NATIONAL PACIFIC RADIO TRUST

Annual Report 2016

Operating the Pacific Media Network

CONTENTS

For the year ending 30 June 2016

Celebrating the Pacific Spirit

MISSION

Pacific Media Network is a public interest broadcaster for Pacific peoples to empower, encourage and nurture Pacific cultural identity and economic prosperity in Aotearoa, New Zealand.

VALUES

Our core values (standards) are respect, diligence, teamwork and on-going improvement.

PRINCIPLES

Our core values operate upon our foundation-principles of integrity and honesty.

PACIFIC
MEDIA
NETWORK

CHAIRMAN'S STATEMENT

FYE 30 JUNE 2016

APPRECIATION

This report is for the year ending 30 June 2016. On behalf of the National Pacific Radio Trust (NPRT) Board I extend thanks and appreciation to: the Hon Amy Adams, Minister of Broadcasting; the Hon Peseta Sam Lotu-Iiga, Minister of Pacific Peoples; the Hon Maggie Barry, Minister for Arts, Culture & Heritage; the Hon Bill English, Deputy Prime Minster; MP Alfred Ngaro; Ms Jane Wrightson, CEO of NZ on Air and her Board - their unflagging interest and support were critical elements of our success.

FINANCIAL RESULTS

We experienced intensified competition from New Zealand's two large commercial media networks: Fairfax Media (publisher of the Dominion Post etc) and NZ Media (NZME - publisher of the NZ Herald). Top line pressures and thin margins in the media sector were severe. Fairfax and NZME sought to merge. So did Sky TV and Vodafone NZ.

The Pacific Media Network produced another record operating surplus: $262k. This is the fourth consecutive record surplus and compares to the results from three past years ($216k in 2015; $144k in 2014; $106k in 2013).

FYE 30 June 2016 we therefore report: a top line of $4.9M (6% down on 2015 $5.2M); the fourth in a row record operating surplus of $262k (21% greater than in 2015); a 6% reduction in waist-line/expense to $4.6M (2015 $4.9M operating expenses); net cash from operating activities rose 320% to $496k (2015 $118k); a 65% growth to $698k in year-end cash and cash equivalents (2015 $421K); a risk mitigation move to change the current assets mix (in a time of intense market competition) through a 33% reduction in trade debtors and other receivables to $243K matched by increasing cash/cash equivalents; another 21% growth in parent and group equity to $1.5M (2015 growth 21% to $1.2M) so continuing very acceptable year on year equity growth representing 47% growth since 2014 when the NPRT first broke the $1M equity mark and 71% since 2013.

HISTORIC ALLIANCE AGREEMENT WITH OF SAMOA CAPITAL RADIO

On 1 June 2016 with approval of the respective Boards the National Pacific Radio Trust and the Wellington based Siufofoga Laumua Trust (operating as Samoa Capital Radio: SCR) signed an Alliance Agreement having the principal goal of promoting the cooperation and collaboration between the two organisations so as to:

A: undertake radio, internet and other media initiatives to promote the provision of content and information to customers, consumers, users and stakeholders;
B: maintain and/or increase the numbers of customers, consumers and users;
C: make acceptable-margin sales of such content, information;
D: plan, implement and manage appropriate technology and operating asset use;
E: plan, implement and manage appropriate strategies;
F: formulate, articulate and represent Pasifika media stakeholder and sector interests.

This completes the negotiations and informal tests (through SCR content syndication on NPRT frequencies since 2014 to establish the working relationship that is now codified in the Alliance Agreement. We record our thanks to Ms Jane Wrightson, Chief Executive Officer of New Zealand on Air, for her initial suggestion, in the direction of an alliance, in 2011 and continued encouragement. We also thank the Samoa Capital Radio Board for its persistence and far sightedness.

The SCR and PMN CEOs now meet on an agreed schedule, at least quarterly, to facilitate projects and worthwhile outcomes as stipulated in the Agreement. As a result this part of the Pasifika media sector is now better organised to serve its stakeholders and funders.

For example a weekly live cross from SCR to NPRT has operated since 2014 allowing Pacific Islanders throughout New Zealand to enjoy six hours of SCR content on Thursdays from 6:00PM. This SCR syndication has caused other Pasifika ethnicities throughout NZ to create content and seek on-air and on-line distribution through the NPRT-SCR Alliance. For SCR and NPRT revenue sharing and contribution margin sharing will be a new source of top line and bottom line growth.

HISTORIC PARTNERSHIP MEMORANDUM AND LICENCE AGREEMENT WITH RADIO NEW ZEALAND

On 30 June 2016, for the year starting 1 July 2016, the National Pacific Radio Trust executed a Memorandum of Agreement with Radio New Zealand (RNZ) formalising a working relationship that has seen the training of Pacific Media Network staff at RNZ premises and the planning of content exchange. Under this MOU Radio New Zealand obtains access to Pasifika content including news developed and syndicated by the NPRT – and vice versa. This new working relationship is developing beneficially in directions similar to the relationship with SCR. We thank and congratulate RNZ and its CEO, Mr Paul Thompson, for their insight in negotiating this MOU with us.

The MOU operates in tandem with a mutual Content Licence Agreement stipulating the limits and costs of content sharing between the respective organisations. We are glad to report that content sharing has already beneficially changed the quality, currency and authority of Pacific Media News broadcasts as listeners on both PMN stations (531 pi and Niu FM) hear RNZ news attributed to RNZ and the partnership with PMN. We are also very glad to report that Radio NZ news listeners on-air, on-line and on-demand are hearing Pacific Media Network news items and news worthy Pasifika information attributed to PMN and its partnership with RNZ. As far north as the largest department store (it plays Niu FM over its PA system) in Whangarei the Radio New Zealand partnership with Pacific Media Network is being heard by shoppers and listeners. Periodically Radio NZ News listeners have also contacted us to report of hearing Pacific Media Network news items and attributions on RNZ news.

CLOSING THE LOOP

To know who is using (when and where) or consuming an organisation's services and products is to know what to change to better serve users, consumers and stakeholders. Accordingly the PMN is developing and testing methods and applications (apps) which create feedback loops that detect and capture on-air and on-line listener activity. In this applied thinking and research mode in 2015 we began developing an app for Niu FM aiming to measure on-air listenership using app activity as the proxy. Intensified commercial competition from the large media networks and other forms of media makes it critical for the PMN to resolve the means for taking advantage of the app's results so as to increase commercial sales to the PMN's commercial customers. App development has been suspended until the means is clear. We anticipate resumption of development and refinement before 31 December 2016. It is our aim to validate listenership proxies during the financial year ending 30 June 2017.

Pleasingly the PMN developed two youth and young-adults products: Fala Talk and Kava Club. These products were limited resource, limited run products with high face time contact, recorded live and distributed on-air and on-line. The lessons from runaway success of these products on-line with high visitor and subscriber counts on Facebook and YouTube will be incorporated into the Niu FM app development and proxy measures.

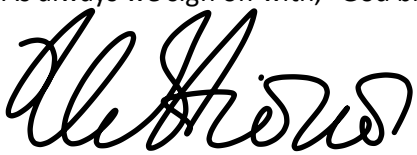
LANGUAGES

The Pacific Media Network's scheduled on-air broadcasts contain fixed segment in nine Pasifika languages. Additionally there are four or five more languages used on-air and on-line in casual and informal content. These languages and their respective programming depths are lead indicators of the NPRT's asset base (equity now $1.5M) and its quality. With smart thinking we should be able, at least cost, to sustainably improve the quantity, depth and quality of Pasifika languages' content on-air and on-line for both of the PMN stations: 531 PI and Niu FM. This will be equivalent to developing a market niche which users, consumers and, importantly, customers perceive as unique and desirable. We aim to monetise this niche development in the coming years with beneficial effects upon our top line and bottom line. Additionally the content creation and management expertise will form a valuable community asset of increasing value.

CHALLENGES

For the year just ended our equity grew 21% to $1.5m thereby strengthening our asset base. But we experienced severe commercial competition. This an existential challenge because public funding is limited. We do not seek more funding. The answer is to focus our commercial activities on differentiation and market niche development. Therefore the NPRT Board must put its PMN staff first, legitimately and ethically, so that staff put the customer and consumer first. By deploying our alliances, partnerships, languages, listener feedback/measurement loops, technology developments and staff performance tools we are confident that staff will good growth in our top and bottom lines enabling sustainable operations without increase in public funding.

As always we sign off with, "God bless Aotearoa."



Mr Uluomatootua Saulaulu Aiono ONZM
CHAIRMAN: NATIONAL PACIFIC RADIO TRUST

BACKGROUND

LEGAL STATUS
NATIONAL PACIFIC RADIO TRUST INC (NPRT)

The NPRT is established by Deed of Trust dated 22 July 2002 made between Her Majesty the Queen in Right of New Zealand acting through the Minister of Pacific Island Affairs and the Minister of Broadcasting and the Trustees.

The registered office of the Trust is Level 4, Merial Building, 2 Osterley Way, Manukau, Auckland, New Zealand.

Legal Advisor: John Burley – McVeagh Fleming, Level 14, HSBC House, 1 Queen Street, Auckland.

TRUST DEED

The Trust is guided by the objectives in the Deed of Trust that clearly outline the role and objectives the Trust and Network are tasked to achieve and deliver.

PURPOSE OF THE NATIONAL PACIFIC RADIO TRUST[1]

The principal purpose of the National Pacific Radio Trust Board Inc (NPRT) is to establish and maintain a national Pacific radio network that delivers quality programming, and to ensure the responsible stewardship of assets of the network - as consistent with the Objectives provided for in its Deed of Trust (Deed).

OBJECTIVES OF THE TRUST[2]

To deliver a national Pacific radio network that is a vehicle for:

- providing an authoritative, accurate, current and reliable information source to Pacific people, reinforcing their languages, values, beliefs and culture in New Zealand;
- promoting, motivating, inspiring and encouraging the better education of Pacific communities throughout New Zealand;
- facilitating and contributing to Pacific peoples' education, employment,
- housing, health, and social development in New Zealand in order to contribute to Pacific peoples' well-being and for relief of poverty;
- linking Pacific communities in New Zealand regionally, nationally and providing access to international news and events;

[1] Deed clause 4
[2] Deed clause 5

- harnessing and growing the best available Pacific broadcasting and management talent throughout New Zealand so that the network as a community-owned platform is sustainable and delivers a quality service;
- providing a means for Pacific musicians, businesses, services and artists to communicate and exchange information and ideas;
- promoting effective avenues for training Pacific people in broadcasting and advocating for and on behalf of Pacific people in the media;
- providing a medium for issues of special interest groups such as the young, elderly and disabled Pacific people to be discussed;
- providing mechanisms for measuring efficiency and effectiveness of the Network; and
- providing a window through which the rest of New Zealand can be better informed about the lives of Pacific communities throughout New Zealand.

OBJECTIVES OF THE NETWORK

The Network shall operate consistently with this Trust Deed, and the Government's broadcasting standards and Purchase Agreement, and will contribute to the general goal in New Zealand of reducing inequalities experienced by minority groups such as Pacific peoples' communities, and will assist Pacific communities to build their capacity by:

- providing a communication mechanism linking Pacific communities regionally and nationally to debate topical issues, and to coordinate and organise themselves around activities that will assist in community development that is conducive to the education, employment, housing, health, immigration as well as the social and economic development of Pacific people in New Zealand;
- providing an effective communication vehicle which promotes the fostering and maintenance of Pacific languages through quality programming in Pacific languages;
- supporting, promoting and enhancing the exposure of Pacific music, artistic talents and culture;
- communicating timely and accurate information on programmes and services and how to access these;
- providing opportunities for the development to build a pool of quality Pacific broadcasters; and
- doing such other things as may from time to time be necessary or desirable to give effect to and in order to attain the Objectives of the Trust.

DIRECTORY

NATIONAL PACIFIC RADIO TRUST BOARD MEMBERS

Mr Uluomatootua Saulaulu Aiono ONZM	Chairman
Ms Sandra Kailahi	Deputy Chairman
Mr Willie Johnston	Treasurer and Chairman of Audit & Finance
Dr Lesieli MacIntyre	Trustee
Mr Stephen Stehlin	Trustee
Ms Martha Samasoni	Trustee

Pacific Media Network Senior Executive

Mr Letoa Henry Jenkins	Chief Executive Officer
Mr Patrick Lino	Deputy Chief Executive

LOCATIONS & CONTACT DETAILS

Website: www.pacificmedianetwork.com

Auckland – Head Office and Auckland Studios

Pacific Radio News, Niu FM Radio Network, Radio 531pi

Level 4, 2 Osterley Way, Manukau, Auckland, New Zealand

PO Box 97601, Manukau, Auckland, New Zealand

Phone: +64 9 361 6656

Office Toll Free Number: 0800 PMEDIA (763342)

Niu FM Studio Toll Free: 0800 223 103

Radio 531pi Studio Toll Free: 0800 000 531

Wellington – Regional Office and Studio

Niu FM Radio Network, Pacific Radio News and Wellington Sales

Level 1, 35 Ghuznee Street, Te Aro, Wellington City, New Zealand

Phone: +64 4 913 8116 Fax: +64 4 913 8118

PACIFIC MEDIA NETWORK: FREQUENCIES

Niu FM Radio Network

Whangarei	103.6 FM
Auckland	103.8 FM
Hamilton	103.4 FM
Rotorua	103.9 FM
Taupo	103.9 FM
Manawatu	103.4 FM
Taranaki	103.6 FM
Hawkes Bay	103.9 FM
Wellington	103.7 FM and 104.1 FM
Christchurch	104.1 FM
Dunedin	103.8 FM
Invercargill	103.6 FM

Internet Online Streaming: www.niufm.com

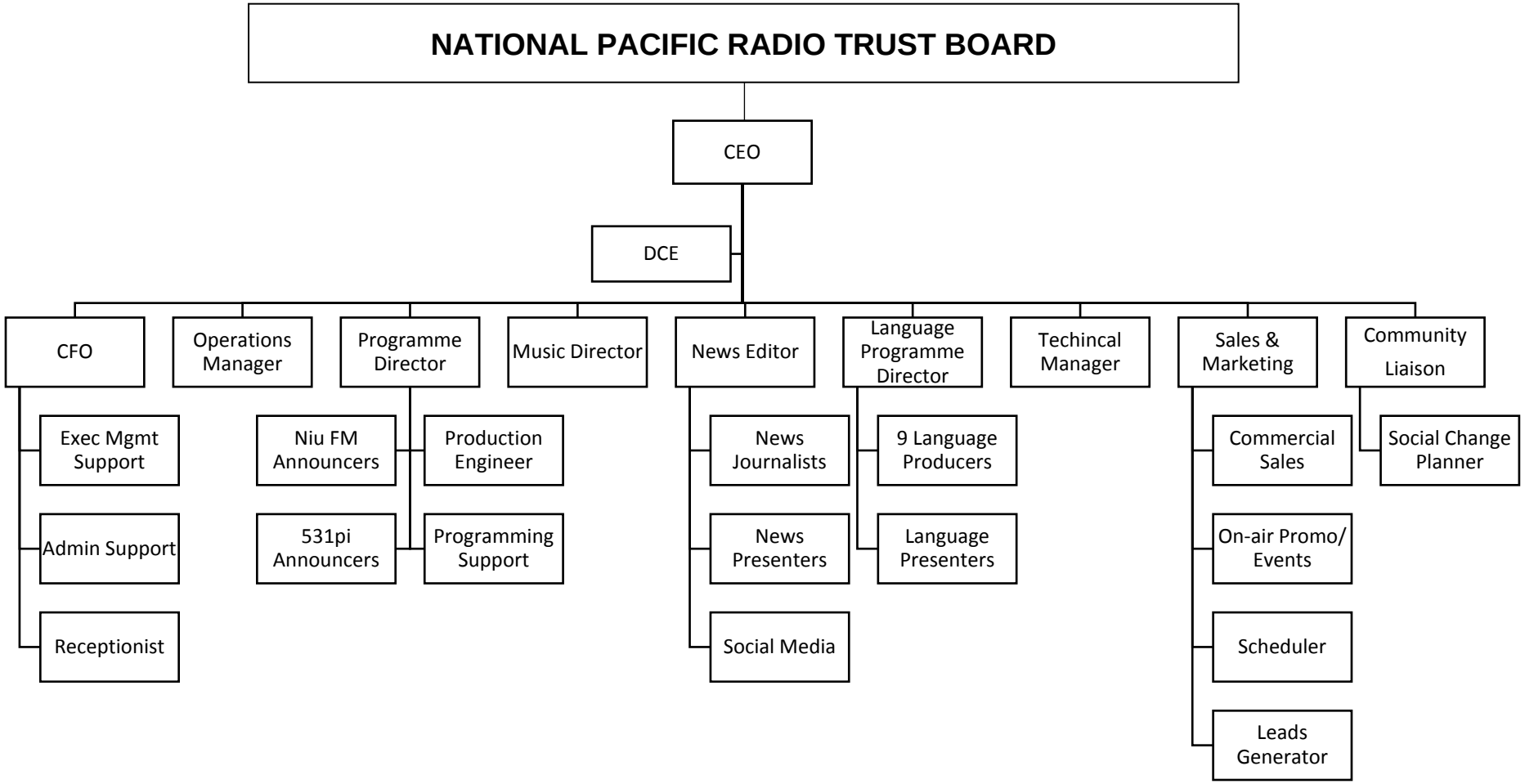
Radio 531pi

Auckland 531 AM

Internet Online Streaming: www.radio531pi.com

Pacific Radio News

On Niu FM and Radio 531pi


NATIONAL PACIFIC RADIO TRUST BOARD
CEO
DCE
CFO
Operations Manager
Programme Director
Music Director
News Editor
Language Programme Director
Techincal Manager
Sales & Marketing
Community Liaison
Exec Mgmt Support
Admin Support
Receptionist
Niu FM Announcers
531pi Announcers
Production Engineer
Programming Support
News Journalists
News Presenters
Social Media
9 Language Producers
Language Presenters
Commercial Sales
On-air Promo/ Events
Scheduler
Leads Generator
Social Change Planner

STATEMENT OF RESPONSIBILITY

In terms of the Crown Entities Act 2004, the Board is responsible for the preparation of NPRT's financial statements and statement of services performance, and for the judgements made in them.

The board has responsibility for establishing and maintaining a system for internal control designed to provide reasonable assurance as to the integrity and reliability of the financial and non-financial reporting.

In the Board's opinion, these financial statements and statement of services performance fairly reflect the financial position and operation of NPRT for the year ended 30 June 2016.

Signed on behalf of the Board:

Uluomatootua Saulaulu Aiono
CHAIRMAN OF THE BOARD
27 October 2016

William Gavin Johnston
TREASURER
CHAIRMAN OF AUDIT & FINANCE
27 October 2016

NATIONAL PACIFIC RADIO TRUST - PARENT & GROUP

2015-2016

Prepared under
Public Benefit Entity
Financial Reporting Standards

Index to the financial statements

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

FOR THE YEAR ENDED 30 JUNE 2016

	Note	Actual 2016	Budget 2016	Actual 2015
Revenue				
Funding from the Crown		3,270,000	3,250,000	3,250,000
Other revenue	2	1,644,068	3,054,928	1,951,996
Total revenue		4,914,068	6,304,928	5,201,996
Expenses				
Marketing costs		31,264	95,075	35,700
Personnel	3	2,536,970	3,225,198	2,431,174
Depreciation and amortisation	7, 8	233,459	244,316	204,381
Loss on Disposal	7, 8	12,951	-	-
Operating lease expense		238,168	259,112	180,289
Trustees fees	13	102,096	120,967	116,000
Broadcasting costs		784,756	992,541	856,423
Other expenses	4	711,409	1,113,064	1,161,478
Total expenditure		4,651,072	6,050,273	4,985,444
Surplus/(deficit)		262,995	254,655	216,551
Other Comprehensive Revenue or Expense		-	-	-
Total comprehensive revenue and expense		262,995	254,655	216,551

Explanations of major variances against budget are provided in note 23.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2016

	Note	Actual 2016	Budget 2016	Actual 2015
Balance at 1 July		1,237,596	1,187,337	1,021,045
Total comprehensive revenue and expense for the year		262,995	254,655	216,551
Balance at 30 June		1,500,592	1,441,992	1,237,596

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2016

	Note	Actual 2016	Budget 2016	Actual 2015
Assets				
Current assets				
Cash and cash equivalents	5	698,412	675,188	421,678
Receivables	6	243,694	311,880	364,786
Prepayments		18,749	-	11,520
Total current assets		960,855	987,068	797,984
Non-current assets				
Property, plant and equipment	7	859,965	1,024,611	872,400
Intangible assets	8	55,121	71,639	69,194
Total non-current assets		915,086	1,096,250	941,594
Total assets		1,875,941	2,083,318	1,739,577
Liabilities				
Current liabilities				
Payables	9	168,037	424,092	276,371
Employee entitlements	10	132,079	142,000	133,013
Lease Incentive		17,362	17,362	17,362
Total current liabilities		317,477	583,454	426,746
Non Current liabilities				
Lease Incentive		57,872	57,872	75,235
Total liabilities		375,349	641,326	501,980
Net Assets		1,500,592	1,441,992	1,237,597
Trust equity				
Trust capital		1	1	1
Accumulated surplus/ deficit		1,500,591	1,441,991	1,237,596
Total equity attributable to the Trust		1,500,592	1,441,992	1,237,597

Explanations of major variances against budget are provided in note 23.

The accompanying notes form part of these financial statements.

Mr Uluomatootua Saulaulu Aiono
Chairman
27/10/2016

Mr William Johnston
Treasurer
27/10/2016

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2016

	Note	Actual 2016	Budget 2016	Actual 2015
Cash flows from operating activities				
Receipts from the Crown		3,270,000	3,250,000	3,250,000
Interest received		8,102	12,000	12,452
Receipts from other revenue		1,757,058	3,042,928	1,819,227
Payments to suppliers		(1,973,818)	(3,086,336)	(2,401,131)
Payments to employees		(2,536,970)	(2,719,621)	(2,612,896)
GST (net)		(27,735)	-	50,898
Net cash flow from operating activities		496,637	498,971	118,551
Cash flows from investing activities				
Purchase of property, plant and equipment		(181,926)	(276,000)	(127,337)
Purchase of intangible assets		(37,977)	(119,000)	(73,814)
Net cash from investing activities		(219,903)	(395,000)	(201,151)
Cash flows from financing activities		-	-	-
Net cash from financing activities		-	-	-
Net (decrease)/increase in cash and cash equivalents		276,734	103,971	(82,600)
Cash, cash equivalents the beginning of the year		421,678	571,217	504,278
Cash and cash equivalents at the end of the year	5	698,412	675,188	421,678

Reconciliation of net surplus/(deficit) to net cash flow from operating activities

	Actual 2016	Actual 2015
Surplus/(deficit)	262,995	216,551
Add/(less) non-cash items:		
Depreciation and amortisation expense	246,410	204,381
Non-cash lease settlement	(17,363)	(17,361)
Total non-cash items	229,048	187,020
Add/(less) items classified as investing or financing activities:		
Gain on disposals	-	-
Add/(less) movements in statement of financial position		
(Increase)/decrease in receivables	113,861	(120,315)
Increase/(decrease) in payables	(108,333)	(20,077)
Increase/(decrease) in employee benefits	(934)	(144,628)
Net movements in working capital items	4,594	(285,020)
Net cash flow from operating activities	496,637	118,551

Explanations of major variances against budget are provided in note 23.

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1 Statement of accounting policies

National Pacific Radio Trust (the Trust) is a charitable trust incorporated in New Zealand under the Charitable Trusts Act 1957 and is domiciled in New Zealand. The Trust is listed in schedule 4 of the Public Finance Act 1989 which means it is treated for certain financial reporting requirements as if it was a crown entity under the Crown Entity Act 2004. The Trust is registered under the Charities Act 2005 registration number CC41373.

The Trust's primary objective is to provide services to the New Zealand public. The Trust does not operate to make a financial return. The Trust has designated itself as a public benefit entity (PBE) for financial reporting purposes. The financial statements for the Trust are for the year ended 30 June 2016, and were approved by the Board on 27 October 2016.

BASIS OF PREPARATION

The financial statements have been prepared on a going concern basis, and the accounting policies have been applied consistently throughout the period.

Statement of compliance

The financial statements of the Trust have been prepared in accordance with the requirements of the Crown Entities Act 2004, which includes the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP).

The financial statements have been prepared in accordance with Tier 2 PBE accounting standards. The Trust is eligible to, and made an election to report under Tier 2 PBE accounting standards, because it is not large and is not publicly accountable, and its expenditure is under $30m.

These financial statements comply with PBE accounting standards.

Presentation currency and rounding

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest dollar.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue

The specific accounting policies for significant revenue items are explained below:

Funding from the Crown

The Trust is primarily funded from the Crown. This funding is restricted in its use for the purpose of the Trust meeting the objectives specified in its founding legislation and the scope of the relevant appropriations of the funder.

The Trust considers there are no conditions attached to the funding and recognises it as revenue at the point of entitlement.

The fair value of revenue from the Crown has been determined to be equivalent to the amounts due in the funding arrangements.

Contract income received

Contracts are recognised as revenue when they become receivable unless there is an obligation in substance to return the funds if conditions of the contract are not met. If there is such an obligation, the revenue is initially recorded as received in advance and recognised as revenue when conditions of the contract are satisfied.

Donated assets

Where a physical asset is gifted to or acquired by the Trust for nil consideration or at a subsidised cost, the asset is recognised at fair value and the difference between the consideration provided and fair value of the asset is recognised as revenue. The fair value of donated assets is determined as follows:

- For new assets, fair value is usually determined by reference to the retail price of the same or similar assets at the time the asset was received.
- For used assets, fair value is usually determined by reference to market information for assets of a similar type, condition, and age.

Donated services

Certain operations of the Trust are reliant on services provided by volunteers. Volunteer services received are not recognised as revenue or expenditure by the Trust

Interest revenue

Interest revenue is recognised using the effective interest method.

Exchange transactions

Advertising and other revenue is recognised upon providing the agreed service.

Provision of services

Services provided to third parties on commercial terms are exchange transactions. Revenue from these services is recognised in proportion to the stage of completion at balance date.

Capital charge

The capital charge is recognised as an expense in the financial year to which the charge relates.

Borrowing costs

Borrowing costs are recognised as an expense in the financial year in which they are incurred.

Grant expenditure

Non-discretionary grants are those grants awarded if the grant application meets the specified criteria and are recognised as expenditure when an application that meets the specified criteria for the grant has been received.

Discretionary grants are those grants where the Trust has no obligation to award on receipt of the grant application and are recognised as expenditure when approved by the Grants Approval Committee and the approval has been communicated to the applicant, and the Trust's grants awarded have no substantive conditions attached.

Foreign currency transactions

Foreign currency transactions (including those for which forward foreign exchange contracts are held) are translated into NZ$ (the functional currency) using the spot exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the surplus or deficit.

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, finance leases where the Trust is the lessee are recognised 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 finance charge is charged to the surplus or deficit over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability.

The amount recognised as an asset is depreciated over its useful life. If there is no reasonable certainty as to whether the Trust 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.

Operating leases

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset to the lessee.
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 surplus or deficit as a reduction of rental expense over the lease term.

Cash and cash equivalents

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

Receivables

Short-term receivables are recorded at their face value, less any provision for impairment.
A receivable is considered impaired when there is evidence that the Trust will not be able to collect the amount due. The amount of the impairment is the difference between the carrying amount of the receivable and the present value of the amounts expected to be collected.

Investments

Bank term deposits
Investments in bank term deposits are initially measured at the amount invested.
After initial recognition, investments in bank deposits are measured at amortised cost using the effective interest method, less any provision for impairment.

Equity investments

The Trust designates equity investments at fair value through other comprehensive revenue and expense, which are initially measured at fair value plus transaction costs.
After initial recognition, these investments are measured at their fair value with gains and losses recognised in other comprehensive revenue and expense, except for impairment losses that are recognised in the surplus or deficit.
On derecognition, the cumulative gain or loss previously recognised in other comprehensive revenue and expense is reclassified to the surplus or deficit.
A significant or prolonged decline in the fair value of the investment below its cost is considered objective evidence of impairment. If impairment evidence exists, the cumulative loss recognised in other comprehensive revenue and expense is reclassified from equity to the surplus or deficit.
Impairment losses recognised in the surplus or deficit are not reversed through the surplus or deficit.

Non-current assets held for sale

Non-current assets held for sale are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. Non-current assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell.
Any impairment losses for write-downs of non-current assets held for sale are recognised in the surplus or deficit.
Any increases in fair value (less costs to sell) are recognised up to the level of any impairment losses that have been previously recognised.
Non-current assets held for sale are not depreciated or amortised while they are classified as held for sale.

Property, plant, and equipment

Property, plant, and equipment consists of the following asset classes: land, buildings, leasehold improvements, furniture and office equipment, and motor vehicles.
The National Pacific Radio Trust owns no land or buildings. All other assets classes are measured at cost, less accumulated depreciation and impairment losses.

Additions

The cost of an item of property, plant, and equipment is recognised as an asset only when it is probable that future economic benefits or service potential associated with the item will flow to the Trust and the cost of the item can be measured reliably.
Work in progress is recognised at cost less impairment and is not depreciated.
In most instances, an item of property, plant, and equipment is initially recognised at its cost. Where an asset is acquired through a non-exchange transaction, it is recognised at its fair value as at the date of acquisition.

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 reported net in the surplus or deficit. When revalued assets are sold, the amounts included in revaluation reserves in respect of those assets are transferred to general funds.
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 Trust and the cost of the item can be measured reliably.
The costs of day-to-day servicing of property, plant, and equipment are recognised in the surplus or deficit as they are incurred.

Depreciation

Depreciation is provided on a diminishing value basis on all property, plant, and equipment other than land, at rates that will write-off the cost (or valuation) of the assets to their estimated residual values over their useful lives. The useful lives and associated depreciation rates of major classes of property, plant, and equipment have been estimated as follows:

Transmission Equipment	10 years	20%-21. 6%
Site Equipment	8 years	18%-40%
Studios	7 years	11%-40%
Furniture and fittings	10 years	14%-16%
Office Equipment	5 years	25%-67%
Leasehold Improvements	10 years	10.0%-40%
Computer equipment	4 years	40%-67%
Motor vehicles	7 years	30%-32%

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated remaining useful lives of the improvements, whichever is the shorter.
The residual value and useful life of an asset is reviewed and adjusted if applicable each financial year.

The following classes of asset were combined: Furniture and Equipment with Office Equipment, and installation costs with their relevant transmission class.

Intangible assets

Software acquisition and development

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.
Costs that are directly associated with the development of software for internal use are recognised as an intangible asset. Direct costs include software development employee costs and an appropriate portion of relevant overheads.
Staff training costs are recognised as an expense when incurred.
Costs associated with maintaining computer software are recognised as an expense when incurred.
Costs associated with development and maintenance of the Trust's website are recognised as an expense when incurred, unless they must be capitalised under the criteria of SIC 32.

Amortisation

The carrying value of an intangible asset with a finite life is amortised on a diminishing value basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each financial year is recognised in the surplus or deficit. The useful lives and associated amortisation rates of major classes of intangible assets have been estimated as follows:

Computer software	3 years	50%

Impairment of property, plant, and equipment and intangible assets

The Trust does not hold any cash-generating assets. Assets are considered cash-generating where their primary objective is to generate a commercial return.

Non-cash-generating assets

Property, plant, and equipment and intangible assets held at cost that have 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 service amount. The recoverable service amount is the higher of an asset's fair value less costs to sell and value in use.
Value in use is determined using an approach based on either a depreciated replacement cost approach, restoration cost approach, or a service units approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and availability of information.
If an asset's carrying amount exceeds its recoverable service amount, the asset is regarded as impaired and the carrying amount is written-down to the recoverable amount. The total impairment loss is recognised in the surplus or deficit.
The reversal of an impairment loss is recognised in the surplus or deficit.

Payables

Short-term payables are recorded at their face value.

Borrowings

Borrowings are initially recognised at their fair value plus transaction costs. After initial recognition, all borrowings are measured at amortised cost using the effective interest method.
Borrowings are classified as current liabilities unless the Trust has an unconditional right to defer settlement of the liability for at least 12 months after balance date.

Employee entitlements

Short-term employee entitlements

Employee benefits that are due to be settled within 12 months after the end of the period in which the employee renders the related service are measured 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, and sick leave.

A liability for sick leave is recognised to the extent that 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 that it will be used by staff to cover those future absences.
A liability and an expense are recognised for bonuses where there is a contractual obligation or where there is a past practice that has created a constructive obligation and a reliable estimate of the obligation can be made.

Long-term employee entitlements

Employee benefits that are due to be settled beyond 12 months after the end of period in which the employee renders the related service, such as long service leave and retirement gratuities, have been calculated on an actuarial basis. The calculations are based on:

- 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 entitlement information; and
- the present value of the estimated future cash flows.

Presentation of employee entitlements

Sick leave, annual leave, and vested long service leave are classified as a current liability. Non-vested long service leave and retirement gratuities expected to be settled within 12 months of balance date are classified as a current liability. All other employee entitlements are classified as a non-current liability.

Superannuation schemes

Defined contribution schemes

Obligations for contributions to KiwiSaver, the Government Superannuation Fund, and the State Sector Retirement Savings Scheme are accounted for as defined contribution superannuation schemes and are recognised as an expense in the surplus or deficit as incurred.

Provisions

A provision is recognised 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 an outflow of future economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.
Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense and is included in "finance costs".

Restructuring

A provision for restructuring is recognised when an approved detailed formal plan for the restructuring has either been announced publicly to those affected, or for which implementation has already commenced.

Onerous contracts

A provision for onerous contracts is recognised when the expected benefits or service potential to be derived from a contract are lower than the unavoidable cost of meeting the obligations under the contract.

The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract.

Equity

Equity is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into the following components.

- contributed capital;
- accumulated surplus/(deficit);
- property revaluation reserves; and
- fair value through other comprehensive revenue and expense reserves.

Property revaluation reserve

This reserve relates to the revaluation of property, plant, and equipment to fair value.

Fair value through other comprehensive revenue and expense reserves

This reserve comprises the cumulative net change of financial assets classified as fair value through other comprehensive revenue and expense.

Goods and services tax

All items in the financial statements are presented exclusive of GST, except for receivables and payables, which are presented on a GST-inclusive basis. Where GST is not recoverable as input tax, it is recognised as part of the related asset or expense.
The net amount of GST recoverable from, or payable to, the IRD is included as part of receivables or

payables in the statement of financial position.

The net GST paid to, or received from, the IRD, including the GST relating to investing and financing activities, is classified as a net operating cash flow in the statement of cash flows.
Commitments and contingencies are disclosed exclusive of GST.

Income tax

The Trust is a public authority and consequently is exempt from the payment of income tax. Accordingly, no provision has been made for income tax.

Budget figures

The budget figures are derived from the statement of performance expectations as approved by the Board at the beginning of the financial year. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by the Board in preparing these financial statements.

Critical accounting estimates and assumptions

In preparing these financial statements, the Trust 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 of 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.

Estimating useful lives and residual values of property, plant, and equipment

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

An incorrect estimate of the useful life or residual value will affect the depreciation expense recognised in the surplus or deficit, and carrying amount of the asset in the statement of financial position. the Trust minimises the risk of this estimation uncertainty by:

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

The Trust has not made significant changes to past assumptions concerning useful lives and residual values.
Retirement and long service leave

Critical judgements in applying accounting policies

Management has exercised the following critical judgements in applying accounting policies:

Leases classification

Determining whether a lease agreement is a finance lease or an operating lease requires judgement as to whether the agreement transfers substantially all the risks and rewards of ownership to the Trust. Judgement is required on various aspects that include, but are not limited to, the fair value of the leased asset, the economic life of the leased asset, whether or not to include renewal options in the lease term, and determining an appropriate discount rate to calculate the present value of the minimum lease payments. Classification as a finance lease means the asset is recognised in the statement of financial position as property, plant, and equipment, whereas for an operating lease no such asset is recognised. The Trust has exercised its judgement on the appropriate classification of equipment leases, and has determined a number of lease arrangements are finance leases.

Grants received

The Trust must exercise judgement when recognising grant revenue to determine if conditions of the grant contract have been satisfied. This judgement will be based on the facts and circumstances that are evident for each grant contract.

2 Other revenue

	Actual 2016	Actual 2015
Ministry of Social Development	95,000	500,000
Ministry of Education	318,000	178,000
Alliance Health	54,231	-
Accident Compensation Corporation	164,440	-
Total Contract Revenue	631,670	678,000
Niu FM Advertising	322,383	606,295
531 pi Advertising	432,309	649,090
Total Commercial Revenue	754,692	1,255,385
Other revenue	249,604	6,159
Interest revenue	8,102	12,452
Total Other Revenue	1,644,068	1,951,996

Other revenue includes Court-ordered reparation of $209,954 from a former employee.

3 Personnel costs

	Actual 2016	Actual 2015
Salaries and wages	2,498,551	2,528,679
Defined contribution plan employer contributions (KiwiSaver)	48,354	47,123
Increase/(decrease) in employee entitlements	- 9,935	- 144,628
Total personnel costs	2,536,970	2,431,174

4 Other expenses

	Actual 2016	Actual 2015
Fees to Audit New Zealand	42,696	41,888
Impairment of receivables	9,102	5,300
Website development expenses	20,736	20,893
Cost of sales	153,058	534,345
Administration and IT	452,667	528,679
Board expenses	33,150	30,374
Total other expenses	711,409	1,161,477

5 Cash and cash equivalents

	Actual 2016	Actual 2015
Cash on hand	300	300
Cheque and savings accounts	698,112	421,378
Total cash and cash equivalents	698,412	421,678

6 Receivables

	Actual 2016	Actual 2015
Receivables from non-exchange transactions	-	102,350
Receivables from exchange transactions	263,694	282,436
Less provision for impairment	(20,000)	(20,000)
Total receivables	243,694	364,786

As at 30 June 2015 and 2016, all overdue trade receivables have been assessed for impairment based on an analysis of past collection history and write-off and appropriate provisions applied, as detailed below:

	2016			2015		
	Gross	Impairment	Net	Gross	Impairment	Impairment
Not past due	202,006	-	202,006	126,838	-	126,838
Past due 31-60 days	18,831	-	18,831	138,248	-	138,248
Past due 61-90 days	3,865	-	3,865	72,485	-	72,485
Past due > 91 days	38,992	(20,000)	18,992	47,215	(20,000)	27,215
Total	263,694	(20,000)	243,694	384,786	(20,000)	364,786

All trade receivables greater than 30 days in age are considered to be past due.

Movement in Impairment Provision

	Actual 2016	Actual 2015
Balance at 1 July	20,000	14,700
Utilisation of provision	-	-
Additional provisions made during the year	-	5,300
Total Impairment Provision	20,000	20,000

7 Property, plant and equipment

	Furniture and Equipment	Leasehold Improvements	Computer Equipment	Motor Vehicles	Studios
Cost					
Balance at 1 July 2014	133,011	730,195	40,317	97,226	534,750
Additions	1,001	3,859	23,660	-	4,000
Disposals	3,202	-		-	-
Balance at 30 June 2015	130,810	734,054	63,977	97,226	538,750
Balance at 1 July 2015	130,810	734,054	63,977	97,226	538,750
Additions	11,013	1,309	63,601	-	3,196
Disposals		-		-	
Balance at 30 June 2016	141,823	735,363	127,578	97,226	541,946
Accumulated depreciation and impairment losses					
Balance at 1 July 2014	54,577	259,756	20,269	79,880	306,011
Depreciation expense	20,251	67,512	15,802	5,228	48,830
Impairment losses	-	-	-	-	-
Elimination on disposal	3,202	-	-	-	-
Balance at 30 June 2015	71,626	327,268	36,071	85,108	354,841
Balance at 1 July 2015	71,626	327,268	36,071	85,108	354,841
Depreciation expense	14,662	56,650	42,736	3,652	39,828
Impairment losses	350				
Elimination on disposal					
Balance at 30 June 2016	86,638	383,918	78,807	88,760	394,669
Carrying amounts					
At 1 July 2014	78,434	470,439	20,048	17,346	228,739
At 30 June/ 1 July 2015	59,184	406,786	27,906	12,118	183,909
At 30 June 2016	55,185	351,445	48,771	8,466	147,277

Property, plant and equipment (continued)

	Transmitter Equipment	Studio Transmitter Links	Site Equipment	TOTAL
Cost				
Balance at 1 July 2014	547,108	47,849	198,731	2,329,187
Additions	86,303		8,514	127,337
Disposals	-		-	3,202
Balance at 30 June 2015	633,411	47,849	207,245	2,453,322
Balance at 1 July 2015	633,411	47,849	207,245	2,453,322
Additions	101,480		1,327	181,926
Disposals				-
Balance at 30 June 2016	734,891	47,849	208,572	2,635,248
Accumulated depreciation and impairment losses				
Balance at 1 July 2014	438,500	40,313	187,176	1,386,482
Depreciation expense	33,287	2,714	4,019	197,643
Impairment losses	-		-	-
Elimination on disposal	-		-	3,202
Balance at 30 June 2015	471,787	43,027	191,195	1,580,923
Balance at 1 July 2015	471,787	43,027	191,195	1,580,923
Depreciation expense	32,790	1,694	1,998	194,010
Impairment losses				350
Elimination on disposal				-
Balance at 30 June 2016	504,577	44,721	193,193	1,775,283
Carrying amounts				
At 1 July 2014	108,608	7,536	11,555	942,706
At 30 June/ 1 July 2015	161,625	4,822	16,050	872,400
At 30 June 2016	230,314	3,128	15,379	859,965

There are no restrictions on title to any property, plant or equipment.

The following classes of asset were combined: Furniture and Equipment with Office Equipment, and installation costs with their relevant transmission class.

8 Intangible assets

Acquired software	Actual 2016	Actual 2015
Cost		
Balance at beginning of year	138,628	77,244
Additions	37,977	73,814
Disposals	(76,815)	(12,430)
Balance at year-end	99,790	138,628
Accumulated amortisation and impairment losses		
Balance as at beginning of year	69,434	75,126
Amortisation expense	39,449	6,738
Impairment losses	12,601	-
Disposals	(76,815)	(12,430)
Balance at year-end	44,669	69,434
Carrying amounts		
At 1 July	69,194	2,118
At 30 June	55,121	69,194

9 Payables

	Actual 2016	Actual 2015
Trade payables	47,197	100,809
GST Payable	55,284	83,093
Accrued expenses	65,556	92,469
Revenue received in advance	-	-
Total trade and other payables	168,037	276,371

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.

10 Employee entitlements

	Actual 2016	Actual 2015
Accrued salaries and wages	9,514	513
Annual leave	122,565	132,500
Total employee benefit liabilities	132,079	133,013
Comprising:		
Current	132,079	133,013
Total employee benefit liabilities	132,079	133,013

11 Capital commitments and operating leases

Capital commitments

The Trust does not have any capital commitments. (2015: NIL)

Operating leases as lessee

The future aggregate minimum lease payments to be paid under non-cancellable operating leases are as follows:

	Actual 2016	Actual 2015
Not later than one year	547,464	457,570
Later than one year and not later than five years	1,054,542	1,108,839
Later than five years	-	58,677
Total non-cancellable operating leases	1,602,006	1,625,087

There are no restrictions placed on the Trust by any of its leasing arrangements.

12 Related Party Transactions

The National Pacific Radio Trust is a trust established by Ministers of the Crown. It is listed in Schedule 4 of the Public Finance Act 1989 which means it is treated for certain financial reporting requirements as if it was a Crown Entity under the Crown Entity Act 2004.

Related party disclosures have not been made for transactions with related parties that are within a normal supplier or client/recipient relationship on terms and condition no more or less favourable than those that it is reasonable to expect the Trust would have adopted in dealing with the party at arm's length in the same circumstances. Further, transactions with other government agencies (for example, Government departments and Crown entities) are not disclosed as related party transactions when they are consistent with the normal operating arrangements between government agencies and undertaken on the normal terms and conditions for such transactions.

All related party transactions have been entered into on an arm's length basis.

Significant transactions with government-related entities
The Trust has been provided with funding from NZ On Air of $3,270,000 (2015: $3,250,000) for specific purposes as set out in the founding legislation and the scope of the relevant Government appropriations.

Key responsible personnel
The following transactions were entered into during the year with key responsible personnel:

• The Trust purchased project management of $73,170 (2015 $0) from Viago Limited, a consultancy firm of which the Chair is the director. There were no amounts outstanding at year end (2015 $nil).

• There is a close family member of the Chair employed by the Trust. The terms and conditions of those arrangements are no more favourable than the Trust would have adopted if there were no relationship to key responsible personnel.

	Actual 2016	Actual 2015
Board Members		
Remuneration	102,096	116,000
Full-time equivalent members	6.08	7.00
Leadership Team		
Remuneration	640,732	747,004
Full-time equivalent members	8.08	7.92
Total key management personnel remuneration	742,828	863,004
Total full time equivalent personnel	14.16	14.92

The full-time equivalent for Board members has been determined based on each member being considered a full-time member.

13 Trustee Fees

	Actual 2016	Actual 2015
Ulu Aiono (Chairperson)	29,000	29,000
Sandra Maria Kailahi (Deputy Chair)	14,500	14,500
Susana Lei'ataua	1,209	14,500
William Johnston	14,500	14,500
Lesieli MacIntyre	14,500	14,500
Martha Samasoni	13,887	14,500
Stephen Stehlin	14,500	14,500
Total Trustees' fees	102,096	116,000

There have been no payments made to committee members appointed by the Board who are not Board members during the financial year.
The Trust has provided a deed of indemnity to Directors for certain activities undertaken in the performance of the Trust's functions.

The Trust has taken out Directors' and Officers' Liability and Professional Indemnity insurance cover during the financial year in respect of the liability or costs of Board members and employees.

No Board members received compensation or other benefits in relation to cessation (2015: NIL).

14 Employee Remuneration

Total Remuneration paid or payable

	Actual 2016	Actual 2015
100,000 – 109,999	-	1
110,000 – 119,999	-	-
120,000 – 129,999	-	-
130,000 – 139,999	1	1
140,000 – 149,999	-	-
150,000 – 159,999	-	-
160,000 – 169,999	-	-
170,000 – 179,999	-	-
180,000 – 189,999	-	-
190,000 – 199,999	-	-
Total Employees	1	2

During the year ended 30 June 2016, two employees received compensation and other benefits in relation to cessation totalling $1,460. (2015: 1 employee, totalling $30,000.)

15 Contingencies

Contingent liabilities

The Trust is being challenged by a former employee in regard to the redundancy process undertaken by the Trust. The timing and amount is uncertain but is potentially around $30,000. (2015: NIL)

Contingent assets

The Trust has no contingent assets. (2015: NIL)

16 Events after the Reporting Period

There were no significant events after the balance sheet date.

17 Categories of financial assets and liabilities

The carrying amounts of financial assets and liabilities in each of the NZ IAS 39 categories are as follows:

	Actual 2016	Actual 2015
Loans and receivables		
Cash and cash equivalent (note 5)	698,412	421,678
Trade receivables (note 6)	243,694	364,786
Prepayments and other receivables	18,748	11,520
Total loans and receivables	960,854	797,984
Financial liabilities measured at amortised cost		
Trade and other payables (Note 9) - excluding GST and PAYE Payable	112,753	193,277
Total financial liabilities measured at amortised cost	112,753	193,277

18 Financial instrument risks

The Trust has policies to manage the risks associated with financial instruments. The Trust is risk averse and seeks to minimise exposure from its treasury activities. The Trust has established Borrowing and Investment policies. These policies do not allow any transactions that are speculative in nature to be entered into.

Fair value interest rate risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Trust's exposure to fair value interest rate risk is limited to its overdraft and short-term bank deposits. The value of the deposits and overdraft are not influenced by changes in the interest rate and NPRT does not have any debentures or bonds.

Cash flow interest rate risk

Cash flow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates. Borrowings and investments issued at variable interest rates expose the Trust to interest rate risk and debt servicing risk.

The Trust's investment policy requires a spread of investment maturity dates to limit exposure to short-term interest rate movements. The Trust currently has no variable interest rate debt or investments.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Trust is not exposed to foreign exchange transaction risk, as it does not enter into foreign currency transactions.

Credit risk

Credit risk is the risk that a third party will default on its obligation to the Trust, causing a loss.

Due to the timing of its cash inflows and outflows, the Trust invests surplus cash with registered banks. The Trust's investment policy limits the amount of credit exposure to any one institution.

The Trust has processes in place to review the credit quality of customers prior to the granting of credit.

The Trust's maximum credit exposure for each class of financial instrument is represented by the NZ total carrying amount of cash and cash equivalents (note 5) and trade and other receivables (note 6). There is no collateral held as security against these financial instruments, including those instruments that are overdue or impaired.

The Trust has no significant concentrations of credit risk, as it has a large number of credit customers and only invests funds with registered banks with specified credit ratings.

Liquidity risk

Liquidity risk is the risk that the Trust will encounter difficulty raising funds to meet commitments as they fall due.

To meet liquidity requirements, the Trust maintains a level of investments that mature within specified timeframes. The Trust manages its borrowings in accordance with its Borrowing policy.

Financial instrument risks

The table below analyses the NPRT's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows.

	Less than 6 months	Less than 6 months	Between 1 and 5 years
2015			
Creditors and other payables (Note 9) - excluding GST	193,277	-	-
2016			
Creditors and other payables (Note 9) - excluding GST	112,753	-	-

19 Capital management

The Trust's capital is its equity, which comprises Trust capital and accumulated comprehensive revenue and expense. The Trust deed requires the Board of Trustees to manage its revenues, expenses, assets, liabilities, investments, and general financial dealings prudently.

The objective of managing the Trust's equity is to ensure the Trust effectively achieves its objectives and purpose, whilst remaining a going concern.

20 Material Non-Adjusting Event

There are no material events post-balance date.

21 Breach of Trust Deed

In 2015 and 2016 there has been a breach of Clause 20.7 of The National Pacific Radio Trust Deed in that the audited annual accounts were not tabled at a meeting of the Board within two months from the end of the year. Application has been made to the Minister to extend the due date to within five months of the end of the year.

22 Transition to New PBE Accounting Standards

NPRT first reported in 2015 under the new PBE accounting standards applying from 1 July 2014

23 Explanation of Significant Variances to Budget

The major variances to budget for 2016 are explained as follows:

Revenue

Targeted increases in commercial revenue did not eventuate, but were made up for with higher-margin contracts with government agencies.

Court-ordered reparation of nearly $210,000 was received during the year.

Expenses
Salary and staff increases budgeted on the back of increased commercial sales were placed on hold.
One Board member who became a consultant to NPRT was not replaced.

Broadcasting costs and transmission site maintenance were reduced in part because of an ongoing program of capital upgrades.

Assets
Cash is up by $23,224 on budget (and up $276,734 on last year) while receivables lower than budget by $68,186 because of lower past-due receivables and prompt payments for large contracts.

Capital expenditure on plant and equipment was down $181,164 on a budget of $395,000 which had included contingencies on major upgrades of software systems, transmission and other equipment. The contingencies were not needed.

Liabilities
Liabilities were down due to timing of fixed asset expenditure and lower commercial activity. Payroll liabilities were down because the major payroll cost is currently paid during the month instead being paid after period end.

24 Public Broadcasting Services appropriation

Scope of appropriation
This appropriation is limited to providing funding for New Zealand television and radio programmes, music, archiving, broadcasting and transmission coverage; maintenance of codes and determination of complaints on broadcasting standards; and funding a national Pacific radio network and international radio and television services to the Pacific.

	2015/16 $000s
Total Appropriation	131,842
The National Pacific Radio Trust portion of appropriation	3,270
The National Pacific Radio Trust expenditure against appropriation	3,250

Government funding is fully used in meeting direct costs of sale, transmission charges and personnel costs.

1. STATEMENT OF SERVICE PERFORMANCE

1 July 2015 – 30 June 2016

PROGRAMMING SERVICES

Objectives	Outputs	Measures	Results	Comparative 2015 Results
Deliver programming and broadcast services that are relevant to Pacific communities	Broadcast distinct services to cater for different audiences of different ages: • **Niu FM Network** – broadcasting on 12 frequencies; mixed model Pan-Pacific English programmes (primary target younger Pacific families) with Pacific languages in evenings. • **Radio 531pi AM** - mixed model Pan-Pacific English (primary target older Pacific audience in Auckland region), with Pacific languages across the nation in the evenings • **Niu FM AKL 103.8** – 24/7, Pan - Pacific English programme - primary target demographic younger New Zealand-born PanPacific audiences.	*All three services maintained…*		
		Niu FM Radio Network: Music content – not less than 60%, and of that Pacific music content – not less than 50%	**NOT Achieved:**[1] *MUSIC Content – 42%* **Achieved:** *PACIFIC Music Content – 58%*	**MUSIC: Achieved – 80%** **PACIFIC: Achieved – 70%**
		Radio 531 pi: Music content not greater than 40% and of that Pacific music content – not less 60%	**NOT Achieved:**[2] *MUSIC Content – 54%* **Achieved:** *PACIFIC Music Content – 77%*	**MUSIC: Not Achieved – 75%** **PACIFIC: Achieved – 80%**
		Niu FM Auckland 103.8: Music content – not less than 70%, and of that Pacific music content – not less than 50%	**Achieved:** *MUSIC Content – 86%* **NOT Achieved:**[3] *PACIFIC Music Content – 31%*	**MUSIC: Achieved 89%** **PACIFIC: Partly Achieved 47%**
	Broadcast content that caters for specific language and ethnic needs.	Language programmes will broadcast in nine Pacific languages.	**Achieved: 9**	**Achieved**
		Radio 531pi: in excess of 100 hours per week of programmes in Pacific languages.	**Achieved: 117 Hours**[4]	**Achieved: 92 Hours**
		NiuFM Radio Network: in excess of 100 hours per week of programmes in Pacific languages.	**Achieved: 104 Hours**[4]	**Achieved: 92 Hours**

[1] Results for the Network is directly relative to the total combined programme output from Niu FM and 531pi. Music content for 531pi is low during the evening when it is broadcast on the Network. Percentage of Niu FM music is high at night – this is only broadcast in Auckland. Therefore the low count on 531pi affects the network music overall.

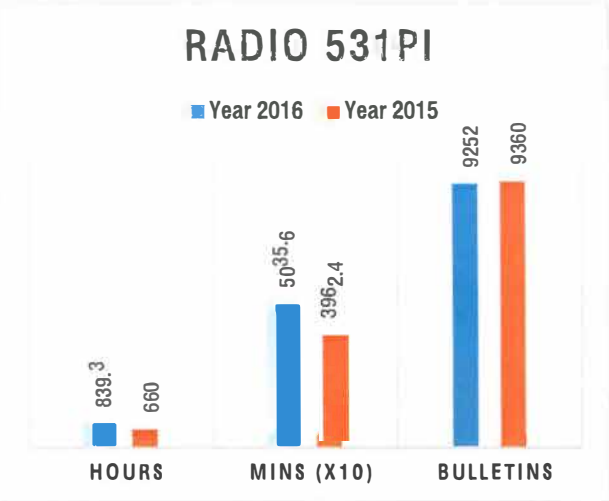
[2] The measure for 'Talk content' (as oppose to music) on 531pi was overly optimistic at 60%. More than 70% of the music played on 531pi is in the 'language' and equally important. The forecast for the current year has been re-adjusted to reflect this and set a balance at 50% of music vs 50% talk. Efforts including clock scheduling of music and changes to programming content will help with balance between Talk and Music content.

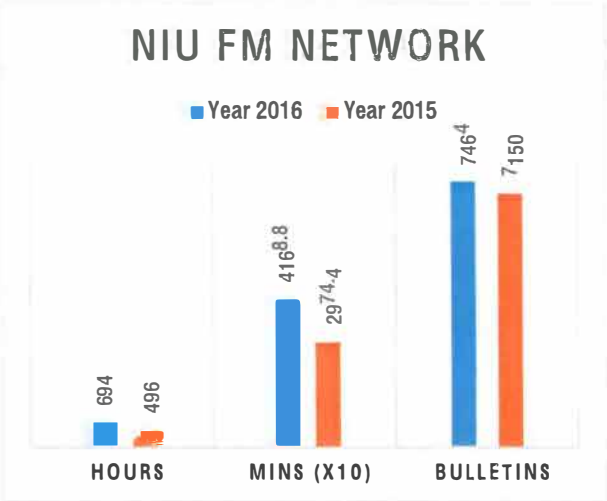
[3] The Pacific music quota at 31% is deemed practical and appropriate (although 'not achieved'). Therefor the setting for 2016-2017 percentage is now at 30% of Pacific music.

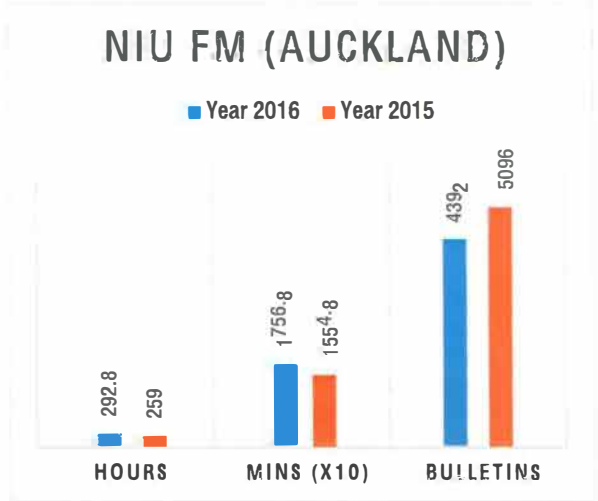
[4] Total hours of Programmes in Pacific Languages includes pacific language news and language music.

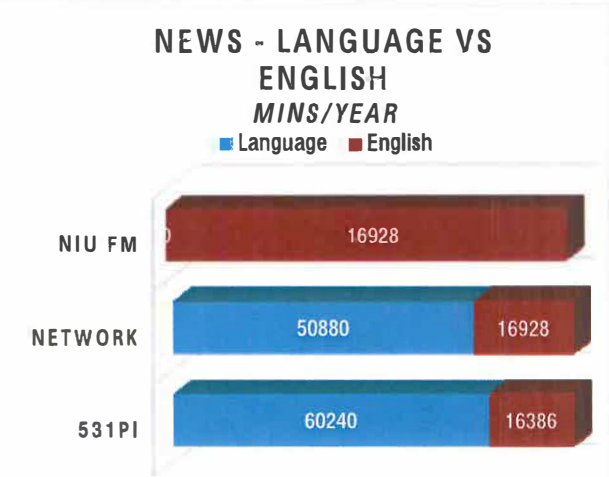
Pacific Radio News

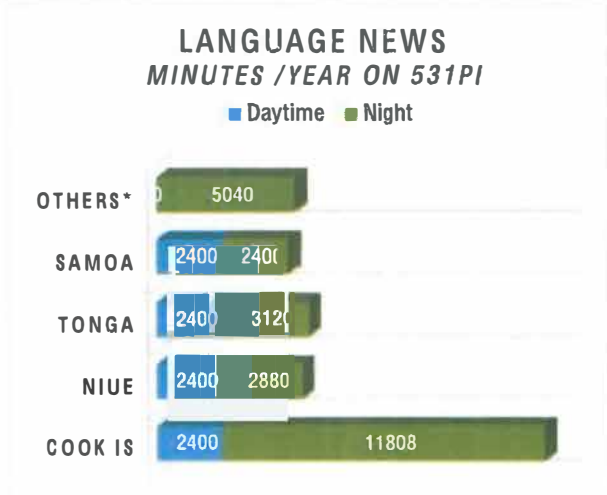
There are 16 bulletins of ENGLISH news presented live to air at the top of the hour between 6am – 6pm each week day on all stations. Additional 8 Daily News bulletins are being broadcast in Samoan, Cook Islands, Tongan and Niuean during the day. All 9 language groups present at least one news bulletin per week. Nearly all news content are being broadcast live to air.











Annual Output of Pacific Radio News:[5]

	TARGET
RADIO 531pi-	
= 50,356 mins *(Achieved)*	39,624 mins
= 9,252 bulletins *(Partially Achieved)*	9,360 bulletins
= 839.3 hours *(Achieved)*	660 hrs
Niu FM Radio Network –	
= 41,688 mins *(Achieved)*	30,420 mins
= 7,464 bulletins *(Achieved)*	7,280 bulletins
= 694.8 hours *(Achieved)*	507 hrs
Niu FM Auckland –	
= 17,568 mins *(Not Achieved)*	19,240 mins
= 4,392 bulletins *(Not Achieved)*	5,096 bulletins
= 292.8 hours *(Not Achieved)*	320 hrs
TOTAL HOURS = 1,826.8	**TOTAL - 1,488hrs**

[5] Increase in language hours resulted in high count of news content for 531pi and Niu FM Network.
Assessment of results: 'Achieved' >= 100% of Target; 'Partially Achieved' >=90% but <100% of Target; 'Not Achieved' is <90% of Target.

QUALITY AND TECHNOLOGY

Objectives	Outputs	Measures	Results	Comparative 2015 Results
Deliver services of consistently high programming and technical standards	1. 24/7 nationwide transmission	1. a. Geographic coverage of transmission reaches 93 % of Pacific population 1. b. Maximum hours of programming per annum on Radio 531pi – 8736, on Niu FM and Niu FM Network – 8736	**Achieved** *(No change from last year – no new data).* **Partially Achieved:** *8710 for 531pi (Less transmission maintenance hours) 8736 for Niu FM*[6]	**Achieved** **Partly Achieved 8700 hrs 531pl** **Achieved 8736 hrs Niu FM**
	2. High quality programming that conform with national standards	2. a. All formal complaints acknowledged within 5 working days 2. b. No more than three complaints upheld against any one Broadcasting Standards Authority standard per annum	**Achieved** **Achieved: No complaints upheld against BSA standards**	**Achieved** **No complaints upheld against BSA**
	3. Upgrade of transmitters, broadcast gear and IT technical equipment	3. Equipment is assessed and replaced after 4 years.	**Achieved**	**No comparative results.**
	4. Deliver programme on digital on-line platforms to enhance reach to pacific audience	4. Deliver programming services on digital format utilizing no less than 4 popular online platforms.	**Achieved**	**No comparative results.**

[6]FM transmitters (13) are being serviced 'as per required' – outages are relative to location and type of service required. e.g. replace cooling fans - estimated max 2hrs.

OUR CULTURE AND PEOPLE

Objectives	Outputs	Measures	Results	Comparative 2015 Results
Inspire Pacific talent and pursue excellence in broadcasting media	1. Build unified Pacific culture and values.	**1. a.** Hold community consultation in Auckland, Wellington, Christchurch and at least one other city.	**Achieved**	**Not available.**
		1. b. Participate in the Auckland Pasifika Festival, ASB Secondary Schools Polyfest, the Pacific Music Awards and other Pacific events throughout New Zealand.	**Achieved**	**Not available.**
	2. Promote organizational values, achievements and future goals	**2.** Present NPRT Annual Report in a public meeting.	**Achieved**	**Not available.**
	3. Inspire and grow Pacific talent; increase awareness and understanding of Pacific languages and cultures.	**3. a.** Record one or more Pacific artists/group per month and present this to air.	**Achieved**	**Not available.**
		3. b. Participate in the nationwide commemoration of Language Weeks.	**Achieved**	**Not available.**

FINANCE AND STAKEHOLDERS

Objectives	Outputs	Measures	Results	Comparative 2015 Results
Ensure stable income sources	1. Increase in sales revenue. 2. Promote stakeholder objectives.	**1.** Increase sales staff and replicate new sales methods in Wellington and other centers.	**Not Achieved**[7]	**Not available.**
		2. a. Expand commercial revenue footprint in Wellington and other centers.	**Not Achieved**[7]	**Not available.**
		2. b. Maintain equity above $1m.	**Achieved**	**Not available.**
		2. c. Maintain balances above $300,000.	**Achieved**	**Not available.**

[7]**Overall Sales Review under way and potential changes are expected to be implemented in 2016-2017**

Independent Auditor's Report

To the readers of National Pacific Radio Trust group's financial statements and performance information for the year ended 30 June 2016

The Auditor-General is the auditor of the National Pacific Radio Trust group (the Group). The Auditor-General has appointed me, Athol Graham, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and the performance information of the Group consisting of National Pacific Radio Trust and its subsidiaries and other controlled entities, on her behalf.

Opinion on the financial statements and the performance information

We have audited:

- the financial statements of the Group on pages 15 to 34, that comprise the statement of financial position as at 30 June 2016, the statement of comprehensive revenue and expense, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the performance information of the Group on pages 35 to 39.

In our opinion:

- the financial statements of the Group:
  - present fairly, in all material respects:
    - its financial position as at 30 June 2016; and
    - its financial performance and cash flows for the year then ended; and
  - comply with generally accepted accounting practice in New Zealand and have been prepared in accordance with Public Benefit Entity Standards Public Benefit Entity Standards Reduced Disclosure Regime.
- the performance information:
  - presents fairly, in all material respects, the Group's performance for the year ended 30 June 2016, including:
  - for each class of reportable outputs:
    - its standards of performance achieved as compared with forecasts included in the statement of performance expectations for the financial year; and

- its actual revenue and output expenses as compared with the forecasts included in the statement of performance expectations for the financial year.

- complies with generally accepted accounting practice in New Zealand.

Our audit was completed on 27 October 2016. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Board and our responsibilities, and explain our independence.

Basis of opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the financial statements and the performance information are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers' overall understanding of the financial statements and the performance information. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the performance information. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements and the performance information, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation of the Group's financial statements and performance information in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;

- the reasonableness of the significant accounting estimates and judgements made by the Board;

- the appropriateness of the reported performance information within the Group's framework for reporting performance;

- the adequacy of the disclosures in the financial statements and the performance information; and

- the overall presentation of the financial statements and the performance information.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and the performance information. Also, we did not evaluate the security and controls over the electronic publication of the financial statements and the performance information.

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

Responsibilities of the Board of Trustees

The Board of Trustees is responsible for preparing financial statements and performance information that:

- comply with generally accepted accounting practice in New Zealand;
- present fairly the Group's financial position, financial performance and cash flows; and
- present fairly the Group's performance.

The Board's responsibilities arise from the Public Finance Act 1989 and the Crown Entities Act 2004.

The Board is responsible for such internal control as it determines is necessary to enable the preparation of financial statements and performance information that are free from material misstatement, whether due to fraud or error. The Board is also responsible for the publication of the financial statements and the performance information, whether in printed or electronic form.

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the financial statements and the performance information and reporting that opinion to you based on our audit. Our responsibility arises from the Public Audit Act 2001.

Independence

When carrying out the audit, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board.

Other than the audit, we have no relationship with or interests in the Group.

Athol Graham
Audit New Zealand
On behalf of the Auditor-General
Auckland, New Zealand