

# Annual Report

2020 Communications Trust  
For the year ended 30 June 2018

Prepared by Southey Sayer Limited

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### 2020 Communications Trust For the year ended 30 June 2018

#### Trustees

Laurence Millar – Chair (1 July 2017 - 13 May 2018)  
David Barrow - Trustee (1 July 2017 - 13 May 2018), Chair (14 May 2018 - 30 June 2018)  
Selwyn Screen – Treasurer (1 July 2017 - 30 June 2018)  
Catherine Cotter - Trustee (1 July 2017 - 30 June 2018)  
Angela Hauk-Willis - Trustee (1 July 2017 - 30 June 2018)  
Angela Lim – Trustee (1 July 2017 - 30 June 2018)  
Sarah Bacon – Trustee (1 July 2017 - 27 March 2018)  
Alaelum Malesala – Trustee (1 July 2017 - 5 December 2017)

#### Management Team

Laurence Millar – Acting Executive Director (appointed 15 May 2018)  
Stephen Carr – Executive Director (left 1 August 2017)  
Anna Phipps – Business Services Manager  
Laurence Zwimpfer – Operations Manager  
Sue West – Auckland Area Manager  
Sue Kini – Product Manager - Stepping UP & Area Manager  
June Robinson – Product Manager - Kiwiskills  
Shona Te Huki – Product Manager - Refugee Connect & Area Manager

#### Registration Numbers

|               |             |
|---------------|-------------|
| Charity       | CC24748     |
| Incorporation | 823267      |
| IRD           | 066-778-274 |

#### Address

Level 6  
Prime Properties House  
2 Woodward Street  
WELLINGTON

#### Nature of Business

The 20/20 Trust provides digital literacy leadership, working with local communities to deliver digital inclusion programmes that build New Zealanders' computer and online skills.

#### Date of Formation

Incorporated 11 September 1996  
Registered charity 23 May 2008

#### Accountants

**Southey Sayer Limited**  
Chartered Accountants  
RE Sayer  
110 Dixon Street  
MASTERTON

**Bankers**

ASB  
WELLINGTON

**Auditor**

Grant Thornton New Zealand Audit Partnership  
Level 15  
Grant Thornton House  
215 Lambton Quay  
WELLINGTON

# Approval of Financial Report

## 2020 Communications Trust For the year ended 30 June 2018

The Trustees are pleased to present the approved financial report including the historical financial statements of 2020 Communications Trust for year ended 30 June 2018.


APPROVED

For and on behalf of the Trustees.



David Barrow - Chair

15 November 2018  
Date .....



Selwyn Screen - Treasurer

15 November 2018  
Date .....

# Statement of Comprehensive Revenues and Expenses

## 2020 Communications Trust For the year ended 30 June 2018

|   | NOTES | 2018             | 2017             |
|---|-------|------------------|------------------|
| <b>Revenue</b>                                    |       |                  |                  |
| Revenue from Non Exchange Transactions            | 1     | 1,848,955        | 4,412,801        |
| Revenue from Exchange Transactions                | 2     | 35,552           | 57,827           |
| <b>Total Revenue</b>                              |       | <b>1,884,506</b> | <b>4,470,628</b> |
| <b>Expenses</b>                                   |       |                  |                  |
| Cost of Goods & Services Delivered                | 3     | 1,770,536        | 4,052,573        |
| Overhead & Administration                         | 4     | 270,576          | 399,008          |
| <b>Total Expenses</b>                             |       | <b>2,041,112</b> | <b>4,451,581</b> |
| <b>(Deficit)/Surplus for the Year</b>             |       | <b>(156,606)</b> | <b>19,047</b>    |
| <b>Total Comprehensive Revenue &amp; Expenses</b> |       | <b>(156,606)</b> | <b>19,047</b>    |

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

# Statement of Financial Position

## 2020 Communications Trust As at 30 June 2018

|   | NOTES | 2018           | 2017             |
|---|-------|----------------|------------------|
| <b>Assets</b>                                       |       |                |                  |
| <b>Current Assets</b>                               |       |                |                  |
| Cash & Cash Equivalents                             | 5     | 314,677        | 1,013,386        |
| Receivables from Exchange Transactions              | 6     | 7,314          | 6,842            |
| Receivables from Non Exchange Transactions          | 6     | 52,959         | 118,582          |
| Receivable GST                                      |       | 9,914          | 72,793           |
| Accrued Interest                                    |       | -              | 1,870            |
| Inventories   |       | -              | 946              |
| <b>Total Current Assets</b>                         |       | <b>384,865</b> | <b>1,214,419</b> |
| <b>Non-Current Assets</b>                           |       |                |                  |
| Plant & Equipment                                   | 7     | 6,286          | 15,935           |
| Intangibles   | 8     | 1,196          | 2,989            |
| <b>Total Non-Current Assets</b>                     |       | <b>7,482</b>   | <b>18,924</b>    |
| <b>Total Assets</b>                                 |       | <b>392,347</b> | <b>1,233,343</b> |
| <b>Liabilities</b>                                  |       |                |                  |
| <b>Current Liabilities</b>                          |       |                |                  |
| Payables Under Exchange Transactions                | 9     | 106,734        | 309,042          |
| Employee Entitlements                               | 10    | 47,203         | 51,562           |
| Revenue in Advance                                  | 11    | 125,100        | 647,019          |
| Provision for Exit from ICDL National Operator Role | 12    | 44,195         | -                |
| <b>Total Current Liabilities</b>                    |       | <b>323,232</b> | <b>1,007,623</b> |
| <b>Total Liabilities</b>                            |       | <b>323,232</b> | <b>1,007,623</b> |
| <b>Net Assets</b>                                   |       | <b>69,114</b>  | <b>225,720</b>   |
| <b>Equity</b>                                       |       |                |                  |
| General Funds                                       |       | 69,114         | 211,286          |
| Restricted Funds                                    | 13    | -              | 14,434           |
| <b>Total Equity</b>                                 |       | <b>69,114</b>  | <b>225,720</b>   |

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

# Statement of Changes in Net Assets

## 2020 Communications Trust For the year ended 30 June 2018

|   | NOTES | 2018          | 2017           |
|---|-------|---------------|----------------|
| <b>Equity</b>                             |       |               |                |
| <b>General Funds</b>                      |       |               |                |
| Opening Balance                           |       | 211,286       | 194,354        |
| Prior Period Adjustments                  |       | -             | 12,319         |
| Surplus/(Deficit) for the Year            |       | (156,606)     | 19,047         |
| Transfers to Restricted Funds             |       | -             | (14,434)       |
| Transfers from Restricted Funds           |       | 14,434        | -              |
| <b>Total General Funds</b>                |       | <b>69,114</b> | <b>211,286</b> |
| <b>Restricted Funds</b>                   |       |               |                |
| Opening Balance                           |       | 14,434        | -              |
| Transfers from General Funds              | 13    | -             | 14,434         |
| Restricted Funds Utilised during the Year | 13    | (14,434)      | -              |
| <b>Total Restricted Funds</b>             |       | <b>-</b>      | <b>14,434</b>  |
| <b>Total Equity</b>                       |       | <b>69,114</b> | <b>225,720</b> |

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



# Statement of Cash Flows

## 2020 Communications Trust For the year ended 30 June 2018

|  | NOTES | 2018             | 2017            |
|--|-------|------------------|-----------------|
| <b>Cash Flows</b>  |       |                  |                 |
| <b>Cash Flow from Operating Activities</b>                           |       |                  |                 |
| Receipts from Goods and Services Provided, Non Exchange Transactions |       | 1,488,812        | 4,805,606       |
| Receipts from Goods and Services Provided, Exchange Transactions     |       | 30,257           | 42,168          |
| Overpayments to be Refunded  |       | (14,969)         | (8,794)         |
| Payments to Suppliers & Employees                                    |       | (2,257,260)      | (4,680,928)     |
| Interest Received  |       | 10,700           | 26,299          |
| GST Refunded/(Paid)  |       | 43,751           | (146,156)       |
| <b>Net Cash from /(used in) Operating Activities</b>                 |       | <b>(698,709)</b> | <b>38,195</b>   |
| <b>Cash flow from Investing Activities</b>                           |       |                  |                 |
| Purchase of Plant & Equipment  |       | -                | (14,049)        |
| <b>Net Cash from/(used in) Investing Activities</b>                  |       | <b>-</b>         | <b>(14,049)</b> |
| Net Increase/(Decrease) in Cash & Cash Equivalents                   |       | (698,709)        | 24,146          |
| <b>Cash &amp; Cash Equivalents at Beginning of the Year</b>          |       |                  |                 |
| Cash & Cash Equivalents at Beginning of the Year                     |       | 1,013,386        | 989,240         |
| <b>Total Cash &amp; Cash Equivalents at Beginning of the Year</b>    |       | <b>1,013,386</b> | <b>989,240</b>  |
| Cash & Cash Equivalents at End of the Year                           |       | 314,677          | 1,013,386       |

*These financial statements should be read in conjunction with the policies and notes to the Financial Statements.*

# Statement of Accounting Policies

## 2020 Communications Trust For the year ended 30 June 2018

### Statement of Accounting Policies

These are the financial statements of 2020 Communications Trust (the "Trust"). The Trust is domiciled in New Zealand. It is incorporated under the Incorporated Societies Act 1908 and is a registered charity under the Charities Act 2005.

### Basis of Preparation

#### Statement of Compliance

The financial statements have been prepared in accordance with Tier 2 Public Benefit Entity (PBE) Financial Reporting Standards as issued by the New Zealand External Reporting Board (XRB). They comply with New Zealand equivalents to International Public Sector Accounting Standards Reduced Disclosure Regime (PBE IPSAS RDR) and other applicable Financial Reporting Standards as appropriate to Not-for-profit Public Benefit Entities.

The Trust is eligible to report in accordance with Tier 2 PBE Accounting Standards on the basis that it does not have public accountability and annual expenditure does not exceed \$30 million. The Trust has taken advantage of all applicable RDR disclosure concessions.

The Trust is deemed a public benefit entity for financial reporting purposes, as its primary objective is to provide digital literacy leadership, working with local communities to deliver digital inclusion programmes that build New Zealanders' computer and online skills for social benefit rather than a financial return.

#### Measurement Base

The financial statements have been prepared on an historical cost basis, except as noted otherwise below.

The information is presented in New Zealand dollars and has been rounded to whole dollars, unless otherwise stated. Due to rounding, numbers presented throughout this document may not add up precisely to the totals provided.

The accrual basis of accounting has been used unless otherwise stated and the financial statements have been prepared on a going concern basis.

### Changes in Accounting Policies

There have been no changes in accounting policies.

### Specific Accounting Policies

In the preparation of these financial statements, the specific accounting policies are as follows:

#### 1. Revenue Recognition

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 consideration received.

The Trust assesses its revenue arrangements against specific criteria to determine if it is acting as the principal or agent in a revenue transaction. In an agency relationship only the portion of revenue earned on the Trust's own accord is recognised as gross revenue in the surplus or deficit.

### **Revenue from Non Exchange Transaction**

A non-exchange transaction is where the Trust either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

When non-exchange revenue is received with conditions attached (funds are required to be used for a specific purpose, with a requirement to return unused funds), the asset is recognised with a matching liability. As the conditions are satisfied the liability is decreased and revenue recognised.

When non-exchange revenue is received with restrictions attached (funds are required to be used for a specific purpose), but no requirement to return the asset if not deployed as specified, then revenue is recognised on receipt.

### **Grants and Project Revenue**

Grant and donation income is recognised as revenue when received and all associated obligations have been met. Where grants have been given for a specific purpose, or with conditions attached, income is not recognised until agreed upon goods, services and conditions have been satisfied. Government grants relating to income are recognised as income over the periods necessary to match them with the related services when preformed. Grants received for which the requirements and services have not been met are treated as "Revenue in Advance" under current liabilities.

To the extent that there is a condition attached that would give rise to a liability to repay the grant amount or to return the granted asset, a deferred revenue liability is recognised instead of revenue. Revenue is then recognised only once the Trust has satisfied these conditions.

### **Sale of Goods and Services**

This revenue has been received from families participating in the Trust's digital literacy programmes. Families are expected to contribute towards the cost of their training and the provision of equipment (computers) and services (internet). The value they received exceeds their contributions, and as a result, this revenue is treated as non-exchange transactions.

### **Professional Services Donated**

Volunteer work is recognised as revenue as it can be measured reliably based upon the invoices received from the contracted team members who provide the service in kind.

### **Revenue from Exchange Transactions**

#### **Sales of Goods and Services**

This revenue is received from the hiring out of DORA, the Trust's mobile digital learning centre, the on charging of Stepping Up tutors and the sale of ICDL products.

#### **Interest Income**

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

## **2. Operating Leases**

An operating lease is a lease that does not transfer substantially all risks and rewards incidental to ownership of an asset. Payments made under operating leases are recognised in the surplus or deficit on a straight line basis over the term of the lease. Lease incentives received, as an integral part of the total lease expense, are recognised over the term of the lease. Associated costs, such as maintenance and insurance, are expenses as incurred.

## **3. Cash and Cash Equivalents**

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

#### 4. Receivables

Receivables are stated at their estimated realisable value.

Bad debts are written off in the year in which they are identified.

An allowance for doubtful debts is established where there is objective evidence the Trust will not be able to collect all amounts due according to the original terms of the receivable.

#### 5. Prepayments

Prepayments are recorded when a payment is made for goods or services that are still to be received in the near future at reporting date. Prepayments are recorded at cost.

#### 6. Goods and Services Tax (GST)

These financial statements have been prepared on a GST exclusive basis with the exception of Receivables and Payables which are shown inclusive of GST. The net amount of GST recoverable from, or payable to, the Inland Revenue Department is included as part of Receivables or Payables.

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 the operating cash flows.

#### 7. Income Tax

The Trust is wholly exempt from New Zealand income tax having fully complied with all statutory conditions for these exemptions.

#### 8. Plant & Equipment

All plant and equipment acquired is stated at cost less accumulated depreciation and any impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

##### Additions & Subsequent Costs

Subsequent costs and the cost of replacing part of an item is recognised as an asset if, and only if, it is probable that future economic benefits or service potential will flow to the Trust and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised.

All repairs and maintenance expenditure is charged to the surplus or deficit when incurred.

##### Disposals

An item of plant and equipment is derecognised upon disposal or when no further future economic benefits or services potential are expected from its use or disposal.

When an item is disposed of, the gain or loss recognised in the surplus or deficit is calculated as the difference between the net sale proceeds and the carrying amount of the asset.

## Depreciation

Depreciation is recognised as an expense in the surplus or deficit and measured on a diminishing value (DV) or straight line (SL) basis on all plant and equipment that represents the assets estimated useful life. The following depreciation rates have been applied to each class of plant and equipment:

Furniture & Fittings 18% DV

Office Equipment 25% - 40% DV

Motor Vehicles 33% SL

The residual value, useful life, and depreciation methods of plant and equipment is reassessed annually.

## 9. Intangible Assets

Intangible assets acquired separately are initially recognised at cost.

### Intangible Assets with Finite Useful Lives

Intangible assets acquired by the Trust, which have finite useful lives, are measured at cost less accumulated amortisation and any impairment. The Trust does not hold any intangible assets with indefinite useful lives.

Amortisation is recognised on a diminishing value basis over the estimated useful life of the asset, from the date it is available for use and expensed in the surplus or deficit. Where the assets useful life has come to an end any remaining value is written off:

Website 60% DV

The residual value, useful life, and amortisation methods of intangible assets is reassessed annually. Intangible assets with finite useful lives are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

### Disposals

Gains or losses on derecognition of intangible assets are measure as the difference between the net disposal proceeds and the carrying amount of the asset and recognised in the surplus or deficit, within the Statement of Comprehensive Revenue and Expenses.

## 10. Impairment of Non-Financial Assets

At each reporting date, non-financial assets are classified into four categories: assets measured at fair value; assets currently available that the Trust intends to use to the end of their useful life; assets intended to be sold prior to the end of their useful life; and assets damaged or idle at reporting date.

Assets measured at fair value or assets the Trust intends to use to the end of their useful life are not reviewed for impairment at reporting date.

Assets intended to be sold prior to the end of their useful life or assets damaged or idle at reporting date are reviewed to determine if any indicators of impairment exist. If indicators exist the asset is tested for impairment to ensure that the carrying amount of the asset is recoverable.

If the recoverable amount of an asset is determined to be less than its carrying amount then the resulting difference is recognised as an impairment loss in the surplus or deficit.

## 11. Payables

Payables are amounts owed to suppliers for goods and services. They are classified as current if they are due for payment within 12 months of reporting date. They are recorded at the amount due for payment and are normally non-interest bearing. Accrued expenses are amounts payable but have not been billed at reporting date. An estimate has been made of the amount due.

## 12. Employee Entitlements

Employee benefits, earned from past services, that the Trust expects to be settled within 12 months of reporting date are measured based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to reporting date and annual leave earned, but not yet taken at reporting date.

## 13. Revenue in Advance

Revenue received for the delivery of specific services which have not been supplied at reporting date are recorded as revenue in advance.

## 14. Financial Instruments

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

### Financial Assets

Financial assets within the scope of NFP PDE IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through the surplus or deficit, 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 the surplus or deficit or in other comprehensive revenue and expenses. The Trust's financial assets include: cash and cash equivalents and receivables.

All financial assets are subject to review for impairment at least annually. Financial assets are impaired when there is any objective evidence that a financial asset or group of financial assets is impaired.

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 and receivables fall into this category of financial instruments.

### Impairment to Financial Assets

The Trust assess at reporting date whether there is objective evidence that a financial asset or 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 has been incurred, the amount of the loss is measured as the difference between the assets carrying amount and the present value of the estimated future cash flows discounted at the financial assets original effective interest rate. The carrying amount of the asset is reduced with the use of an allowance account. The amount of the loss is recognised in the surplus or deficit.

**Derecognition of Financial Assets**

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 assets, but has transferred control of the asset.

**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 (plus transaction costs for financial liabilities not at fair value through the surplus or deficit) and are measured subsequently at amortised cost using the effective interest method.

**15. 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 follow components:

**Accumulated Comprehensive Revenue and Expense**

Accumulated comprehensive revenue and expenses is the Trust's accumulated surplus or deficit since its formation, adjusted for transfers to and from specific reserves.

**Restricted Reserves**

This is an equity reserve created by the Trust for financing special projects, such as capital replacement of certain significant assets. The use of these funds is restricted to the specific purpose of the projects.

**Significant Accounting Judgements, Estimates and Assumptions**

The preparation of financial statements in conformity with PBE IPSAS RDR requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Where material, information on judgements, estimates and assumptions is provided in the relevant accounting policy or provided in the note disclosure.

The estimates and underlying assumptions are based on historical experience and various other factors believed to be reasonable under the circumstances. Estimates are subject to ongoing review and actual results may differ from these estimates. Revisions to accounting estimates are recognised in the year in which the estimate is revised and in future years affected.

The following are significant management judgements in applying the accounting policies of the Trust that have a significant effect on the financial statements:

**Impairment**

An impairment loss is recognised for the amount by which the asset or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate to calculate the present value of those cash flows. In the process of measuring expected future cash flows management makes assumptions about future operating results. These assumptions relate to future events and circumstances.

At reporting date the receivables are reviewed for collectability and those receivables considered uncollectable are provided for accordingly.

**Revenue in Advance**

An estimate is made at reporting date of the extent to which services are deferred under funding arrangements with conditions attached with the amount of the unexpired revenue retained on the Statement of Financial Position as Revenue in Advance.



# Notes to the Financial Statements

## 2020 Communications Trust For the year ended 30 June 2018

|   | 2018             | 2017             |
|---|------------------|------------------|
| <b>1. Revenue from Non Exchange Transactions</b>    |                  |                  |
| <b>Grants and Project Revenue</b>                   |                  |                  |
| Digital Tech in Schools                             | -                | 30,474           |
| Foundation North                                    | 22,823           | -                |
| InternetNZ  | 100,000          | 90,000           |
| Lottery Grants Board                                | 383,332          | 652,860          |
| Ministry of Education                               | 568,878          | 3,186,317        |
| NZ Post   | 4,400            | 4,400            |
| Spark NZ  | 15,000           | -                |
| Tertiary Education Commission                       | 498,834          | -                |
| Other Grants  | 15,000           | 75,385           |
| <b>Total Grants and Project Revenue</b>             | <b>1,608,268</b> | <b>4,039,436</b> |
| <b>Sale of Goods and Services</b>                   |                  |                  |
| Computers in Homes Family Contributions             | 127,417          | 258,338          |
| <b>Total Sale of Goods and Services</b>             | <b>127,417</b>   | <b>258,338</b>   |
| Donations   | 10,610           | 37,048           |
| Professional Services Donated                       | 102,660          | 77,979           |
| <b>Total Revenue from Non Exchange Transactions</b> | <b>1,848,955</b> | <b>4,412,801</b> |

**Grant Revenue:** For the 2017-18 financial year, the Trust received revenue from the Ministry of Education for the Refugee Connect programme, the Lottery Grants Board for the Kiwiskills and Stepping UP projects, Tertiary Education Commission for the Family Connect programme, Foundation North for the Northland Connect programme, and Spark NZ to support the Spark Jump programme. The Ministry of Education, Lottery Grants Board, Tertiary Education Commission and Foundation North required that the funds be used for stipulated purposes and that unused funds be returned. The grant revenue is non exchange revenue with conditions attached and as such the asset is recognised with a matching liability. As the conditions are satisfied the liability is decreased and revenue recognised.

**Family Contributions Revenue:** The Trust also received revenue from families participating in the Computers in Homes and Family Connect programmes. This included a training contribution of \$50 per family and an internet contribution of \$10 per week for families selecting the 2Degrees subsidised internet option. These are considered as participation fees and do not reflect the value of the services provided.

**Other Non Exchange Revenue:** was received from NZ Post (community post envelopes and printing services). This income is recognised on receipt.

**Donations and Other Grants:** During the 2017-18 financial year grants were received from InternetNZ for supporting the Trust's delivery capability, The Warehouse and CA Pacific for supporting Computers in Homes families and Z Good in the Hood for a digital literacy project in Christchurch. This income is recognised as revenue when received and all associated obligations have been met.

|   | 2018          | 2017          |
|---|---------------|---------------|
| <b>2. Revenue from Exchange Transactions</b>    |               |               |
| <b>Sale of Goods and Services</b>               |               |               |
| DORA Income                                     | 600           | 600           |
| Hutt City                                       | 22,320        | 21,000        |
| ICDL  | 3,801         | 8,058         |
| <b>Total Sale of Goods and Services</b>         | <b>26,721</b> | <b>29,658</b> |
| Interest Received                               | 8,830         | 28,169        |
| <b>Total Revenue from Exchange Transactions</b> | <b>35,552</b> | <b>57,827</b> |

**DORA:** The Trust has rental revenue for the use of DORA, the Trust's mobile digital learning centre.

**HuttCity Council:** is for Stepping Up tutors that are charged to the Hutt City Council.

**ICDL:** is for product sales to commercial clients.

|   | 2018             | 2017             |
|---|------------------|------------------|
| <b>3. Cost of Goods &amp; Services Delivered</b>    |                  |                  |
| Computer Equipment                                  | 233,827          | 597,218          |
| Contracted Team Members                             | 479,622          | 956,161          |
| Delivery Partners                                   | 33,338           | 917,829          |
| DORA  | 22,256           | 9,071            |
| Events & Meetings                                   | 7,123            | 33,378           |
| ICDL Products                                       | 29,450           | 50,647           |
| Internet  | 222,963          | 504,457          |
| Printing & Copying                                  | 34,833           | 72,085           |
| Professional Fees & Contracts for Services          | 16,712           | 40,429           |
| Research  | 29,276           | 86,748           |
| Salaries  | 516,242          | 457,632          |
| Software Licences                                   | 14,392           | 7,957            |
| Team Member Costs                                   | 2,793            | 8,506            |
| Technical Support                                   | 27,445           | 56,190           |
| Training  | 32,940           | 118,456          |
| Training Resources                                  | 6,359            | -                |
| Travel & Accommodation                              | 60,964           | 135,812          |
| <b>Total Cost of Goods &amp; Services Delivered</b> | <b>1,770,536</b> | <b>4,052,573</b> |

|                                       | 2018   | 2017   |
|---------------------------------------|--------|--------|
| <b>4. Overhead and Administration</b> |        |        |
| Accounting                            | 12,480 | 14,345 |
| Audit                                 | 10,350 | 22,661 |
| Bad Debts                             | 19,164 | 48,218 |
| Board                                 | 2,604  | 2,881  |

|  | 2018           | 2017           |
|--|----------------|----------------|
| Communications                           | 12,618         | 12,995         |
| Depreciation & Amortisation              | 11,442         | 19,261         |
| Doubtful Debts                           | 198            | (16,718)       |
| Honoraria                                | 5,000          | 5,000          |
| HR Costs                                 | 1,473          | 17,447         |
| Marketing                                | 11,396         | 33,351         |
| Membership Fees                          | 2,602          | 6,274          |
| Office Expenses                          | 12,621         | 12,672         |
| Rent                                     | 42,775         | 57,374         |
| Salaries                                 | 122,400        | 159,172        |
| Other Expenses                           | 3,453          | 4,075          |
| <b>Total Overhead and Administration</b> | <b>270,576</b> | <b>399,008</b> |

Doubtful debts are recognised when families participating in the Computers in Homes programme fall more than 90 days behind with their contributions.

|  | 2018           | 2017             |
|--|----------------|------------------|
| <b>5. Cash &amp; Cash Equivalents</b>    |                |                  |
| Cash at Bank and in Hand                 | 73,656         | 163,386          |
| Call Deposits                            | 241,021        | 350,000          |
| Short Term Deposits                      | -              | 500,000          |
| <b>Total Cash &amp; Cash Equivalents</b> | <b>314,677</b> | <b>1,013,386</b> |

The carrying amount of cash and cash equivalents approximates their fair value.

|   | 2018          | 2017           |
|---|---------------|----------------|
| <b>6. Receivables</b>                                   |               |                |
| <b>Receivables from Exchange Transactions</b>           |               |                |
| Trade Debtors - 2020 Communications                     | 7,314         | 6,842          |
| <b>Total Receivables from Exchange Transactions</b>     | <b>7,314</b>  | <b>6,842</b>   |
| <b>Receivables from Non Exchange Transactions</b>       |               |                |
| Trade Debtors - 2020 Communications                     | 53,879        | 104,750        |
| Trade Debtors - Computers in Homes AP Scheme            | 3,952         | 18,477         |
| less Provision for Doubtful Debts                       | (4,872)       | (4,644)        |
| <b>Total Receivables from Non Exchange Transactions</b> | <b>52,959</b> | <b>118,582</b> |
| Receivable GST  | 9,914         | 72,793         |
| <b>Total Receivables</b>                                | <b>70,188</b> | <b>198,217</b> |

Trade debtors and other receivables are non-interest bearing and receipt is normally on 30 day terms. Therefore, the carrying value approximates their fair value.

As at reporting date all overdue receivables have been assessed for impairment and appropriate allowances made. All receivables are subject to credit risk exposure. The maximum exposure to credit risk at reporting date is the carrying amount of trade debtors and other receivables as disclosed above. The Trust does not hold any collateral as security.

|  | 2018          | 2017          |
|--|---------------|---------------|
| <b>7. Plant &amp; Equipment</b>        |               |               |
| <b>Furniture &amp; Fittings</b>        |               |               |
| <b>At Cost</b>                         |               |               |
| Opening Balance                        | 2,032         | 2,032         |
| Additions                              | -             | -             |
| Disposals                              | -             | -             |
| <b>Total At Cost</b>                   | <b>2,032</b>  | <b>2,032</b>  |
| <b>Accumulated Depreciation</b>        |               |               |
| Opening Balance                        | 1,127         | 928           |
| Depreciation for the Year              | 163           | 199           |
| Depreciation Written Back in Disposals | -             | -             |
| <b>Total Accumulated Depreciation</b>  | <b>1,290</b>  | <b>1,127</b>  |
| <b>Total Furniture &amp; Fittings</b>  | <b>742</b>    | <b>905</b>    |
| <b>Motor Vehicles</b>                  |               |               |
| <b>At Cost</b>                         |               |               |
| Opening Balance                        | 18,055        | 18,055        |
| <b>Total At Cost</b>                   | <b>18,055</b> | <b>18,055</b> |
| <b>Accumulated Depreciations</b>       |               |               |
| Opening Balance                        | 17,996        | 12,038        |
| Depreciation for Year                  | 59            | 5,958         |
| <b>Total Accumulated Depreciations</b> | <b>18,055</b> | <b>17,996</b> |
| <b>Total Motor Vehicles</b>            | <b>-</b>      | <b>59</b>     |
| <b>Office Equipment</b>                |               |               |
| <b>At Cost</b>                         |               |               |
| Opening Balance                        | 26,131        | 12,082        |
| Additions                              | -             | 14,049        |
| Disposals                              | (9,789)       | -             |
| <b>Total At Cost</b>                   | <b>16,342</b> | <b>26,131</b> |
| <b>Accumulated Depreciation</b>        |               |               |
| Opening Balance                        | 11,160        | 2,537         |
| Depreciation for the Year              | 7,033         | 8,623         |
| Depreciation Written Back in Disposals | (7,396)       | -             |
| <b>Total Accumulated Depreciation</b>  | <b>10,797</b> | <b>11,160</b> |
| <b>Total Office Equipment</b>          | <b>5,544</b>  | <b>14,971</b> |
| <b>Total Plant &amp; Equipment</b>     | <b>6,287</b>  | <b>15,935</b> |

|                                       | 2018          | 2017          |
|---------------------------------------|---------------|---------------|
| <b>8. Intangible Assets</b>           |               |               |
| <b>Website</b>                        |               |               |
| <b>At Cost</b>                        |               |               |
| Opening Balance                       | 23,342        | 23,342        |
| <b>Total At Cost</b>                  | <b>23,342</b> | <b>23,342</b> |
| <b>Accumulated Depreciation</b>       |               |               |
| Opening Balance                       | 20,353        | 15,872        |
| Amortisation for the Year             | 1,793         | 4,481         |
| <b>Total Accumulated Depreciation</b> | <b>22,146</b> | <b>20,353</b> |
| <b>Total Website</b>                  | <b>1,196</b>  | <b>2,989</b>  |
| <b>Total Intangible Assets</b>        | <b>1,196</b>  | <b>2,989</b>  |
|                                       | 2018          | 2017          |

### 9. Payables Under Exchange Transactions

|   |                |                |
|---|----------------|----------------|
| Trade Creditors                                   | 99,734         | 299,042        |
| Accrued Expenses                                  | 7,000          | 10,000         |
| <b>Total Payables Under Exchange Transactions</b> | <b>106,734</b> | <b>309,042</b> |

Trade creditors and other payables are non-interest bearing and receipt is normally on 30 day terms. Therefore, the carrying value approximates their fair value.

|                                    | 2018          | 2017          |
|------------------------------------|---------------|---------------|
| <b>10. Employee Entitlements</b>   |               |               |
| Wages Accrual                      | 14,230        | 16,526        |
| Annual Leave Entitlements          | 32,973        | 35,037        |
| <b>Total Employee Entitlements</b> | <b>47,203</b> | <b>51,562</b> |

Short-term employee entitlements represent the Trust's obligation to its current and former employees that are expected to be settled within 12 months of reporting date.

|                                 | 2018           | 2017           |
|---------------------------------|----------------|----------------|
| <b>11. Revenue in Advance</b>   |                |                |
| Computers in Homes              | 5,611          | 436,289        |
| Computers in Homes Refugee      | 28,800         | 10,000         |
| KiwiSkills                      | -              | 200,000        |
| Northland Connect               | 22,177         | -              |
| Stepping Up                     | 68,513         | -              |
| Sundry                          | -              | 730            |
| <b>Total Revenue in Advance</b> | <b>125,100</b> | <b>647,019</b> |

|  | 2018          | 2017     |
|--|---------------|----------|
| <b>12. Provision for Exit from ICDL National Operator Role</b>   |               |          |
| Opening Balance  | -             | -        |
| Provision Additions  | 44,195        | -        |
| <b>Total Provision for Exit from ICDL National Operator Role</b> | <b>44,195</b> | <b>-</b> |

The Trust has been the national operator for ICDL products since 2012. As part of the review of core operations, funding from Lottery Grants Board ended in February 2018, and Trustees do not expect future income. Trustees decided to exit the national operator role when it ended on 30 November 2018. The liability at 30 June 2018 for future costs to complete the exit while delivering the support under the contract have been included in a Provision for exit from ICDL National Operator role.

|   | 2018     | 2017          |
|---|----------|---------------|
| <b>13. Equity</b>                         |          |               |
| <b>Restricted Funds</b>                   |          |               |
| Opening Balance                           | 14,434   | -             |
| Transfers from General Funds              | -        | 14,434        |
| Restricted Funds Utilised during the Year | (14,434) | -             |
| <b>Total Restricted Funds</b>             | <b>-</b> | <b>14,434</b> |

|   | 2018         | 2017          |
|---|--------------|---------------|
| <b>14. Operating Leases</b>   |              |               |
| Operating leases are held for the office photocopier and a motor vehicle. | -            | -             |
| Non-cancellable operating leases payable as follows:                      | -            | -             |
| Less than one year  | 4,870        | 6,154         |
| Between one and five years  | 406          | 5,902         |
| More than five year   | -            | -             |
| <b>Total Operating Leases</b>   | <b>5,276</b> | <b>12,056</b> |

|                                    | 2018           | 2017             |
|------------------------------------|----------------|------------------|
| <b>15. Financial Instruments</b>   |                |                  |
| <b>Financial Assets</b>            |                |                  |
| Cash and Cash Equivalents          | 314,677        | 1,013,386        |
| Receivables                        | 60,273         | 113,103          |
| <b>Total Financial Assets</b>      | <b>374,950</b> | <b>1,126,489</b> |
| <b>Financial Liabilities</b>       |                |                  |
| Payables                           | 99,734         | 267,392          |
| Revenue in Advance                 | 125,100        | 646,289          |
| <b>Total Financial Liabilities</b> | <b>224,834</b> | <b>913,681</b>   |
| <b>Total Financial Instruments</b> | <b>150,116</b> | <b>212,808</b>   |

## 16. Going Concern

The Trust has received notification from the Tertiary Education Commission of expanded funding of the Family Connect programme for 2019. Trustees monitor the financial position of the Trust at each board meeting and have approved a budget for 2018-19.

The 20/20 Trust continues to be financially solvent and operates as a going concern.

## 17. Contingent Asset and Contingent Liabilities

At reporting date there are no known, quantifiable contingent assets or contingent liabilities. 2020 Communications Trust has not granted any securities in respect of liabilities payable by any other party. (Last Year : Nil)

## 18. Commitments

There are no material commitments at reporting date. (Last Year : Nil)

## 19. Events after Balance Date

In November 2018 the Tertiary Education Commission confirmed that the Trust would receive funding of \$997,675 of the Family Connect Programme for the period January to December 2019.

In July 2018, Trustees decided to make changes at 20/20 Trust to better align with the priorities of this government through the continued deliver of core programmes – Family Connect, Refugee Connect and Northland Connect that build digital skills in the home with an emphasis on the needs of individual learners and families.

Non-core programmes (Stepping UP, Spark Jump and DORA the Mobile Digital Learning Centre) transferred to a new organisation (diaa.org) on 1 August 2018, together with the staff involved in those programmes.

## 20. Related Party Transactions

Related party transactions arise when an entity or person(s) has the ability to significantly influence the financial and operating policies of the Trust. The Trust has a related party relationship with its Trustees and other key management personnel.

### Transactions with Related Parties

Laurence Millar stood down last year as Chair to undertake contract work as Executive Director for the Trust.

### Trustee Honoraria

During the year, honoraria were paid to the Chair and Treasurer as follows:

- Laurence Millar – Chair (part-year) \$3,000
- David Barrow – Chair (part-year) \$500
- Selwyn Screen – Treasurer \$1,500

### Key Management Personnel

The key management personnel, as defined by PBE IPSAS 20 Related Party Disclosures, are the Board of Trustees, and the members of the Management Team: Executive Director, National Operations and Development Manager, Auckland Area Manager, Business Services Manager, KiwiSkills Manager, Refugee Connect Product Manager and SteppingUP Product Manager. No remuneration is paid to ordinary members of the Board of Trustees. Trustee Officers, including the Chair and Treasurer, receive honoraria as disclosed above. The aggregate remuneration of key management personnel (excluding honoraria), and the number individuals, determined on a full-time equivalent basis, receiving remuneration is as follows:

|  | 2018    | 2017    |
|--|---------|---------|
| <b>Key management personnel includes the following expenses</b>                                |         |         |
| Salaries, contract fees, and other short-term benefits in relation to management team roles    | 356,998 | 415,503 |
| Number of FTEs recognised as key management personnel (7 persons)                              | 4       | 4       |
| Salaries, contract fees, and other short-term benefits in relation to other work for the Trust | 259,468 | 343,287 |



# Independent Auditor's Report

2020 Communications Trust

For the year ended 30 June 2018