

Literacy Aotearoa Inc.

Financial Report

For The Year Ended 31 Hakihea (December) 2015

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Directory
As at 31 Hakihea (December) 2015

Objects

To honour Te Tiriti o Waitangi;

To encompass two partners, Māori and Tauīwi;

To support and coordinate the activities and needs of its members, as a national network of adult literacy services throughout Aotearoa;

To promote, develop and maintain quality literacy services according to the values and principles set out in the Participation Document 1, Value Statements;

To work towards ensuring Government policy maintains and develops quality literacy services throughout Aotearoa.

Location

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Grey Lynn, Auckland 1245

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Te Kōruru	<u>Name</u>	<u>Position</u>	<u>Comments</u>	<u>End of Term</u>
	Lloyd Davies	Te Kaiwhakahaere	Elected	2016
	Margaret Manuel	Te Kaiwhakahaere	Elected	2016
	Serenah Nicholson	Elected Member	Elected	2018
	Chris Richardson	Elected Member	Elected	2018
	Janet Te Rore	Elected Member	Elected	2016
	Dr Kim Currie	Elected Member	Elected	2017

Te Tumuaki

Bronwyn Yates QSM

Accountant

ME Delamere
Chartered Accountant

Bankers

Westpac New Zealand Ltd
Ponsonby
Auckland

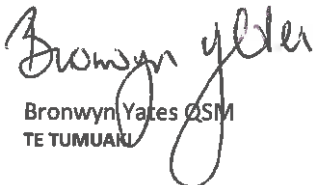
Auditors

Audit New Zealand
On behalf of the Controller and Auditor General
(by arrangement under section 19 of the Public Audit Act 2001)

Statement of Responsibility
For The Year Ended 31 Hakihea (December) 2015

We confirm that:

1. We are responsible for the preparation of these financial statements and statements of performance, and for the judgements made in them.
2. We are responsible for any end-of-year performance information provided by Literacy Aotearoa under section 19A of the Public Finance Act 1989.
3. We have the responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.
4. We are of the opinion that these financial statements fairly reflect the financial position and operations of Literacy Aotearoa Incorporated for the year ended 31 Hakihea (December) 2015.


Bronwyn Yates QSM
TE TUMUAKI


Lloyd Davies
TE KAIWHAKAHAERE

Margaret Manuel
TE KAIWHAKAHAERE



31st Poutū te rangi (March) 2016
Date

Statement of Comprehensive Income
For the Year Ended 31 Hakihea (December) 2015

	<u>Notes</u>	<u>2015</u> <u>Actual</u>	<u>2015</u> <u>Budget</u>	<u>2014</u> <u>Actual</u>
<u>Income</u>				
Interest		86,266	100,000	101,602
Government National Funding	2	8,774,285	8,264,128	8,129,848
Other Government Income	3	32,250	42,250	53,750
Other Income	4	<u>1,103,214</u>	<u>825,663</u>	<u>991,367</u>
<u>Total Income</u>		9,996,015	9,232,041	9,276,567
<u>Less Expenses</u>				
Kaupapa: Walk the Talk	5	8,897,902	8,507,904	8,297,276
Mahi Tahī: Partnership & Collaboration	6	145,393	104,785	104,372
He Whānau Ako: Communities of Quality Practice	7	<u>764,150</u>	<u>755,525</u>	<u>1,322,552</u>
<u>Total Expenses</u>		<u>9,807,445</u>	<u>9,368,214</u>	<u>9,724,200</u>
<u>Other Comprehensive Income</u>		<u>-</u>	<u>-</u>	<u>-</u>
<u>Total Comprehensive Income</u>		<u>\$ 188,570</u>	<u>\$ (136,173)</u>	<u>\$ (447,633)</u>

The accompanying notes and statement of accounting policies form part of, and are to be read in conjunction with, these financial statements.



Statement of Changes in Equity
For the Year Ended 31 Hakihea (December) 2015

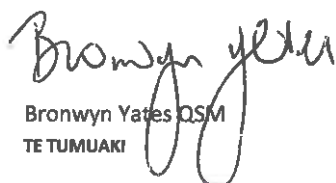
	<u>Notes</u>	<u>2015</u> <u>Actual</u>	<u>2015</u> <u>Budget</u>	<u>2014</u> <u>Actual</u>
<u>Equity</u>				
Equity at the start of the year		2,126,817	2,126,817	2,574,450
Total Comprehensive Income		<u>188,570</u>	<u>(136,173)</u>	<u>(447,633)</u>
Total Recognised Revenue & Expenses		188,570	(136,173)	(447,633)
<u>Equity at the end of the year</u>		<u>\$ 2,315,387</u>	<u>\$ 1,990,644</u>	<u>\$ 2,126,817</u>

The accompanying notes and statement of accounting policies form part of, and are to be read in conjunction with, these financial statements.

Statement of Financial Position
As at 31 Hakihea (December) 2015

	<u>Notes</u>	<u>2015</u> <u>Actual</u>	<u>2014</u> <u>Actual</u>
<u>Equity as at 31 December 2015</u>		<u>2,315,387</u>	<u>2,126,817</u>
<u>Assets</u>			
<u>Current Assets</u>			
Cash and Cash Equivalents	14	284,235	933,904
Investments	15	1,755,000	1,037,000
Trade and Other Receivables	16	<u>431,996</u>	<u>554,858</u>
Total Current Assets		2,471,231	2,525,762
<u>Non-Current Assets</u>			
Property, Plant and Equipment	19	199,503	115,554
Intangible Assets	20	<u>143,833</u>	<u>25,596</u>
Total Non-Current Assets		343,336	141,150
<u>Total Assets</u>		<u>2,814,567</u>	<u>2,666,912</u>
<u>Liabilities</u>			
<u>Current Liabilities</u>			
Trade and Other Payables	17	420,332	476,184
Employee Benefit Liabilities	18	<u>78,848</u>	<u>63,911</u>
Total Current Liabilities		499,180	540,095
<u>Total Liabilities</u>		<u>499,180</u>	<u>540,095</u>
<u>Net Assets</u>		<u>\$ 2,315,387</u>	<u>\$ 2,126,817</u>

The accompanying notes and statement of accounting policies form part of, and are to be read in conjunction with, these financial statements.


Bronwyn Yates QSM
TE TUMUAKI


Margaret Manuel
TE KAIWHAKAHAERE


Lloyd Davies
TE KAIWHAKAHAERE



Notes to the Financial Statements
For the Year Ended 31 Hakihea (December) 2015

1. Statement of Significant Accounting Policies

Reporting Entity

Literacy Aotearoa Inc (the Society) is an organisation registered under the Incorporated Societies Act 1908.

The primary objectives of the Society are: to honour Te Tiriti o Waitangi; to encompass two partners, Māori and Tauīwi; to support and coordinate the activities and needs of its members, as a national network of adult literacy services throughout Aotearoa; to promote, develop and maintain quality literacy services according to the values and principles set out in the Participation Document 1, Value Statements; and to work towards ensuring government policy maintains and develops quality literacy services throughout Aotearoa. Accordingly, the Society has designated itself as a public benefit entity for the purposes of New Zealand equivalents to International Financial Reporting Standards (NZ IFRS).

Statutory Basis

Pursuant to section 19 of the New Zealand Public Audit Act 2001, Literacy Aotearoa Inc has requested Audit New Zealand continue as the auditor. The request was approved by the Auditor General on 24 Whiringa ā nuku (October) 2014.

The financial statements of the Society are for the year ended 31 Hakihea (December) 2015. The financial statements were authorised for issue by Te Kōruru (the Board of Trustees) on 31st Poutū te rangi (March) 2016

Basis of Preparation

Qualifying Entity for Differential Reporting

Literacy Aotearoa Inc. qualifies for differential reporting exemptions because at balance date:

- It did not have public accountability;
- The owners and the governing body were separate, and
- The entity was not large in that :
 - Total Income was less than \$20.0 million
 - Total Assets were less than \$10.0 million, and
 - The number of employees was less than 50.

These financial statements have been prepared in accordance with NZ GAAP. They comply with NZ IFRS, and other applicable Financial Reporting Standards, as appropriate for Public Benefit Entities. The Society has applied all available differential reporting concessions, the most significant exemption being the full exemption from Cash Flow Statements disclosures.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

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

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest dollar. The functional currency of the Society is New Zealand dollars.

There have been no changes in accounting policies during the financial year.

In Haratua (May) 2013, the External Reporting Board issued a new suite of PBE accounting standards for application by public sector entities for reporting periods beginning on or after 1 Hongongoi (July) 2014. Literacy Aotearoa has applied these standards in preparing the 31st Hakihea (December) 2015 financial statements.

In Whiringa ā nuku (October) 2014, the PBE suite of accounting standards was updated to incorporate requirements and guidance for the not-for-profit sector. These updated standards apply to PBEs with reporting period beginning on or after 1 Paenga whawha (April) 2015. Literacy Aotearoa will apply these updated standards in preparing its 31 Hakihea (December) 2016 financial statements. Literacy Aotearoa expects there will be minimal or no change in applying these updated accounting standards.

Notes to the Financial Statements
For the Year Ended 31 Hakihea (December) 2015

1. Statement of Significant Accounting Policies (continued)

Revenue

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

Interest

Interest income is recognised using the effective interest method.

Other Government Grants and TEC National Income

Grants received from the Tertiary Education Commission (TEC) are the primary source of funding to the Society and are restricted for the purposes of the Society meeting its objectives. The Society also receives other government assistance for specific purposes, and these grants usually contain restrictions on their use.

Government and non-government grants are recognised as revenue when they become receivable unless there is an obligation to return the funds if conditions of the grant are not met. If there is such an obligation the grants are initially recorded as grants received in advance, and recognised as revenue when the conditions of the grant are satisfied.

Other Income

Other income is recognised when it becomes receivable unless there is an obligation to return the funds if conditions of the income are not met. If there is such an obligation the income is initially recorded as income received in advance, and recognised as revenue when the conditions of the income are satisfied.

Where a physical asset is donated or vested in the Society for nil or nominal consideration the fair value of the asset received is recognised as revenue. Assets vested in the Society are recognised as revenue when control over the asset is obtained.

Volunteer and donated services are not recognised as revenue or expenditure unless the Society is able to reliably measure the fair value of the services received.

Costs Incurred for Future Economic Benefits

The Society has incurred expenditure to provide future economic benefits. The main expenditure of this nature was: Resources, Support, Tutor Training, Research and Strategic Development, and the Digital Strategy Project.

Borrowing Costs

Borrowing costs (Interest Paid) are recognised as an expense in the period in which they are incurred.

Income Tax

The Society is exempt from income tax due to its charitable organisation status.

Leases

Finance leases

A finance lease is a lease that transfers to the lessee substantially all the risks and rewards incidental to ownership of an asset, whether or not title is eventually transferred.

At the commencement of the lease term, the Society recognises finance leases as assets and liabilities in the statement of financial position at the lower of the fair value of the leased item or the present value of the minimum lease payments.

The amount recognised as an asset is depreciated over its useful life. If there is no certainty as to whether the Society will obtain ownership at the end of the lease term, the asset is fully depreciated over the shorter of the lease term and its useful life.

Notes to the Financial Statements
For the Year Ended 31 Hakihea (December) 2015

1. Statement of Significant Accounting Policies (continued)

Operating leases

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

Lease incentives received are recognised in the statement of financial performance over the lease term as an integral part of the total lease expense.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

Bank overdrafts are shown as Borrowings within current liabilities in the statement of financial position.

Investments

Investments in bank deposits are initially measured at fair value plus transaction costs.

Gains and losses when the asset is impaired or derecognised are recognised in the statement of financial performance.

At each balance sheet date the Society assesses whether there is any objective evidence that an investment is impaired. Any impairment losses are recognised in the statement of financial performance.

Trade and Other Receivables

Trade and Other Receivables are initially measured at fair value. Any subsequent measurement makes an allowance for a provision for impairment, if any.

A provision for impairment of Trade and Other Receivables is established when there is objective evidence that the Society will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the effective interest method.

Property, Plant and Equipment

Property, Plant and Equipment are shown at cost, less accumulated depreciation and impairment losses.

Additions

The cost of Property, Plant and Equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Society and the cost of the item can be measured reliably.

In most instances, a Property, Plant and Equipment item is recognised at its cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value when control over the asset is obtained.

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are included in the statement of financial performance.

Subsequent costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to the Society and the cost of the item can be measured reliably.

Notes to the Financial Statements
For the Year Ended 31 Hakihea (December) 2015

1. Statement of Significant Accounting Policies (continued)

Depreciation

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

Computer equipment	3 years (33%)
Copier equipment	5 years (20%)
Furniture and fittings	5 years (20%)
Leasehold alterations	6 years (33%)
Other equipment	3 to 5 years (20% to 33%)

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial year end.

Leasehold improvements are depreciated over the shorter of the unexpired period of the lease or the estimated useful lives of the improvements.

Intangible assets

Software acquisition

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

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

Costs associated with the development and maintenance of the Society's website are recognised as an expense when incurred.

Amortisation

Computer software licenses are amortised on a straight-line basis over their estimated useful life of 3 years. Amortisation begins when the asset is available for use and ceases at the date that the asset is disposed of. The amortisation charge for each period is recognised in the statement of financial performance.

Impairment of non-financial assets

Assets with a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

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

If an asset's carrying amount exceeds its recoverable amount, the asset is impaired and the carrying amount is written down to the recoverable amount. The total impairment loss is recognised in the statement of financial performance.

Trade and Other Payables

Trade and Other Payables are initially recognised at their fair value.

Notes to the Financial Statements
For the Year Ended 31 Hakihea (December) 2015

1. Statement of Significant Accounting Policies (continued)

Employee benefits

Short-term benefits

Employee benefits that the Society expects to be settled within 12 months of balance date are measured at nominal values based on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date, retiring and long service leave entitlements expected to be settled within 12 months, and sick leave.

The Society recognises a liability for sick leave to the extent that compensated absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date; to the extent the Society anticipates it will be used by staff to cover those future absences.

Long-term benefits

Entitlements that are payable beyond 12 months, such as long service leave and retiring leave; have been calculated on an actuarial basis. The calculations are based on the likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement and contractual entitlements information.

Goods and Services Tax (GST)

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

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

Commitments and contingencies are disclosed exclusive of GST.

Provisions

The Society recognises a provision for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that expenditures will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

Equity

Equity is measured as the difference between total assets and total liabilities.

Budget figures

The budget figures are those approved by Te Kōruru. The budget figures have been prepared in accordance with NZ IFRS, using accounting policies that are consistent with those adopted by the Society for the preparation of the financial statements.

Critical Accounting Estimates and Assumptions

In preparing these financial statements the Society has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Notes to the Financial Statements
For the Year Ended 31 Hakihea (December) 2015

1. Statement of Significant Accounting Policies (continued)

Leasehold restoration provision

An analysis of the Society's exposure relating to the leasehold restoration after the lease expires indicates that there is no requirement to make a provision in the financial statements.

Property, plant and equipment useful lives and residual values

At each balance date the Society reviews the useful lives and residual values of its property, plant and equipment. Assessing the appropriateness of useful life and residual value estimates of property, plant and equipment requires the Society to consider a number of factors such as the physical condition of the asset, expected period of use of the asset by the Society, and expected disposal proceeds from the future sale of the asset.

An incorrect estimate of the useful life or residual value will impact on the depreciable amount of an asset, therefore impacting on the depreciation expense recognised in the statement of financial performance, and carrying amount of the asset in the statement of financial position. The Society minimises the risk of this estimation uncertainty by:

- physical inspection of assets;
- asset replacement programmes;
- review of second hand market prices for similar assets; and
- analysis of prior asset sales.

The Society has not made significant changes to past assumptions concerning useful lives and residual values. The carrying amounts of property, plant and equipment are disclosed in note 19.

Critical Judgements in applying the Society's Accounting Policies

Te Kōruru must exercise its judgement when recognising grant income to determine if conditions of the grant contracts have been satisfied. This judgement will be based on the facts and circumstances that are evident for each grant contract.



Notes to the Financial Statements
For the Year Ended 31 Hakihea (December) 2015

Note	Note	<u>2015</u> Actual	<u>2015</u> Budget	<u>2014</u> Actual
2	<u>Government National Funding</u>			
	TEC - Adult Community Education (ACE)	2,122,459	2,122,459	2,122,459
	TEC - Equity Funding	12,943	12,943	8,735
	TEC - Intensive Literacy & Numeracy	2,432,500	2,432,500	2,432,500
	TEC - Student Achievement Component (SAC)	1,141,967	1,106,226	1,037,438
	TEC - Workplace Literacy	3,064,416	2,590,000	374,995
	TEC - Workplace Literacy Targeted Fund	-	-	2,153,721
	<u>Government National Funding</u>	<u>8,774,285</u>	<u>8,264,128</u>	<u>8,129,848</u>
3	<u>Other Government Contracts</u>			
	MOE - Early Learning Foundations	32,250	32,250	53,750
	TEC - English for Migrants	-	10,000	-
	<u>Other Government Contracts</u>	<u>32,250</u>	<u>42,250</u>	<u>53,750</u>
4	<u>Other Income</u>			
	Ako Aotearoa - He Taunga Waka	175,917	142,000	-
	Consultancy	16,835	20,000	8,643
	Donations *	38,374	38,374	105,518
	Miscellaneous Income	66,408	12,080	81,436
	Ngā Poupuu Membership	1,261	1,370	1,388
	NZ Post Sponsorship	70,000	70,000	50,000
	Open Polytechnic	98,597	91,839	54,770
	Open Wānanga	-	-	9,923
	Other Workplace Contracts	635,822	450,000	679,689
	<u>Other Income</u>	<u>1,103,214</u>	<u>825,663</u>	<u>991,367</u>
	* Tindall Donation for Workplace Programmes			
5	<u>Kaupapa: Walk the Talk</u>			
	Administration	516,990	482,799	433,804
	Coordinator/Manager Training	71,187	40,000	41,932
	MOE - Early Learning Foundations	57,786	20,000	26,042
	Ngā Hui Heke	34,136	35,000	35,572
	Other Workplace Contracts	552,621	310,000	639,371
	Salaries	1,477,377	1,340,000	1,357,334
	TEC - ACE Provision	1,383,604	1,591,843	1,598,325
	TEC - English for Migrants	-	10,000	-
	TEC - Intensive Literacy & Numeracy	1,898,882	1,946,000	1,862,712
	TEC - Workplace Literacy	2,425,802	2,072,000	292,570
	TEC - Workplace Literacy Targeted Fund	-	-	1,467,582
	Tutor Training - CALT	220,639	376,627	369,273
	Tutor Training - NCALNE	120,372	141,276	172,759
	Tutor Training - NCALNE Vocational	138,506	142,359	-
	<u>Kaupapa: Walk the Talk</u>	<u>8,897,902</u>	<u>8,507,904</u>	<u>8,297,276</u>



Notes to the Financial Statements
For the Year Ended 31 Hakihea (December) 2015

Note	Note	<u>2015</u> <u>Actual</u>	<u>2015</u> <u>Budget</u>	<u>2014</u> <u>Actual</u>
6	<u>Mahi Tahi: Partnership & Collaboration</u>			
	Administration	11 6,462	6,035	5,423
	Ako Aotearoa - He Taunga Waka	49,269	22,000	-
	NZ Post	70,568	60,000	71,049
	Open Wananga Training	-	-	4,180
	Research	597	-	6,796
	Salaries	18,497	16,750	16,924
	<u>Mahi Tahi: Partnership & Collaboration</u>	<u>145,393</u>	<u>104,785</u>	<u>104,372</u>
7	<u>He Whānau Ako: Communities of Quality Practice</u>			
	Administration	11 122,785	114,665	103,028
	ACE Financial Literacy - Māori & Pasifika	-	-	2,803
	Database Development	298	3,000	3,098
	International Literacy Day	6,150	6,750	8,172
	National Planning Hui	107,658	115,000	125,486
	Ngā Poupuu Audits	-	10,000	1,200
	Ngā Poupuu Capability Building Grant	30,996	40,000	565,015
	Online Developments	-	-	17,536
	Open Polytechnic	24,926	78,860	48,861
	Poupuu Liaison	20,864	10,000	23,500
	Poupuu Mentoring Project	5,045	-	20,703
	Promotion & Strategic Relationships	29,705	30,000	33,660
	Salaries	351,417	318,250	321,547
	Student Writing Event	-	-	21,520
	Subscriptions	5,482	4,000	4,369
	Te Poutama Painga	10,511	10,000	7,238
	Tui Tuia	4,607	10,000	6,991
	Big UPS Project	36,044	-	-
	Website	7,662	5,000	7,825
	<u>He Whānau Ako: Communities of Quality Practice</u>	<u>764,150</u>	<u>755,525</u>	<u>1,322,552</u>
8	<u>Amortisation of Intangible Assets</u>			
	Amortisation of Intangible Assets	53,837	74,000	46,348
	<u>Amortisation of Intangible Assets</u>	<u>53,837</u>	<u>74,000</u>	<u>46,348</u>
9	<u>Audit Fees</u>			
	Audit Fees for Financial Statement Audit	37,740	37,740	37,000
	<u>Audit Fees</u>	<u>37,740</u>	<u>37,740</u>	<u>37,000</u>



Notes to the Financial Statements
For the Year Ended 31 Hakihea (December) 2015

Note	Note	2015 Actual	2015 Budget	2014 Actual
10	<u>Depreciation</u>			
	Computer Equipment	37,981	42,000	39,802
	Copier Equipment	5,466	9,300	7,308
	Furniture & Fittings	10,360	12,000	2,887
	Leased Assets	2,937	6,000	5,589
	Other Equipment	9,781	10,000	10,271
	<u>Depreciation</u>	66,525	79,300	65,857
11	<u>Administration Costs</u>			
	ACC Premiums	7,288	7,000	7,149
	Accountancy Fees	4,400	6,000	6,640
	Amortisation Costs	8 53,837	74,000	46,348
	Audit Fees	9 37,740	37,740	37,000
	Bad Debts	25,395	-	27,987
	Bank Charges	154	1,000	100
	Cleaning	16,651	14,522	11,972
	Computer Expenses	19,279	15,000	16,955
	Depreciation	10 66,525	79,300	65,857
	Electricity	10,528	10,000	14,789
	Executive Contracts	75,937	75,000	38,522
	General Expenses	10,503	9,000	11,971
	Honoraria	23,138	22,500	26,450
	Human Resources	10,766	10,000	963
	Insurance	13,485	11,500	12,962
	Legal Fees	24,394	20,000	19,011
	Loss on Disposal of Assets	18,643	-	-
	Moving Costs	17,594	15,000	-
	Photocopying	7,122	10,000	15,302
	Postage & Courier	20,945	13,000	19,918
	Professional Development	24,324	21,000	16,911
	Recruitment & Review	15,648	10,000	1,428
	Rent	133,116	141,457	140,544
	Repairs & Maintenance	7,930	10,500	11,733
	Staff Meetings	5,062	2,500	4,293
	Stationery	24,511	20,000	15,051
	Te Kōruru	60,816	46,000	61,684
	Telephone & Tolls	24,394	24,000	29,281
	Tumuaki Expenses	1,498	2,000	1,625
	<u>Administration Costs</u>	761,623	708,019	662,446
	<u>Allocation of Administration Costs</u>			
	Kaupapa: Walking the Talk	5 516,990	482,799	433,804
	Mahi Tahī: Partnership & Collaboration	6 6,462	6,035	5,423
	He Whānau Ako: Communities of Quality Practice	7 122,785	114,665	103,028
	Tutor Training	13 115,386	104,520	120,191
	<u>Allocation of Administration Costs</u>	761,623	708,019	662,446
12	<u>Employee Benefit Costs</u>			
	Salaries & Wages - Cash Paid	1,832,228	1,675,000	1,691,213
	Increase/(Decrease) in Employee Benefit Liabilities	15,063	-	4,592
	<u>Employee Benefit Costs</u>	1,847,291	1,675,000	1,695,805



Notes to the Financial Statements
For the Year Ended 31 Hakihea (December) 2015

Note	Note	<u>2015</u> <u>Actual</u>	<u>2015</u> <u>Budget</u>	<u>2014</u> <u>Actual</u>
13	<u>Tutor Training Wānanga</u>			
	Administration	115,386	104,520	120,191
	Achievement Payments	2,403	43,717	-
	Assessment of Manuals	23,220	26,750	5,311
	Moderation	5,749	3,000	210
	NZQA Costs	22,210	21,961	32,718
	Pathway to NCALNE	3,300	-	3,560
	Poupou Training Contracts	15,000	29,000	21,000
	Probationary Trainers	-	16,400	3,720
	Quals Pathway & Whakaruruhau	4,261	45,000	4,000
	Training - Contract Delivered	70,456	60,500	81,870
	Training - Poupou Delivered	33,000	60,000	52,250
	Training for Trainers	9,293	10,000	71
	Travel & Accommodation	81,913	97,530	93,382
	Tutor Support Grant	33,600	84,300	61,600
	Tutor Training Manuals	20,513	20,000	25,494
	Tutor Training - Other	39,213	37,584	36,655
	<u>Tutor Training Wānanga</u>	<u>479,517</u>	<u>660,262</u>	<u>542,032</u>
	<u>Allocation of Tutor Training Costs</u>			
	Kaupapa: Walk the Talk - CALT	5 220,639	376,627	369,273
	Kaupapa: Walk the Talk - NCALNE	5 120,372	141,276	172,759
	Kaupapa: Walk the Talk - NCALNE Vocational	5 138,506	142,359	-
	<u>Allocation of Tutor Training Costs</u>	<u>479,517</u>	<u>660,262</u>	<u>542,032</u>
14	<u>Cash and Cash Equivalents</u>			
	Cheque Accounts	<u>284,235</u>		<u>933,904</u>
	Literacy Aotearoa is holding \$42,678 that belongs to Literacy Westland and thus has not been included in the trial balance.			
	<u>Cash and Cash Equivalents</u>	<u>284,235</u>		<u>933,904</u>
	The carrying value of short-term deposits with maturity dates of less than three months approximates their fair value.			
15	<u>Investments</u>			
	Kiwibank	<u>1,755,000</u>		<u>1,037,000</u>
	<u>Investments</u>	<u>1,755,000</u>		<u>1,037,000</u>
	The carrying value of term deposits with maturity dates of three months or more and approximates their fair value.			
	If interest rates on investments during the year ended 31 Hakihea (December) 2015 had fluctuated by plus or minus 0.5% the effect would have been to increase/decrease the surplus by plus or minus \$11,000 (2014: \$14,000).			
16	<u>Receivables</u>			
	Receivables	356,333		533,006
	Prepayments	<u>75,663</u>		<u>21,852</u>
	<u>Receivables</u>	<u>431,996</u>		<u>554,858</u>
	The carrying value of receivables approximates their fair value.			



Notes to the Financial Statements
For the Year Ended 31 Hakihea (December) 2015

Note	<u>2015</u>	<u>2014</u>
	<u>Actual</u>	<u>Actual</u>
17 <u>Trade and Other Payables</u>		
Grants Received in Advance	-	130,213
Other	376,488	334,736
GST Payable	<u>43,844</u>	<u>11,235</u>
<u>Trade and Other Payables</u>	<u>420,332</u>	<u>476,184</u>
Trade and other payables are non-interest bearing and are normally settled on 30-day terms, therefore the carrying value of trade and other payables approximates their fair value.		
There is an amount of \$26,277 relating to funds held for delivery in the Wairoa region. This funding is managed by Literacy Aotearoa.		
Grants received in advance relate to funding received to provide literacy qualifications, the conditions of which, have not yet been satisfied.		
18 <u>Employee Benefit Liabilities</u>		
Annual Leave	66,992	58,268
Accrued Wages	<u>11,856</u>	<u>5,643</u>
<u>Total Employee Benefit Liabilities</u>	<u>78,848</u>	<u>63,911</u>
<i>Comprising of :</i>		
Current	78,848	63,911
Non-Current	<u>-</u>	<u>-</u>
<u>Total Employee Benefit Liabilities</u>	<u>78,848</u>	<u>63,911</u>

Notes to the Financial Statements
For the Year Ended 31 Hakihea (December) 2015

Note

19 Property, Plant and Equipment

	<u>Computer Equipment</u>	<u>Furniture & Fittings</u>	<u>Leasehold Alterations</u>	<u>Other Equipment</u>	<u>Total</u>
Cost					
Balance at 1 January 2014	291,289	50,588	51,736	189,269	582,882
Additions	25,312	294	6,426	957	32,989
Disposals	-	-	-	-	-
Balance at 31 December 2014	316,601	50,882	58,162	190,226	615,871
Balance at 1 January 2015	316,601	50,882	58,162	190,226	615,871
Additions	40,527	70,456	35,999	32,134	179,116
Disposals	83,792	22,840	58,162	38,605	203,399
Balance at 31 December 2015	273,336	98,498	35,999	183,755	591,588
Accumulated Depreciation and Impairment Losses					
Balance at 1 January 2014	223,092	39,998	37,934	133,436	434,460
Depreciation Expense	39,802	2,887	5,589	17,579	65,857
Impairment Losses	-	-	-	-	-
Disposals	-	-	-	-	-
Balance at 31 December 2014	262,894	42,885	43,523	151,015	500,317
Balance at 1 January 2015	262,894	42,885	43,523	151,015	500,317
Depreciation Expense	37,981	10,360	2,937	15,247	66,525
Impairment Losses	-	-	-	-	-
Disposals	83,792	22,840	43,523	24,602	174,757
Balance at 31 December 2015	217,083	30,405	2,937	141,660	392,085
Carrying Amounts					
At 1 January 2014	68,197	10,590	13,802	55,833	148,422
At 31 December 2014 and 1 January 2015	53,707	7,997	14,639	39,211	115,554
At 31 December 2015	56,253	68,093	33,062	42,095	199,503



Notes to the Financial Statements
For the Year Ended 31 Hakihea (December) 2015

Note

20 Intangible Assets

	<u>Computer Software</u>	<u>Total</u>
Cost		
Balance at 1 January 2014	315,203	315,203
Additions	-	-
Disposals	-	-
Balance at 31 December 2014	315,203	315,203
Balance at 1 January 2015	315,203	315,203
Additions	172,074	172,074
Disposals	-	-
Balance at 31 December 2015	487,277	487,277
Accumulated Amortisation and Impairment Losses		
Balance at 1 January 2014	243,259	243,259
Amortisation Expense	46,348	46,348
Impairment Losses	-	-
Disposals	-	-
Balance at 31 December 2014	289,607	289,607
Balance at 1 January 2015	289,607	289,607
Amortisation Expense	53,837	53,837
Impairment Losses	-	-
Disposals	-	-
Balance at 31 December 2015	343,444	343,444
Carrying Amounts		
At 1 January 2014	71,944	71,944
At 31 December 2014 and 1 January 2015	25,596	25,596
At 31 December 2015	143,833	143,833

21 Capital Commitments and Operating Leases

	<u>2015</u>	<u>2014</u>
Capital Commitments		
Capital expenditure commitments at balance date	Nil	Nil
Operating Leases as Lessee		
Building Lease		
Not Later than one year	113,998	21,500
Later than one year and not later than two years	117,418	-
Later than two year and not later than five years	373,816	-
	605,232	21,500

Notes to the Financial Statements
For the Year Ended 31 Hakihea (December) 2015

Note

22 Statement of Contingent Liabilities

At balance date there were no contingent liabilities. (2014: Nil)

23 Related Party Disclosures

At balance date there were no related party disclosures. (2014: Nil)

Payments to Poupou of Te Kōruru Members

During the year, the following Te Kōruru members were key members of Poupou that have entered into transactions with Literacy Aotearoa as part of its normal operations. All transactions were carried out at arm's length. The amounts received by respective Poupou are listed under the members of Te Kōruru names with the amounts paid to each Poupou for the years 2015 & 2014.

	<u>Payments</u> <u>Actual 2015</u>	<u>Payments</u> <u>Actual 2014</u>	<u>Received</u> <u>Actual 2015</u>	<u>Received</u> <u>Actual 2014</u>
Dr Kim Currie (Te Kaiwhakahaere)				
Literacy Aotearoa (Dunedin) Inc	245,718	246,235	-	-
Serenah Nicholson (Manager)				
The Learning Centre & Whānau Family Support Literacy	278,756	334,208	-	-
Margaret Manuel (Board Member)				
Literacy Westland	-	35,960	-	-
Janet Te Rore (Manager)				
Te Roroa Learning Assistance Charitable Trust	187,591	178,263	-	-
Lloyd Davies (Te Kaiwhakahaere)				
Literacy Bay of Plenty Inc	188,934	191,625	-	-
Chris Richardson (Manager)				
Literacy Aotearoa Hawkes Bay Inc	114,737	180,099	-	-

24 Te Kōruru Fees

The following fees were earned by Te Kōruru members during the year:

Te Kōruru Member		<u>Actual</u> <u>2015</u>	<u>Actual</u> <u>2014</u>
Dr Kim Currie	Elected 2005	-	-
Serenah Nicholson	Elected 2006	5,400	6,200
Margaret Manuel	Elected 2007	4,950	4,950
Ian Miller	Resigned 2015	1,800	5,100
Janet Te Rore	Elected 2013	3,900	5,400
Lloyd Davies	Elected 2013	4,688	4,800
Chris Richardson	Elected 2015	2,400	-
		<u>23,138</u>	<u>26,450</u>

25 Categories of Financial Assets and Liabilities

The carrying amounts of financial assets and liabilities in each of the main categories are :

	<u>Actual</u> <u>2015</u>	<u>Actual</u> <u>2014</u>
Loans and Receivables		
Cash and Cash Equivalents	284,235	933,904
Investments	1,755,000	1,037,000
Trade and Other Receivables	431,996	554,858
	<u>2,471,231</u>	<u>2,525,762</u>
Financial Liabilities		
Trade and Other Payables	420,332	476,184
Employee Benefit Liabilities	78,848	63,911
	<u>499,180</u>	<u>540,095</u>

Notes to the Financial Statements
For the Year Ended 31 Hakihea (December) 2015

Note

26 Explanation of Significant Variances against Budget

	<u>2015</u> <u>Actual</u> <u>\$000</u>	<u>2015</u> <u>Budget</u> <u>\$000</u>	<u>2015</u> <u>Variance</u> <u>\$000</u>
<u>Statement of Financial Performance</u>			
Government National Funding	8,774	8,264	510
This is due to:			
1. TEC allocated an additional 15.14 EFTS of SAC L3+ funding for 2015			
2. TEC allocated an additional 145 Workplace Literacy places.			
Other Income	1,103	826	277
There was an increase in MITO and BCITO referrals in Other Workplace contracts. There were provisions made for TEC repayments that were not as expected, so the write back resulted in an increase in Miscellaneous Income. Also He Taunga Waka included additional expenses that were invoiced for.			
SG1 Kaupapa: Walk the Talk	8,897	8,508	(389)
This is due to:			
1. The increase in Other Workplace payments which is reflected in the increase in income.			
2. TEC allocated an additional 145 Workplace Literacy places. This is reflected in the increase in income.			
SG2 Mahi Tahi: Partnership & Collaboration	145	104	(41)
Expenditure for the He Taunga Waka project were higher than budgeted, but the increase is reflected in the increase in Income.			

Notes to the Financial Statements
For the Year Ended 31 Hakihea (December) 2015

Note

27 Poupou Funds Distributed

	<u>2015</u> <u>Actual</u>	<u>2015</u> <u>Budget</u>	<u>2014</u> <u>Actual</u>
Funds Available for Distribution			
<i>Direct Distribution</i>			
International Literacy Day	6,150	6,750	8,172
Ngā Poupou Capability Building Grant	36,041	40,000	565,015
Other Workplace Contracts (BCITO, MITO, etc.)	639,371	310,000	639,371
Open Polytechnic	48,861	78,860	48,861
TEC - ACE Provision	1,598,325	1,591,843	1,598,325
TEC - English for Migrants	-	10,000	-
TEC - Intensive Literacy & Numeracy	1,898,882	1,946,000	1,857,106
TEC - Workplace Literacy	2,425,802	2,072,000	325,087
TEC - Workplace Targeted Fund	-	-	1,465,423
Tutor Support Grant	33,000	55,500	61,600
Tutor Training - Ngā Poupou Contracts	15,000	29,000	73,250
Tutor Training - Poupou Delivered	33,000	60,000	55,786
Total Direct Distribution	<u>6,734,432</u>	<u>6,199,953</u>	<u>6,697,996</u>
<i>Indirect Distribution</i>			
National Planning Hui & Te Hui ā Tau	107,657	115,000	147,006
Ngā Hui Heke	34,136	35,000	35,572
Total Indirect Distribution	<u>141,793</u>	<u>150,000</u>	<u>182,578</u>
Total Distribution to Ngā Poupou	<u>6,876,225</u>	<u>6,349,953</u>	<u>6,880,574</u>