Annual Report

2022

WITT

Te Pūkenga

CONTENTS

Our focus

As a new business division of Te Pūkenga, the focus for kaimahi in Taranaki has been managing the transition to becoming part of New Zealand's largest tertiary education provider. As we become able to offer a unified, sustainable network of on-the-job, on campus, and online vocational education and training, one thing will remain constant, learners and their whānau remain at the centre of everything we do.

As the hub of tertiary training in the region, WITT takes pride in offering a depth and breadth of programmes to serve our people, industry and community. We foster relationships in schools and with industry leaders to understand peoples' needs and the requirements of our local businesses and organisations now and into the future.

In response to our region's history and unique capabilities, WITT Te Pūkenga is working towards being the centre of excellence for energy to help foster the country's transition to a low-carbon future.

Having a clear appreciation for what makes Taranaki and the people of the region unique is helping forge our new place in the whānau as WITT becomes part of the history of Te Pūkenga.

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.

The Education and Training Act 2020 (the Act) states that each Te Pūkenga subsidiary would continue in existence until the close of 31 December 2022, or at an earlier date as resolved by Te Pūkenga. Te Pūkenga resolved to disestablish Western Institute of Technology at Taranaki Limited on 31 October 2022, at which point all the rights, assets, and liabilities of the Western Institute of Technology at Taranaki Limited were transferred to Te Pūkenga.

WITT SUBSIDIARY BOARD MEMBERS

Chairperson
Robin Brockie

Deputy Chair
Bev Gibson
Ngā Ruahine, Te Ātiawa, Te Arawa

Cassandra Crowley

Charlotte Littlewood

Colleen Tuuta
Taranaki, Tuturu, Ngati Mutunga, Ngati Mahuta, Te Ātiawa

Daniel Fleming

Lyal French-Wright

Sam Huggard

EXECUTIVE TEAM

Chief Executive
John Snook

Deputy Chief Executive, Kaiārahi
Allie Hemana-Wahanui
Ngāruahine, Taranaki, Ngāti Maniapoto

Executive Manager
Te Rina Waiwiri
Taranaki, Tainui, Ngāti Hineuru

Director of Corporate Services
Nicola Conley

Academic Director
Nita Hutchinson

Director of Student Success
Zanetta Hinton

Director, School of Trades Training, Primary & Creative Industries
Daniel Fuemana

Director, School of Nursing, Health & Wellness
Ruth Crawford

Director, School of Māori Enterprise, Business & Technology
Bryce Turner (end September)
Waikato, Ngāti Maniapoto
Jan Locket-Kay (from September)

Director, NZIHT, NZ School of Engineering, Energy & Infrastructure
Kyle Hall

Celebrating 50 years in Taranaki

Te Kura Matatini o Taranaki WITT celebrates 50 years of providing education and training for the people of Taranaki.

WITT, formerly known as Taranaki Polytechnic, opened its doors on 1 February 1972 and became the 13th technical institute in New Zealand. At that time around 10 programmes were on offer including trades, technician and professional courses, shorthand typing and dairy farming. The dairy farming course was the only one of its type incorporating industry placement training.

The genesis for a polytechnic in Taranaki dates back to 22 May 1903 when the New Plymouth Technical College opened at the site of Central School. It was later moved to Liardet Street in 1907 and catered to those who never completed their secondary education.

In 1970 the Education Department purchased 16 acres of land in Bell Street from NPBHS and on 1 February 1972 Taranaki Polytechnic opened its doors. The Bell Street site we know today opened on 10 June 1976 with specialist facilities for art, dressmaking, hairdressing, typing and secretarial studies and labs for chemistry, physics, biology and electrical studies.

Now 50 years on WITT offers more than 65 courses, including three bachelor degree programmes and a postgraduate diploma, and industry placements and practical-based learning is at the heart of teaching.

In 1992 the South Taranaki campus was opened on Union Street in Hāwera and in 2001 the Taranaki Polytechnic was renamed "Western Institute of Technology at Taranaki" (WITT).

Independent Auditor's Report

To the readers of the Western Institute of Technology at Taranaki Limited's financial statements for the period 1 January 2022 to 31 October 2022

The Auditor-General is the auditor of the 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 of the company on his behalf.

OPINION

We have audited the financial statements of the company on pages 8 to 32, that comprise the statement of financial position as at 31 October 2022, 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.

In our opinion the financial statements of the company on pages , which have been prepared on a disestablishment basis:

- present fairly, in all material respects:
  - its financial position as at 31 October 2022; 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 the Public Benefit Entity Standards Reduced Disclosure Regime.

Our audit was completed on 28 May 2024. This is the date at which our opinion is expressed.

The basis for our opinion is explained below and we draw your attention to the financial statements being prepared on a disestablishment basis. 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, we comment on other information, and we explain our independence.

Emphasis of matter – The financial statements have been appropriately prepared on a disestablishment basis

Without modifying our opinion, we draw attention to the Basis of Preparation within Note 1 on page 13, which outlines that Te Pūkenga disestablished the company 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.

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

The preparation of the final financial statement for the company is the responsibility of the Te Pūkenga Council.

The Te Pūkenga Council is responsible on behalf of the company for preparing the disestablishment financial statements that are fairly presented and that comply 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 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.

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

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

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit 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.

For the budget information reported in the financial statements, our procedures were limited to checking that the information agreed to the Budget.

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

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, 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 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, including the disclosures, and whether the financial statements 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, 7 and page 35, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements 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, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements 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
Wellington, New Zealand

Statement of responsibility

FOR THE YEAR ENDED 31 OCTOBER 2022

The board of WITT was disestablished on 31 October 2022, this was prior of the finanlsation of the audit opinion.

The council of Te Pūkenga has delegated approval to the chair of Te Pūkenga of the 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 Limited for the year end 31 October 2022.

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 YEAR ENDED 31 OCTOBER 2022

All in $000s	Notes	ACTUAL Ten months ended 31 Oct 2022	BUDGET 2022	ACTUAL 2021
REVENUE				
Government grants	2	13,913	19,157	14,869
Tuition fees	2	7,585	10,147	9,546
Other revenue	2	1,722	2,380	1,693
Total revenue		**23,220**	**31,684**	**26,108**
EXPENDITURE				
Employee expenses	3	15,938	19,693	17,303
Depreciation expense	8	1,756	2,102	1,905
Amortisation expense	9	132	150	162
Interest expense		78	67	493
Administration and other expenses	3	9,178	10,034	8,948
Total expenditure		**27,082**	**32,046**	**28,811**
Surplus/(deficit)		**(3,862)**	**(362)**	**(2,703)**
Other comprehensive revenue and expense				
Items that will not be reclassified to surplus/(deficit)				
Revaluation of land and buildings		0	0	1,993
Total items that will not be reclassified to surplus/(deficit)		**0**	**0**	**1,993**
Total comprehensive revenue and expense		**(3,862)**	**(362)**	**(710)**
Total comprehensive revenue and expense for the period attributable to:				
Owners of the controlling entity		(3,862)	(362)	(710)
Total		**(3,862)**	**(362)**	**(710)**

Explanations of major variances against budget are provided in Note 16.

The accompanying notes form part of these financial statements.

Statement of financial position

AS AT 31 OCTOBER 2022

All in $000s	Notes	ACTUAL 2022	BUDGET 2022	ACTUAL 2021
ASSETS				
Current assets				
Cash and cash equivalents	4	2,108	313	872
Student fees and other receivables	5	6,631	5,643	4,756
Prepayments		360	400	395
Inventory	6	179	80	183
Other financial assets		-	-	-
Total current assets		**9,278**	**6,436**	**6,206**
Non-current assets				
Property, plant and equipment	8	34,993	39,593	34,540
Intangible assets	9	458	589	590
Assets under construction - property, plant and equipment	8	1,776	-	987
Total non-current assets		**37,227**	**40,182**	**36,117**
TOTAL ASSETS		**46,505**	**46,618**	**42,323**
LIABILITIES				
Current liabilities				
Trade and other payables	10	2,626	2,155	1,937
Employee entitlements	11	1,928	1,296	1,033
Revenue received in advance	12	7,618	4,863	4,110
Borrowings	13	4,431	6,989	1,201
Provisions	7	146	180	227
Total current liabilities		**16,749**	**15,483**	**8,508**
Non-current liabilities				
Employee entitlements	11	162	320	246
Borrowings	13	0	0	0
Provisions	7	244	145	357
Total non-current liabilities		**406**	**465**	**603**
Total liabilities		**17,154**	**15,948**	**9,111**
Net assets		**29,350**	**30,670**	**33,212**
EQUITY				
General funds	15	8,609	11,920	12,471
Property revaluation reserve	15	20,606	18,613	20,606
Trust, endowments and bequests	15	135	137	135
TOTAL EQUITY		**29,350**	**30,670**	**33,212**

Explanations of major variances against budget are provided in Note 16.

The accompanying notes form part of these financial statements.

Statement of changes in equity

FOR THE YEAR ENDED 31 OCTOBER 2022

All in $000s	Notes	ACTUAL 31 Oct 2022	BUDGET 2022	ACTUAL 2021
Balance at 1 January		33,212	31,034	29,766
Other comprehensive revenue and expense				
Surplus/(deficit)	15	(3,862)	(362)	(2,703)
Other comprehensive revenue	15	0	0	1,993
Total comprehensive revenue and expense		**(3,862)**	**(362)**	**(710)**
Non comprehensive revenue and expense items				
Other contributions from the Crown	15	0	0	4,157
Distribution to the Crown	15	0	(4)	0
Total non-comprehensive revenue		**0**	**(4)**	**4,157**
Balance at 31 December		**29,350**	**30,668**	**33,212**

Explanations of major variances against budget are provided in Note 16.

The accompanying notes form part of these financial statements.

Statement of cash flows

FOR THE YEAR ENDED 31 OCTOBER 2022

All in $000s	Note	ACTUAL 31 Oct 2022	BUDGET 2022	ACTUAL 2021
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Government grants		14,595	19,634	16,685
Receipts from student fees		8,166	9,720	8,487
Receipt of interest		19	0	10
Receipt of other revenue		1,847	2,147	1,494
Goods and services tax (net)		127	(96)	294
Payments to employees		(15,103)	(19,463)	(17,306)
Payments to suppliers		(8,561)	(9,647)	(9,365)
Interest paid		(46)	(67)	0
Net cash flow from operating activities		**1,044**	**2,228**	**299**
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sale or maturity of investments		0	0	1,560
Purchase of property, plant and equipment		(3,006)	(7,115)	(3,153)
Net cash flow used in investing activities		**(3,006)**	**(7,115)**	**(1,593)**
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from borrowings		3,198	4,750	1,200
Repayment of borrowings		0	0	0
Net cash flows from financing activities		3,198	4,750	1,200
Net (decrease)/increase in cash and cash equivalents		1,236	(137)	(94)
Cash and cash equivalents at beginning of the period		872	450	966
Cash and cash equivalents at end of the year	**4**	**2,108**	**313**	**872**

Explanations of major variances against budget are provided in Note 16.

The accompanying notes form part of these financial statements.

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

All in $000s	ACTUAL 31 Oct 2022	ACTUAL 2021
Surplus/(deficit)	(3,862)	(2,703)
Add/(less) non cash items:		
Depreciation and amortisation expense	1,888	2,067
Bad debt provision movement	204	96
Net loss/(gain) on disposal of property, plant and equipment	7	19
Notional Interest	0	492
Add/(less) items classified as investing or financing activities:		
Impairment	0	0
Add/(less) movements in working capital:		
(Increase)/decrease in accounts receivable and other receivables	173	1,637
(Increase)/decrease in inventories	3	(104)
(Increase)/decrease in prepayments	36	(68)
Increase/(decrease) in employee entitlements	811	(1)
Increase/(decrease) in trade and other payables	689	(16)
Increase/(decrease) in provisions	(194)	(242)
Increase/(decrease) in fees in advance	1,291	(877)
Increase/(decrease) in trusts and endowments	(2)	(1)
Net cash from operating activities	**1,044**	**299**

Explanations of major variances against budget are provided in Note 16.

The accompanying notes form part of these financial statements.

Notes to the financial statements

FOR THE YEAR ENDED 31 OCTOBER 2022

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 in 1 April 2020 and its immediate controlling entity is New Zealand Institute of Skills and Technology – (Te Pūkenga), 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 and the group as public benefit entities (PBE's) for the purposes of complying with generally accepted accounting practice.

The financial statements of the Institute are for the ten month period ended 31 October 2022, and were authorised for issue by the Te Pūkenga board on the 9th May 2024.

BASIS OF PREPARATION

The Education and Training Act 2020 (the Act) states that each Te Pūkenga subsidiary would continue in existence until the close of 31 December 2022, or at an earlier date as resolved by Te Pūkenga. Te Pūkenga resolved to disestablish the Institute on 31 October 2022, at which point all the rights, assets, and liabilities of the Institute were transferred to Te Pūkenga. As a result, the financial statements have been prepared on a disestablishment bases, However, because the education services will continue to be provided by Te Pūkenga, no changes have been made to the recongition and measurement basis, or presentation of assets and liabilities in these financial statements due to the disestablishment basis of preparation.

Reporting period

Due to the disestablishment, the reporting period for the current year is for the 10-month period 1 January 2022 to 31 October 2022. Due to the comparative year covering a 12-month period, 1 January 2021 to 31 December 2021 the statement of comprehensive revenue and expense, statement of changes in net assets/equity, cash flow statement and related notes are not entirely comparable.

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 Disclosures regimes. These financial statements comply with the PBE reduce disclosure regime.

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 19, are rounded to the nearest thousand dollars ($000). Board member remuneration and related party transaction disclosures are rounded to the nearest dollar.

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 have been derived from the budget approved by the Institute's Board and Te Pūkenga at the start of the 2022 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 and Te Pūkenga in preparing these financial statements. The budget approved was for the full 1 January to 31 December 2022 year.

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 Decmeber 2021 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 2021 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 2021 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 WITT or the Group. 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

WITT and the Group 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.

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 are 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 Te Pūkenga. 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.

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 Te Pukenga are for payment on behalf of the student as specified in the relevant funding mechanism.

Performance-based research fund

The Institute considers funding received from Performance-Based Research Fund (PBRF) to be non-exchange in nature. The Institite 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.

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.

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	ACTUAL 31 Oct 2022	ACTUAL 2021
Government funding classified as non-exchange transactions		
Student disability grant	35	32
Youth guarantee funding	839	785
Māori and Pacific Islands grant	159	16
Student Achievement Component (SAC) funding	11,303	12,405
Performance based research funding	36	44
Other Government funding	1,541	1,587
Total Government funding classified as non-exchange transactions	**13,913**	**14,869**
Tuition fees and departmental revenue classified as exchange transactions		
Tuition fees - international students	1,593	2,697
Total tuition fees and departmental revenue classified as exchange transactions	**1,593**	**2,697**
Tuition fees and departmental revenue classified as non-exchange transactions		
Tuition fees - domestic students	2,928	2,883
Fees free funding	972	1,251
Targeted training and apprenticeship funding (TTAF)	2,092	2,715
Total tuition fees and departmental revenue classified as non-exchange transactions	**5,992**	**6,849**
Total tuition fees and departmental revenue	**7,585**	**9,546**
Other revenue classified as exchange transactions		
Other revenue	1,515	1,463
Gain on disposal of property, plant and equipment	8	8
Interest revenue	20	10
Total other revenue classified as exchange transactions	**1,543**	**1,481**
Other revenue classified as non-exchange transactions		
Student service fees	179	212
Total other revenue classified as non-exchange transactions	**179**	**212**
Total other revenue	**1,722**	**1,693**
Total revenue	**23,220**	**26,108**
Revenue classification		
Exchange revenue	3,136	4,178
Non-exchange revenue	20,084	21,930
Total revenue	**23,220**	**26,108**

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.

Superannuation schemes

Defined contribution 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 expense in the surplus or deficit when incurred.

All in $000s	Notes	ACTUAL 31 Oct 2022	ACTUAL 2021
Employee expenses			
Wages and salaries		14,777	16,483
Defined contribution plan employer contributions		394	433
Councillors and board fees	19	129	155
Increase/(decrease) in employee benefit liabilities	11	355	(105)
Other employee expenses		283	337
Total employee benefits expense		**15,938**	**17,303**
Depreciation and amortisation expenses			
Depreciation	8	1,756	1,905
Amortisation	9	132	162
Total depreciation and amortisation		**1,888**	**2,067**
Interest expense			
Interest expense		78	493
Total interest		**78**	**493**
Administration and other expenditure			
Auditors' remuneration			
Fees to principal auditor for financial statement audit		76	125
Total auditors' remuneration		**76**	**125**
General costs			
Operating lease payments		158	188
Bad and doubtful debts - written off	5	5	7
Net increase/(decrease) bad and doubtful debts provision	5	205	96
Course delivery expenses		2,113	2,135
Donations & koha		8	4
Research & development expense		1	5
Loss on disposal of property, plant and equipment	8	14	27
Administrative, materials and consumables expenses		401	433
Scholarships		392	325
Impairment of assets	8	0	0
Other expenditure		5,805	5,603
Total general costs		**9,102**	**8,823**
Total other expenditure		**9,178**	**8,948**
Total expenditure		**27,082**	**28,811**

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.

Though cash and cash equivalents at 31 October 2022 are subject to the expected credit loss requirements of PBE IPSAS 41, no loss allowance has been recognised because the estimated loss allowance for credit losses is trivial.

All in $000s	ACTUAL 31 Oct 2022	ACTUAL 2021
Cash at bank and on hand	2,108	872
Total cash and cash equivalents	**2,108**	**872**

5. STUDENT FEES AND OTHER RECEIVABLES

Accounting policy

Short-term receivables are recorded at the amount due, less an allowance for expected credit losses (ECL). This allowance is calculated based on lifetime ECL.

In measuring ECL, short-term receivables have been assessed on a collective basis as they possess shared credit risk characteristics. They have been grouped based on the days past due.

Short-term receivables are written off when there is no reasonable expectation of recovery.

All in $000s	ACTUAL 31 Oct 2022	ACTUAL 2021
Receivables classified as exchange transactions		
Other receivables	85	311
Total receivables classified as exchange transactions	**85**	**311**
Receivables classified as non-exchange transactions		
Student fees and sundry receivables	4,368	3,899
Other non-exchange receivables	2,578	742
Total receivables classified as non-exchange transactions	**6,946**	**4,641**
Total student fees and other receivables (excluding impairment)	**7,031**	**4,952**
Less allowance for credit losses	(400)	(196)
Total student fees and other receivables	**6,631**	**4,756**

There have been no changes during the reporting period in estimation techniques or significant assumptions used in measuring the loss allowance.

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	ACTUAL 31 Oct 2022	ACTUAL 2021
Carpentry House Build	179	183
Total inventory carrying value	**179**	**183**

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 Jan 2022 Opening Balance	Increase to provision	Charged against provision	Unused amounts reversed	31 Oct 2022 Closing Balance
Provision					
Onerous Lease	584	0	(194)	0	390
Total Provisions	**584**	**0**	**(194)**	**0**	**390**

All in $000s	Notes	ACTUAL 31 Oct 2022	ACTUAL 2021
Current portion			
Onerous Lease		146	227
Total current portion		**146**	**227**
Non current portion			
Onerous Lease		244	357
Total non-current portion		**244**	**357**
Total provisions		**390**	**584**

The onerous lease relates to a lease contract with Prime Properties Hamilton. The institute closed the Hamilton campus and vacated the leased building on 31 December 2020. The lease ends October 2025.

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 Te Pūkenga and the group 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 Te Pūkenga and the group 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 $2,000 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.

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.

PROPERTY, PLANT AND EQUIPMENT	Land	Infrastructure	Buildings	Leasehold improvements	Furniture and equipment	Computer hardware	Motor vehicles	Library collection	Total
Cost or Fair Value - Brought Forward	4,910	688	25,173	61	6,429	2,446	343	790	40,840
Accumulated Depreciation - Brought Forward	0	(29)	0	(31)	(3,649)	(1,706)	(180)	(705)	(6,300)
Net Carrying Value - 1 January 2022	**4,910**	**659**	**25,173**	**30**	**2,780**	**740**	**163**	**85**	**34,540**
Additions	0	0	1,205	11	723	125	142	21	2,227
Reclassifications	0	0	0	0	25	0	(25)	0	0
Disposals	0	0	0	0	(92)	(8)	(26)	0	(126)
Depreciation on Disposals	0	0	0	0	79	3	26	0	108
Reverse Accumulated Depreciation – Reclassification	0	0	0	0	(22)	0	22	0	0
Depreciation	0	(7)	(986)	(12)	(472)	(213)	(51)	(15)	(1,756)
Cost or Fair Value	4,910	688	26,378	72	7,085	2,563	434	811	42,941
Accumulated Depreciation	0	(36)	(986)	(43)	(4,064)	(1,916)	(183)	(720)	(7,948)
Net Carrying Value - 31 October 2022	**4,910**	**652**	**25,392**	**29**	**3,021**	**647**	**251**	**91**	**34,993**
ASSETS UNDER CONSTRUCTION									
Opening Value - 1 January 2022	0	0	897	0	90	0	0	0	987
Additions	0	0	1,234	0	0	0	4	0	1,238
Capitalisations	0	0	(359)	0	(90)	0	0	0	(449)
Closing Value - 31 October 2022	**0**	**0**	**1,772**	**0**	**0**	**0**	**4**	**0**	**1,776**
PROPERTY, PLANT AND EQUIPMENT									
Cost or Fair Value - Brought Forward	4600	688	23,345	61	5,690	2,354	249	769	37,756
Accumulated Depreciation - Brought Forward	0	(22)	0	(17)	(3,321)	(1,618)	(172)	(682)	(5,832)
Net Carrying Value - 1 January 2021	**4,600**	**666**	**23,345**	**44**	**2,369**	**736**	**77**	**87**	**31,924**
Additions	0	0	1,282	0	889	254	119	21	2,565
Reclassifications	0	0	0	0	0	0	0	0	0
Net Revaluation	310	0	556	0	0	0	0	0	866
Disposals	0	0	(10)	0	(150)	(162)	(25)	0	(347)
Depreciation on Disposals	0	0	0	0	128	162	20	0	310
Reverse Accumulated Depreciation – Revaluation Write Back	0	0	1,127	0	0	0	0	0	1,127
Depreciation	0	(7)	(1,127)	(14)	(456)	(250)	(28)	(23)	(1,905)
Cost or Fair Value	4,910	688	25,173	61	6,429	2,446	343	790	40,840
Accumulated Depreciation	0	(29)	0	(31)	(3,649)	(1,706)	(180)	(705)	(6,300)
Net Carrying Value - 31 December 2021	**4,910**	**659**	**25,173**	**30**	**2,780**	**740**	**163**	**85**	**34,540**
ASSETS UNDER CONSTRUCTION									
Opening Value - 1 January 2021	0	0	356	0	17	0	0	0	373
Additions	0	0	897	0	90	0	0	0	987
Capitalisations	0	0	(356)	0	(17)	0	0	0	(373)
Closing Value - 31 December 2021	**0**	**0**	**897**	**0**	**90**	**0**	**0**	**0**	**987**

The Institute undertakes asset revaluations using independent registered valuers on a 3 year cycle. The last valuation was in 2021. Revaluation involves determining the fair value of these properties. The assessment of the fair value of the land is based on reliable market transactions and sales evidence. The fair value of the buildings is based on optimised depreciated replacement cost. The fair value of land and building assets not revalued at balance date are assessed annually to ensure that they do not differ materially from their carrying value.

A revaluation of land and buildings was performed on the 9 December 2021 by a registered valuer Mike Drew, independent Registered Vauler, of the firm Telfer Young, and the valuation is effective as at 31 December 2021.

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 Te Pūkenga group 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 group 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 group 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%
- Course delivery costs 5 years 20%

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.

INTANGIBLES	Computer software	Course development	Other intangible assets	Total
Cost or Fair Value - Brought Forward	1335	434	248	2017
Accumulated Amortisation - Brought Forward	(969)	(301)	(157)	(1,427)
Net Carrying Value - 1 January 2022	**366**	**133**	**91**	**590**
Additions	0	0	0	0
Disposals	0	0	0	0
Amortisation on Disposals	0	0	0	0
Amortisation	(65)	(57)	(10)	(132)
Cost or Fair Value	1335	434	248	2,017
Accumulated Amortisation	(1,034)	(358)	(167)	(1,559)
Net Carrying Value - 31 October 2022	**301**	**76**	**81**	**458**
ASSETS UNDER CONSTRUCTION				
Opening Value - 1 January 2022	0	0	0	0
Additions	0	0	0	0
Capitalisations	0	0	0	0
Closing Value - 31 October 2022	**0**	**0**	**0**	**0**
INTANGIBLES				
Cost or Fair Value - Brought Forward	1396	434	248	2,078
Accumulated Amortisation - Brought Forward	(951)	(231)	(144)	(1,326)
Net Carrying Value - 1 January 2021	**445**	**203**	**104**	**752**
Additions	0	0	0	0
Disposals	(61)	0	0	(61)
Amortisation on Disposals	61	0	0	61
Amortisation	(79)	(70)	(13)	(162)
Cost or Fair Value	1335	434	248	2,017
Accumulated Amortisation	(969)	(301)	(157)	(1,427)
Net Carrying Value - 31 December 2021	**366**	**133**	**91**	**590**
ASSETS UNDER CONSTRUCTION				
Opening Value - 1 January 2021	0	0	0	0
Additions	0	0	0	0
Capitalisations	0	0	0	0
Closing Value - 31 December 2021	**0**	**0**	**0**	**0**

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	ACTUAL 31 Oct 2022	ACTUAL 2021
Payables under exchange transactions		
Trade payables	1,137	1,075
Other payables	858	340
Total payables under exchange transactions	**1,995**	**1,415**
Payables under non-exchange transactions		
Net GST payable/(receivable)	631	522
Total payables under non-exchange transactions	**631**	**522**
Total trade and other payables	**2,626**	**1,937**

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.

All in $000s	ACTUAL 31 Oct 2022	ACTUAL 2021
Employee entitlements		
Accrued pay	680	223
Annual leave	928	682
Sick leave	10	10
Long service leave	37	35
Retirement leave	435	329
Total Employee benefit liabilities	**2,090**	**1,279**
Current portion	1,928	1,033
Non-current portion	162	246
Total employee benefit liabilities	**2,090**	**1,279**

12. REVENUE RECEIVED IN ADVANCE

All in $000s	ACTUAL 31 Oct 2022	ACTUAL 2021
Revenue received in advance		
Government grants	2,932	483
Students' fees	4,604	3,499
Other revenue received in advance	81	128
Total revenue received in advance	**7,617**	**4,110**
Current portion	7,617	4,110
Non-current portion	0	0
Total revenue received in advance	**7,617**	**4,110**

Deferred revenue from student fees includes both liabilities recognised for domestic students where the withdrawal date have not yet passed and for international student fees, which are based on the percentage of course completion.

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	ACTUAL 31 Oct 2022	ACTUAL 2021
Borrowings		
Current portion	4,431	1,021
Non-current portion	0	0
Total	**4,431**	**1,021**
Weighted average effective interest rate	4.83%	1.98%

Borrowings

On the 17 December 2021, the institute utilised the inter-group loan agreement and requested a $1.2m loan from Te Pukenga. The specific terms of this loan was an interest rate of 1.98% on a 3-month rolling basis.

On the 19 May 2022, the institute utilised the inter-group loan agreement and requested an additional $1.5m loan from Te Pukenga. The specific terms of this loan was an interest rate of 3.639% on a 3-month rolling basis.

On the 17 June 2022, the institute utilised the inter-group loan agreement and requested an additional $0.578m loan from Te Pukenga. The specific terms of this loan was an interest rate of 3.994% on a 3-month rolling basis.

On the 16 September 2022, the institute utilised the inter-group loan agreement and requested an additional $1.12m loan from Te Pukenga. The specific terms of this loan was an interest rate of 4.937% on a 3-month rolling basis.

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, as this reflects fair value for these market based transactions. Interest is subsequently accrued and added to the investment and loan balance. A loss allowance for expected credit losses is recognised if the estimated loss allowance is not trivial.

All in $000s	ACTUAL 31 Oct 2022	ACTUAL 2021
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	2,108	872
Student fees and other receivables	4,681	4,756
Total loans and receivables	**6,789**	**5,628**
Financial liabilities		
Financial liabilities measured at amortised cost		
Creditors and other payables	2,626	1,937
Borrowing	4,431	1,201
Total financial liabilities measured at amortised cost	**7,057**	**3,138**

Financial instruments risks

The Institute's activities expose it to a variety of financial risks, including market risk, credit risk, and liquidity risk.

The Institute has policies to manage these risks and seeks to minimise exposure from financial instruments. These policies do not allow any transactions are that speculative in nature to be entered into.

15. 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	ACTUAL 31 Oct 2022	ACTUAL 2021
General funds		
At 1 January	12,471	11,015
Opening balance adjustment	0	2
Surplus/(deficit) for the year before other comprehensive revenue and expenditure	(3,862)	(2,703)
Capital contributions from the Crown	0	4,157
Balance as at 31 December	**8,609**	**12,471**
Property revaluation reserves		
At 1 January	20,606	18,613
Land net revaluations gain	0	310
Buildings net revaluations gain	0	1,683
Balance as at 31 December	**20,606**	**20,606**
Property revaluation reserves		
Property revaluation reserves consist of:		
Land	3,205	3,205
Buildings	17,401	17,401
Total property revaluation reserves	**20,606**	**20,606**
Trusts and bequests		
Opening balance	135	138
New Endowments and Interest	0	1
Less grants awarded	0	(4)
Total trust funds	**135**	**135**
Represented by:		
Rotary Student Success Grant	44	44
Dr David Han	18	18
Glasgow Bursary	20	19
Others	53	54
Total trust funds	**135**	**135**
Total equity	**29,350**	**33,212**

16. MAJOR BUDGET VARIATIONS

Explanations for major comprehensive revenue and expense budget variations from the 2022 budget are detailed below in this table:

All in $000s	ACTUAL 31 Oct 2022	BUDGET 2022	VARIANCE
Statement of comprehensive revenue and expense			
Surplus/(deficit)	(3,862)	(362)	(3,500)
Revenue variances			
Government funding	13,913	19,157	(5,244)
Student fees & departmental revenue	7,585	10,147	(2,562)
Other revenue	1,722	2,380	(658)
Expenditure variances			
Employee benefit expenses	15,938	19,693	(3,755)
Depreciation and amortisation	1,888	2,252	(364)
Administration and other expenses	9,178	10,034	(856)
Explanations for major statement of financial position budget variations from the 2022 budget are detailed below in this table:			
Statement of financial position			
Current assets	9,278	6,436	2,842
Non-current assets	37,227	40,182	(2,955)
Current liabilities	16,748	15,483	(1,265)
Non-current liabilities	406	465	(59)
Equity	29,351	30,670	(1,319)
Explanations for major statement of cash flows budget variations from the 2022 budget are detailed below in this table:			
Statement of cash flows			
Cash flow from operating activities	1,044	2,228	(1,184)
Cash flow used in investing activities	(3,006)	(7,115)	4,109
Cash flows from financing activities	3,198	4,750	(1,552)
Net (decrease)/increase in cash and cash equivalents	1,236	(137)	1,373
Cash and cash equivalents at beginning of the year	872	450	422

Explanation of major budget variations:

Explanation of major budget variations:	Surplus/(deficit)	Higher deficit due to lower than budgeted domestic student numbers and the disestablishment accounts comparing 10 month actuals to 12 months budget.
	Government funding	Lower than budgeted domestic student numbers and the disestablishment accounts comparing 10 month actuals to 12 months budget.
	Student fees & departmental revenue	Lower than budgeted domestic student numbers and the disestablishment accounts comparing 10 month actuals to 12 month budget.
	Other revenue	Student house build revenue did not occur due to non-completion of projects, subcontracted income lower than budgeted due to low student numbers, NZIHT conference was cancelled and the disestablishment accounts comparing 10 month actuals to 12 months budget.
	Employee benefit expenses	Disestablishment accounts comparing 10 month actuals to 12 months budget.
	Administration and other expenses	Disestablishment accounts comparing 10 month actuals to 12 months budget.
	Current assets	Cash position favourable to budget due to an increase in international student fees and the reduction in capital expenditure.
	Non-current assets	Lower due to tranche three of the budget not being released because of lower student numbers and the disestablishment accounts comparing 10 months actuals to 12 months budget.
	Current liabilities	Lower borrowings offset by higher revenue in advance due to lower capital spending and higher international student fees , also due to the disestablishment accounts comparing 10 months actuals to 12 months budget.
	Equity	Lower due to the increase in deficit compared to budget.
	Cash flow from operating activities	Lower government grants and employee costs. Disestablishment accounts comparing 10 month actuals to 12 months budget.
	Cash flow used in investing activities	Delay in completing the capital plan due to covid-19 related delays with contractors and supplies. Tranche three of capital budget not released/ approved. Disestablishment accounts comparing 10 month actuals to 12 month budget.
	Cash flow used in financing activities	Drawdown against the inter-group loan agreement lower than expected due to an increase in international student fees and a reduction in capital expenditure.

17. 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	ACTUAL 31 Oct 2022	ACTUAL 2021
Leases as lessee		
Non-cancellable operating lease rentals are payable as follows:		
Not later than one year	197	227
Later than one year and not later than five years	365	546
Total leases as lessee	**562**	**748**

There are no restrictions placed in the Institute by any of it's leaving arrangements.

18. COMMITMENTS AND CONTINGENCIES

The Institute has the following commitments at balance date:

All in $000s	ACTUAL 31 Oct 2022	ACTUAL 2021
Capital commitments		
Capital commitments denote approved capital expenditure contracted for at year-end not yet incurred.		
Approved and committed		
Buildings – Institute	337	797
Other plant, property and equipment	0	48
Total capital commitments	**337**	**845**

19. 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 the Institute 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) $21,287 in the period to 31 October 2022. The transactions with the Institute included payments for purchases by the Trust and commission paid to the Trust for students enrolled in the Institute. There was nil outstanding as 31 October 2022.

A close family member of key management personnel were employed by the Institute. The terms and conditions of their appointment were no more favourable than the Institute would have adopted if there were no relationship to key management personnel. However, payments of $17,820 were approved for additional hours worked/paid over contracted hours/terms.

During the year, WITT purchased plumbing services from Heal Plumbing Ltd T/A Laser Plumbing New Plymouth, in which an Executive Director is related to the owner. These services cost $16,067 and were supplied on normal comercial terms. There is a balance of $7,731 outstanding for unpaid invoices at year end.

Key management personnel related party transactions

All in $000s	ACTUAL 31 Oct 2022	ACTUAL 2021
Key management personnel compensation		
Board members		
Full-time equivalent members	8	8
Remuneration	129	155
Directors and Chief Executive		
Full-time equivalent members	8	9
Remuneration	1,454	1,513
Total full-time equivalent members	**16**	**17**
Total key management personnel remuneration	**1,583**	**1,668**
Board member remuneration		
Brockie, R	28	32
Gibson, B	17	21
Crowley, C	14	17
Littlewood, C	14	17
Tuuta, C	14	17
Fleming, D	14	17
French-Wright, L	14	17
Huggard, S	14	17
Total Council members remuneration	**129**	**155**

Remuneration – Employee

The Institute and the group have employees, not including directors, who received total remuneration greater than $100,000 for the year ending 31 October 2022.

The employee counts are shown in the table below:

Total remuneration paid or payable	Total
$100,000 - $109,999	1
$110,000 - $119,999	2
$120,000 - $129,999	1
$130,000 - $139,999	
$140,000 - $149,999	1
$150,000 - $159,999	2
$160,000 - $169,999	1
$170,000 - $179,999	
$180,000 - $189,999	2
$190,000 - $199,999	
$200,000 - $209,999	
$210,000 - $219,999	
$220,000 - $229,999	
$230,000 - $239,999	
$240,000 - $249,999	
$250,000 - $259,999	
$260,000 - $269,999	
$270,000 - $279,999	
$280,000 - $289,999	
$290,000 - $299,999	
$300,000 - $309,999	1
$310,000 - $319,999	
$320,000 - $329,999	
$330,000 - $339,999	
$340,000 - $349,999	
Total	**11**

20. EVENTS AFTER BALANCE DATE

There are no events identified past balance date, up to the date of approval of the financial statements, that require disclosure (2021: notice to surrender tenancy A of lease at 500 Victoria Street, Hamilton)

The Institute was disestablished on 31 October 2022, so there are no after balance events applicable to the Institute.

21. FINANCIAL VIABILITY

The Institute has a letter of support in place and a loan facility with its parent, Te Pūkenga, to assist with funding its operations and capital requirements until the entity is disestablished and amalgamated into its parent entity. This means that the Institute will continue to be able to fund its operations and remain financially viable until it is formally disestablished from 1 November 2022. The approved Te Pūkenga loan facility as at 31 October 2022 is $6.898 million.

22. 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 2021 consultation period, Student Leaders recommended that the CSSF for 2022 increase to $255 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:

2022	20% Sport, Recreational & Cultural Activities $'000	15% Careers & Employment Services $'000	25% Counselling Service $'000	40% Health Services $'000	100% Total $'000
Income					
Compulsory Student Services Fees	36	27	45	72	179
Other Income	2			1	3
Total Income	**38**	**27**	**45**	**73**	**182**
Expenditure					
Salary and Wages	48	66	68	111	293
Service payments	-	-	19	-	19
Other costs	25	2	-	19	46
Total costs	**73**	**68**	**87**	**130**	**358**
Net result	**(35)**	**(41)**	**(42)**	**(57)**	**(176)**

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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WITT_Taranaki

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