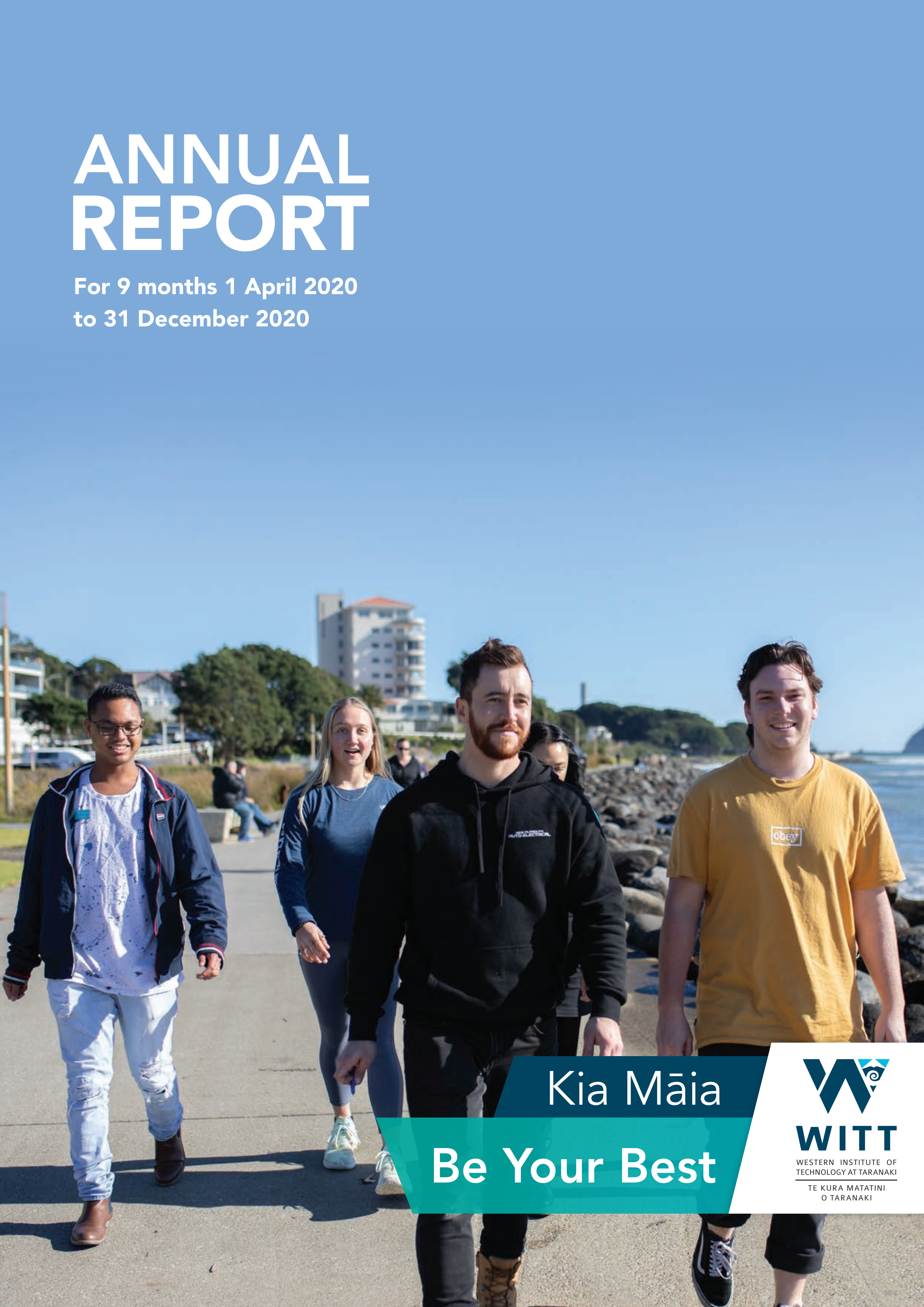
ANNUAL REPORT

For 9 months 1 April 2020
to 31 December 2020



Kia Māia
Be Your Best

WITT
WESTERN INSTITUTE OF TECHNOLOGY AT TARANAKI
TE KURA MATATINI O TARANAKI

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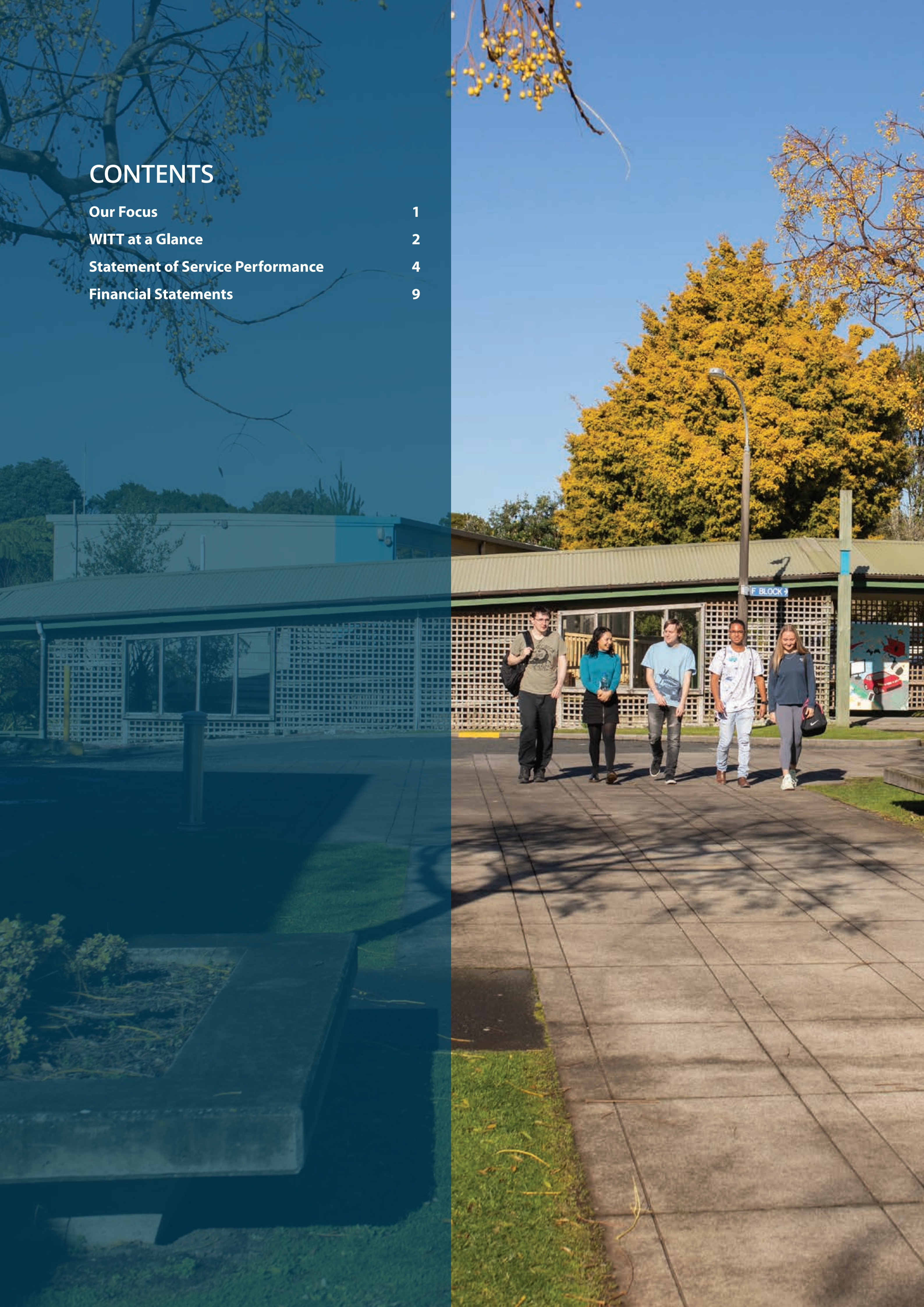
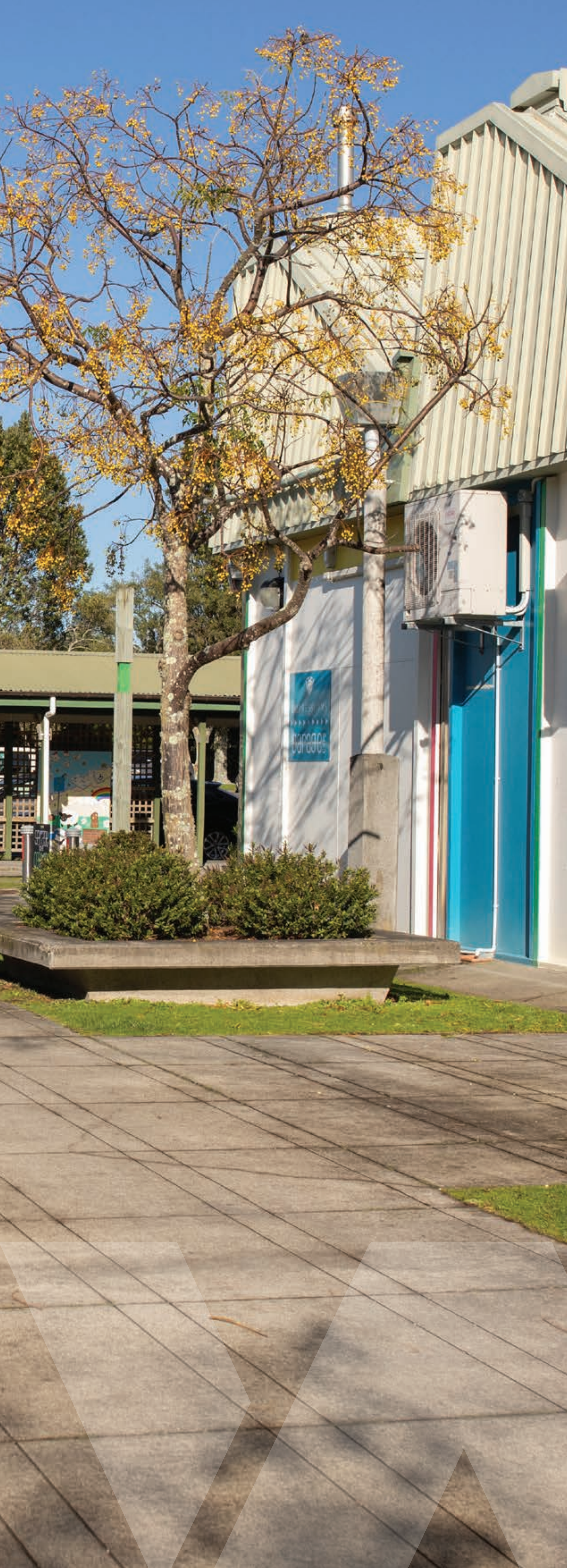




OUR FOCUS

The Western Institute of Technology at Taranaki Limited – Te Kura Matatini o Taranaki - is a subsidiary of Te Pūkenga and our region's leading provider of tertiary education.

As the local hub of learning, we are here to serve Taranaki. Our purpose is to connect people to their future and we do that by promoting lifelong learning, global citizenship and sustainability with a focus on employment outcomes.

The global pandemic made for a challenging 2020, and as we continue to recover from those impacts it remains clear that WITT is a critical part of the Taranaki community response to Covid-19. We have experienced growth in student numbers, as Taranaki people turn to tertiary education to train or retrain in the wake of Covid. Increasingly, we're seeing our people invest in themselves.

We are here to meet the needs of all learners, including our Māori and Pacific communities, their whānau, hapū and iwi. We play our part in addressing national skills shortages and we are driven to keep talented people in the region, providing our key industries and local businesses the skilled workforce that they need.

The future of work is changing, and we're ready to change with it. WITT fully supports Taranaki's economic development strategy, Taupae Roa, and we are aligned with the priorities outlined in the Taranaki 2050 Roadmap. We are the educational hub through which the region's Just Transition will be made an economic reality.

A focus on collaboration with industry, schools, and local iwi keeps us relevant and connected to the needs of our community. Building new partnerships and strengthening links within our region and throughout the Te Pūkenga network, are all priorities as we move into this new, low-carbon future.

WITT at a glance 2020

5,185 Students enrolled

Gender

Female
37%

Male
63%

Ages

17% 18 years and under

20% 19 - 24 years old

63% 25+ years old

1,723
Equivalent Full Time Students

1,205
Graduates

Ethnicity

18% Māori

3% Pasifika

24% of EFTS are International

Student satisfaction

93%

Staff

293

Revenue

$27.5m

Equal Employment Opportunities

WITT is committed to the principle of equal employment opportunities for everyone and fully recognise the need to give practical effect to its responsibilities as a good employer and a tertiary educational provider. We provide good and safe working conditions, do not accept unfair discrimination on any grounds, and recognise:

- **The aims, aspirations and employment requirements of Māori**
- **The aims, aspirations and cultural differences of ethnic and minority group members, and**
- **The employment requirements of women and of people with disabilities.**

Staff Gender

293	Staff
38%	of staff are male
62%	of staff are female
54%	of academic staff are female
73%	of support staff are female
6%	of female staff are Māori

Staff Ethnicity

49%	European
8%	Māori
1%	Pasifika
5%	Asian
2%	Other
35%	Unknown

Governance and Accountability

Western Institute of Technology at Taranaki Limited is a Crown Entity Subsidiary governed by its own board with accountability to Te Pūkenga as the immediate controlling entity and the Crown as the ultimate controlling entity. The Board is made up of eight Directors. As the governing body of WITT, the Board operates in accordance with the Charter and Letter of Expectations as set out by the Minister of Education and Te Pūkenga. The Board directs the management of WITT to achieve planned outcomes and to ensure that the organisation is acting prudently, legally and ethically. WITT operates under a number of Acts of Parliament – particularly the Education and Training Act 2020, the Crown Entities Act 2004, and the Companies Act 1993.

WITT Subsidiary Board Members

Robin Brockie	Chairperson
Bev Gibson	Deputy Chair
Cassandra Crowley	
Charlotte Littlewood	
Colleen Tuuta	
Daniel Fleming	
Lyal French-Wright	
Sam Huggard	

Executive Team

John Snook	Chief Executive
Nicola Conley	Director of Corporate Services
Nita Hutchinson	Academic Director
Daniel Jackson	Chief Financial Officer (until October 2020)
Kevin Uncles	Director, School of Trades Training, Primary & Creative Industries (until April 2020)
Daniel Fuemana	Director, School of Trades Training, Primary & Creative Industries (from April 2020)
Ruth Crawford	Director, School of Nursing, Health & Wellness
Linda Weterman	Director, School of Māori Enterprise, Business & Technology (until July 2020)
Bryce Turner	Director, School of Māori Enterprise, Business & Technology (from July 2020)
Kyle Hall	Director, NZIHT, NZ School of Engineering, Energy & Infrastructure
Te Rina Waiwiri	Executive Manager

STATEMENT OF SERVICE PERFORMANCE

WITT has worked extensively with stakeholders to ensure its provision aligns to industry needs and regional demand, in particular Tapuae Roa, the regional economic development strategy and the Taranaki 2050 Roadmap with a focus on our four market segments: school leaver, part-time/upskilling, second chance and international. Creating pathways to employment for our learners is reflected in our portfolio of provision. As a full investment plan for 2020 was not required, the focus for 2020 remains that of 2019, while preparing for change following the Reform of Vocational Education and WITT's incorporation into Te Pūkenga.

The purpose of the Statement of Service Performance (SSP) is to provide evidence of performance against non-financial targets. Measures included in the SSP include both those specified as performance commitments in the 2019-2020 Investment Plan, other commitments agreed with TEC, and some additional internal measures to provide a balanced view of performance.

The measures in WITT's SSP align with WITT's objectives for giving effect to the Tertiary Education Strategy 2014-2019 and are presented with these for the purposes of this report.

PRIORITY 1: DELIVERY SKILLS FOR INDUSTRY

Institute Objective

Work-ready graduates aligned to skill demand and employment

How we measured our success	2019 ACTUAL	2020 ACTUALS	2020 TARGET	Commentary
[1]Net promoter score (Employer Satisfaction Survey)	-3.0	Not measured	4.0%	**NOT MEASURED.** Employers are surveyed to ascertain how well their WITT graduates are demonstrating the graduate profile outcomes of the qualification they have completed. This is conducted by programme. Decided to delay for 12 months ro participate in the ITP survey.
Overall satisfaction (Employer Satisfaction Survey)	82.8%	Not measured	87%	
Percentage of graduates of the MPTT (Māori Pasifika Trades Training) programme in employment after 12 months	[2]21%	15%	60%	**NOT ACHIEVED.** Some students do not complete the programme, but gain employment and this is a successful outcome for those learners. An additional 15% have continued to higher level study.
Students return to WITT to upskill and gain additional qualifications	[3]12%	10%	12%	**NOT ACHIEVED.**

1 An index ranging from -100 to 100 that measures the willingness of customers to recommend a company's products or services to others.

2 The information shown was taken from Graduate Outcome information from the MPTT Consortium Lead, who provided the percentage in employment and further study.

3 The information shown is the percentage of students enrolled at WITT in 2020 who had a prior WITT qualification.

PRIORITY 2: GETTING AT-RISK YOUNG PEOPLE INTO A CAREER

Institute Objective

Increase participation and achievement in programmes for under 25s and transition them into employment

How we measured our success	2019 ACTUAL	2020 ACTUALS	2020 TARGET	Commentary
Number of learners enrolled at WITT who are under 25	57%	55%	42%	**ACHIEVED.** WITT continues to concentrate on four market segments, with one of them being school leavers.
Number of learners enrolled at WITT who are under 25 and enrolled in qualifications at Level 4 or above	49.9%	46.1%	32%	**ACHIEVED.** See previous comment.
Percentage of young people receiving advice from WITT's Career Advisor who then enrol in programmes in WITT	51%	65%	50%	**ACHIEVED.** See previous comment.
Percentage of under 25s graduating who remain in employment or gain employment.	25%	21%	50%	**NOT ACHIEVED.** WITT has experienced enrolment growth in 2020 and 2021 and some of this is attributed to learners pathwaying to higher level qualifications, rather than into employment.

PRIORITY 3: BOOSTING ACHIEVEMENT OF MĀORI AND PASIFIKA

Institute Objective

Māori learners will succeed in tertiary education, and be equipped with skills for employment, leading to greater social and economic outcomes for themselves, their whānau and iwi.

Pasifika learners will succeed in tertiary education, and be equipped with skills for employment, leading to greater social and economic outcomes.

How we measured our success	2019 ACTUAL	2020 ACTUAL	2020 * TARGET	Commentary
Māori Learner Course Completions	56.8%	54.7%	76%	**NOT ACHIEVED.** WITT is continuing to implement strategies to increase course completions of Māori learners.
First year retention rates for Māori Learners in Levels 4-7 non-degree	67.4%	75%	50%	**ACHIEVED.** Low participation impacts results.
First year retention rates for Māori Learners in Level 7 degree	99.2%	50%	75%	**NOT ACHIEVED.** Low participation impacts results.
Māori learner qualification by cohort Level 3+	38.1%	38.7%	55%	**NOT ACHIEVED.** WITT will continue to improve strategies to increase course completions and, therefore, qualification completions. Poor course completions impact on qualification completions.
Number of Pasifika learners enrolled at WITT	115	113	150	**NOT ACHIEVED.** The number is consistent with previous year. Targeted engagement with the local Pasifika community commenced late 2020.

*The targets for 2020 were based on a 2017 internal dataset and submitted for the 2019-2020 Investment Plan.

PRIORITY 4: IMPROVING ADULT LITERACY AND NUMERACY

Institute Objective

Ensure Literacy and Numeracy levels are appropriate for quality outcomes for learners, leading to graduate and employment success

How we measured our success	2019 ACTUAL	2020 ACTUAL	2020 TARGET	Commentary
In terms of the Embedded Literacy and Numeracy (ELN) Assessment Tool, we will apply this tool to all-of-organisation ELN and ELN across single programmes where literacy and numeracy levels are usually low, such as NZC in Foundation Skills (Level 2).	Sample only	Not measured	100%	**NOT MEASURED.** A focus on early identification of learners requiring support based on initial Literacy and Numeracy testing was a focus. Not carried out due to a change in focus.
Number of learners active in Pathways Awarua	163	172	350	**NOT ACHIEVED.** WITT will continue to engage with tutors to encourage participation with this tool.

PRIORITY 5: STRENGTHENING RESEARCH-BASED INSTITUTIONS

Institute Objective

WITT aims to be recognised as a key provider of applied, industry/business-relevant research that supports the economic, cultural, and social aspirations of its stakeholders and the Taranaki region

How we measured our success	2019 ACTUAL	2020 ACTUAL	2020 TARGET	Commentary
Number of staff research active at the Institute	5	16	15	**ACHIEVED.**
Number of collaborative research projects being undertaken in any one year	4	7	5	**ACHIEVED.**

PRIORITY 6: GROWING INTERNATIONAL LINKAGES

Institute Objective

Successful outcomes for International Students equals success for WITT and the community

How we measured our success	2019 ACTUAL	2020 ACTUAL	2020 TARGET	Commentary
Recruiting at least 30% of EFTS from markets other than India	28.8%	26.5%	40%	**NOT ACHIEVED.** WITT continues to work to diversify its international portfolio, however, the current global pandemic has impacted significantly on this measure.
Percentage of graduates in employment	94%	88%	90%	**Not achieved.** % of those responding to formal contact. 145 of 186 graduates contacted across DipProfCookery, GradDipEng (Hwys), GradDipBusiness and BAppMgt responded.

2019-2020 PERFORMANCE COMMITMENTS

			2019 Actuals	2019 Interim	2020 Actuals	2020 Target	Commentary
PERFORMANCE COMMITMENTS SAC LEVELS 1 AND 2							
Participation							
The proportion of SAC Eligible EFTS who are:	Māori	Levels 1 and 2	5.5%	5.5%	5.1%	7.0%	**NOT ACHIEVED.** WITT is continuing to implement strategies to increase participation of Māori and Pasifika learners.
	Pasifika	Levels 1 and 2	0.5%	0.5%	0.4%	1.0%	
Educational Performance							
Course completion							
The successful course completion rate (SAC Eligible EFTS) for	All students	Levels 1 and 2	54.7%	55.0%	42.2%	66.0%	**NOT ACHIEVED.** WITT is continuing to implement strategies to increase course completions of learners.
Qualification completion							
The qualification completion rate (SAC Eligible EFTS) for:	All students	Levels 1 and 2	38.0%	37.4%	45.9%	53.0%	**NOT ACHIEVED.** WITT is continuing to implement strategies to increase qualification completions of learners.
Student Retention							
The student retention rate for all students (SAC Eligible student count)	All students	Levels 1 and 2	57.1%	57.1%	54.1%	54%	**ACHIEVED.**
Student Progression							
The student progression rate (SAC Eligible student count) from levels 1 and 2, to a higher level for:	All students	Levels 1 and 2, to a higher level	57.6%	58.6%	40.0%	46.0%	**NOT ACHIEVED.** Two of the five programmes offered at Levels 1 and 2 do not have a higher-level pathway.
PERFORMANCE COMMITMENTS SAC LEVELS 3 AND ABOVE							
Participation							
The proportion of SAC Eligible EFTS who are:	Under 25	Level 3 and above	47.8%	47.8%	49.5%	40.0%	**ACHIEVED.**
		Level 4 and above	24.4%	24.4%	24.9%	0.0%	**NO TARGET SET.**
	Māori	Level 3 and above	23.7%	23.7%	22.4%	25.0%	**NOT ACHIEVED.** WITT is continuing to implement strategies to increase participation of Māori and Pasifika learners.
		Level 4 and above	10.7%	10.7%	11.2%	25.0%	
	Pasifika	Level 3 and above	2.9%	2.9%	2.7%	3.0%	
		Level 4 and above	1.0%	1.0%	1.4%	2.5%	

			2019 Actuals	2019 Interim	2020 Actuals	2020 Target	Commentary
PERFORMANCE COMMITMENTS							
SAC LEVELS 3 AND ABOVE							
Educational Performance							
Course completion							
The successful course completion rate (SAC Eligible EFTS) for:	All Students	Level 3 and above	70.3%	71.3%	66.0%	76.0%	**NOT ACHIEVED.** Early identification and intervention was a focus in 2020, however, the COVID-19 lockdown and the ongoing ramifications of the global pandemic have impacted negatively on course completions.
		Level 4 and above	75.4%	75.3%	69.0%	81.0%	
	Under 25s	Level 3 and above	69.1%	70.6%	66.2%	76.0%	
		Level 4 and above	73.8%	74.1%	70.3%	80.0%	
	Maori	Level 3 and above	57.0%	57.8%	54.3%	76.0%	
		Level 4 and above	60.2%	60.1%	57.9%	76.0%	
	Pasifika	Level 3 and above	62.2%	68.8%	55.2%	76.0%	
		Level 4 and above	73.2%	70.4%	62.1%	76.0%	
Qualification completion							
The qualification completion rate (SAC Eligible EFTS) for:	All Students	Level 3 and above	53.0%	59.6%	52.6%	65.0%	**NOT ACHIEVED.** Early identification and intervention was a focus in 2020, however, the COVID-19 lockdown and the ongoing ramifications of the global pandemic have impacted negatively on course completions, which impacts on qualification completions.
		Level 4 and above	50.9%	55.1%	63.9%	67.0%	
	Under 25s	Level 3 and above	50.7%	58.0%	54.7%	65.0%	
		Level 4 and above	44.6%	50.9%	71.4%	71.0%	
	Maori	Level 3 and above	46.1%	53.0%	46.5%	62.0%	
		Level 4 and above	47.8%	51.7%	56.5%	63.0%	
	Pasifika	Level 3 and above	42.1%	60.0%	38.6%	64.0%	
		Level 4 and above	46.9%	65.0%	50.0%	66.0%	
Student Retention							
The student retention rate (SAC Eligible student count) for:	All students	Levels 3 and above	72.1%	76.9%	68.8%	76%	**NOT ACHIEVED.** Early identification and intervention to improve retention will continue to be a priority for WITT in 2021.
	Maori		71.9%	64.5%	62.5%	67%	
	Pasifika		50.0%	72.5%	75.0%	70%	**ACHIEVED.**
Student Progression							
The student progression rate for students (SAC Eligible student count) at level 1 to 3, to a higher level	All students	Levels 1 to 3, to a higher level	36.3%	36.6%	27.6%	35.0%	**NOT ACHIEVED.**
	Maori		32.2%	33.1%	28.4%	32.0%	**ACHIEVED.**
	Pasifika		36.4%	36.4%	36.8%	35.0%	**ACHIEVED.**
Other Commitments							
The number of international student EFTS	All students	All levels	243.64	243.64	412.65	318.6	**ACHIEVED.**

INDEPENDENT AUDITOR'S REPORT

To the readers of Western Institute of Technology at Taranaki Limited's financial statements and performance information for the period ended 31 December 2020

The Auditor-General is the auditor of Western Institute of Technology at Taranaki Limited (the company). The Auditor-General has appointed me, Debbie Perera, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and performance information of the company on his behalf.

OPINION

We have audited:

- the financial statements of the company on pages 12 to 43, that comprise the statement of financial position as at 31 December 2020, the statement of comprehensive revenue and expense, statement of changes in equity and statement of cash flows for the period 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 company, that comprises the statement of service performance on pages 4 to 8 and the cost of service statement on page 39.

In our opinion:

- the financial statements of the company on pages 12 to 43, which have been prepared on a disestablishment basis:
  - present fairly, in all material respects:
    - its financial position as at 31 December 2020; and
    - its financial performance and cash flows for the period then ended; and
  - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Standards Reduced Disclosure Regime; and
- the performance information on pages 4 to 8 and 39:
  - presents fairly, in all material respects, the company's service performance achievements as compared with the forecast outcomes included in the investment plan for the year ended 31 December 2020; and
  - complies with generally accepted accounting practice in New Zealand.

Our audit was completed on 27 May 2024. This is the date at which our opinion is expressed.

The basis for our opinion is explained below and we draw attention to other matters. In addition, we outline the responsibilities of the Te Pūkenga - New Zealand Institute of Skills and Technology (Te Pūkenga) Council (the Te Pūkenga Council) and our responsibilities relating to the financial statements and performance information, we comment on other information, and we explain our independence.

EMPHASIS OF MATTERS

Without modifying our opinion, we draw your attention to the following disclosures:

The financial statements have been appropriately prepared on a disestablishment basis

The Basis of Preparation within Note 1 on page 17 outlines that the company was dissolved on 31 October 2022. As a result, the financial statements have been prepared on a disestablishment basis. No changes have been made to the recognition and measurement basis, or presentation of assets and liabilities in these financial statements because the operations of the company have been transferred to Te Pūkenga on the disestablishment date.

Impact of Covid-19

Note 22 to the financial statements on 38 to 39, outlines the impact of Covid-19 on the company.

BASIS FOR OUR OPINION

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

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

RESPONSIBILITIES OF THE TE PŪKENGA COUNCIL FOR THE FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION

The Te Pūkenga Council is responsible on behalf of the company for preparing the financial statements, which have been prepared on a disestablishment basis, that are fairly presented and that comply with generally accepted accounting practice in New Zealand.

The Te Pūkenga Council is also responsible on behalf of the company for preparing performance information that is fairly presented and that complies with generally accepted accounting practice in New Zealand.

Up until 31 October 2022, the Board of Directors of the company was responsible for such internal control as it determined was necessary to enable the preparation of financial statements and performance information that are free from material misstatement, whether due to fraud or error. From 1 November 2022, the Te Pūkenga Council took over these responsibilities to enable the completion of the financial statements and performance information.

The Te Pūkenga Council's responsibilities arise from the Education and Training Act 2020.

RESPONSIBILITIES OF THE AUDITOR FOR THE AUDIT OF THE FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION

Our objectives are to obtain reasonable assurance about whether the financial statements and performance information, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of these financial statements and performance information.

For the budget information reported in the financial statements and performance information, our procedures were limited to checking that the information agreed to the:

- company's approved budget for the financial statements, and
- Investment Plan or approved budget, as applicable, for the performance information.

We did not evaluate the security and controls over the electronic publication of the financial statements and performance information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements and the performance information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit 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 company's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Te Pūkenga Council.
- We evaluate the appropriateness of the reported performance information within the company's framework for reporting its performance.
- We conclude on the appropriateness of the use of the disestablishment basis by the Te Pūkenga Council.

We evaluate the overall presentation, structure and content of the financial statements and performance information, including the disclosures, and whether the financial statements and performance information represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Te Pūkenga Council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

OTHER INFORMATION

The Te Pūkenga Council is responsible for the other information. The other information comprises the information included on pages 1 to 3 and page 44 but does not include the financial statements and performance information, and our auditor's report thereon.

Our opinion on the financial statements and performance information does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

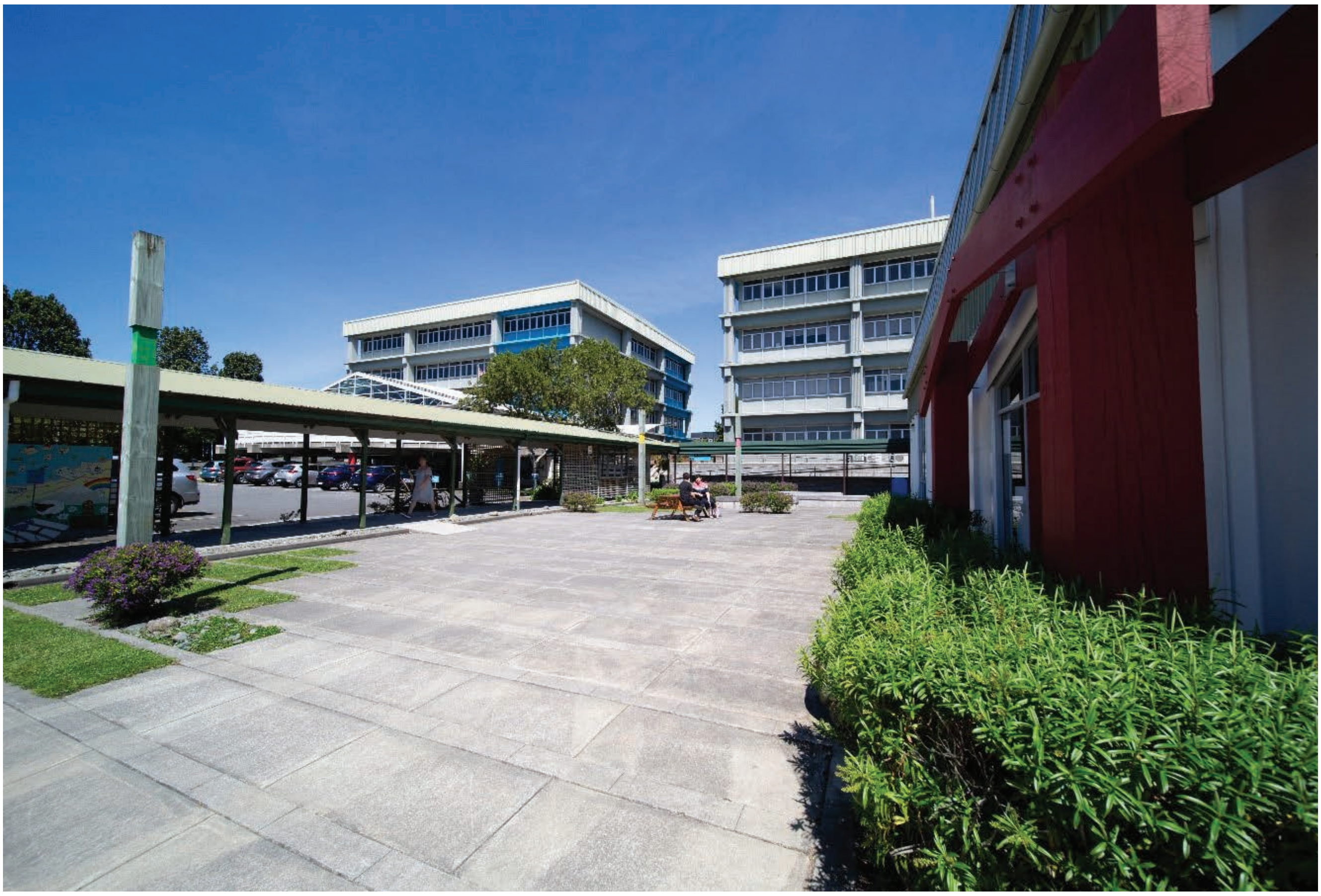
In connection with our audit of the financial statements and performance information, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements and performance information, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENCE

We are independent of the company in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand) (PES 1)* issued by the New Zealand Auditing and Assurance Standards Board.

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

Debbie Perera
Audit New Zealand
On behalf of the Auditor-General
Palmerston North, New Zealand



STATEMENT OF RESPONSIBILITY

FOR THE YEAR ENDED 31 DECEMBER 2020

The board of WITT was disestablished on 31 Oct 2022, this was prior to the finalisation of the audit opinion.

The council of Te Pūkenga has delegated approval to the chair of Te Pūkenga and Chair of the Te Pūkenga Risk and Audit Committee to sign the letter of responsibility on the Council's behalf.

In the opinion of the Council of Te Pūkenga, these financial statements reflect the financial position and operations of Western Institute of Technology at Taranaki for the year ended 31 December 2020.

Sue McCormack
Acting Council Chair – Te Pūkenga
9 May 2024

Jeremy Morley
Chair – Te Pūkenga Council Finance, Risk and Audit Committee
9 May 2024

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

FOR THE NINE MONTHS ENDED 31 DECEMBER 2020

All in $000s	Notes	ACTUAL 2020	BUDGET 2020
REVENUE			
Government grants	2	1,628	0
Tuition fees	2	7,699	10,085
Other revenue	2	1,414	1,017
Total revenue		**10,741**	**11,102**
EXPENDITURE			
Employee expenses	3	11,131	9,436
Depreciation expense	8	1,474	1,523
Amortisation expense	9	128	128
Administration and other expenses	3	9,066	9,041
Total expenditure		**21,799**	**20,128**
Surplus/(deficit)		**(11,058)**	**(9,026)**
Other comprehensive revenue and expense			
Items that will not be reclassified to surplus/(deficit)			
Revaluation of land and buildings	16	3,081	0
Total items that will not be reclassified to surplus/(deficit)		**3,081**	**0**
Total comprehensive revenue and expense		**(7,977)**	**(9,026)**
Total comprehensive revenue and expense for the period attributable to:			
Owners of the controlling entity		(7,977)	(9,026)
Total		**(7,977)**	**(9,026)**

Explanations of major variances against budget are provided in Note 22.

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

All in $000s	Notes	ACTUAL 31 December 2020	BUDGET 2020	ACTUAL 1 April 2020
ASSETS				
Current assets				
Cash and cash equivalents	4	966	586	4,350
Student fees and other receivables	5	6,917	3,288	10,892
Prepayments		327	721	654
Inventory	6	79	100	186
Other financial assets	14	1,560	3,000	5,060
Total current assets		**9,849**	**7,695**	**21,142**
Non-current assets				
Property, plant and equipment	8	31,923	30,492	28,926
Intangible assets	9	752	881	918
Assets under construction - property, plant and equipment	8	381	0	314
Total non-current assets		**33,056**	**31,373**	**30,158**
TOTAL ASSETS		**42,905**	**39,068**	**51,300**
LIABILITIES				
Current liabilities				
Trade and other payables	10	1,952	2,209	2,550
Employee entitlements	11	1,040	841	873
Revenue received in advance	12	5,416	5,051	5,475
Borrowings	13	1,039	1,039	1,039
Provisions - current	7	225	0	0
Total current liabilities		**9,672**	**9,140**	**9,937**
Non-current liabilities				
Employee entitlements	11	241	250	223
Borrowings	13	2,626	2,626	3,490
Provisions - non-current	7	601	0	0
Total non-current liabilities		**3,468**	**2,876**	**3,713**
TOTAL LIABILITIES		**13,140**	**12,016**	**13,650**
NET ASSETS		**29,766**	**27,052**	**37,650**
EQUITY				
General funds	16	11,015	10,849	22,024
Property revaluation reserve	16	18,613	16,108	15,532
Trust, endowments and bequests	16	138	95	94
TOTAL EQUITY		**29,766**	**27,052**	**37,650**

Explanations of major variances against budget are provided in Note 22

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE NINE MONTHS ENDED 31 DECEMBER 2020

All in $000s	Notes	ACTUAL 2020	BUDGET 2020
Balance at 1 April		37,650	25,803
Other comprehensive revenue and expense			
Surplus/(deficit)	16	(11,058)	1,249
Other comprehensive revenue	16	3,081	0
Total comprehensive revenue and expense		**(7,977)**	**1,249**
Non comprehensive revenue and expense items			
Contribution from the Crown	16	93	0
Total non-comprehensive revenue		**93**	**0**
Balance at 31 December		**29,766**	**27,052**

Explanations of major variances against budget are provided in Note 22.

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS

FOR THE NINE MONTHS ENDED 31 DECEMBER 2020

All in $000s	Note	ACTUAL 2020	BUDGET 2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Government grants		8,991	12,100
Receipts from student fees		4,839	12,450
Receipt of interest		75	115
Receipt of other revenue		1,229	936
Goods and services tax (net)		(153)	0
Payments to employees		(10,952)	(12,800)
Payments to suppliers		(8,285)	(11,256)
Net cash flow from operating activities		**(4,256)**	**1,545**
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		0	1,350
Proceeds from sale or maturity of investments		3,500	1,000
Purchase of property, plant and equipment		(1,580)	(3,850)
Purchase of intangible assets		(9)	0
Net cash flow used in investing activities		**1,911**	**(1,500)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings		(1,039)	(1,039)
Net cash flows from financing activities		(1,039)	(1,039)
Net (decrease)/increase in cash and cash equivalents		(3,384)	(994)
Cash and cash equivalents at beginning of the period		4,350	1,580
Cash and cash equivalents at end of the year	**4**	**966**	**586**

Explanations of major variances against budget are provided in Note 22.

The accompanying notes form part of these financial statements.

RECONCILIATION FROM NET SURPLUS / (DEFICIT) TO NET CASH FLOW FROM OPERATING ACTIVITIES

All in $000s	Note	ACTUAL 2020
Surplus/(deficit)		(11,058)
Add/(less) non cash items:		
Depreciation and amortisation expense		1,602
Add/(less) items classified as investing or financing activities:		
Net loss/(gain) on disposal of property, plant and equipment		104
Notional Interest		176
Impairment		114
Add/(less) movements in working capital:		
(Increase)/decrease in accounts receivable and other receivables		(4,187)
(Increase)/decrease in inventories		107
(Increase)/decrease in prepayments		326
Increase/(decrease) in employee entitlements		184
Increase/(decrease) in trade and other payables		(596)
Increase/(decrease) in provisions		826
Increase/(decrease) in fees in advance		8,102
Increase/(decrease) in trusts and endowments		44
Net cash from operating activities		**(4,256)**

Explanations of major variances against budget are provided in Note 22.

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 31 DECEMBER 2020

1. STATEMENT OF ACCOUNTING POLICIES

REPORTING ENTITY

The Western Institute of Technology at Taranaki Limited (the Institute) is a Crown entity subsidiary that is domiciled and operates in New Zealand. The Institute was established on 1 April 2020 and its immediate controlling entity is Te Pūkenga – New Zealand Institute of Skills and Technology, and the ultimate controlling entity is the New Zealand Crown. The relevant legislation governing the Institute's operations includes the Crown Entities Act 2004 and the Education and Training Act 2020, and the Companies Act 1993.

The Institute provides educational and research services for the benefit of the community. It does not operate to make a financial return. The Institute has designated itself as a public benefit Entity (PBE's) for the purposes of complying with generally accepted accounting practice.

The financial statements of the Institute are for the period ended 31 December 2020, and were authorised for issue by the Te Pūkenga Council on the 9th May 2024.

BASIS OF PREPARATION

The Minister of Education announced the Governments decisions on the Reform of Vocational Education proposals on 1 August 2019. The Education (Vocational Education and Training and Reform) Amendment Bill (the Bill) gained royal assent on 24 February 2020 and came into effect on 1 April 2020. The Education (Vocational Education and Training and Reform) Amendment Act 2020 created a new Crown entity, the New Zealand Institute of Skills and Technology (NZIST) renamed as Te Pūkenga, and converted all existing ITPs into crown entity subsidiary companies on 1 April 2020.

The Education and Training Act 2020 (the Act) states that each Te Pūkenga subsidiary continues in existence only until the close of 31 December 2022, at which point all the rights, assets, and liabilities of the Te Pūkenga subsidiary will be transferred to Te Pūkenga. The Act allows Te Pūkenga to dissolve the Western Institute of Technology at Taranaki Limited before 31 December 2022 and transfer some or all of the rights, assets, and liabilities to Te Pūkenga or another Te Pūkenga subsidiary. The Institute dissolved on 31 October 2022.

These are the first financial statements for the Institute and the accounting policies have been applied consistently throughout the 9 month reporting period. As the Institute ceased to exist before the financial statements were issued, the financial statements have been prepared on a disestablishment basis.

Because the vocational education continued to be provided after the transfer, no changes were made to the carrying value of assets and liabilities as a result of the disestablishment basis of accounting.

Reporting period

The Institute came into existence on 1 April 2020. Therefore, the reporting period for the financial statements are for the nine month period 1 April 2020 to 31 December 2020. The budget is for the 9 month period 1 April 2020 to 31 December 2020. No comparative period is disclosed.

Statement of compliance

The financial statements of the Institute have been prepared in accordance with the requirements of the Crown Entities Act 2004 and the Education and Training Act 2020, which include the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP).

The Institute is a Tier 2 entity and the financial statements have been prepared in accordance with PBE Reduced Disclosure Standards. These financial statements comply with the PBE Reduced Disclosure Standards.

Presentation currency and rounding

The financial statements are presented in New Zealand dollars and all values, other than the board member remuneration disclosures and the related party transaction disclosures in Note 26, are rounded to the nearest thousand dollars ($000). Board member remuneration and related party transaction disclosures are rounded to the nearest dollar.

Standards issued and early adopted

PBE IPSAS 40 PBE Combinations was issued in July 2019 and is effective for annual financial statements covering periods beginning on or after 1 January 2021. The Institute has early adopted PBE IPSAS 40 and applied the standard for the vesting of the predecessor ITP's assets and liabilities to the Institute on 1 April 2020.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies are included in the notes to which they relate.

Significant accounting policies that do not relate to a specific note are outline below.

Budget figures

The budget figures for the Institute and group have been derived from the budget approved by the WITT Council at the start of the 2020 financial year. Those 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. The approved budget was for the full 2020 year but, to be consistent with the nine-month reporting period, the month-by-month budget from April to December 2020 has been used for the nine-month period for the statement of comprehensive revenue and expense and the statement of cash flows.

The student achievement component (SAC) and fees-free funding was recognised by the previous entity. Therefore, no budget amount has been included in the statement of comprehensive revenue and expense.

Critical accounting estimates and assumptions

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

Distinction between revenue and capital contributions

Most Crown revenue is operational in nature and is provided by the Crown under the authority of an expense appropriation and is recognised as revenue. Where funding is received from the Crown under the authority of a capital appropriation, the Institute accounts for the funding as a capital contribution directly in Equity.

Research leave

Teaching staff are entitled to research leave in certain circumstances. The substance of this leave is that it is leave from teaching duties to undertake research activity with staff continuing to earn their salary and other employee entitlements. The Institute is of the view that research leave is not the type of leave contemplated in PBE IPSAS 25 Employee Benefits. Accordingly, a liability has not been recognised for such leave.

Estimating the fair value of land, buildings and infrastructure

The most recent valuations of land, buildings, and infrastructure were performed by an independent Registered valuer, M Drew BBS(VPM), ANZIV, MPINZ of Telfer Young Valuers Property Advisors for WITT Land and Building valuations and Kees Beentjes of SPM Assets Limited for WITT Infrastructure Assets. The Land and Building valuations are effective as at 31 December 2020 and the Infrastructure Assets valuations are effective as at 31 December 2017.

Land

Fair value, using market-based evidence, is based on the highest and best use of the land, with reference to comparable land values. Adjustments have been made for the zoning and other statutory declarations as well as leases.

Buildings

Specialised buildings are buildings specifically designed for educational purposes. They are valued using depreciated replacement cost because no reliable market data is available for such buildings. Depreciated replacement cost is determined using a number of significant assumptions. Significant assumptions used in the 31 December 2020 valuation include:

1. The replacement costs of the specific assets are adjusted where appropriate for optimisation due to over-design or surplus capacity. There has been no optimisation adjustments for the most recent valuations.
2. The replacement cost is derived from recent construction contracts of actual contracts carried out recently and reference materials supplied by QV.
3. The remaining useful life of assets is estimated after considering factors such as the condition of the asset, future maintenance and replacement plans, and experience with similar buildings.
4. Straight-line depreciation has been applied in determining the depreciated replacement cost value of the asset.

Non-specialised buildings are valued at fair value using market-based evidence. Significant assumptions in the 31 December 2020 valuation include market rents and capitalisation rates.

- Market rents range from $123 to $195 per square metre. An increase (decrease) in market rents would increase (decrease) the fair value of non-specialised buildings.
- Capitalisation rates are market-based rates of return and range from 8% to 8.25%. An increase (decrease) in the capitalisation rate would decrease (increase) the fair value of non-specialised buildings.

Infrastructure

Infrastructure assets water utilities reticulation have been independently valued using depreciated replacement cost. The valuations have been performed in accordance with the New Zealand Infrastructure Asset Valuation and Depreciation Guidelines issued by the NAMS Group. The significant assumptions applied in determining the depreciated replacement cost of infrastructure assets are similar to those described above for specialised buildings.

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 or operating lease requires judgement as to whether the agreement transfers substantially all the risks and rewards of ownership to the Institute. 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.

Non-Government Grants

The Institute must exercise judgement when recognising grant income 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.

Rounding

The financial statements include rounding of numbers as the model used for the financial statements calculates to the dollar but the Annual Report is rounded to the nearest thousand.

Vesting

As part of the reform of the delivery of vocational education in New Zealand, the Education (Vocational Education and Training Reform) Amendment Act 2020 converted the Western Institute of Technology at Taranaki into the Institute on 1 April 2020. On this date, the rights, assets, and liabilities of Western Institute of Technology at Taranaki vested into the Institute for no consideration.

The Institute has applied PBE IPSAS 40 PBE Combinations to account for the vesting of the assets and liabilities. The carrying amount of assets, liabilities, and equity reserves included in the Western Institute of Technology at Taranaki's final disestablishment report as at 31 March 2020 were carried forward to become the opening balances for the Institute's statement of financial position at 1 April 2020. No adjustments were made to the amounts reported as at 31 March 2020. The opening 1 April 2020 balances are presented in the statement of financial position.

Foreign currency transactions

Foreign currency transactions (including those subject to forward foreign exchange contracts) 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.

Goods and services tax

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

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

Cashflows are included in the cashflow statement on a gross basis and the GST component of cashflows arising from investing and financing activities, which is recoverable from, or payable to the IRD, is classified as an operating cashflow.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to the IRD.

Income tax

The Institute is exempt from Income Tax. Accordingly, no provision has been made for Income Tax.

2. REVENUE

Accounting policy

Revenue is measured at fair value. The specific accounting policies for significant revenue items are explained below:

Student Achievement Component funding

Student Achievement Component (SAC) funding is the Institute's main source of operational funding from the Tertiary Education Commission (TEC). The Institute considers SAC funding to be non-exchange and would normally recognise SAC funding as revenue when the course withdrawal date has passed, based on the number of eligible students enrolled in the course at that date and the value of the course. However, for the 2020 year, the predecessor ITP has recognised all the funding for 2020. This was because, in response to the Covid-19 pandemic, the TEC confirmed at the end of March 2020 that it will not seek repayment of 2020 investment plan funding, which includes SAC Funding, if there is under-delivery in the 2020 year. As a consequence, the Institute has recognised a minimal amount of SAC funding during the nine-month period.

Tuition fees

Domestic student tuition fees are subsidised by Government funding and are considered non-exchange. Revenue is recognised when the course withdrawal date has passed, which is when a student is no longer entitled to a refund for withdrawing from the course.

International student tuition fees are accounted for as exchange transactions and recognised as revenue on a course percentage of completion basis. The percentage completion is measured by reference to the days of the course completed as a proportion of the total course days.

Fees-free revenue

The Institute considers that fees-free revenue is non-exchange revenue and would normally recognise revenue when the course withdrawal date for an eligible student has passed. The Institute would present funding received as part of the tuition fees. This is on the basis that receipts from the TEC are for payment on behalf of the student as specified in the relevant funding mechanism. However, for the 2020 year, the predecessor ITP has recognised all the 2020 fees-free funding because, in response to the Covid-19 pandemic, the TEC confirmed that it will not seek repayment of 2020 fees-free funding. As a consequence, the Institute has not recognised any fees-free funding during the nine-month period.

Performance-based research fund

The Institute considers funding received from Performance-Based Research Fund (PBRF) to be non-exchange in nature. PBRF funding is specifically identified by the TEC as being for a funding period as required by section 425 of the Education and Training Act 2020. The Institute recognises its confirmed allocation of PBRF funding at the commencement of the specified funding period, which is the same as the financial year. PBRF revenue is measured based on the funding entitlement adjusted for any expected adjustments as part of the final wash-up process. Indicative funding for future periods is not recognised until confirmed for that future period.

Research revenue

For an exchange research contract, revenue is recognised on a percentage completion basis. The percentage of completion is measured by reference to the actual research expenditure incurred as a proportion to total expenditure expected to be incurred.

For a non-exchange research contract, the total funding receivable under the contract is recognised as revenue immediately, unless there are substantive conditions in the contract. If there are substantive conditions, revenue is recognised when the conditions are satisfied. A condition could include the requirement to complete research to the satisfaction of the funder to retain funding or return unspent funds. Revenue for future periods is not recognised where the contract contains substantive termination provisions for failure to comply with the requirements of the contract. Conditions and termination provisions need to be substantive, which is assessed by considering factors such as contract monitoring mechanisms of the funder and the past practice of the funder.

Other grants received

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

Donations, trust funds, endowments, bequests, and pledges

Donations, trust funds, endowments, and bequests for the benefit of the Institute are recognised as an asset and revenue when the right to receive the funding or asset has been established, unless there is an obligation in substance to return the funds if conditions are not met. If there is such an obligation, they are initially recorded as revenue in advance and then recognised as revenue when the conditions are satisfied. Pledges are not recognised as assets or revenue until the pledged item is received.

Sales of goods

Revenue from the sale of goods is recognised when the product is sold to the customer.

Accommodation services

Revenue from the provision of accommodation services is recognised on a percentage completion basis. This is determined by reference to the number of accommodation days used up till balance date as a proportion of the total accommodation days contracted for with the individual.

Interest and dividends

Interest revenue is recognised by accruing on a time proportion basis the interest due for the investment. Dividends are recognised when the right to receive payment has been established.

All in $000s	Note	ACTUAL 2020
a. Government funding classified as non-exchange transactions		
Student disability grant		0
Youth guarantee funding		20
Māori and Pacific Islands grant		0
Student Achievement Component (SAC) funding		1,576
Performance based research funding		0
Other Government funding		32
Total Government funding classified as non-exchange transactions		**1,628**
b. Tuition fees and departmental revenue classified as exchange transactions		
Tuition fees - international students		4,948
Total tuition fees and departmental revenue classified as exchange transactions		**4,948**
c. Tuition fees and departmental revenue classified as non-exchange transactions		
Tuition fees - domestic students		1,588
Fees free funding		18
Targeted training and apprenticeship funding (TTAF)		1,145
Total tuition fees and departmental revenue classified as non-exchange transactions		**2,751**
Total tuition fees and departmental revenue		**7,699**
d. Other revenue classified as exchange transactions		
Other revenue		1,187
Gain on disposal of property, plant and equipment		1
Interest revenue		75
Total other revenue classified as exchange transactions		**1,263**
e. Other revenue classified as non-exchange transactions		
Student service fees		151
Total other revenue classified as non-exchange transactions		**151**
Total other revenue		**1,414**
Total revenue		**10,741**
f. Revenue classification		
Exchange revenue		6,211
Non-exchange revenue		4,530
Total revenue		**10,741**

3. EXPENDITURE

Scholarships

Scholarships awarded by the Institute that reduce the amount of tuition fees payable by the student are accounted for as an expense and not offset against student tuition fees revenue.

All in $000s	Notes	ACTUAL 2020
a. Employee expenses		
Wages and salaries		10,292
Defined contribution plan employer contributions		273
Councillors and board fees	26	120
Increase/(decrease) in employee benefit liabilities	15	303
Other employee expenses		143
Total employee benefits expense		**11,131**
b. Depreciation and amortisation expenses		
Depreciation	8	1,474
Amortisation	9	128
Total depreciation and amortisation		**1,602**
c. Administration and other expenditure		
Auditors' remuneration		
Fees to principal auditor for financial statement audit		127
Total auditors' remuneration		**127**
d. General costs		
Operating lease payments	19	115
Bad and doubtful debts - written off	5	256
Net increase/(decrease) bad and doubtful debts provision	5	(358)
Course delivery expenses		2,654
Donations & koha		2
Research & development expense		1
Loss on disposal of property, plant and equipment	10	108
Administrative, materials and consumables expenses		216
Scholarships		498
Impairment of assets	10, 11	114
Other expenditure		5,333
Total general costs		**8,939**
Total other expenditure		**9,066**
Total expenditure		**21,799**

4. CASH AND CASH EQUIVALENTS

Accounting policy

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

All in $000s	Notes	ACTUAL 2020
Cash at bank and on hand		966
Total cash and cash equivalents		**966**

These notes form part of and should be read in conjunction with the Financial Statements.

5. STUDENT FEES AND OTHER RECEIVABLES

Accounting policy

Short-term receivables are recognised initially at fair value (the amount due) and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

At the end of each reporting period an assessment is made of whether there is objective evidence that short-term receivables is impaired. They are impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the receivable (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows from the receivable that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

The amount of the loss is measured as the difference between the receivable's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the receivable's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the reversal of the previously recognised impairment loss is recognised in surplus or deficit.

All in $000s	Notes	ACTUAL 2020
Receivables classified as exchange transactions		
Other receivables		65
Total receivables classified as exchange transactions		**65**
Receivables classified as non-exchange transactions		
Student fees and sundry receivables		4,388
Other non-exchange receivables		2,564
Total receivables classified as non-exchange transactions		**6,952**
Total student fees and other receivables (excluding impairment)		**7,017**
Less provision of impairment for receivables		(100)
Total student fees and other receivables		**6,917**

All in $000s	2020 Gross	Impairment	Net
Impairment			
Ageing profile for receivables at year end			
Not past due	6,408		6,408
Past due 1 - 30 days	142		142
Past due 30 - 60 days	110		110
Past due 61 - 90 days	176		176
Past due over 90 days	181	(100)	81
Total impairment	**7,017**	**(100)**	**6,917**

All in $000s	Notes	ACTUAL 2020
Movements in the provision for impairment of receivables		
At 1 April 2020		(458)
Receivables written-off during the year		358
At 31 December 2020		**(100)**

6. INVENTORY

Accounting policy

Inventories are held for distribution or for use in the provision of goods and services. The measurement of inventories depends on whether the inventories are held for commercial or non-commercial (distribution at no charge or for a nominal charge) distribution or use. Inventories are measured as follows:

- Commercial: measured at the lower of cost and net realisable value.
- Non-commercial: measured at cost, adjusted for any loss of service potential.

Cost is allocated using the first in, first out (FIFO) method, which assumes the inventories that were purchased first are distributed or used first.

Inventories acquired through non-exchange transactions are measured at fair value at the date of acquisition. Any write-down from cost to net realisable value or for the loss of service potential is recognised in surplus or deficit in the year of the write-down.

All in $000s	Notes	ACTUAL 2020
Carpentry House Build		79
Total inventory carrying value		**79**

No inventories are pledged as security for liabilities.

7. PROVISIONS

Accounting policy

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 or service potential will be required to settle the obligation;
- 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 market yields on Government bonds at balance date with terms to maturity that match, as closely as possible, the estimated future cash outflows. 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 either an approved detailed formal plan for the restructuring has been announced publicly to those affected, or implementation of it has already started.

All in $000s	1 April 2020 Opening Balance	Increase to provision	Charged against provision	Unused amounts reversed	31 Dec 2020 Closing Balance
Provision					
Onerous Lease	0	826	0	0	826
Total Provisions	**0**	**826**	**0**	**0**	**826**

All in $000s	Notes	ACTUAL 2020
Current portion		
Onerous Lease		225
Total current portion		**225**
Non current portion		
Onerous Lease		601
Total non-current portion		**601**
Total provisions		**826**

The onerous lease relates to a lease contract with Prime Properties Hamilton. WITT closed the Hamilton campus and vacated the leased building on 31 December 2020. The lease ends October 2025. The discount rate of 5% is used as per the Treasury guidelines.

8. PROPERTY, PLANT AND EQUIPMENT

Accounting policy

Property, plant, and equipment consists of nine asset classes: land, buildings, infrastructure, leasehold improvements, computer hardware, furniture and equipment, motor vehicles, library collection, and heritage collections. Land is measured at fair value, and buildings and infrastructure are measured at fair value less accumulated depreciation. All other asset classes are measured at cost, less accumulated depreciation and impairment losses.

Revaluation

Land, buildings, and infrastructure are revalued with sufficient regularity to ensure that their carrying amount does not differ materially from fair value and at least every three years. Revaluation movements are accounted for on a class-of-asset basis.

The net revaluation results are credited or debited to other comprehensive revenue and expense and are accumulated to an asset revaluation reserve in equity for that class-of-asset. Where this would result in a debit balance in the asset revaluation reserve, this balance is recognised in the surplus or deficit. Any subsequent increase on revaluation that reverses a previous decrease in value recognised in the surplus or deficit will be recognised first in the surplus or deficit up to the amount previously expensed, and then recognised in other comprehensive revenue and expense.

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 Institute 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. 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 Institute 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. Additions over $1,000 in value are capitalised. Amounts under this are expensed.

Disposals

Under the Education and Training Act 2020, the institute is required to notify Te Pūkenga, who then obtains consent from the Secretary for Education, to dispose of land and buildings. 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 within equity.

Depreciation

Depreciation is provided on a straight-line basis on all property, plant, and equipment other than land and heritage collections, at rates that will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives. Heritage collections are not depreciated because they are maintained such that they have indefinite or sufficiently long useful lives that any depreciation is considered to be negligible. The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

- Buildings (including components) 25 to 100 years 1% to 4%
- Infrastructure 10 to 50 years 2% to 10%
- Leasehold improvements 3 to 10 years 10% to 33.3%
- Computer hardware 5 years 20%
- Furniture and equipment 2 to 13 years 7.7% to 50%
- Motor vehicles 4 years 25%
- Library collection 10 years 10%

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

Impairment of property, plant and equipment

Property, plant, and equipment are reviewed for impairment at each balance date and whenever events or changes in circumstances indicate that the carrying amount might not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. If an asset's carrying amount exceeds its recoverable amount, the asset is considered to be impaired and the carrying amount is written-down to the recoverable amount. For revalued assets, the impairment loss is recognised against the revaluation reserve for that class of asset. Where that results in a debit balance in the revaluation reserve, the balance is recognised in the surplus or deficit. For assets not carried at a revalued amount, the total impairment loss is recognised in the surplus or deficit. The reversal of an impairment loss on a revalued asset is credited to other comprehensive revenue and expense and increases the asset revaluation reserve for that class of asset. However, to the extent that an impairment loss for that class of asset was previously recognised in the surplus or deficit, a reversal of an impairment loss is also recognised in the surplus or deficit. For assets not carried at a revalued amount, the reversal of an impairment loss is recognised in the surplus or deficit.

Value in use for non-cash-generating assets

Non-cash-generating assets are those assets that are not held with the primary objective of generating a commercial return. For non-cash-generating assets, value in use is determined using an approach based on either a depreciated replacement cost approach, a 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.

Value in use for cash-generating assets

Cash-generating assets are those assets that are held with the primary objective of generating a commercial return. The value in use for cash- generating assets and cash-generating units is the present value of expected future cash flows.

All in $000s	1 April 2020 Cost or fair value	 Accumulated depreciation	 Net carrying value	2020 Additions	 Reclassifications	 Revaluation	 Net book value of disposals	 Depreciation	31 Dec 2020 Cost or fair value	 Accumulated depreciation	 Net carrying value
Land	3,300	0	3,300			1,300			4,600	0	4,600
Infrastructure	688	(18)	670					(5)	688	(22)	665
Buildings	24,814	(2,686)	22,128	417	(43)	1,798		(957)	23,343	0	23,345
Leasehold improvements	137	(22)	115	25	43		(114)	(25)	61	(17)	44
Furniture and equipment	5,062	(3,219)	1,843	631			(11)	(94)	5,682	(3,313)	2,369
Computer hardware	1,964	(1,275)	689	406			(9)	(350)	2,354	(1,618)	736
Motor vehicles	271	(191)	80	15			0	(18)	286	(209)	77
Library collection	747	(657)	90	22				(25)	769	(682)	87
Total property, plant and equipment	**36,983**	**(8,068)**	**28,915**	**1,516**		**3,098**	**(134)**	**(1,474)**	**37,783**	**(5,861)**	**31,923**
Property transferred to assets held for sale											
Total property, plant and equipment after transfer			**28,915**								**31,923**

Assets under construction	1 April 2020 Opening Value	2020 Additions	 Capitalisations	31 Dec 2020 Closing Value	
Buildings	311	381	(311)	381	
Total	**311**	**381**	**(311)**	**381**	
Total property, plant and equipment					**32,304**

Impairment loss recognised for Leasehold improvement asset for 500 Victoria Street, Hamilton. The building is no longer in use by WITT as at 31 December 2020.

A revaluation of land and buildings was performed on the 18th January 2021 by a registered valuer Mike Drew, independent Registered Valuer, of the firm Telfer Young, and the valuation is effective as at 31 December 2020.

9. INTANGIBLE ASSETS

Accounting policy

Software acquisition and development

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 relevant professional fees. Staff training costs are recognised as an expense when incurred. Costs associated with maintaining computer software are recognised as an expense when incurred.

Course-related software and websites

Course-related software and website development costs are classified as software and accounted for in accordance with the accounting policy for software. Capitalised costs are tested for impairment and, once available for use, amortised in accordance with that policy.

Courses purchased from other organisations

Separately acquired courses and programmes (including trademarks and licences) acquired from outside of the Institute are initially recognised at historical cost. They have a finite useful life and, subsequent to initial recognition, should be carried at cost less accumulated amortisation and impairment losses. They are amortised over a period not exceeding 5 years.

Internally developed courses

Course development costs are expensed when incurred unless the course development costs are directly attributable to the design of identifiable and unique courses and programmes controlled by the Institute in which case they are recognised as intangible assets where all of the following criteria are met:

(a) The course material is identifiable and the use and redistribution of course material is controlled by the Institute through legal or other means.

(b) It is probable that the courses will generate future economic benefits attributable to the course and the cost can be reliably measured. This is the case when:

  (i) it is technically feasible to complete the development so that the course or programme will be available for use and/or sale;

  (ii) management intends to complete the development of the course or programme and use or sell it:

  (iii) there is an ability to use or sell the course or programme;

  (iv) it can be demonstrated how the course or programme will generate probable future economic benefits or service potential;

  (v) there are adequate technical, financial and other resources available to complete development of the course or programme and to use or sell the course or programme; and

  (vi) the expenditure attributable to the course or programme development can be reliably measured.

Capitalised course development costs related to courses that are not yet available for use are tested for impairment annually and whenever there is an indication that the asset may be impaired.

Capitalised course development costs are amortised from the point at which the course or programme is ready for use and are amortised over a period not exceeding 5 years. They are carried at cost less accumulated amortisation and impairment losses. They are tested for impairment whenever there is an indication that the asset may be impaired.

Costs associated with maintaining courses and programmes are recognised as an expense as incurred.

Intellectual property development

Research costs are expensed as incurred in the surplus or deficit. Development costs that are directly attributable to the design, construction, and testing of pre-production or pre-use prototypes and models associated with intellectual property development are recognised as an intangible asset if all the following can be demonstrated:

- It is technically feasible to complete the product so that it will be available for use or sale.
- Management intends to complete the product and use or sell it.
- There is an ability to use or sell the product.
- It can be demonstrated how the product will generate probable future economic benefits.
- Adequate technical, financial, and other resources to complete the development and to use or sell the product are available.
- The expenditure attributable to the product during its development can be reliably measured.

Other development expenses that do not meet these criteria are recognised as an expense as incurred in the surplus or deficit. Development costs previously recognised as an expense cannot be subsequently recognised as an asset.

Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight line 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 to 6 years 16.7% to 33.3%

Capitalised intellectual property development costs are still work in progress. The useful life of completed projects will be established at project completion.

Impairment of intangible assets

Intangible assets subsequently measured at cost that have an indefinite useful life, or are not yet available for use, are not subject to amortisation and are tested annually for impairment.

Goodwill

The Institute will recognise goodwill where there is an excess of the consideration transferred over the net identifiable assets acquired and liabilities assumed. This difference reflects the goodwill to be recognised by the institute. If the consideration transferred is lower than the net fair value of the interest in the identifiable assets acquired and liabilities assumed, the difference will be recognised immediately in the surplus or deficit.

After initial recognition, goodwill is measured at cost less accumulated impairment losses. An impairment loss recognised for goodwill is not reversed. Goodwill is tested for impairment on an annual basis taking into consideration any changes to the business activities and environment in which the Institute operates.

Leased assets

At the commencement of the lease term, the Institute shall recognise assets acquired under finance leases as assets, and the associated lease obligations as liabilities in the statement of financial position. Although the legal form of a lease agreement is that the lessee may acquire no legal title to the leased asset, in the case of finance leases the substance and financial reality are that the lessee acquires the economic benefits or service potential of the use of the lease asset for the major part of its economic life in return for entering into an obligation to pay for that right, an amount approximating, at the inception of the lease, the fair value of the asset and the related finance charge. A finance lease gives rise to a depreciation expense for depreciable assets as well as a finance expense. The depreciation policy for depreciable leased assets shall be consistent with that for the depreciable assets that are owned. If there is no reasonable certainty that the lessee will obtain ownership by the end of the lease term, the assets shall be fully depreciated over the shorter of the lease term or its useful life.

	1 April 2020			2020					31 Dec 2020		
All in $000s	**Cost or fair value**	**Accumulated amortisation**	**Net carrying value**	**Additions / reclassification**	**Revaluation**	**Disposals cost**	**Disposal amortisation**	**Amortisation**	**Cost or fair value**	**Accumulated amortisation**	**Net carrying value**
Computer software	1,384	(895)	489	12				(56)	1,396	(952)	445
Course development	566	(249)	317			(58)	9	(64)	508	(304)	203
Other intangible assets – Radio Licence	248	(136)	112					(8)	248	(145)	104
Total intangible assets	**2,198**	**(1,280)**	**918**	**12**	**0**	**(58)**	**9**	**(128)**	**2,152**	**(1,401)**	**752**

Intangible assets under construction	1 April 2020	2020		31 Dec 2020
	Cost	**Additions**	**Capitalisations**	**Net Carrying Value**
Computer software	3		(3)	0
Total	**3**	**0**	**(3)**	**0**
Total intangibles				**752**

10. TRADE AND OTHER PAYABLES

Accounting policy

Short-term payables are recorded at the amount payable. Payables are non- interest bearing and are normally settled on 30-day terms. Therefore, the carrying value of payables approximates their fair value.

All in $000s	Notes	ACTUAL 2020
Payables under exchange transactions		
Trade payables		934
Other payables		594
Total payables under exchange transactions		**1,528**
Payables under non-exchange transactions		
Net GST payable/(receivable)		424
Total payables under non-exchange transactions		**424**
Total trade and other payables		**1,952**

11. EMPLOYEE BENEFIT LIABILITIES

Accounting policy

Employee benefits that are due to be settled within 12 months after the end of the year in which the employee provides 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 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 the year in which the employee provides 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 employees, based on years of service, years to entitlement, the likelihood that employees 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, 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

Employer contributions to KiwiSaver, the Government Superannuation Fund, and other defined contribution superannuation schemes are accounted for as defined contribution schemes and are recognised as an expenses in the surplus or deficit when incurred.

All in $000s	Notes	ACTUAL 2020
Employee entitlements		
Accrued pay		125
Annual leave		774
Sick leave		6
Long service leave		47
Retirement leave		329
Total Employee benefit liabilities		**1,281**
Current portion		1,040
Non-current portion		241
Total employee benefit liabilities		**1,281**

12. REVENUE RECEIVED IN ADVANCE

All in $000s	Notes	ACTUAL 2020
Revenue received in advance		
Government grants		0
Students' fees		5,301
Other revenue received in advance		115
Total revenue received in advance		**5,416**
Current portion		5,416
Non-current portion		0
Total revenue received in advance		**5,416**

13. BORROWINGS

Accounting policy

Borrowings on normal commercial terms are initially recognised at the amount borrowed plus transaction costs. Interest due on the borrowings is subsequently accrued and added to the borrowings balance. Borrowings are classified as current liabilities unless the Institute has an unconditional right to defer settlement of the liability for at least 12 months after the balance date.

All in $000s	Notes	ACTUAL 2020
Borrowings		
Current portion		1,039
Non-current portion		2,626
Total		**3,665**
Weighted average effective interest rate		5.24%

Borrowings

WITT's non-current borrowings is a Crown loan of $5.196m which is repayable in equal instalments over a five year period between 2020 and 2024.

The Crown loan is interest free and as such has a fair value as at 31 December 2020 of $3.67m (31 December 2019: $4.53m)

The initial discounted amount of $2.68m is being written back to the interest free Crown loan over the loan period from 2009 to 2024 through the Statement of Comprehensive Revenue and Expense. In determining the fair value at the inception of the interest free Crown loan, a present value calculation was completed using a commercial loan discount rate of 5.24%.

Post balance date this loan has been converted to equity on 29 September 2021.

14. OTHER FINANCIAL ASSETS AND LIABILITIES

Accounting policy

Financial assets are initially recognised at fair value plus transaction costs unless they are carried at fair value through surplus or deficit, in which case the transaction costs are recognised in the surplus or deficit.

Term deposits and loans to subsidiaries

Term deposits and loans to subsidiaries are initially measured at the amount invested. Where applicable, interest is subsequently accrued and added to the investment balance. At year end, term deposits and loans to subsidiaries are assessed for indicators of impairment. If they are impaired, the amount not expected to be collected is recognised in the surplus or deficit.

All in $000s	Notes	ACTUAL 2020
Financial instrument categories		
The accounting policies for financial instruments have been applied to the line items below:		
Financial assets – loans and receivables at amortised cost		
Cash and cash equivalents		966
Term Deposits with maturities greater than 3 months at acquisition		1,560
Student fees and other receivables		6,917
Total loans and receivables		**9,443**
Financial liabilities		
Financial liabilities measured at amortised cost		
Creditors and other payables		1,952
Borrowing		3,665
Total financial liabilities measured at amortised cost		**5,617**

15. CAPITAL MANAGEMENT

The Institute's capital is its equity, which comprises accumulated funds and reserves. Equity is represented by net assets. The Institute is subject to the financial management and accountability provisions of the Crown Entities Act 2004 and the Education and Training Act 2020, which impose restrictions in relation to borrowings, acquisition of securities, issuing guarantees and indemnities, and the use of derivatives and is compliant with these requirements. The Institute manages its equity as a by-product of prudently managing revenues, expenses, assets, liabilities, investments and general financial dealings to ensure the that the Institute effectively achieves its objectives and purpose, while remaining a going concern.

16. EQUITY

Accounting policy

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

- general funds;
- property revaluation reserves.
- fair value through other comprehensive revenue and expense reserve; and
- trusts and bequests reserve.

Property revaluation reserves

These reserves relate to the revaluation of land, buildings and infrastructure assets to fair value.

Fair value through other comprehensive revenue and expense reserve

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

Trusts and bequests reserve

The trusts and bequests reserve are a component of equity which has been created by the Institute.

Transfers from the reserve may be made only for certain specified purposes or when certain specified conditions are met. The restrictions on use may be established by the Insitute or legally through the terms and conditions of specific trusts and bequests.

Unpaid share capital

On 1 April 2020, the Institute issued 100 shares to Te Pūkenga in accordance with clause 20(1) (c) of Schedule 1 to the Education and Training Act 2020. Each share carries one vote and an equal share in dividends and distribution of the Institute's surplus assets.

All in $000s	Notes	ACTUAL 2020
General funds		
At 1 April		22,023
Opening balance adjustment		1
Surplus/(deficit) for the year before other comprehensive revenue and expenditure		(11,058)
Capital contributions from the Crown		49
Balance as at 31 December		**11,015**
Property revaluation reserves		
Balance as at 1 April		15,532
Land net revaluations gain		1,300
Buildings net revaluations gain		1,781
Balance as at 31 December		**18,613**
Property revaluation reserves		
Property revaluation reserves consist of:		
Land		2,895
Buildings		15,718
Total property revaluation reserves		**18,613**
Trusts and bequests		
Opening balance		95
New Endowments and Interest		44
Less grants awarded		(1)
Total trust funds		**138**
Represented by:		
Rotary Student Success Grant		44
Dr David Han		20
Glasgow Bursary		19
Others		55
Total trust funds		**138**
Total equity		**29,766**

17. MAJOR BUDGET VARIATIONS

Explanations for major comprehensive revenue and expense budget variations from the 2020 budget are detailed below in this table:

All in $000s	ACTUAL 2020	BUDGET 2020	VARIANCE
Statement of comprehensive revenue and expense			
Surplus/(deficit)	(11,058)	1,249	(12,307)
Revenue variances			
Government funding	1,628	10,275	(8,647)
Student fees & departmental revenue	7,699	10,085	(2,386)
Other revenue	1,414	1,017	397
Expenditure variances			
Employee benefit expenses	11,131	9,436	1,695
Depreciation and amortisation	1,602	1,651	(49)
Administration and other expenses	9,066	9,041	25
Other comprehensive revenue and expense			
Other comprehensive revenue and expense	3,081	0	3,081
Explanations for major statement of financial position budget variations from the 2020 budget are detailed below in this table:			
Statement of financial position			
Current assets	9,849	7,695	2,154
Non-current assets	33,056	31,373	1,683
Current liabilities	9,672	9,140	532
Non-current liabilities	3,468	2,876	592
Equity	29,766	27,052	2,714
Explanations for major statement of cash flows budget variations from the 2020 budget are detailed below in this table:			
Statement of cash flows			
Cash flow from operating activities	(4,256)	1,545	(5,801)
Cash flow used in investing activities	1,911	(1,500)	3,411
Cash flows from financing activities	(1,039)	(1,039)	0
Net (decrease)/increase in cash and cash equivalents	(3,384)	(994)	(2,390)
Cash and cash equivalents at beginning of the year	4,350	1,580	2,770

Explanation of major budget variations:

Explanation of major budget variations:	Surplus/(deficit)	Timing due to report being for a 9 month period only. Revenue accrued into the previous reporting period.
	Student fees & departmental revenue	Timing due to report being for a 9 month period only. Revenue accrued into the previous reporting period.
	Other revenue	Sale of an additional house build by carpentry students and receiving external grants for Covid-19 initiatives
	Employee benefit expenses	Increase of staff needed due to the increase of domestic student EFTS and class sizes.
	Administration and other expenses	Increase in property rental/leases expenditure, created onerous lease due to the exit of the Hamilton campus
	Other comprehensive revenue and expense	Revaluation of the land and building assets was undertaken at year end.
	Current assets	Accounts receivable higher due to student enrolling early for 2021 and higher than expected income accrued due to a higher amount of programmes that cross two financial years.
	Non-current assets	Higher due to the revaluation of land and building assets
	Current liabilities	Timing due to report being for a 9 month period only. Revenue accrued into the previous reporting period.
	Non-current liabilities	Higher due to the creation of the onerous lease in relation to the closure of the Hamilton campus
	Equity	Higher due to the revaluation of land and building assets leading to an increase in the revaluation reserves
	Cash flow from operating activities	Higher employee costs and lower student fees received. Student fees owed to WITT from TEC remain outstanding in relation to the TTAF scheme.
	Cash flow used in investing activities	Investments were matured and not re-invested

18. OPERATING LEASES

Accounting policy

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.

All in $000s	Notes	ACTUAL 2020
Leases as lessee		
Non-cancellable operating lease rentals are payable as follows:		
Not later than one year		149
Later than one year and not later than five years		206
Total leases as lessee		**355**

19. COMMITMENTS AND CONTINGENCIES

The Institute has the following commitments at balance date:

All in $000s	Notes	ACTUAL 2020
Capital commitments		
Capital commitments denote approved capital expenditure contracted for at year-end not yet incurred.		
Approved and committed		
Buildings – Te Pūkenga		1,354
Other plant, property and equipment		53
Total capital commitments		**1,407**

20. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT PERSONNEL

Accounting policy

Related party disclosures have not been made for transactions with related parties that are:

- within a normal supplier or client/recipient relationship; and
- on terms and conditions no more or less favourable than those that are reasonable to expect that Te Pūkenga would have adopted in dealing with the party at arm's length in the same circumstances.

Further, transactions with 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 with TEIs and undertaken on the normal terms and conditions for such transactions.

The Institute paid Taranaki Futures Trust Incorporated (the Trust) $15,572 for the year ended 1 April 2020 to 31 December 2020. The transactions with the Institute included payments for purchases by the Trust and commission paid to the Trust for students enrolled at the Institute. There was nil outstanding at 31 December 2020. The CEO of the Institute was one of the Trustees of the Trust.

Key management personnel related party transactions

All in $000s	Notes	ACTUAL 2020
Key management personnel compensation		
Board members		
Full-time equivalent members		6.0
Remuneration		119
Directors and Chief Executive		
Full-time equivalent members		8.7
Remuneration		978
Total full-time equivalent members		**15**
Total key management personnel remuneration		**1,097**
Board member remuneration		
Brockie, R		25
Gibson, B		16
Crowley, C		13
Littlewood, C		13
Tuuta, C		13
Fleming, D		13
French-Wright, L		13
Huggard, S		13
Total Board members remuneration		**119**

Employee remuneration

Remuneration for the period 1 April 2020 to December 2020

Total remuneration paid or payable	ACTUAL Employee Count
\$100,000 - \$109,999	2
\$110,000 - \$119,999	0
\$120,000 - \$129,999	2
\$130,000 - \$139,999	0
\$140,000 - \$149,999	0
\$150,000 - \$159,999	0
\$160,000 - \$169,999	0
\$170,000 - \$179,999	0
\$180,000 - \$189,999	0
\$190,000 - \$199,999	1

21. EVENTS AFTER BALANCE DATE

As disclosed in the basis of preparation note 1 page17, the Institute was dissolved on 31 October 2022.

22. THE EFFECTS OF COVID-19 ON THE INSTITUTE

On 11 March 2020, the World Health Organisation declared the outbreak of Covid-19 a pandemic, and two weeks later the New Zealand Government declared a State of National Emergency. From this, the country was in lockdown at Alert Level 4 for the period 26 March to 27 April and then remained in lockdown at Alert Level 3 until 13 May.

During the period, the Institute closed all delivery sites and brought forward the mid-semester break to align with the new timing of the school holidays in New Zealand. Most staff moved to a "work from home" model, and teaching was changed to online delivery after the mid-semester break.

After 13 May, when New Zealand moved to lower Alert Levels, students were able to attend classes on-site or continue to access classes remotely.

The effect on our operations is reflected in these financial statements based on the information available to the date these financial statements were approved.

The main impacts on the Institute's financial statements due to Covid-19 are explained below. The includes information about key assumptions concerning the future and other sources of estimation uncertainty due to Covid-19. The main impacts on the Institute's performance measures are explained in the statement of service performance.

The main impacts on the financial statements due to COVID-19 are explained below:

Government funding	The TEC confirmed during March 2020 that 2020 funding for Investment Plans and Fees Free will continue, and that it will not be recover 2020 funding because of either non-achievement of Education Performance Indicators or under-delivery during the 2020 year. This provided the Institute with certainty that it could continue to deliver to students despite the disruption caused by Covid-19. As a consequence of this, the Western Institute of Technology at Taranaki Limited recognised all the 2020 funding as revenue in its financial statements for the three-month period ended 31 March 2020. The Institute has recognised minimal SAC funding and no fees-free revenue during this period.
Students numbers and fees revenue	The Government announced a new funding scheme called the Targeted Training and Apprenticeship Fund (TTAF). This funding scheme cover fees from 1 July 2020 and will support learners to undertake vocational education training without fees. This caused an increase demand in student numbers. The closure of New Zealand boarders caused most of the Institutes international intake to be cancelled from April onwards except for a nursing competency programme that came under the essential services criteria for student visas and onshore students. Because of a successful recruitment campaign at the beginning of 2020 the Institute was able to retain those student and had reached international student number and international revenue targets. Domestic enrolment's remained strong over 2020 with the Institute adopting to online teaching over the lock-down period and adding additional classes in the second semester.
Operating expenses	As a result of Covid-19, the Institute has incurred additional expenditure of \$43k on cleaning services, cleaning consumables, signage and health and safety. Significant cost savings of \$214k were achieved in travel costs.

Land and buildings valuation	The Valuers Covid-19 summary concludes that commercial property in Taranaki will remain sound. Currently there is no market evidence indicating commercial property value decline . In relation of Valuers Covid-19 summary around the impact on WITT building improvement values, they expect limited impact from the pandemic on depreciated replacement cost values.

23. FINANCIAL VIABILITY

The Institute has a letter of support in place and a loan facility with its parent, Te Pukenga to assist with funding its operations and capital requirements till the entity is disestablished and amalgamated into its parent entity. The existing loan with TEC was also converted to equity in September 2021 and further loan repayments are not required for 2021 and 2022. This means the Institute will continue to be able to fund its operations and remain financially viable until it is formally disestablished from 1 November 2022.

24. COST OF SERVICE STATEMENT

WITT Limited provides services in one output class; Tertiary Education. As a result this output class matches the costs of the entire organisation.

	2020 $'000	2019 $'000
Revenue	**27,499**	**22,289**
Expenditure		
Educational Delivery	16,067	11,793
Educational Support	10,642	9,902
Depreciation and Amortisation	2,099	1,936
Interest	-	-
Total Expenditure	**28,808**	**23,630**
Surplus / (Deficit)	**(1,309)**	**(1,341)**

25. THE NEW ZEALAND INSTITUTE OF HIGHWAY TECHNOLOGIES LIMITED (NZIHT) AMALGAMATION WITH THE WESTERN INSTITUTE OF TECHNOLOGY (WITT)

The New Zealand Institute of Highway Technologies Limited (NZIHT) amalgamated with the Western Institute of Technology at Taranaki Limited (WITT) on the 31 December 2020. Previously NZIHT was fully consolidated with WITT as WITT consolidates in the group financial statements those entities it controls. Control exists where WITT is exposed, or has rights, to variable benefits (either financial or non-financial) and has the ability to affect the nature and amount of those benefits from its power over the entity. Power can exist over an entity if, by virtue of its purpose and design, the relevant activities and the way in which the relevant activities of the entity can be directed has been predetermined by WITT. It is the continuing entity.

NZIHT was previously consolidated using the purchase method to prepare the Group financial statements, which involves aggregating like items of assets, liabilities, revenues, expenses and cashflows on a line-by-line basis. All inter-¬entity balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full. Had the company been continuing the resulting consolidation would have the same effect as the amalgamation noted below.

The primary reason for the amalgamation was due to the changes in the regulatory and economic environment, and the impact of COVID-19 as it is no longer viable for NZIHT to operate as a separate entity. All the assets and liabilities of the NZIHT at 31 December 2020 were transferred at book value. The shares of NZIHT were cancelled without payment or other consideration and the company was wound up on 31 December 2020. All legal rights and obligations of the assets and liabilities have been transferred to WITT.

Amalgamation of NZIHT at 31 December 2020

Amalgamation of NZIHT at 31 December 2020	WITT at 31 December 2020	NZIHT at 31 December 2020	WITT after amalgamation
ASSETS			
Current assets			
Cash and cash equivalents	706	260	966
Student fees and receivables	6,746	171	6,917
Prepayments	313	14	327
Inventory	79		79
Other financial assets	1,560		1,560
Total current assets	**9,404**	**445**	**9,849**
Non-current assets			
Property, plant and equipment	31,776	147	31,923
Intangible assets	697	55	752
Assets under construction -	381		381
Total non-current assets	**32,854**	**202**	**33,056**
Current liabilities			
Trade and other payments	1,793	159	1,952
Employee entitlements			1,040
Revenue received in advance	5,351	65	5,416
Borrowings	1,039		1,039
Provisions - Current	0	225	225
Total current liabilities	**9,223**	**449**	**9,672**
Non-current liabilities			
Employee entitlements	241	0	241
Borrowings	2,626	0	2,626
Provisions - Current	0	601	601
Total non-current liabilities	**2,867**	**601**	**3,468**
Net Assets	**30,168**	**-403**	**29,766**
EQUITY			
General funds	11,418	-403	11,015
Revaluation reserve	18,613		18,613
Trust, endowments and bequests	138		138
Total equity	**30,169**	**-403**	**29,766**

Amalgamation of NZIHT at 31 December 2020	WITT at 31 December 2020	NZIHT at 31 December 2020	Elimination Entries	WITT after amalgamation
Elimination Entries				
Student fees and receivables		5,183	(5,183)	-
Trade and other payables	(5,183)		5,183	-
Other financial assets	397		(397)	-
General funds		(397)	397	-
Total elimination entries	**(4,786)**	**4,786**	**-**	**-**

COMPARISON OF ANNUAL REVENUE AND EXPENSE AND CASH FLOWS

On the 1st of April 2020 the Institute became a subsidiary of the newly formed Te Pūkenga. The Annual reporting period for the Institute was previously the calendar year and the Institute prepared a special financial report for the period ending 31 March 2020 covering the part of the 2020 financial year through to disestablishment on 31 March 2020. The first reporting period for WITT Ltd started on 1 April 2020 and concluded on 31 December 2020. As the Institute did not exist in the prior year there are no comparatives provided in the Audited Financial Statements. The Institute GAAP compliant accounting policies govern the recognition of revenue and expenditure and have resulted in the period to disestablishment seeing most annual revenue recognised while expenditure (and resulting cashflows) occurs in the following nine month period. With the intent of providing meaningful comparison of performance for the Institute between 2020 and the prior financial year 2019 the following summaries have been provided. The first column provides a summary of Revenue and Expenditure and Cashflows from the Disestablishment Financial Reports. The second column from the first reporting period's audited financial statements, with the third column providing the total for the calendar year (irrespective of the structural changes of the entity's upon the formation of the new group). The fourth column provides an unaudited consolidation of the prior year's comparative Revenue, Expenditure and Cash flows for the Institute.

COMPARISON OF REVENUE AND EXPENSES

All in $000s		ACTUAL 3 months 1 January 2020 - 31 March 2020	ACTUAL 9 months 1 April 2020 - 31 December 2020	TOTAL 12 months 2020	LAST YEAR 12 months 2019
REVENUE					
Government grants	Government grants	11,624	1,628	13,251	12,158
Tuition fees	Tuition fees	4,535	7,699	12,234	8,918
Other revenue	Other revenue	600	1,414	2,014	1,213
Total revenue		**16,759**	**10,741**	**27,499**	**22,289**
EXPENDITURE					
Personnel & employee benefit costs	Employee expenses	3,005	11,131	14,136	11,917
Depreciation and amortisation expenses		497	1,602	2,099	1,936
Administration and other expenses	Administration and other expenses	3,507	9,066	12,573	9,777
Total expenditure		**7,009**	**21,799**	**28,808**	**23,630**
Share of associate / joint venture					
Surplus/(deficit)		**9,750**	**(11,058)**	**(1,309)**	**(1,341)**

COMPARISON OF CASH FLOWS

All in $000s	ACTUAL 1 January 2020 - 31 March 2020	ACTUAL 1 April 2020 - 31 December 2020	TOTAL 12 months 2020	LAST YEAR 2019
CASH FLOWS FROM OPERATING ACTIVITIES				
Net cash inflow from operating activities	**2,838**	**(4,256)**	**(1,418)**	**1,963**
CASH FLOWS FROM INVESTING ACTIVITIES				
Net cash outflow used in investing activities	**(8)**	**1,911**	**1,903**	**(1,788)**
CASH FLOWS FROM FINANCING ACTIVITIES				
Net cash flows from financing activities	**0**	**(1,039)**	**(1,039)**	**0**
Net (decrease)/increase in cash and cash equivalents	**2,830**	**(3,384)**	**(554)**	**175**
Cash and cash equivalents at beginning of the period	1,520	4,350	1,520	1,345
Cash and cash equivalents at end of period	**4,350**	**966**	**966**	**1,520**

These notes form part of and should be read in conjunction with the Financial Statements.

26. RECONCILIATION OF OPENING EQUITY

On the 1st of April 2020 the existing Institute's of Technology and Polytechnics (ITP's) became Subsidiaries of the newly formed Te Pūkenga.

The following table shows the changes in equity resulting from the transition from Western Institute of Technology at Taranaki to Western Institute of Technology at Taranaki Limited on 1 April 2020.

All in $000s	ACTUAL 31 March 2020	Effective Accounting Changes	ACTUAL 1 April 2020
ASSETS			
Current assets			
Cash and cash equivalents	4,350		4,350
Student fees and other receivables	10,892		10,892
Prepayments	654		654
Inventory	186		186
Other financial assets	5,060		5,060
Total current assets	**21,142**	**0**	**21,142**
Non-current assets			
Property, plant and equipment	29,237	(311)	28,926
Intangible assets	921	(3)	918
Assets under construction - property, plant and equipment	0	314	314
Total non-current assets	**30,158**	**0**	**30,158**
Total assets	**51,300**	**0**	**51,300**
Current liabilities			
Trade and other payables	2,550		2,550
Employee entitlements	873		873
Revenue received in advance	5,475		5,475
Borrowings	1,039		1,039
Total current liabilities	**9,937**	**0**	**9,937**
Non-current liabilities			
Employee entitlements	223		223
Borrowings	3,490		3,490
Total non-current liabilities	**3,713**	**0**	**3,713**
Total liabilities	**13,650**	**0**	**13,650**
Net assets	**37,650**	**0**	**37,650**
EQUITY			
General funds	22,024		22,024
Property revaluation reserve	15,532		15,532
Trust, endowments and bequests	94		94
Total equity attributable to Te Pūkenga	**37,650**	**0**	**37,650**
Non-controlling interest	0		0
Total equity	**37,650**	**0**	**37,650**

NOTE 27. REPORTING TIMEFRAME

The Minister of Education indicated in a letter to Te Pūkenga that the Institute's reporting requirements are derived from section 306 of the Education and Training Act 2020 (ETA) and that audited financial statements need to be prepared. Section 306 of the ETA refers to the Crown Entities Act 2004 (CEA) financial statement preparation and audit provisions. Section 156 of the CEA refer to the financial statements being prepared and provided to the auditor within 3 months of year end, and the auditor-General providing an audit of these financial statements within 4-months of year end. The 4-month time frame was not met in respect of the 2020 financial statements.

COMPULSORY STUDENT SERVICES FEES

WITT is committed to ensuring students and their representatives are consulted in regards to the CSSF amount and the support services it is spent on. WITT works closely with Student Leaders (a group of nominated representatives from programmes and classes) in this process. The consultation process starts in June each year, with CSSF spending reports and TEC documentation being presented to the student leader meeting. Student Leaders are charged with consulting with the wider student body. They do this either through their own class/department networks and/or via a student survey.

Following the 2019 consultation period, Student Leaders recommended that the CSSF for 2020 be increased to $250 per equivalent full time student and that the levy be used to fund health, counselling, career advice and sport, recreational and cultural activities.

Details of the CSSF income received and services provided for the year are set out below:

2020	Sport, Recreational & Cultural Activities $'000	Careers & Employment Services $'000	Counselling Service $'000	Health Services $'000	Total $'000
Income					
Compulsory Student Services Fees	36	26	44	70	176
Other Income	2	-	2	5	9
Total Income	**38**	**26**	**46**	**75**	**185**
Expenditure					
Salary and Wages	53	77	67	108	305
Service payments	-	-	21	-	21
Other costs	11	4	6	12	33
Total costs	**64**	**81**	**94**	**120**	**359**
Net result	**(26)**	**(55)**	**(48)**	**(45)**	**(174)**

Counsellor

This service provides students access to free confidential counseling sessions to empower students to fully engage in study. The counsellor in involved in crisis intervention and support, delivering in-class workshops, running wellness promotions and follow up of students with mental illness. Students have access to an ecumenical chaplain providing pastoral and hardship support, a non-judgmental listening ear and support in times of illness, confusion and bereavement.

Health Services

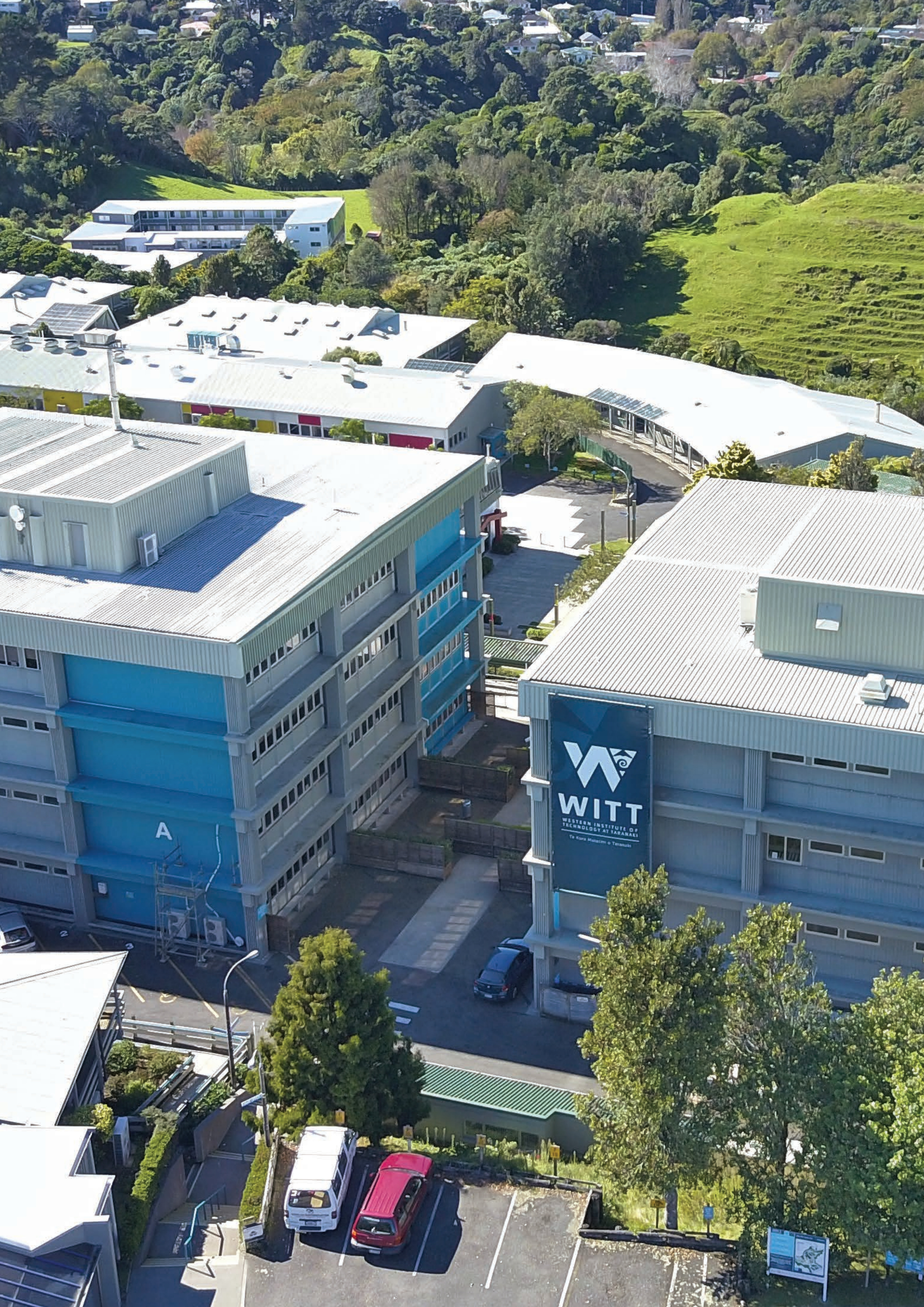
The health services provided include a fully staffed health clinic giving students access as needed to a range of health services in the area of injury, family planning, mental health, immunization, sexual health and health monitoring; the availability of a doctor on campus one day a week free of charge; health promotion events that encourage proactive wellbeing and health management.

Sport, Recreational and Cultural Activities

WITT provides a range of free student events, recreation and activities throughout the academic year. The events are structured to support student's wellbeing and success, to connect students and generally have fun. We also have a state of the art gym on campus, the Fitness Factory with free membership for students. WITT supports the development of student groups as well as the development of a highly effective student voice and student leadership network. We also offer cultural events and celebration of many diverse cultures of WITT students and mark many key ethnic, cultural and spiritual celebrations.

Careers and Employment Services

WITT provides career development advice and guidance as well as employment information. Career development may start prior to enrolment through to assisting you to work through what you want to do and where you could pursue relevant study. Throughout your study you are supported to develop the skills and attributes that will maximise your advantage in the employment market. You have access to Student Job Search and iWITT for finding employment. Online resources are available to enable you to work independently, or you can attend workshops and have access to one-to-one guidance where necessary.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