Te Pūkenga Work Based Learning Limited

Annual Report 2021

Te Pūronga a te Heamana

Chair’s Report

It is a privilege to present the first Te Pūkenga Work Based Learning Limited (WBL) Annual Report and provide commentary on behalf of the Board.

Who we are
Established in April 2021 as a wholly-owned subsidiary of Te Pūkenga New Zealand Institute of Skills and Technology, WBL is a transitional organisation. It was created to amalgamate the transitional Industry Training Organisations (ITOs) that elect to transfer their arranging training activities and supporting functions to Te Pūkenga under the Reform of Vocational Education and the enacting legislation – the Education and Training Act 2020.

WBL began operating on 2 August 2021, with the amalgamation of Competenz Trust, establishing the Competenz Business Division of WBL, which supports more than thirty industry sectors. Around 200 kaimahi and over 10,000 learners were transferred into WBL. Fiona Kingsford, formerly the Chief Executive of Competenz Trust, was appointed acting Chief Executive. At the same time, Bryn Thompson, Competenz Trust’s nominated director, was appointed to the WBL Board.

A further amalgamation was completed on 1 September, with Connexis (Infrastructure Industry Training Organisation) joining WBL. Connexis transitioned 57 kaimahi and 4,900 ākonga to WBL, forming the Connexis Business Division. Brian Warren, Connexis Chair, was nominated by Connexis and appointed to the WBL Board on 1 September.

BCITO (Building and Construction Industry Training Organisation) was the third transitional ITO to become a business division of WBL on 4 October, and Toby Beaglehole, BCITO Chief Executive, was appointed Chief Executive of WBL. BCITO is the largest transitional ITO to join WBL, supporting 15 industries, 390 kaimahi and just over 20,000 ākonga. BCITO nominated two directors to the WBL board, Grant Florence and Michael King, appointed on 4 October.

How we’re doing
Several key executives were appointed in 2021 and we welcomed incoming executives this year who will help us manage the remaining five transitional ITO amalgamations and our substantial change programme.

Our initial period of operation has been very positive, generating a surplus of just over $14 million, which exceeded our expectations. We are in a good position, but this surplus is partly due to some projects having been put off due to the impact of Covid-19 and in part due to the Apprenticeship Boost and Targeted Training and Apprenticeship Funding initiatives introduced by the Government.

Thank you
I want to acknowledge the outstanding contribution of WBL Board members and board members of the three transitional ITOs who joined WBL in 2021. Your mahi has helped pave the way for the future of vocational education in Aotearoa, New Zealand. My gratitude also to Fiona Kingsford, who stepped in as acting Chief Executive when WBL began operating. The commitment, leadership and professionalism of everyone ensured our employers and learners are well represented in designing the future of vocational education and enabled our incoming Chief Executive to have a complete and clear picture of the road ahead. My sincere thanks also to our kaimahi who continued to deliver excellent service while staying safe.

John Brockies
Board Chair

Te Pūronga a te Kaiwhakahaere Mātāmua
Chief Executive's Report

Work-based learning plays a critical role in creating a better Aotearoa, New Zealand. The Government is serious about the benefits work-based learning can bring to individual businesses, people in jobs and the country as a whole. It's so serious that it is investing $230 million in trades training programmes that will support 38,000 people into work. We are grateful.

Interruption followed seamless transitions

I am delighted to report that in 2021 all three transitional ITO amalgamations into WBL happened seamlessly without any disruption for learners and employers. However, the same cannot be said about how the global Covid-19 pandemic has affected us all. During the year, WBL continued to be responsive to the guidance provided by Government and its agencies, adapting the operating model where necessary to support learners and employers remotely when face-to-face engagement was not possible. In an environment never experienced by any of us before, some training and assessment activities were postponed. This meant that some learners did not achieve everything necessary to complete their qualifications in the expected timeframes.

Now that face-to-face engagement is possible again, we are working hard to achieve successful outcomes for all.

Thank you to our people

We recently completed our first WBL employee workplace survey. Over 70% of our people completed the survey well above the survey's benchmark (Ask your teams). Although our people continue working through a period of significant change, they value the workplace and the support we provide them with through this change journey.

I want to acknowledge the significant contribution of all WBL people during 2021. Many of our kaimahi have taken up the challenge of being involved in extra projects and workstreams as part of our change environment, on top of their business as usual commitments. You are contributing your knowledge and expertise to the future of vocational education. You have my sincere thanks.

Moving forward

Our focus is now on preparing WBL for its integration into Te Pūkenga in mid-2023 and aligning to the new Te Pūkenga operating model, which is expected to be announced in mid-2022. In addition, the 2022 priorities will be to integrate remaining transitional ITOs into the WBL network and improve service delivery for the benefit of learners. We are also highly focused on building stronger relationships with employers to support them to develop skills within their teams.

Keeping our ākonga and their whānau at the centre of everything that we do is why we're working collaboratively on projects that have been shown to improve the experience of vocational education for our ākonga and their whānau.

Working more closely with Te Tiriti partners and key regional and industry stakeholders will ensure that our teams recognise cultural differences. We believe this closer collaboration will improve learning outcomes.

We are proactively supporting our kaimahi to gain a broader understanding of the importance of Te Tiriti. This will help us improve the delivery of vocational education to underserved populations, in particular Māori, Pasifika, women and disabled communities.

Making sure that learning fits around people, rather than people having to fit learning around other aspects of their lives, is paramount in a learner's journey to becoming a successful qualified professional.

The Reform of Vocational Education is critically important to ensure Aotearoa, New Zealand gets the skills it needs and learners see the value in achieving qualifications recognised nationally by employers. There is still much work to be done to tailor the delivery of education and support we provide in 2022-23 to ensure equitable outcomes for all.

We look forward to continuing to champion work-based learning to enable successful futures for everyone involved.

He aha te mea nui o te ao? He tangata he tangata he tangata!

Toby Beaglehole
Chief Executive

Note to the Annual Report

The Education and Training Act 2020

Te Pūkenga Work Based Learning Limited (WBL) was incorporated on 20 April 2021 pursuant to section 340 of the Education and Training Act 2020 (ETA). It is a 100% owned subsidiary of Te Pūkenga. The purpose of WBL is to be the vehicle through which Te Pūkenga acquires the arranging training activities of those Transitional Industry Training Organisations (TITOs) who seek to transfer arranging training activities (in whole or in part) to Te Pūkenga. Each TITO that transitioned to WBL in the 2021 financial year transferred its operations into WBL subject to those operations being carried out in a separate business division of WBL. The business divisions have effectively continued to operate in a business as usual manner since the transfer date (with the first transfer being on 1 August 2021). It is intended that this will continue until Te Pūkenga commences implementing its operating model over the course of 2023, through which it will blend workplace, online and face to face learning.

It is acknowledged that section 306(4) of the ETA requires an institution to include certain matters in its annual report. It is further acknowledged that WBL may be considered an “institution” under the ETA (with institution being defined as including: “Te Pūkenga – New Zealand Institute of Skills and Technology (including, as the case requires, its subsidiaries that provide education or training, or both)”. However, the requirements of section 306(4) are not something that WBL is in a position to report against with its current service delivery model.

The primary position of WBL is that the requirements of section 306 do not apply to WBL in its current form as it is not providing education or training (it is the workplace that provides the education or training). However, if this position is not accepted or is not correct, the position of WBL is that it is not in a position to report against these requirements for the 2021 financial year.

Te Pūkenga Work Based Learning Limited

Financial Statements

for the Five Months Ending 31 December 2021

Te Pūkenga Work Based Learning Limited
Statement of Financial Position
as at 31 December 2021

		Notes	Actual* December 2021 $'000
Assets			
Current Assets			
Cash and Cash Equivalents		5	48,340
Trade and Other Receivables	Exchange	6	1,854
	Non-Exchange	6	483
Prepayments		7	1,415
Inventory			427
Total Current Assets			**52,519**
Non-Current Assets			
Property, Plant and Equipment		8	3,291
Intangible Assets		9	6,413
Total Non-Current Assets			**9,704**
Liabilities			
Current Liabilities			
Trade and Other Payables	Exchange	10	9,803
	Non-Exchange	10	10,538
Employee Entitlements		11	3,455
Revenue In Advance		12	42
Deferred Revenue from TITOs		12	9,897
Ring-fenced funding		5	7,251
Total Current Liabilities			**40,986**
Non-Current Liabilities			
Provisions		11a	180
Total Non-Current Liabilities			**180**
Total Liabilities			**41,165**
Net Assets			**21,057**
Equity			
General Equity			21,057
Revaluation Reserve			-
Total Equity			**21,057**

*The accompanying notes form part of these financial statements. *Refer to Note 2 (Basis of Preparation) for an explanation of the nature of the amounts presented and how they have been combined.*

John Brockies
Board Chair
31 May 2022

Bruce Robertson
Audit Committee Chair
31 May 2022

Te Pūkenga Work Based Learning Limited

Statement of Comprehensive Revenue and Expense

for the five months ended 31 December 2021

	Notes	Actual* August - December 2021 $'000 (5 months)
Revenue		
Government Funding	3a	49,910
Apprenticeship/Training Fees	3b	190
Other Revenue	3c	1,603
Total Revenue		**51,703**
Expenses		
Employee Benefit Expenses	4a	17,403
Other Expenses	4b	19,006
Finance Expenses		1
Depreciation Expense		455
Amortisation	9.	447
Total Expenses		**37,312**
Net (Deficit)/Surplus		**14,391**
Other Comprehensive Revenue and Expenses		
Property Revaluations/Impairment		-
Total Other Comprehensive Revenue and Expenses		**-**
Total Comprehensive Revenue and Expenses		**14,391**

*The accompanying notes form part of these financial statements. *Refer to Note 2 (Basis of Preparation) for an explanation of the nature of the amounts presented and how they have been combined.*

Te Pūkenga Work Based Learning Limited
Statement of Changes in Equity
for the five months ended 31 December 2021

	General Equity* $'000	Asset Revaluation Reserve* $'000	Total* $'000
August - December 2021			
Balance at 1 August 2021	**-**	**-**	**-**
Gain on Amalgamation	6,665	-	6,665
Total Comprehensive Revenue and Expense	14,391	-	14,391
Balance at 31 December 2021	**21,057**	**-**	**21,057**

There were no dividends proposed or declared to the Shareholders.

*The accompanying notes form part of these financial statements. *Refer to Note 2 (Basis of Preparation) for an explanation of the nature of the amounts presented and how they have been combined.*

Te Pūkenga Work Based Learning Limited
Statement of Cash Flows
for the five months ended 31 December 2021

	Notes	Actual* August - December 2021 $'000 (5 months)
Cash Flows From Operating Activities		
Cash Was Provide From:		
Government Funding		56,214
Tuition Fees		190
Interest Received		78
Other Services Provided		438
Total		**56,920**
Cash Was Disbursed To:		
Payments to Employees		17,752
Payments to Suppliers		11,781
Total		**29,533**
Net Cash Flows From Operating Activities		**27,388**
Cash Flows From Investing Activities		
Cash Was Provided From:		
Sales of Assets		25
Total		**25**
Cash Was Applied To:		
Purchase of Assets/Intangible Assets		785
Acquisition of investments		0
Total		**785**
Net Cash Flows From Investing		**(760)**
Net increase in Cash and Cash Equivalents		26,627
Opening Cash and Cash Equivalents at 1 August 2021		0
Cash and Cash Equivalents from Amalgamation	13	21,713
Closing Cash and Cash Equivalents at 31 December 2021		**48,340**
Represented By:		
Cash and cash equivalents		
Cash		0
Westpac		48,340
	6	**48,340**

Net GST amounts paid are included in payments to suppliers

Reconciliation from the Net Surplus/(Deficit) to the Net Cash Flows from Operations

Net Surplus/(Deficit) for the Period	14,391
Adjustments For:	
Depreciation	455
Amortisation	447
Changes in Assets and Liabilities	
(Increase) / Decrease in Trade and Other Receivables	(1,570)
(Increase) / Decrease in Prepayments	131
(Increase) / Decrease in Inventory	(227)
Increase / (Decrease) in Trade and Other Payables	16,874
Increase / (Decrease) in Provisions	(169)
Increase / (Decrease) in Revenue Received in Advance	(2,945)
Net Cash from Operating Activities	**27,388**

*The accompanying notes form part of these financial statements. *Refer to Note 2 (Basis of Preparation) for an explanation of the nature of the amounts presented and how they have been combined.*

Notes to the Financial Statements

For the year ended 31 December 2021

Statement of Responsibility

Te Pūkenga Work Based Learning Limited (WBL) Board is responsible for establishing and maintaining a system of internal controls designed to provide reasonable assurance about the integrity and reliability of reporting. The Board is responsible for the preparation of the statements of performance, an appropriation statement under section 19A of the Public Finance Act 1989, and financial statements for WBL and for the judgements made within them.

In the Board's opinion:

- The Statement of Performance fairly reflects the performance of WBL for the period 1 August 2021 to 31 December 2021
- The Statement of Financial Position fairly reflects the position of WBL as at 31 December 2021

Signed by:

John Brockies
Chair

Toby Beaglehole
Chief Executive

Sean Kirk
Chief Financial Officer

Note 1. Reporting Entity

Te Pūkenga Work Based Learning Limited (WBL) is a Crown entity subsidiary that is domiciled and operates in New Zealand. WBL was incorporated on 20th April 2021, registered under the Companies Act 1993 (registered number 8179185), and commenced operating on 1 August 2021. Its immediate controlling entity is Te Pūkenga – New Zealand Institute of Skills and Technology (the Institute), and the ultimate controlling entity is the New Zealand Crown. The relevant legislation governing WBL's operations include the Education and Training Act 2020, the Crown Entities Act 2004, and the Companies Act 1993.

WBL comprises three business divisions: Competenz, Connexis and BCITO, and a head office. The divisions formerly operated as Transitional Industry Training Organisations (TITOs) prior to their amalgamation with WBL.

WBL was established primarily as a vehicle to transition the arranging training and support activities from TITOs into the Institute, and as such it has assumed responsibility for arranging training for trainees and apprentices who predominantly acquire knowledge and skills to meet formal vocational qualification standards in the workplace. WBL provides support to learners and employers, develops training plans, supplies training materials and pastoral care and liaises with third-party training providers. WBL is a public benefit entity funded by Government grants awarded by the Tertiary Education Commission (TEC).

The financial statements were authorised on 31st May 2022, by the directors who were given delegated powers to do so in accordance with a resolution of the Board on 25th May 2022.

Note 2. Summary of Significant Accounting Policies

The following are accounting policies that materially affect the measurement of financial performance and financial position have been applied:

Basis of Preparation

The Minister of Education announced the Government's decisions on the Reform of Vocational Education proposals on 1 August 2019 and has since enacted the Education (Vocational Education and Training and Reform) Amendment Act 2020 (the Act) on 24 February 2020 to give effect to those reforms.

The Act required the transfer of arranging training and support activities from TITOs to WBL by the 31st December 2022. At a subsequent date, expected to be mid-year 2023, WBL will amalgamate with the Institute.

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

WBL is expected to have further amalgamations in 2022, with the potential of arranging training and support functions of four or more TITOs transitioning into WBL. In each instance, a prerequisite of amalgamation is that the joining party is financially viable.

Individual significant assumptions and judgements applied to specific periods have been documented separately below.

These financial statements, for the period ended 31 December 2021, are for a five-month period only, including divisions from the point of their amalgamation. As WBL is a new company, there are no comparative results. WBL was not operational and was not party to any financial transactions between establishment on 20th April 2021 and the commencement of operations on 1st August 2021.

Presentation currency and rounding
The financial statements are presented in New Zealand dollars, being the functional currency of the WBL. All values are rounded to the nearest thousand dollars ($'000).

Statement of Compliance
The financial statements have been prepared in accordance with the requirements of the Companies Act 1993, Crown Entities Act 2004 and the Education Act 1989 section 220(2AA)(a), which include the requirement to comply with New Zealand generally accepted accounting practice (NZ GAAP). The financial statements have been prepared in accordance with and comply with Tier 1 PBE accounting standards.

The financial statements for the period ended 31 December 2021 are the first financial statements issued by the Company which comply with Generally Accepted Accounting Practice in New Zealand (GAAP).

Standards issued and early adopted

PBE IPSAS 41
WBL has early adopted PBE IPSAS 41 Financial Instruments for its 31 December 2021 financial year.

PBE IPSAS 41 establishes requirements for the recognition and measurement of financial instruments by Tier 1 and Tier 2 public benefit entities. This standard replaces PBE IPSAS 29 Financial Instruments: Recognition and Measurement and PBE IFRS 9 Financial Instruments.

As a result of the adoption of PBE IPSAS 41, the Institute and WBL have adopted consequential amendments to PBE IPSAS 1 Presentation of Financial Statements, Classification and measurement of financial assets and financial liabilities.

PBE IPSAS 41 contains three principal classification categories for financial assets: measured at amortised costs, fair value through other comprehensive revenue and expense (FVOCRE) and fair value through surplus or deficit (FVTSD). The classification of financial assets under PBE IPSAS 41 is based on the business model in which a financial asset is managed and its contractual cash flow characteristics. PBE IPSAS 41 eliminates the previous PBE IPSAS 29 categories of held to maturity, loans and receivables and available for sale.

The adoption of PBE IPSAS 41 has had no effect on WBL's accounting policies related to financial liabilities, given that it is its first year of operation.

The effect of adopting PBE IPSAS 41 on the carrying amounts of financial assets relates solely to the adoption of the new impairment model. WBL has determined that the adoption of this model does not have a material impact.

Standards issued and not yet effective and not early adopted

No other standards have been early adopted.

Significant Accounting Policies

PBE combinations
In accordance with PBE IPSAS 40, combinations are classified as either an acquisition or an amalgamation based on control and the economic substance of the combination. The substance of a combination is assessed based on factors including: whether consideration was paid and the decision making process that resulted in the combination.

Amalgamations are accounted for using the modified pooling of interests method whereby the assets received, the liabilities assumed in the combining operations are recognised at their carrying amounts with a corresponding amount being recognised in net assets/equity. When one of the parties to the combination gains control of the combining operations, the resulting entity is that continuing reporting entity and the amalgamation is accounted for from the date of the amalgamation - comparatives are not restated to include those of the combining entities.

Revenue

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

Government Funded and Subsidised Revenue

Industry Training Fund

The Industry Training Fund (ITF) is WBL's main source of operational funding from (TEC). WBL considers ITF funding to be non-exchange revenue and recognises ITF funding as revenue when the service associated with the funding is delivered over time. ITF funding is received monthly (one twelfths) in advance, based upon the annual funding allocation. To the extent that funding has been received but not recognised as revenue, a liability is held in the statement of financial position.

Apprenticeship/Training Fees

Apprenticeship/training fees are partially subsidised by government funding and are considered non-exchange. Revenue is recognised when the service associated with the fee is delivered over time, or in the case of products, when the products are supplied.

Targeted Training and Apprenticeship Funding (TTAF) Fees-Free (FF) Revenue

TTAF and FF revenue is received from TEC for apprenticeship/training fees that would otherwise have been paid by the learner or their employer. WBL considers TTAF and FF revenue is non-exchange revenue and recognises this when the service associated with the fee is delivered over time, or in the case of a product, when the product is supplied.

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.

Other Revenue

Resource Sales and Fees for Services to Non-funded Learners

Revenue from the sale of resources is recognised when the significant risks and rewards of ownership have been transferred to the customer, being the point in time that the product is sold to the customer. Revenue for services to non-funded learners is recognised when the service is delivered over time. These services comprise training and assessment services that are not funded or subsidised by Government grants.

Interest

Interest income is earned on cash on call. Interest revenue is accrued using the effective interest rate method.

Leases

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.

Foreign Currency Transactions

Foreign currency transactions are translated into New Zealand Dollars (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.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and deposits held on call with banks.

Apprenticeship/Training Fees and Trade and Other Receivables

Current receivables are recorded at the amount due, less an allowance for credit losses. WBL applies the simplified expected credit loss model of recognising lifetime expected credit losses for receivables.

In measuring expected credit losses, current 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. Current receivables are written off when there is no reasonable expectation of recovery.

Other Financial Assets and Liabilities

Property, Plant and Equipment

Property, plant, and equipment consists of four asset classes: leasehold improvements, computer hardware, furniture and equipment and motor vehicles. All asset classes are measured at cost, less accumulated depreciation and impairment losses.

Amalgamation

Property, plant and equipment amalgamated during the period are measured at deemed cost, being the cost less accumulated depreciation at the point of amalgamation. These assets were capitalised under the accounting policies of the TITO at the time of amalgamation. Depreciation is charged on a straight-line basis for the remaining life of the asset.

Additions
Additions with a cost of $2,000 or more, individually or in aggregate when purchase as a group of assets value, are capitalised. Amounts under $2,000 are expensed.

Disposals
Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are reported net in the surplus or deficit.

Depreciation
Depreciation is provided on a straight-line basis on all property, plant, and equipment at rates that will write off the cost of the assets to their estimated residual values over their useful lives.

The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

Class of Asset	**Rate**
Leasehold improvements	3 to 10 years / 10% to 33.3%
Computer hardware	3 to 5 years / 20% to 33%
Furniture and equipment	2 to 15 years / 6.7% to 50%
Motor vehicles	4 to 5 years / 20% to 25%

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 and intangible assets
Property, plant, and equipment and intangible assets that are amortised are reviewed for impairment at each balance date and whenever events or changes in circumstances indicate that the carrying amount might not be recoverable. Intangible assets that are not yet available for use and, therefore, not yet being amortised, are tested for impairment at least annually regardless of whether there are any indications that the asset may be impaired. If an asset's carrying amount exceeds its recoverable amount, the asset is considered to be impaired.

To test an asset for impairment, its recoverable amount is compared to its carrying amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Intangible work-in-progress is tested for impairment annually in accordance with PBE IPSAS 21, consistent with WIP impairment assessment provided which is in line with PBE IPSAS 21

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.

Intangible Assets

Amalgamation

Intangible assets amalgamated during the period are measured at deemed cost, being the cost less accumulated amortisation at the point of amalgamation. Amortisation is charged on a straight-line basis for the remaining life of the asset.

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, where these satisfy Treasury guidelines.

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.

Resource Development Costs/Training Materials

Capitalised resource development costs are amortised from the point at which the training material 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 assessed 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.

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 expensed 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%
- Resource development/Training Materials: 5 years – 20%

Accounts Payables
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.

Employee Benefits
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 and annual leave earned to but not yet taken at balance date. WBL does not provide for sick leave or long service awards.

Presentation of Employee Entitlements
Annual leave is classified as a current liability.

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

Provisions
A provision is recognised for future expenditure of uncertain amount or timing when:
- there is a present obligation (either legal or constructive) as a result of a past event
- it is probable that an outflow of future economic benefits 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".

Equity
Equity is measured as a difference between total assets and total liabilities, including gains on amalgamation, where the value of assets transferred exceeded the value of liabilities assumed.

Share Capital
On 20th April 2021, the WBL issued 100 shares to the Institute 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 WBL's surplus assets.

Income Tax
Along with the Institute and the group, WBL is exempt from Income Tax. Accordingly, no provision has been made for Income Tax.

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

The net amount of GST recoverable from, or payable to, the IRD is included as part of receivables or payables in the statement of financial position. The net GST paid to, or received from the IRD, including the GST relating to investing and financing activities, is classified as a net operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

Related Party Transactions
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 WBL 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 and undertaken on the normal terms and conditions for such transactions.

Accounting Estimates
Accounting estimates for deferred recognition of revenue and the provision for expected credit losses and the expected useful lives of assets, have been made in the current period.

In preparing these financial statements, WBL has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances.

No estimates or assumptions have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next year.

Changes in Accounting Policies
There have been no changes in accounting policies for the period ended 31 December 2021 as this is the first year of reporting.

Budget

The principal activities of WBL are those of arranging training, transferred from TITOs under the Reform of Vocational Education. Given the uncertainty of the timing of transfers and the degree to which these activities would be transferred to WBL, as opposed to other providers, it was not possible for WBL to set a meaningful budget for 2021.

Restrictions on title

For plant and equipment, there is an asset disposal limit formula, which provides a limit up to which WBL may dispose of plant and equipment without seeking the approval from the Ministry of Education. Detailed information on the asset disposal rules can be found on the Tertiary Education Commission website.

No items of Property, Plant and Equipment are pledged as security for liabilities at 31 December 2021.

Note 3. Revenue

Note 3a. Government Funding

	Actual August - December 2021 $'000 (5 months)
Government Funding	
Industry Training Fund	30,378
	30,378
Other Government Funding	
Targeted Training and Apprenticeship Fund	18,533
TITO/WDC Transition Funding	1,000
	49,910
Revenue Classification	
Exchange Revenue	-
Non-Exchange Revenue	49,910
	49,910

TITO transition funding was provided by the Tertiary Education Council, via the institute, to contribute towards the cost associated with transferring the activities of the TITOs to WBL.

Note 3b. Apprenticeship/Training Fees

	Actual August - December 2021 $'000 (5 months)
Apprenticeship/Training Fees	190
	190
Revenue Classifications	
Exchange Revenue	-
Non-Exchange Revenue	190
	190

Note 3c. Other Revenue

Other revenue is generated by WBL as an outcome of its operating activities, which do not form part of its core operations. Other revenue is made up of the following significant items:

	Actual August - December 2021 $'000 (5 months)
Trading Revenue	
Services to non-funded learners	458
Resource Sales	393
Others	42
	893
Interest	**78**
Other Revenue	**633**
Total Other Revenue	**1,603**
Classification	
Exchange Revenue	1,603
Non-Exchange Revenue	- 0
Total Other Revenue	**1,603**

Note 4. Expenses

Note 4a. Employee Benefit Expenses

	Actual August - December 2021 $'000 (5 months)
Wages and Salaries	16,780
Employee Welfare Expenses	41
Employer Contributions to Defined Contribution Schemes	434
Redundancy, Restructure and Severance Payments	42
(Decrease)/Increase in Employee Entitlements	106
Total Employee Benefit Expenses	**17,403**

Note 4b. Other Expenses

		Actual August - December 2021 $'000 (5 months)
Administrative Expenses		2,562
Course Related Costs		11,922
Occupancy and Maintenance Costs		1,295
Learner Recruitment Expenses		116
Professional Fees		186
Advertising and Public Relations		830
Merger Costs		290
Operating Lease Payments		692
Staff Training		156
Loss on Sale of Fixed Assets	-	17
Bad Debts and Doubtful Debts		13
Fees to Audit NZ for Annual Audit of Financial Statements		174
Audit fees payable		122
Other Employment Related Expenses		664
Total Other Expenses		**19,006**

Note 5. Cash and Cash Equivalents

WBL maintains sufficient funds on hand at call to enable all of its obligations to be met as they fall due.

Cash at Bank	**Interest Rate % Average**	**Actual December 2021 $'000**
As at 31 December funds on hand were as follows:		
Cash on hand		-
Westpac current and call accounts	0.50	48,340
Total Cash and Cash Equivalents		**48,340**

The carrying value of cash at bank and call deposits approximates their fair value.
No other deposits were held.

Short-term deposits are cash on call earning a variable rate of interest of less than 1%.

Included in cash balances are TEC advances, that are repayable in the following year to the extent that they are not fully utilised under the Targeted Training and Apprenticeship Funding.
The amount confirmed by TEC for repayment is $9,732,148

Cash balances also include ring-fences funds to the amount of $7,251,000, provided by TITOs upon amalgamation to WBL. Refer notes 5a, 12 and 13 for more information.

At balance date, WBL had two letters of credit to the total value of $1,501,750 in place to facilitate salary payments made by payroll bureaus.

Note 5a. Ring-fenced Funds

	Actual December 2021 $'000		
	Connexis	**BCITO**	**Total**
Ring-fenced Funds			
Opening balance at 2 August 2021	0	0	0
Funds received	1,128	6,123	7,251
Funds expended	0	0	0
Closing balance at 31 December 2021	**1,128**	**6,123**	**7,251**

Note 6. Trade and Other Receivables

Receivables are amounts owing to WBL arising from normal operating activities, less provisions for any debt which the WBL considers may not be collectable as at 31 December.

Accruals represent revenue that has been earned but not invoiced by 31 December.

	Actual December 2021 $'000
Apprenticeship/ Training Fee Debt	-
Government Grant Receivables	1,454
Trade Debts	742
Accrued Revenue	178
Total Trade and Other Receivables	2,336
Exchange Revenue	1,854
Non-Exchange Revenue	483
	2,336

In 2021 apprenticeship/training fees were largely paid by TEC under the Targeted Training and Apprenticeship Funding scheme.

Fair value

Trade and Other Receivables are non-interest bearing and receipt is normally by the end of the month following invoice. The carrying value of trade and other receivables approximates to fair value.

Impairment

WBL provides for any impairment on based upon an assessment of the likelihood of collecting the debt.

Note 7. Prepayments

Prepayments represent expenditure prepaid during the current financial year which relates to activities for the following financial year.

	Actual December 2021 $'000
Insurance premiums	325
Computer application subscriptions and maintenance	924
Membership and association fees	37
Inventory	14
Property Costs	6
Conference Costs	6
Other	103
	1,415

Note 8. Property, Plant & Equipment

Movement for each class of Property, Plant and Equipment for WBL is as follows:

Five Months Ended 31 December 2021	Property - Leasehold Improvements $'000	Plant and Equipment $'000	Motor Vehicle $'000	Computer Hardware $'000	Total $'000
Cost at 1 August 2021	0	0	0	0	0
Amalgamation at deemed cost	65	659	1,322	1,299	3,346
Additions	72	82	252	14	424
Disposals	0	(6)	(18)	0	(24)
Cost at 31 December 2021	**137**	**735**	**1,556**	**1,313**	**3,745**
Accumulated Depreciation at 1 August 2021	0	0	0	0	0
Depreciation charge for the year	(16)	(150)	(129)	(162)	(455)
Depreciation on disposals	0	1	0	0	1
Accumulated Depreciation at 31 December 2021	**(16)**	**(149)**	**(128)**	**(162)**	**(454)**
Net of accumulated depreciation at 31 December 2021	**121**	**587**	**1,428**	**1,152**	**3,291**
At 1 Aug 2021					
Cost or fair value	0	0	0	0	0
Accumulated depreciation and Impairment	0	0	0	0	0
	0	**0**	**0**	**0**	**0**
At 31 December 2021					
Cost or fair value	137	1,008	1,557	1,044	3,750
Accumulated depreciation and Impairment	(16)	(153)	(128)	(162)	(459)
	121	**855**	**1,428**	**883**	**3,291**

Note 9. Intangible Assets

Movement for each class of Intangible Asset for WBL is as follows:

Five Months Ended 31 December 2021	Software $'000	Training Resources $'000	Work in Progress $'000	Total $'000
Cost at 1 August 2021	0	0	0	0
Amalgamation at deemed cost	741	4,388	1,371	6,500
Additions	46	165	149	360
Disposals	0	0	0	0
Transfer to/from work-in-progress	0	501	(501)	0
Cost at 31 December 2021	**787**	**5,054**	**1,019**	**6,860**
Accumulated amortisation and Impasirment at 1 August 2021	0	0	0	0
Amortisation and Impairment on Disposals	0	0	0	0
Impairment	0	0	0	0
Amortisation charge for the year	(86)	(361)	0	(447)
Accumulated amortisation and Impasirment at 31 December 2021	(86)	(361)	0	(447)
Net of accumulated amortisation and impairment at 31 December 2021	**701**	**4,693**	**1,019**	**6,413**
At 1 Aug 2021				
Cost or fair value	0	0	0	0
Accumulated amortisation and Impairment	0	0	0	0
	0	**0**	**0**	**0**
At 31 December 2021				
Cost or fair value	787	5,054	1,019	6,860
Accumulated amortisation and Impairment	(86)	(361)	0	(447)
	701	**4,693**	**1,019**	**6,413**

The training resources intangibles balance includes both internally generated and other intangible assets. On amalgamation it was not possible to split the training resources balance between these two classifications. All Software is classified as other intangibles.

Software has been assessed as having finite lives and are amortised between three to five years using the straight-line method.

The amortisation expense relating to intangible assets is included in the operating expenses line item of the statement of comprehensive revenue and expense.

There are no restrictions over the title of the Institute's intangible assets, nor are any intangible assets pledged as security for liabilities.

Note 10. Trade and Other Payables

Payables are amounts owing to vendors arising from normal operating activities, and include any amounts of funding received in advance from TEC funding that are repayable.

Accruals represent payables that have been incurred but not invoiced by 31 December.

	Actual December 2021 $'000
Payable under Exchange Transactions	
Trade Payables	5,775
Accrued Expenses	4,028
Total Payables under Exchange Transactions	**9,803**
Payable under Non-Exchange Transactions	
Trade Payables	41
TEC Funding Received in Advance	9,732
Accrued Expenses	766
Total Payables under Exchange Transactions	**10,538**
Total Payables	**20,341**

Trade payables are non-interest bearing and are normally settled on a 7-day term or on the 20th of the following month. Other payables are non-interest bearing and largely consist of accruals and suspense accounts, which are expected to be cleared within the following financial year. Interest payable is normally settled quarterly throughout the financial year.

WBL has various financial instruments including cash, short term deposits, trade debtors and trade creditors, which arise directly from its operations. These activities expose WBL to a variety of financial instrument risks including market risk, credit risk and liquidity risk. A series of policies manages the risks associated with financial instruments. The Institute and WBL are risk averse and seek to minimise exposure from its treasury activities.

Note 11. Employee Entitlements

	Actual December 2021 $'000
Current Portion	
Annual Leave	3,455
Total Current Provisions	**3,455**

These provisions are expected to be settled within 12 months of the balance date and therefore classified as current liabilities. Entitlements related to leave are measured at the current rate of pay.

Note 11a. Non-current Provisions	Actual December 2021 $'000
Lease make-good	180
Total Current Provisions	**180**

These provisions are expected to be settled after 12 months of the balance date and therefore classified as non-current liabilities. The provisions has been adjusted to reflect present value.

Note 12. Revenue in Advance

WBL operates a rolling enrolment programme. In some instances, fees are payable at the commencement of the programme of training, for the duration of the training. In this circumstance, WBL only recognises revenue for the percentage of the programme.

Similarly, government grants paid in advance are also repayable to the extent that they are not utilised for the purpose intended.

	Actual December 2021 $'000
Government grants in advance	42
Deferred Revenue from TITOs	9,897
Ring fenced funding	7,251
Other	
Total Revenue Received in Advance	**17,190**
Classification	
Exchange Revenue	0
Non-Exchange Revenue	17,190
	17,190

Deferred revenue represents funds received for training and assessment that is yet to be undertaken by the TITOs and the responsibility for such activity is transferred to WBL.

Ring-fenced funding represents monies received from BCITO and Connexis for specific areas of areas of investment, as set out in the Transfer Agreement with WBL.

Note 13. Assets and Liabilities Amalgamated

$000	Competenz	Connexis	BCITO	Total
Date of Amalgamation	**2 Aug 2021**	**1 Sept 2021**	**4-Oct-21**	
Current Assets				
Cash and Cash Equivalents	4,231	3,891	13,590	21,713
Trade and Other Receivables	766			766
Prepayments	641		905	1,546
Inventory			200	200
	5,638	**3,891**	**14,696**	**24,225**
Non-Current Assets				
Property, Plant and Equipment	2,277	65	1,004	3,346
Intangible Assets	2,677		3,823	6,500
	4,954	**65**	**4,827**	**9,845**
Current Liabilities				
Trade & Other Payables	(3,467)			(3,467)
Government Grants Payable				0
Goods and Services Tax Payable				0
Income Received in Advance	(2,986)	(2,430)	(7,467)	(12,884)
Income Received in Advance - Ring-fenced		(1,128)	(6,123)	(7,251)
Employee Entitlements & Accruals	(1,065)	(333)	(1,971)	(3,370)
Lease Incentive	(182)			(182)
Provisions for Onerous Lease / Make Good	(142)			(142)
Other			(110)	(110)
	(7,843)	**(3,891)**	**(15,671)**	**(27,406)**
Net Assets / Gain on Amalgamation	**2,749**	**65**	**3,851**	**6,665**

The Education and Training Act 2020, enacted the Reform of Vocational Education announced by the Minister of Education in 2019. The reform required all Transitional Industry Training Organisations (TITOs) to transfer their statutory duties assigned under the repealed Industry Training and Apprenticeship Act 1992 to Workforce Development Councils and other tertiary education providers by 31 December 2022.

Transfer agreements were negotiated between WBL and three TITOs (Competenz, Connexis and BCITO) for the transfer of staff, assets and liabilities associated with arranging training and support function in 2021, and approved by the Tertiary Education Commmission, as required by the Act. Competenz amalgamated with WBL on 2 August, followed by Connexis on 1 September and BCITO on 4 October.

Fixed assets were amalgamated at deemed cost, being the cost less depreciation or amortisation and impairment at point of transfer. Cash, amounting to $21,713,000 included monies ring-fenced for specific investment for the benefit of the industries formerly served by the respective TITOs. Use of this funding, amounting to $7,251,000, is restricted under the terms of the respective transfer agreements, and access to this money requires a specific authorisation process to be followed.

The Education and Training Act 2020 enacted the Reform of Vocational Education announced by the Minister of Education in 2019. The reform required all Transitional Industry Training Organisations (TITOs) to transfer their statutory duties assigned under the repealed Industry Training and Apprenticeship Act 1992 to Workforce Development Councils and other tertiary education providers by 31 December 2022.

Transfer agreements were negotiated between WBL and three TITOs (Competenz, Connexis and BCITO) for the transfer of staff, assets and liabilities associated with arranging training and support function in 2021, and approved by the Tertiary Education Commission, as required by the Act. Competenz amalgamated with WBL on 2 August, followed by Connexis on 1 September and BCITO on 4 October.

Fixed assets were amalgamated and carrying cost. Cash, amounting to $21,713,000 included monies ring-fenced for specific investment for the benefit of the industries formerly served by the respective TITOs. Use of this funding, amounting to $7,251,000 is restricted under the terms of the respective transfer agreements, and access to this money requires a specific authorisation process to be followed.

Note 14. Financial Instruments

Market Risk

Price Risk

Price risk is the risk that the fair value or future cash flows of financial instruments will fluctuate as a result of changes in market price. The WBL does not currently hold any shares at balance date and therefore carries no risk.

Fair Value Interest Rate Risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Investments made at fixed rates of interest create exposure to fair value interest rate risk. WBL's exposure to fair value interest rate risk is non-existent at balance date.

Cash Flow Interest Rate Risk

Cash flow interest rate risk is the risk that cash flows will fluctuate because of changes in market interest rates. Investment interest rates expose the WBL to cash flow interest rate risk. This risk is managed by checking market rates with a number of banks prior to investing.

The Institute's investment policy, applicable to WBL, permits investment within the following areas:

- With New Zealand registered banks;
- In public securities; and
- In such other securities as the Minister may from time to time approve.

It is specifically prohibited from investing in any other type of financial security.

Currency Risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. WBL has limited exposure to foreign currency risk as most transactions are dealt with in New Zealand dollars. Exposure includes, purchase of supplies and software from overseas. These are all paid monthly as they fall due, and are not material.

All fees are denominated in New Zealand dollars to diminish risks associated with revenue streams.

WBL had no material exposure to currency risk at balance date.

Note 15. Capital Management

WBL's capital is its equity, which comprises accumulated funds, ring-fenced reserves and gains on amalgamation. Equity is represented by net assets.

WBL, being part of the Institute group, is subject to the financial management and accountability provisions of the Education Act 1989, which impose restrictions in relation to borrowings, acquisition of securities, issuing guarantees and indemnities, and the use of derivatives.

WBL manages its equity by seeking to generate positive cash flows to increase equity and ensure that WBL remains a going concern.

Note 16. Capital Commitments and Operating Leases

WBL has estimated capital expenditure of $380,000 committed at balance date but not provided for.

Capital Commitments as at 31 December	**December 2021 $'000**
Plant and Equipment	
Motor Vehicle	171
Computer Hardware	83
Computer Software	56
Resource Development	70
Total Capital Commitments	**380**

Contractual Commitments as at 31 December	**December 2021 $'000**
Within One Year	380
Within two to five years	0
More than five years	0
	380

Operating Leases

Operating Leases as Lessee

There are lease agreements in place with external parties for provision of land and premises and motor vehicles, in the normal course of business.

Leases can be renewed at WBL's option, with rents set by reference to current market rates for items of equivalent age and condition. There are no restrictions placed on the WBL by any of its leasing arrangements.

Operating Lease Commitments as at 31 December 2021

	Property	Motor Vehicles	Equipment	Total
Lease commitments payable;				
Within 1 year	2,763	2,053	249	5,066
After 1 year but within 5 years	1,914	1,857	362	4,134
After 5 years	-	-	-	-
Total	4,678	3,911	611	9,200

There were no finance lease commitments.

WBL considers a significant lease to be one where the cost per annum is in excess of $200,000, or the future commitment exceeds $500,000. Significant leases are detailed in the table below.

Significant Leases

The table below shows the significant leases that are in excess of $200,000 per annum or have more than $500,000 of future commitment

Address	**Use**	**Next Review**	**Right of Renewal**	**Annual Rent (excl GST)**
Level 5 & 6, 234 Wakefield Street, Wellingtion	National Office	30/09/2022	1 of 2 years	$613,329
Level 4, 277 Broadway, Newmarket Auckland	National Office	1/05/2022	1 of 3 years	$634,690
4 Eden Street, Newmarket, Auckland	Staff car park	31/05/2024	None	$213,288

Note 17. Contingencies

Contingent Assets

There were no contingent assets as at 31 December 2021.

Contingent Liability

There were no contingent liabilities as at 31 December 2021.

Note 18. Related Party Disclosure

Related party disclosures have not been made for transactions with related parties that are within a normal supplier or client/recipient relationship, on terms and 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.

Related Party transactions required to be disclosed
There are no related party transactions requiring disclosure under PBE IPSAS 20.

Key Management Personnel Compensation	
Board Members	**December 2021 $'000**
Full-time equivalent members (all Board members)	8
Remuneration	60
Executive Leadership including the Chief Executive	
Full-time equivalent members	7.3
Remuneration	647
Total Full-time Equivalent Members	**15.3**
Total Key Management Personnel Compensation	**707**

Key management personnel includes all members of the Board and the Executive Leadership Team members.

Due to the difficulty in determining the full-time equivalent for Board members, the full-time equivalent figure is taken as the number of Board members.

Board Members Remuneration

Members holding office during the period	Meeting Fees Paid August to December 2021 $'000	Attendance at Board Meetings August to December 2021	Period on Board
John Brockies (Chair)	15	6/6	20 Apr 21 - 31 Dec 21
Brian Warren	6	5/5	1 Sep 21 - 31 Dec 21
Mike King	5	3/3	4 Oct 21 - 31 Dec 21
Grant Florence	5	3/3	4 Oct 21 - 31 Dec 21
Murray Strong	8	4/6	20 Apr 21 - 31 Dec 21
Maryann Geddes	8	5/6	2 Aug 21 - 31 Dec 21
Bryn Thompson	8	6/6	2 Aug 21 – 31 Dec 21
Vanessa Eparaima	5	3/3	5 Oct 21 – 31 Dec 21
	60		

For the purpose of the table above, attendance is expressed as (*number of meetings attended*)/(*number of meetings held whilst a member*).

Note 19. Covid-19

The pandemic impacted the operations of WBL through restrictions placed upon the organisation through public health orders, but also changes in arrangements for supporting learners in their workplace. Fewer face to face visits were made, fewer assessments conducted, and some training activities were curtailed or undertaken remotely. It also impacted the working arrangements for office-based staff, who, during lockdowns, but also subsequently, due to changes in policy, are increasingly working from home. Business travel, conferences and meetings have also been limited.

As a consequence of reduced activity, the operating costs over the five-month period were substantially lower than would have ordinarily been expected.

Funded revenue has remained in-line with expectations, however revenue from the sale of resources and some other commercial activities have been lower than usual.

Note 20. Subsequent events

On 1st January 2022, MITO New Zealand Incorporated (MITO) amalgamated with WBL, transferring its arranging training and support functions to WBL. This comprised assets and liabilities summarised below at carrying amounts, and staff, who were retained on their pre-existing terms and conditions.

	$000
Current assets	$ 519
Current liabilities	($1,350)
Fixed assets	$2,493
Net assets / gain on amalgamation	$1,662

MITO will operate as a division of WBL and has been assessed as financially viable and likely to be value accretive.

As part of the transfer arrangement, MITO nominated Andrew Clearwater for appointment as a director for WBL. The appointment was made on 1st January 2022.

The amalgamation was undertaken in accordance with the Reform of Vocational Education proposals enacted by the Education (Vocational Education and Training and Reform) Amendment Act 2020 (the Act) on 24 February 2020 to give effect to those reforms.

Whilst no consideration was paid for the transfer of arranging training assets and liabilities detailed above, the transfer also included commercial activities for which WBL has agreed to pay to MITO Charitable Trust $375,000 per half-year for three years.

In addition, WBL has also agreed to ring-fence an apportionment of surpluses generated by the MITO division during 2022, equal to the amount of net assets (gain on amalgamation). This may only be used for investments that are in the best interests of the industries and corresponding learners that the MITO division supports.

Competenz Trust Reserves

Competenz Trust, the former TITO, is currently in solvent liquidation. The directors of the trust have instructed the liquidator to distribute the remaining reserves at the end of the process to WBL. This would be in the form of investments and cash to the value of approximately $12,000,000. These funds are for expenditure on projects that benefit the industry sectors previously covered by the trust.

Audit Completion

The Audit was completed on 31 May 2022. This was completed later than required by section 156(3)(b) of the Crown Entities Act 2004 and section 135(2) of the Education and Training Act 2020. Consequential effects of Covid-19, including lockdowns, along with a shortage of audit staff in New Zealand were the primary cause. Furthermore, confirmations of revenue wash-up payments and receipts from the Tertiary Education Commission contributed to delays in finalising the audit.

Statutory Declarations

The Institute has, pursuant to the Institute's constitution and in accordance with the Companies Act 1993, directors and officer's liability and company reimbursement insurance in place covering the Directors, and officers of the company. The insurance indemnifies the company in respect of costs which may be incurred in reimbursing a director or officer in the successful defence of any action and covers individual directors and officers for personal liability as permitted by the Act.

WBL has employees, not including directors, who received total remuneration greater than one hundred thousand dollars in the period 1st August to 31st December 2021.	**2021**
$100,000 - $109,999	3
$110,000 - $119,999	1
$120,000 - $129,999	1

Directors' Interest

All transactions with Directors individually or as Director Shareholders of companies have transacted in the ordinary course of business. The transactions are on the same terms and conditions as other shareholder/members.

Share Dealings
No director acquired or disposed of any interest in shares in the company during the year.

Company Directory

Executive Team

Toby Beaglehole	Chief Executive (from 4th October 2021)
Fiona Kingsford	Acting Chief Executive (from 2nd August 2021 to 4th October 2021)
Fiona Kingsford	TITO Transition Lead (from 4th October 2021 to 26th November 2021)
Sean Kirk	Chief Financial Officer (from 2nd August 2021)
Matt Bagshaw	Acting General Manager (People and Culture) (from 2nd August 2021 to 13 December 2021)
Amanda Herron-Quan	Group Manager (People and Culture) (from 13 December 2021)
Amanda Wheeler	Director – Competenz Division (from 2nd August 2021)
Kaarin Gaukrodger	Director – Connexis Division (from 1st October 2021)
Jason Hungerford	Director – BCITO Division (from 4th October 2021)

Registered Office
Wintec House, Corner Of Anglesea and Nisbet Streets, Hamilton 3204, New Zealand

Auditor
Audit New Zealand

Bankers
Westpac

Solicitors
Bell Gully, Wellington

Audit New Zealand
Mana Arotake Aotearoa

Independent Auditor's Report

To the readers of Te Pūkenga Work Based Learning Limited's financial statements for the period ended 31 December 2021

The Auditor-General is the auditor of Te Pūkenga Work Based Learning Limited (the company). The Auditor-General has appointed me, JR Smaill, 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 6 to 35, that comprise the statement of financial position as at 31 December 2021, 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 6 to 35:

- present fairly, in all material respects:
  - its financial position as at 31 December 2021; 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 Reporting Standards.

Our audit was completed on 31 May 2022. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Board of Directors and our responsibilities relating to the financial statements, we comment on other information, and we explain our independence.

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 Board of Directors for the financial statements

The Board of Directors is responsible on behalf of the company for preparing financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand.

The Board of Directors is responsible for such internal control as it determines is necessary to enable it to prepare financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible on behalf of the company for assessing the company's ability to continue as a going concern. The Board of Directors is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Board of Directors intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors' responsibilities arise from the Education and Training Act 2020 and the Crown Entities Act 2004.

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.

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 Board of Directors.

- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

- 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 Board of Directors 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 Board of Directors is responsible for the other information. The other information comprises the information included on pages 1 to 5, 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 issued by the New Zealand Auditing and Assurance Standards Board.

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

JR Smaill
Audit New Zealand
On behalf of the Auditor-General
Auckland, New Zealand