

HITO  
2013  
ANNUAL  
REPORT





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## **BOARD CHAIR REPORT**

Dr. Flora Gilkison | HITO Chairperson

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**The HITO Board joins with me in congratulating the HITO staff, trainees and our industries on a successful year in what has been a tough economic and policy setting environment.**

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Change is the most common word associated with Industry Training Organisations (ITOs) at present as many merge either for financial salvation or to gain greater industry effectiveness through alignment of related industry. HITO is a well performing financially stable ITO with well recognised and supportive industries. The board sees no potential value add if we looked to merge with another ITO and at this stage is comfortable to retain our independence. Government funding for the ITO represents 70% with a Government expectation of a 30% industry contribution. HITO under the careful leadership of Erica Cumming manages the financial resources very well with the required level of industry support genuinely forthcoming so that we can reach our 30% target.

1. The role of an ITO is not to provide training, but to make arrangements for training by contracting with a range of providers. HITO acts as a broker between employers and training providers.
2. In 2013, HITO registered 1,749 trainees.

3. The Government expectations of HITO are clearly set out in our Investment Plan and include the expectations that HITO will:

**Enable working people to complete nationally recognised qualifications**

We achieved this with a 100% programme completion result for 2012. This compared with the national average of 68%. We expect 100% programme completion results for 2013.

**Create clear pathways towards advanced trade qualifications at levels four and above**

We achieved this with 97% of our trainees enrolled in programmes at either Level 3 or 4 and the other 3% enrolled at Level 5.

**Build and maintain strong support from the industries they serve**

We have done this through our committed sales team and senior management team who meet with the industry and providers on a regular basis. The Board have also held industry lunches in Auckland and Christchurch this year with plans to continue actively engaging with industry in other centres in 2014.

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To give effect to these expectations, ITOs have three statutory functions.

**1. Set skill standards for their industry**

We have been doing this for the past 20 years and will continue to do this through the NZQA Targeted Review of Qualifications (TRoQ) for Barbering, Beauty and Hairdressing. It is fair to say that this is not an easy project with HITO having committed over \$39,000 in 2013 to the Hairdressing and Beauty TRoQ's to assist with meetings to try to get a suite of nationally recognised qualifications which will provide the industry with graduates who have the skills and competencies required by industry.

**2. Develop arrangements for the delivery of training**

HITO manages contracts with over 20 providers and 828 businesses for our 1,749 trainees.

**3. Provide leadership within their industry on skill and training needs**

This requirement is likely to change as the Government Industry Training Bill suggests that ITO's will no longer have the sole leadership role with industry expected to provide a greater leadership role. HITO intends to continue

providing leadership to industry and to work with other industry leaders.

The Board has worked very well this year meeting over ten (10) times either as teleconferences or face to face meetings. We have developed a new Strategic Plan which includes development of online assessment and recording tools to assist our industry, trainees and providers. We will continue to be strong stewards of HITO's assets that have been built up over the years for investment in the industry. As such this year we have been able to offer a 9.4% increase to our provider contracts for 2014. While not receiving an increase from the Government ourselves, we wanted to recognise the extra costs imposed on providers over the last five years as a gesture of support and understanding.

My thanks go to my fellow Board members and to Erica and all her team for their support, passion and strong work ethic.

**DR. FLORA GILKISON**  
**HITO CHAIRPERSON**





## CHIEF EXECUTIVE OFFICER REPORT

Erica Cumming | HITO CEO

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**With 2013 drawing to a close, it is a good time to look back on the changes and events that have taken place over the course of the year. It's time to review the things that have caused us to grow as an industry and as individuals.**

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These include government support of apprenticeships, growth in Gateway, new business programmes, extension of international networks (ipsn) and celebrating through WorldSkills and HITO awards.

The year began with the Prime Minister announcing support of apprenticeships by introducing an apprenticeship reboot subsidy for 10,000 apprentices and employers across all industries. This was to commence in April so to support employers and apprentices who signed up before the government incentive started, HITO directly paid the same incentive so as not to disadvantage anyone within the 2013 year. For employers and apprentices to be eligible the training agreement had to ensure that the apprentice would still need to achieve 120 credits toward their national qualification and be with the employer for more than 90 days. The incentive has seen many employers receiving \$1000 to recognise their efforts in training and for the first time ever, new apprentices could receive \$1000 to contribute towards their training.

The result of this has been positive for apprenticeship training with more employers looking to hire a person that they have committed to training in industry but also who will learn the salon's specific practices. As the year draws to a close the government has just announced that they have extended this incentive for another 4,000 places. It is heartening to hear the government supporting apprenticeship training as a valid pathway for people to gain recognised and valued qualifications.

This year HITO has introduced Beauty into the Gateway programme. This has meant that secondary school students who are interested in a career in beauty have been able to get a real-life taste of the industry. It has been exciting to see many students signing up for the programme.

We have also had new trainees entering the beauty industry with the first trainee completing their National Certificate in Nail Technology. Also as we enter the new year, HITO has had beauty approved as an apprenticeship pathway. This was triggered by some employers asking for the opportunity to train their staff on the job. After five years of having beauty as part of HITO these are small but significant achievements.

The International WorldSkills Competition was held in Germany this year bringing together young competitors to pit their

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skills against the best in the world. This event now brings together 52 countries who competed across more than 40 trade events. More than 200,000 people attended this event where trades training was showcased. It is always humbling to see hairdressers from all over the world competing in this prestigious competition, including New Zealand champion Cait Woodcock. I'm looking forward to the regional WorldSkills competitions taking place in May 2014 and nationals in July. More young people will have the opportunity to get involved and develop their skills. The next international competition in 2015 is being held in Brazil.

Liaison across other countries continues to strengthen the knowledge of HITO for the future of the beauty, barbering and hairdressing sectors. This year we saw Japan become a member of the International Professional Standards Network (ipasn) which was an exciting new change. This means that holders of relevant national certificates in hairdressing or beauty, who have at least one year experience as a senior operator, can now have their skills and experience recognised in Japan, along with Australia, Canada, Hong Kong and New Zealand.

After many years hearing that there was a gap in business skills training, this year HITO partnered with the Open Polytechnic

to offer a business qualification that was contextualised to the beauty and hair sectors. The National Certificate in Business has two stands, Teams and Leadership or Small Business. It is perfect for anyone stepping into a training or management role, or anyone who wants to become a successful business person. The industry has shown a keen interest in this programme, and those who have signed up are already experiencing the benefits.

The annual Industry Awards in October are always a highlight for me, and this year was no different. It was lovely to see so many people come together in Auckland to celebrate excellence in training. Congratulations to all our HITO finalists and recipients of the overall awards, and to the Kitomba/NZARH finalists and winners also. Every year I am heartened to see the calibre of those who apply for the awards and the worthy recipients. The future of the barbering, beauty and hairdressing industries requires us to have well run business and well trained professionals. These awards are one opportunity to recognise current and future industry leaders. Congratulations to all of the recipients.

We were also excited to launch a new initiative this year for our Regional Apprentice of the Year winners. The seven winners from around New Zealand were given





the opportunity to attend an apprentice boot camp in February 2014 to develop them further as apprentice ambassadors.

As the year draws to a close I look back on the work being undertaken with the review of the barbering, beauty and hairdressing qualifications and hope that 2014 will see new qualifications being registered on the framework and clear pathways for learners. This has been an enormous undertaking and the continued commitment of those more closely involved is truly appreciated. Also to those within the industry who have taken the time to complete a number of different surveys, thank you. It is always difficult to determine what the industry truly needs from its qualified people and without industry input this would be impossible. What will be critical once these reviews finish will be the education of our sector and clients to fully understand what these new qualifications will represent.

The year has also been one where we have seen a significant reduction in the number of ITOs in New Zealand due to mergers within sectors. HITO has remained as a standalone ITO focused on meeting the needs of the barbering, beauty and hairdressing sectors but continues to liaise with other ITOs on various projects.

At this time I wish to sincerely thank the HITO Board for their direction and leadership this year. Also without the efforts of the HITO team none of this would have occurred so I thank everyone for their commitment to the sectors that HITO represents.

So to wind up the 2013 year I believe there is again a refocusing by employers to ensure that they have staff with the skills and knowledge that they need for their business. HITO remains committed to ensuring that we can support employers to work with their staff so they can gain the necessary qualifications, and we look forward to assisting with this in 2014 and beyond.

ERICA CUMMING  
HITO CEO





DONNA BOWMAN (2013 HITO TUTOR OF THE YEAR) AND ERICA CUMMING



LAURA WILLIAMS, 2013 HITO APPRENTICE OF THE YEAR



FROM LEFT TO RIGHT: NICOLE CLARKE, RENEE EDGARTON, COURTNEY JACKSON,  
NADINE GRATTON, KELLY CLARK, AMANDA PUGH, LAURA WILLIAMS

“As the year draws to a close I look back on the work being undertaken with the review of the barbering, beauty and hairdressing qualifications and hope that 2014 will see new qualifications being registered on the framework and clear pathways for learners.”





## TARGETED REVIEW OF QUALIFICATIONS (TROQ) - HAIRDRESSING

Sue Williams | Facilitator for the TRoQ: Hairdressing

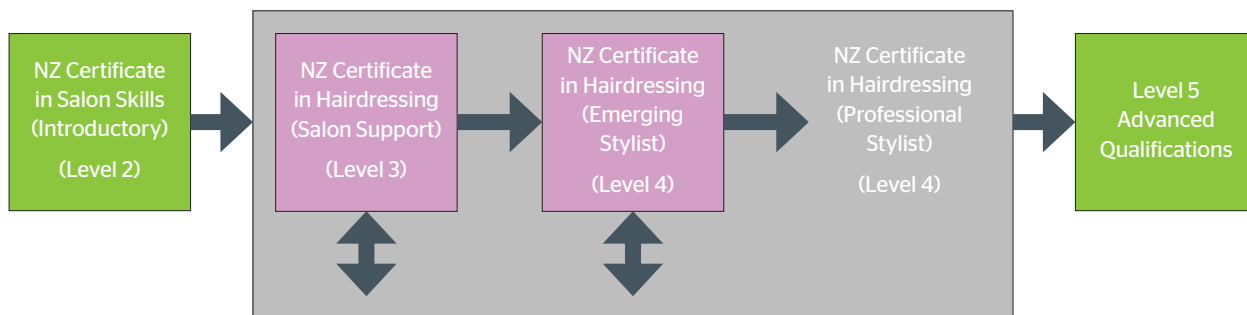
**The mandatory review of qualifications was established by the New Zealand Qualifications Authority (NZQA) to reduce the duplication and proliferation of qualifications, and ensure that qualifications are useful, relevant, easy to understand, and valuable to learners, employers, and other stakeholders.**

The review of the 63 existing hairdressing qualifications began in 2011, with the establishment of an Advisory and Governance Group (A&G Group) comprising representatives from industry, learners, training providers and the ITO.

The Group met and consulted with the sector over 2011-12 before gaining provisional approval from NZQA to develop a suite of new qualifications in July 2012.

Since then the Group has continued to meet and consult (either through member meetings or industry-wide surveys) to ensure the proposed qualifications would meet the needs of industry and the wider sector. After industry-wide consultation on two options, the following new suite of qualifications which, after, was unanimously agreed on by the A&G Group in June 2013.

We anticipate that this project should be completed by 30 April 2014.



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This suite takes account of the majority of concerns raised through the consultation and best meets the needs of learners, industry and training providers. The model is considered to best illustrate the inter-connection between workplace training and full time study and the joint goal of achieving the professional qualification.

The Level 2 qualification has been developed and is currently with NZQA for final approval. Once approved, it will be listed on the New Zealand Qualifications Framework and available to training providers to deliver.

The remaining three qualifications have also been developed and were signed off by the A&G group at their final meeting on 2 December. Statements of support from the owners of the existing 63 qualifications are now being gathered before the qualifications can be submitted to NZQA for final approval.

The final stage of the review process will take place in 2014 with the development (or not) of higher level qualifications to round off the qualification suite. Two industry-wide surveys were held in 2013 to gauge if the sector wanted qualifications at this level and if so, what they should cover. While the first survey identified a number of possible qualifications, the poor number of responses meant the A&G Group didn't have enough evidence of demand to justify their development.

The second survey was much more successful with 434 valid responses being received. The results confirmed there was sufficient interest from the sector to warrant further development work on Platform Presentation, Technical Cutting and Technical Colouring qualifications.

As these are new qualifications, a full needs analysis report will have to be submitted to NZQA and separate Approval to Develop granted before the A&G Group can proceed further.

Given the length of time it has taken to advance the Level 2-4 qualifications and the amount of work involved in preparing a Needs Analysis and application for NZQA, the A&G Group has agreed to hold any further work on level 5 qualifications until such time as the level 2-4 qualifications had been approved and listed and available to the sector. It is expected that this will occur in 2014.

I would like to take this opportunity to thank everyone who has contributed to the process so far – it has been a long road and the A&G Group and I greatly appreciate your continued support and commitment to ensuring the hairdressing sector has qualifications that are relevant and valuable to learners, employers, and other stakeholders.

**SUE WILLIAMS**  
**FACILITATOR FOR THE TROQ: HAIRDRESSING**





## TARGETED REVIEW OF QUALIFICATIONS (TROQ) - BEAUTY SERVICES

Robyn Fitzgerald | Facilitator for the TRoQ: Beauty Services

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The mandatory review of qualifications was established by the New Zealand Qualifications Authority (NZQA) to reduce the duplication and proliferation of qualifications, and ensure that qualifications are useful, relevant, easy to understand, and valuable to learners, employers, and other stakeholders.

.....

The process started before the stakeholders' consultation meeting in April 2013. The Beauty Advisory Group had met several times prior to the launch to discuss the challenges ahead. HITO agreed to lead the review and established a representative governance group and working groups to review the three qualification areas:

- Nails • Makeup and Special Effects • Beauty therapies.

Participants at the stakeholders' meeting agreed that this was a wonderful opportunity to review the current framework and develop a new suite that is fit for purpose, sustainable, and allows the industry and workforce to grow.

Since the official launch, the project has faced setbacks including: changes on the governance group, limited industry feedback from surveys and the challenge of finding a skilled researcher to write an evidence-based report.

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Although progress has been slow, the governance and working groups are unanimous and determined to develop a qualification framework that will meet current and future needs of the industry.

Research in New Zealand and overseas shows a growing sector with:

- increasing demand for higher vocational qualifications
- skills using technology
- product skills
- the need to raise business management skills to successfully operate a business are integral to the future of the industry.

Many factors require consideration when developing these qualifications including:

- consumer trends
- household consumption patterns
- product and treatment developments
- an ageing population
- globalisation and technology
- sustainable products
- raised customer service level expectations

- an increasing demand from a population that is focused on appearance.

Another challenge is the entry level of learners. The industry usually attracts a predominantly young female workforce that requires upskilling and training in the area of soft skills like customer service and sales skills. The propensity for individuals to exit the workforce early in order to take on family caring duties and work part-time is another factor that needs to be considered.

The governance group meeting in December peer reviewed the draft Needs Analysis Report and a draft outline of the recommended qualifications framework for beauty services. When the draft qualifications are approved by the governance group they will be circulated to mandatory stakeholders for further consultation.

We anticipate that this project should be completed by 30 April 2014.

ROBYN FITZGERALD  
FACILITATOR FOR THE TROQ: BEAUTY SERVICES





THE HITO BOARD

FROM LEFT TO RIGHT: CHRISTA ROWLING, ANNE MILLAR, FLORA GILKISON,  
BELINDA ROBB, JAYE CLARK, MALCOLM GIBBONS AND SHARON VAN GULIK

“HITO remains committed to ensuring that we can support employers to work with their staff so they can gain the necessary qualifications, and we look forward to assisting with this in 2014 and beyond.”





JULIEANNE HARTSHORNE (JASMINE MCBETH AWARD RECIPIENT) AND ERICA CUMMING

## GRADUATES IN 2013 HAIRDRESSING

The following people  
have achieved  
National Certificate  
in Hairdressing  
(Professional Stylist or  
Hairdressing Practice)  
(Level 4)

Aaron Lane  
Abby Dickens  
Abby Villiger  
Adrine Singh  
Aimee Joy Clayton  
Alana Kitto  
Alana Taylor  
Amanda White  
Amber Deverell-Stewart  
Amber Olivia  
McConnachie  
Amy Radford  
Angela Old  
Angela Turner  
Ani Petty  
Anita Atkinson  
Anna Schryvers  
Ashleigh Farries  
Ashleigh Humphrey

Atefeh Varahmehr  
Audrey Whareaitu  
Belinda Cinotti  
Bethany Brewster  
Bethany Tweedale  
Bin Lin  
Birgette Marie Tino  
Blair Jessica Major  
Bonnie Wheeler  
Brent Powell  
Bridget Wendy King  
Cara Lee Smith  
Caroline Davey  
Chantal Poulton  
Chantelle Anne Norris  
Charlotte Fisher  
Charmian Biswell  
Chelsea Briggs  
Chelsea Greatorex  
Christina Cahill  
Christine Brown  
Christine Furniss  
Corina Adolph  
Corina Bishop  
Courtney Snow  
Daniel Matene

Dannielle Bellve  
Davina-Mary Katipa-  
Maikuku  
Deana Tyler  
Dominador Invoejas  
Donna-Marie Barnes  
Ebony Rose Haenga-  
Melvin  
Edward Rapley  
Elise Donoghue  
Emma Farquharson  
Emma Newman  
Emma Ramsay  
Emma Kate Williams  
Erin Huia  
Frank Lou Buenaflor  
Gabrielle Carnie  
Gemma Skye Lawrence  
Genevieve Lipardo  
Georgia Bower  
Hayley Kern  
Hayley Wilds  
Heon Sook Lee  
Hollie Southon  
Janine Lensley  
Jasmine Luke  
Jenna Wade

Jennifer Revell  
Jessica Davidson  
Jessica Groundwater  
Jessica Scott  
Jessie Leslie  
Joanne Carswell  
Joanne Neilson  
Joanne Smith  
Jordan Luke  
Jorja Andrews  
Julie Gowen-Lock  
Julieanne Hartshorne  
Justine Nixon-Gaisford  
Kaleb Pritchard  
Karla Braun  
Karla Jeanette Trotter  
Katherine Howden-  
Foster  
Katherine Sara Young  
Kathryn Laverock  
Kathryn Osbaldiston  
Katie Bramble  
Katie Howes  
Kayla Quinn  
Kelly Melvin  
Kimberley Shannen  
Paltridge

Kimberly Gorton  
Kirsty Bevan  
Kirsty Honeyfield  
Kristie Boland  
Kylie Allin  
Kylie Vereher-Bindon  
Lara Thorpe  
Laura Williams  
Laura-Mei Morrison  
Lauren Daly  
Lauren Tiffin  
Lawrence Linato  
Leanne Margaret  
Nicholson  
Leesa Garry  
Leigh Hirini  
Leigh-Anne Smith  
Lisa Mathison  
Loren Kate Hendry  
Lyndsey Meyer  
Majenta Haydon  
Makarangi Jasmine  
Nathan  
Mandy Wu  
Maria Hogan  
Maria Thomson  
Martin Cullen

Mary Cressey

Megan Dolan

Melanie Switzer

Melissa Banks

Melissa Amy Keegan

Melissa McGeown

Melissa Wratten

Michael Broadley

Michaela Branningan

Michaela Creighton

Michelle Farmer

Milissa McMurdock

Monica Megget

Natalia Bult

Natalie McGovern

Natalie Rose Heather  
Sullivan

Natasha Cole

Natasha Vincent-Snow

Natasha Waenga

Nicholas Apaapa

Nick Abernethy

Nicola Crombie

Nicole Michelle Gray

Nicole Knox

Paige Mason

Petra Mildon

Rachel Britton

Rachel Wheeler

Rebecca Arnold

Rebecca Sanderson

Renee Kennedy

Reremoana Riddell

Rochelle Lensley

Roimata Rapata

Roslyn Worthington

Sam Stevens

Samantha Doyle

Samantha Rabone

Samantha Scott

Samantha Spiers

Samantha Whiteley

Sandra Gillingham

Sandra Sadlier

Sarah Buchanan

Sarah Morris

Sarah Jane Robertson

Sarah Scott

Sarah Louise Wright

Sasha Lenski

Sasha Temaru

Sean Mahoney

Shari Worsley

Sheree Smith

Sheree Whelan

Skye Hemi-Dehar

Soonae Jung

Stacey Carver

Stacey Gibbs

Stephanie Alps

Stephanie King

Stevie Miller

Tayla Carpenter

Valeria Lenskaia

Vicky Clements

Victoria Marks

Whitney Poaru

## GRADUATES IN 2013

### HAIRDRESSING

The following people  
have achieved  
National Certificate  
in Hairdressing  
(Salon Management)  
(Level 5)

Ebony Leigh Somers

Lisa Blagrove

## GRADUATES IN 2013

### HAIRDRESSING

The following people  
have achieved  
National Certificate  
in Hairdressing  
(Advanced Cutting)  
(Level 5)

Camela White

Charlotte Dawn  
Colthurst

Ivan Shew

Katrina Saxton

Kiri Anna Kirkby

## GRADUATES IN 2013

### BARBERING

The following people  
have achieved  
National Certificate  
in Barbering  
(Level 3)

Diana Reed

Hannah Kate Dudley

Jason Bruce-Fepuleai

Jordan McDowall

Kristya Danielle Jenkins

Louis Northam-Light

Sonya Mbonyinshuti

## GRADUATES IN 2013

### SALON SUPPORT

The following people  
have achieved  
National Certificate  
in Hairdressing  
(Salon Support)  
(Level 3)

Rebecca Morris

## GRADUATES IN 2013

### BEAUTY SERVICES

The following people  
have achieved  
National Certificate  
in Beauty Services  
(Electrology)  
(Level 5)

Denise Stevens

## GRADUATES IN 2013

### BEAUTY SERVICES

The following people  
have achieved  
National Certificate  
in Beauty Services  
(Beautician)  
(Level 4)

Denise Stevens

## TOTAL NUMBER OF CONTINUING TRAINING PROGRAMMES AS AT DECEMBER 2013

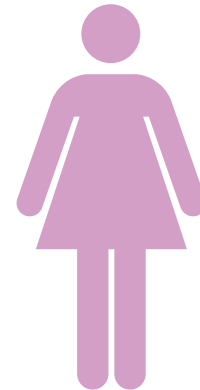
	IT	MA	NF	Grand Total
Barbering	11	12	4	27
Beauty Services (Beautician)	1	---	1	2
Beauty Services (Cosmetology)	1	---	---	1
Business	9	---	---	9
Hairdressing (Advanced Cutting)	10	---	2	12
Hairdressing (Hairdressing Practice)	110	8	5	123
Hairdressing (Professional Stylist)	407	514	18	939
Hairdressing Management (Assessment of Hairdressing)	3	---	---	3
Hairdressing Management (Salon Management)	6	---	1	7
Hairdressing Management (Tutoring in Hairdressing)	3	---	---	3
Nail Technology	14	---	4	18
Salon Support	1	---	8	9
Gateway Year 1 Barbering	---	---	1	1
Gateway Year 1 Beauty	---	---	38	38
Gateway Year 1 Hairdressing	---	---	115	115
Gateway Year 2 Hairdressing	---	---	9	9
Train the Trainer Award	1	---	---	1
<b>Grand Total</b>	<b>577</b>	<b>534</b>	<b>206</b>	<b>1,317</b>

**IT:** TEC part-funded Industry Trainee or Apprenticeship  
**MA:** TEC part-funded Modern Apprenticeship  
**NF:** TEC non-funded training

## GENDER COMPARISON

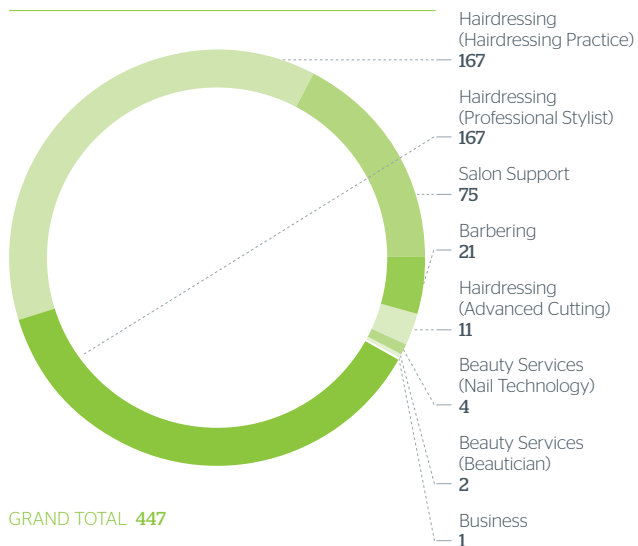


Male 6.4%

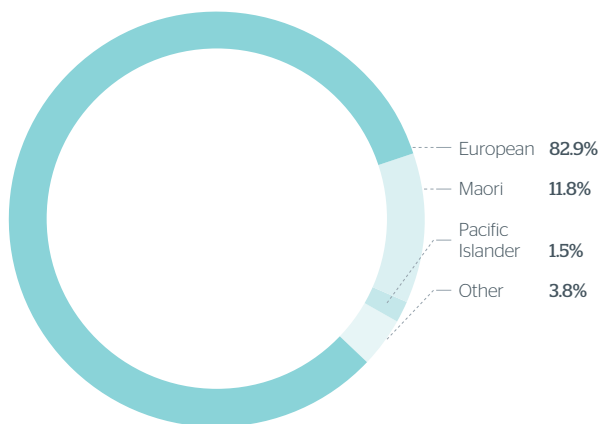


Female 93.6%

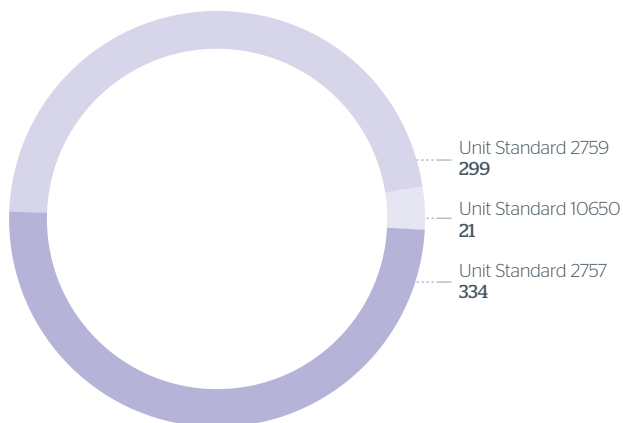
## QUALIFICATIONS COMPLETED



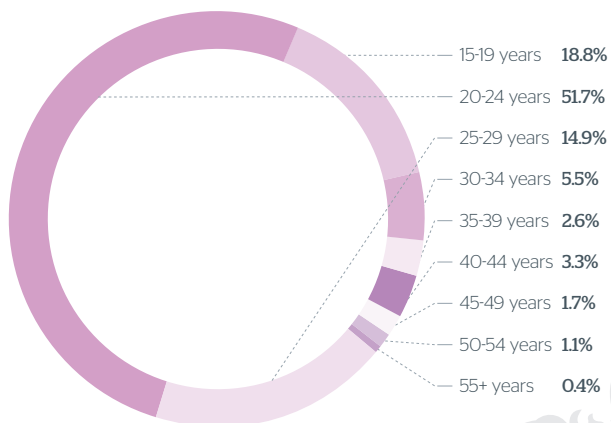
## LEARNER ETHNICITY



## COMPLETED FINAL ASSESSMENTS



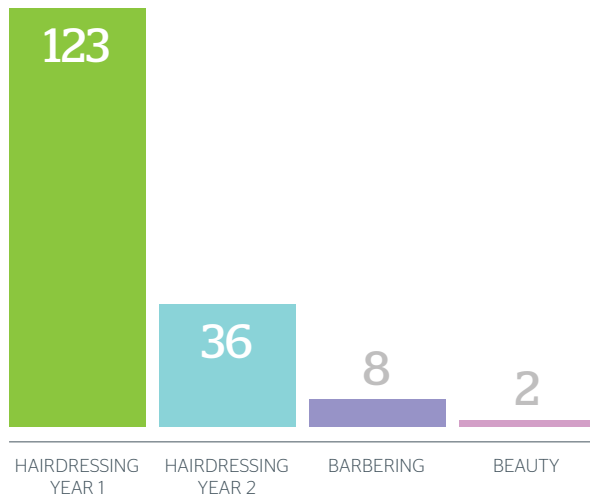
## LEARNER AGE RANGE



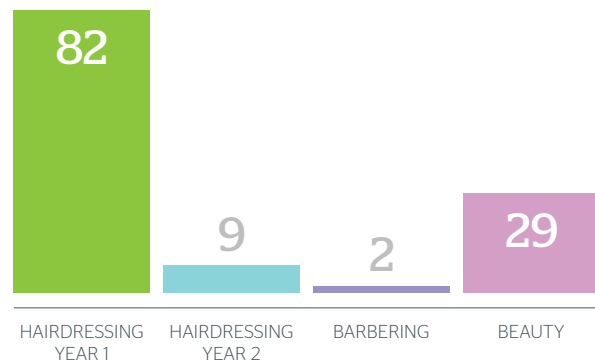
## GATEWAY PARTICIPATION NUMBERS



## GATEWAY **STUDENT** PARTICIPATION NUMBERS



## GATEWAY **SCHOOL** PARTICIPATION NUMBERS





HITO AND KITOMBA AWARDS







NEW ZEALAND HAIRDRESSING INDUSTRY TRAINING ORGANISATION INC

FINANCIAL STATEMENTS

FOR THE 12 MONTHS ENDING 31 DECEMBER 2013

NEW ZEALAND HAIRDRESSING INDUSTRY TRAINING ORGANISATION INC

NZ HAIRDRESSING INDUSTRY TRAINING ORGANISATION INC

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### FINANCIAL STATEMENTS

FOR THE 12 MONTHS ENDED 31 DECEMBER 2013

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BDO WELLINGTON

#### INDEPENDENT AUDITOR'S REPORT

To the Members of New Zealand Hairdressing Industry Training Organisation Inc.

##### Report on the Financial Statements

We have audited the financial statements of the New Zealand Hairdressing Industry Training Organisation Inc. on pages 2 to 10, which comprise the statement of financial position as at 31 December 2013, and the statement of movements in equity, and statement of comprehensive income for the year then ended, and a summary of significant accounting policies and other explanatory information.

This report is made solely to the Members, as a body, in accordance with the Constitution of New Zealand Hairdressing Industry Training Organisation. Our audit has been undertaken so that we might state to the Members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Members, as a body, for our audit work, for this report, or for the opinions we have formed.

##### The Board's Responsibility for the Financial Statements

The Board is responsible for the preparation and fair presentation of these financial statements in accordance with generally accepted accounting practice in New Zealand and for such internal control as the Board determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

##### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the overall presentation of the financial statements.

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

Other than in our capacity as auditor we have no relationship with, or interests in, New Zealand Hairdressing Training Organisation Inc.

##### Opinion

In our opinion, the financial statements on pages 2 to 10, present fairly, in all material respects, the financial position of New Zealand Hairdressing Training Organisation Inc. as at 31 December 2013, and of its financial performance for the year then ended in accordance with generally accepted accounting practice in New Zealand.

##### Other Matter

The financial statements of New Zealand Hairdressing Training Organisation Inc. as at 31 December 2013 were originally issued on 24 February 2014. These financial statements carried a qualified audit opinion due to a limitation in the scope of the audit in respect to the TEC funding recovery. This limitation has subsequently been lifted and the Directors have elected to re-issue the financial statements as a result. Refer to note 2 and 13 for additional information in respect to the re-issuing of the financial statements.

BDO Wellington  
23 May 2014  
50 Customhouse Quay  
Wellington  
New Zealand

NEW ZEALAND HAIRDRESSING INDUSTRY TRAINING ORGANISATION INC

STATEMENT OF FINANCIAL PERFORMANCE  
FOR THE TWELVE MONTH PERIOD ENDED 31 DECEMBER 2013

REVENUE	Note	2013	2012
Regional Apprentice Fees		127,726	122,945
HITO Annual Employer Fees		271,372	136,502
NZARH - Association Levy		44,619	45,651
Membership Fees		722	3,696
Nail Qualification		29,374	3,396
Appeal on Assessment		591	626
Barbering Fees		5,710	650
Assessment Fees		133,962	129,475
Workshops - Assessor Training		2,805	1,948
Hair Skills Training Workshops		0	2,356
National Certificate Income		8,079	9,754
Industry Development Recovery		77,352	53,335
Credit Fees		40,246	34,788
Moderation Recovery		151,896	173,814
Project Funding		30,000	82,416
Tertiary Education Commission Funding-Literacy		83,358	261,703
Tertiary Education Commission Funding	(2)	2,934,089	3,050,098
		3,941,901	4,113,153
<b>PUBLICATION SALES</b>			
Publication Sales		50,505	48,659
Less Cost of Sales		-31,561	-22,903
		18,944	25,756
<b>GATEWAY INCOME</b>			
Gateway Income		33,177	38,870
Less Gateway Expenses		-8,018	-13,438
		25,159	25,432
<b>OTHER INCOME</b>			
Interest - National & Regional Offices		399,325	420,208
Management, Business & Advanced Qualifications		19,322	8,447
Limited Credit Programme		0	1,852
Sundry Income		4,289	4,217
Bad Debts Recovered		0	21,066
		422,936	455,790
<b>TOTAL REVENUE</b>		<b>4,408,940</b>	<b>4,620,131</b>

These Statements are to be read in conjunction with the notes on pages 7 to 10  
(2)

NEW ZEALAND HAIRDRESSING INDUSTRY TRAINING ORGANISATION INC

STATEMENT OF FINANCIAL PERFORMANCE  
FOR THE TWELVE MONTH PERIOD ENDED 31 DECEMBER 2013

EXPENDITURE	Note	2013	2012
Seminar Expenses		25,448	29,761
Advertising/Marketing Material		330,708	238,671
Surveys/Reviews/Projects		23,005	101,631
Membership Expenses		381	19,643
Nail Qualification Expenses		29,864	0
Assessment Expenses 2759/2757		97,317	105,770
Barbering Fees		2,845	3,721
Off Job Training Paid	(10)	840,245	868,418
Board & Travel Subsidy		26,587	23,577
National Certificate Costs		6,323	5,825
Accreditation/Credit Fees		38,138	40,444
Moderation Expenses		35,217	32,066
Literacy Project		17,013	27,186
Industry Development		131,431	166,240
Qualification Adv Committee		4,950	10,537
Workshops		2,235	18,063
Provision for Bad Debts		9,940	0
Bad Debts Written Off		7,622	7,590
Management, Business & Advanced Qualifications		14,177	8,645
Limited Credit Programme		0	1,688
HITO Apprentice & Employer Incentive		210,600	0
		<u>1,854,046</u>	<u>1,709,476</u>

These Statements are to be read in conjunction with the notes on pages 7 to 10  
(3)

NEW ZEALAND HAIRDRESSING INDUSTRY TRAINING ORGANISATION INC

STATEMENT OF FINANCIAL PERFORMANCE  
FOR THE TWELVE MONTH PERIOD ENDED 31 DECEMBER 2013

<u>GENERAL OVERHEADS</u>	Note	2013	2012
ACC Earner/Employer Premiums		6,697	6,123
Accommodation		14,154	15,009
Accounting & Legal Expenses		6,255	9,609
Advertising Yellow Pages		4,262	10,220
Audit Fees		11,795	12,000
Depreciation	(5)	100,903	110,724
Loss on Disposal of Assets		4,145	0
Constitution Review		0	86,224
General Expenses	(4)	249,439	278,955
Insurance		14,236	13,843
National Committee Meetings		39,186	56,656
Printing & Stationery		13,131	13,315
Office Rent		113,286	112,246
Lease Expenses		14,112	14,190
Salaries & Wages		1,330,434	1,327,153
Staff Recruitment		2,146	24,254
Staff Training		4,944	11,302
Targeted Review Of Qualification (TROQ) Expenses		39,038	31,114
Telephone & Tolls		58,717	56,067
Vehicle Leases		62,496	62,496
Vehicle Running Expenses		40,514	37,211
		<u>2,129,889</u>	<u>2,288,711</u>
<u>TOTAL EXPENDITURE</u>		<u>3,983,935</u>	<u>3,996,187</u>
<u>OPERATING SURPLUS BEFORE TAX</u>		<u>425,005</u>	<u>621,944</u>
Provision for Taxation		0	0
<u>NET OPERATING SURPLUS AFTER TAX</u>		<u>425,005</u>	<u>621,944</u>

These Statements are to be read in conjunction with the notes on pages 7 to 10

(4)

NEW ZEALAND HAIRDRESSING INDUSTRY TRAINING ORGANISATION INC

STATEMENT OF MOVEMENTS IN EQUITY  
FOR THE TWELVE MONTH PERIOD ENDED 31 DECEMBER 2013

	Note	2013	2012
Equity At Start of Period		8,972,171	8,350,227
Net Operating Surplus After Tax		425,005	621,944
<b><u>EQUITY AT END OF PERIOD</u></b>		<b><u>9,397,176</u></b>	<b><u>8,972,171</u></b>

These Statements are to be read in conjunction with the notes on pages 7 to 10  
(5)



NEW ZEALAND HAIRDRESSING INDUSTRY TRAINING ORGANISATION INC

STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2013

EQUITY	Note	2013	2012
Equity		<u>9,397,176</u>	<u>8,972,171</u>
<u>CURRENT ASSETS</u>			
Accounts Receivable & Accrued Income		228,822	247,359
Stock on Hand		15,356	16,606
Prepayments		50,703	24,032
Bank Accounts - Current		48,771	65,099
Bank Accounts - Call Deposits		1,143,859	914,877
Term Deposits	(6)	8,722,116	8,358,715
GST Refund		0	30,557
		<u>10,209,627</u>	<u>9,657,245</u>
<u>NON CURRENT ASSETS</u>			
Fixed Assets	(5)	<u>198,116</u>	<u>253,936</u>
		198,116	253,936
<u>TOTAL ASSETS</u>		<u>10,407,743</u>	<u>9,911,181</u>
<u>CURRENT LIABILITIES</u>			
Apprentice Fee received in Advance		91,908	83,181
Accounts Payable and Accruals		340,574	334,382
GST Payable		34,716	0
TEC Liability	(2)	<u>543,369</u>	<u>521,447</u>
		1,010,567	939,010
<u>TOTAL LIABILITIES</u>		<u>1,010,567</u>	<u>939,010</u>
<u>NET ASSETS</u>		<u>9,397,176</u>	<u>8,972,171</u>

For and on behalf of the Executive Board



Flora Gillison  
Chairperson  
23 May 2014



Erica Cumming  
Chief Executive Officer  
23 May 2014

These Statements are to be read in conjunction with the notes on pages 7 to 10

(6)

**BDO**



NOTES TO THE FINANCIAL STATEMENTS

1. STATEMENT OF ACCOUNTING POLICIES

These statements have been prepared in accordance with the Incorporated Societies Act 1908 and the Financial Reporting Act 1993.

A. GENERAL ACCOUNTING POLICIES

The measurement base adopted is that of historic cost.

*Differential Reporting*

The NZ Hairdressing Industry Training Organisation Inc ("HITO") is a qualifying entity within the New Zealand Institute of Chartered Accountants Differential Reporting Framework. The Organisation is not publicly accountable and qualifies under the size criteria. The Organisation has taken advantage of all differential reporting concessions available to it except for GST, the statements are presented exclusive of GST.

The financial statements have been prepared in accordance with Generally Accepted Accounting Principles in New Zealand (NZ GAAP) applying the old NZ Financial Reporting Standards.

B. PARTICULAR ACCOUNTING POLICIES

*Accounts Receivable*

Accounts receivable are valued at expected realisable value.

*Stock*

Stocks are valued at the lower cost on a FIFO basis or net realisable after due allowance for damaged or obsolete stock.

*Fixed Assets*

Fixed Assets are recorded at cost less depreciation to date.

All fixed assets are depreciated over their expected useful lives using the straight line method of depreciation, using the maximum rates allowed by the Inland Revenue Department.

*Goods and Service Tax*

The Financial Statements are stated exclusive of Goods and Service tax except for Accounts Receivable and Accounts Payable which have been stated inclusive of Goods and Services tax.

*Government Grants*

All grant monies have been recognised as income when earned and any unearned amounts have been recognised as income in advance.

C. CHANGES IN ACCOUNTING POLICIES

There has been no change in accounting policy for the HITO.

These notes are to be read in conjunction with the statements on pages 2 to 6  
(7)

**2. TERTIARY EDUCATION COMMISSION**

	2013	2012
Funding Received	3,560,816	3,833,248
Overpaid Funding to be returned (Included as Balance Sheet Liability)	(543,369)	(521,447)
	<b>3,017,447</b>	<b>3,311,801</b>

The disclosed amount for Funding Received for 2012 has been amended to include the 2012 TEC Literacy Income to represent an accurate comparative.

The TEC funding recovery has been accrued in line with the full and final recovery letter from TEC dated 9 May 2014 which has been accepted by the Board as the agreed settlement for overpaid funding for the 2013 financial year. The financial statements have been re-issued following the receipt of this issue and the finalisation of the payable to TEC. Refer to Note 13 for further details of the financial statement re-issuance.

**3. TAXATION**

HITO registered as a Charitable Trust in June 2008, Taxation Provision was only provided until up to this period. There is no tax provision for the 2013 year.

**4. GENERAL EXPENSES**

	2013	2012
Bank Charges	2,439	2,546
Cleaning	2,954	2,938
Computer Maintenance	78,243	86,368
Earthquake Expenses	0	4,433
Electricity	8,085	7,672
Freight, Courier & Postage	31,047	32,627
General Expenses	3,410	6,692
General Meeting Costs	49,690	56,654
ITO Federation Subscription	20,500	20,000
National Office Expenses	16,362	17,656
Repairs and Maintenance	492	555
Travel Expenses	36,217	40,816
	<b>249,439</b>	<b>278,957</b>

These notes are to be read in conjunction with the statements on pages 2 to 6  
(8)

**5. FIXED ASSETS**

	2013	2012
COST OR VALUATION	934,750	894,526
ACCUM DEPRECIATION	736,634	640,590
BOOK VALUE	198,116	253,936
DEPRECIATION CHARGE	100,903	110,724

**6. TERM DEPOSITS**

	2013	2012
Westpac Term Deposit 01	2,201,238	2,112,971
Westpac Term Deposit 06	2,073,889	1,988,874
Westpac Term Deposit 08	2,052,669	1,965,630
ASB Term Deposit 0074	1,191,812	1,140,362
ASB Term Deposit 0073	1,202,508	1,150,878
<b>Total Term Deposits</b>	<b>8,722,116</b>	<b>8,358,715</b>

**7. OPERATING LEASE COMMITMENTS**

The operating lease commitments as at 31 December 2013 are:

	2013	2012
Current	175,976	144,791
Non Current	215,734	76,716
<b>Total Operating Lease Commitments</b>	<b>391,710</b>	<b>221,507</b>

**8. OTHER COMMITMENTS**

As at balance date, HITO had no other committed payments.

2013	2012
NIL	NIL

**9. CONTINGENT LIABILITY**

Except as noted in Note 2 there are no contingent liabilities for HITO at this time.

2013	2012
NIL	NIL

These notes are to be read in conjunction with the statements on pages 2 to 6  
(9)

#### 10. OFF JOB TRAINING

	2013	2012
HITO Payments	840,245	868,418
Apprentice Contributions	417,346	441,224
<b>Total Off Job Training cost</b>	<b>1,257,591</b>	<b>1,309,642</b>

HITO Payments are course fees paid on behalf of apprentices to providers. Apprentice Contributions are course fees and related costs that are paid directly to the providers.

#### 11. SUBSEQUENT EVENTS

No events subsequent to balance date have materially impacted the accuracy of these financial statements.

#### 12. RELATED PARTIES

A Millar (Board member) is also an Industry Assessor and M Gibbons (Board member) donated a prize for the Industry Awards.

#### 13. FINANCIAL STATEMENTS RE-ISSUED

The 2013 Financial Statements for HITO were originally issued on 24 February 2014 to meet the requirements of presenting audited financial statements to the AGM as required by the rules of HITO. At this time the TEC clawback had not been confirmed and there was a limitation on the Independent auditor's ability to form an opinion over the accuracy of this liability. As a result the Audit Opinion over the financial statements dated 24 February 2014 carried a qualification over the TEC accrual and STM Funding due to this limitation. As noted in Note 2 to these accounts on 9 May 2014 TEC confirmed the funding clawback and this has been accepted by the Board.

This information has allowed the limitation on the independent auditor's ability to form an opinion to be removed and an unmodified opinion to be issued. The Board has elected to re-issue the financial statements in light of this as it was considered to be in the best interest of all stakeholders for the financial statements to be issued with a true and fair view without limitation.

The finalisation of the liability to TEC resulted in an additional \$108,046 being accrued as payable to TEC and a reduction in STM income equal to this. The surplus reported by HITO has therefore reduced from \$533,051 in the 24 February Financial Statements to \$425,005 in these financial statements for the year ended 31 December 2013.











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