Accumulated depreciation	(44,155)	(81,612)	(240,814)	(43,472)	(410,053)
Net book value	55,206	126,025	333,572	48,306	563,109

31-Dec-19	Leasehold Improvements	Furniture and Fittings	Computer Equipment	Office Equipment	Total
	\$	\$	\$	\$	\$
Cost	99,361	175,173	481,543	84,626	840,703
Accumulated depreciation	(29,346)	(67,983)	(313,263)	(37,468)	(448,060)
Net book value	70,015	107,190	168,280	47,158	392,643

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

31-Dec-20	Leasehold Improvements	Furniture and Fittings	Computer Equipment	Office Equipment	Total
	\$	\$	\$	\$	\$
Opening balance	70,015	107,190	168,280	47,158	392,643
Additions	-	35,893	272,746	8,195	316,834
Disposals	-	(213)	(9,678)	(68)	(9,959)
Depreciation	(14,809)	(16,845)	(97,776)	(6,979)	(136,409)
Closing balance	55,206	126,025	333,572	48,306	563,109

12 Intangible Assets

	Software 2020	Software 2019
	\$	\$
Cost	431,558	431,558
Accumulated amortisation	(142,325)	(106,171)
Net book value	289,233	325,387

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

	Software 2020
	\$
Opening balance	325,387
Additions	-
Amortisation	(36,154)
Closing balance	289,233

English Language Partners New Zealand Trust

Notes to the financial statements

For the year ended 31 December 2020

13 Payables from exchange transactions

Payables from exchange transactions include the following components:

	2020	2019
	\$	\$
Credit cards	16,098	16,086
Trade creditors	55,024	134,463
Other provisions and payables	17,725	5,687
Current lease incentives	4,348	4,348
Accruals	99,067	97,707
Total payables from exchange transactions	192,262	258,291

14 Payables from non exchange transactions

	2020	2019
	\$	\$
TEC repayment provision	-	38,000
Grants received in advance - Private Trusts, Councils & Other	89,835	51,363
Grants received in advance - Lottery	246,600	84,000
Grants received in advance - Lottery COVID-19	97,000	-
	433,435	173,363

15 Related party transactions

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

Related Party	Description of the Transaction	2020 Value of transactions	2019 Value of transactions
		\$	\$
Mark Sutton (Spouse of Former CE)	Contracting: IT support, advice and equipment purchases	286,656	257,553
		286,656	257,553

During the reporting period up to 4 October 2020, total remuneration and compensation including GST of \$286,656 (2019: \$257,553) was provided by the Trust to contractors who are close family members of key management personnel. Amounts outstanding and payable at year end were \$Nil (2019:\$9,844).

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 and Chief Executive, which constitutes the governing body of the Trust. Two people were acting CE between 3 October and 6 December. The aggregate remuneration of key management personnel and the number of individuals, determined on a full-time equivalent basis, receiving remuneration is as follows:

	2020	2019
Total Key Management Personnel payments	224,240	203,412
Number of FTE's	2	2

English Language Partners New Zealand Trust

Notes to the financial statements

For the year ended 31 December 2020

16 Leases

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

	2020	2019
	\$	\$
Not later than one year	531,789	473,855
Later than one year and no later than five years	608,418	582,470
Later than five years	-	-
	1,140,207	1,056,325

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 \$672,605 (2019:\$573,201).

17 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:

	2020	2019
	\$	\$
Financial assets		
Cash and cash equivalents	376,768	372,812
Short term investments	4,100,000	6,950,000
Receivables from exchange transactions	92,579	62,921
Long term investments	3,350,000	-
	7,919,347	7,385,733
Financial liabilities		
Trade and other creditors (GST & PAYE exclusive)	93,196	160,584
Non-current trade and other creditors	11,956	16,304
Employee entitlements	270,504	246,268
Accruals *	85,155	90,925
TEC repayment provision	-	38,000
Grants received in advance (conditions attached per Note 3.3)	963,195	623,321
	1,424,006	1,175,402

* (excludes PAYE - 2020: \$13,912, 2019: \$6,782)

18 Capital commitments

There were no capital commitments at the reporting date. (2019: \$Nil).

19 Contingent assets and liabilities

There are no contingent assets or liabilities at the reporting date (2019: None).

English Language Partners New Zealand Trust

Notes to the financial statements

For the year ended 31 December 2020

20 COVID-19

On 11 March 2020, the World Health Organisation declared the novel coronavirus (COVID-19) outbreak as a global pandemic. The New Zealand Government (the government) implemented a range of public health and social measures to prevent and contain the transmission of COVID-19 which included restrictions on people movements.

The Trust was not classified as an essential service and closed its physical locations for the duration of alert levels 3 and 4 (i.e. the lockdown period). However, the Trust responded to the lockdown by moving its delivery mode for the lockdown period to a virtual model allowing it to continue to provide education solutions to most learners. As a result, the impact on service delivery targets were minimised.

Given the Trust had already secured TEC funding for FY2020, which did not alter as a result of COVID-19 related events, the Trust did not apply for any COVID-19 related grant relief funding that was available from the government, should income decline by more than 30%. Given the above, COVID-19 did not have a significant adverse financial impact on the Trust in respect of FY2020.

With matters relating to the pandemic still evolving, which includes continued border restrictions, the Trust expects this will continue to be an impact going forward, the effect of which is unable to be quantified at this time. Despite this, the Trust continues to undertake an active marketing campaign ongoing to attract new learners from other sources.

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 (2019: None).

22 Funding received in 2020

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

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 and Community Education (ACE) Aotearoa, Albany House Community Board, Albert Daniel Hally Trust, Auckland City Council, Dunedin City Council, East & Central Community Trust, Electoral Commission, Geyser Foundation, Hawkes Bay Foundation, Helen Graham Charitable Trust, Horowhenua District Council, Hutt City Council, Hutt Mana Charitable Trust, Industry Training Federation, Invercargill Licensing Trust (ILT) Foundation, John Ilott Charitable Trust, Lion Foundation, Lottery Grants Board, Ministry of Social Development, New Plymouth District Council, Napier City Council, New Zealand Federation of Graduate Women, Nikau Foundation, Norah Howell Trust, Office of Ethnic Communities, Puketāpapa Local Board, Rātā Foundation, Rotorua Energy Charitable Trust, Sargood Bequest, SkyCity Hamilton Community Trust, TEC Hardship COVID-19 Fund, The Presbyterian Synod of Otago and Southland, The Southern Trust, The Trusts Community Foundation, Thomas George Macarthy Trust, Tindall Foundation, Trust House Foundation, Trust Waikato, United Way, Waiora Community Trust, Wellington City Council, Wellington Community Trust, Whanganui District Council

Independent Auditor's Report

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To the Trustees of English Language Partners New Zealand Trust

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of English Language Partners New Zealand Trust (the "Trust") on pages 2 to 16 which comprise the statement of financial position as at 31 December 2020, and the statement of comprehensive revenue and expenses, statement of changes in net assets and cash flow statement for the year then ended, and notes to the financial statements, including a summary of 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 2020 and its financial performance and cash flows for the year then ended in accordance with the Public Benefit Entities International Public Sector Accounting Standards 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)) issued by the New Zealand Auditing and Assurance Standards Board. 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 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* 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.

Other than in our capacity as auditor we have no relationship with, or interests in, the Trust.

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 Entities International Public Sector Accounting Standards 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 on behalf of the Trust 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://www.xrb.govt.nz/assurance-standards/auditors-responsibilities/audit-report-8/>

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 its Trustees, as a body, for our audit work, for this report or for the opinion we have formed.

Grant Thornton New Zealand Audit Limited



Wellington
8 March 2021