

HITO
2012
ANNUAL
REPORT



CONTENTS

BOARD CHAIR REPORT (JAN – OCT 2012)	3
BOARD CHAIR REPORT (OCT – DEC 2012)	4
CHIEF EXECUTIVE OFFICER REPORT	6
NATIONAL QUALITY ASSURANCE MANAGER REPORT	8
HAIRDRESSING ADVISORY GROUP REPORT	10
BEAUTY ADVISORY GROUP REPORT	11
2012 GRADUATES	12
2012 PERFORMANCE	14
2012 FINANCIALS	17

BOARD CHAIR REPORT (JANUARY - OCTOBER 2012)

Allison Murray-Travers | HITO Chairperson

IN MARCH 2012, HITO BEGAN A NEW ERA WITH THE ADOPTION OF A NEW CONSTITUTION.

With a wider membership base and a strong statutory structure, more industries can now be represented under the HITO banner. The constitution also means that the beauty sector is officially recognised as part of HITO. The new constitution was a result of Government direction that in order for governance to function, all parties interacting with HITO must have an opportunity to be heard.

The Board remained focused on the needs of industry, whilst heeding Government regulation and policy changes. Not an easy task. The unanimous adoption of the new constitution was an indication that our communication strategy is working. The Board are acutely aware that this needs to extend into the future.

In October at a Special General Meeting, a Board election completed the appointment

process to create the new Board. Congratulations to all on this new Board.

The HITO Board continued to support the WorldSkills competitions and specifically Cait Woodcock, from Palmerston North, who will represent New Zealand in the international competitions in Germany in 2013.

The Targeted Review of Qualifications (TRoQ) begin in 2013 for the beauty sector. We expect this process will be positive, with the outcome desired by beauty businesses. Once again, as it was for the hairdressing industry, it is crucial that the 'voice' of the beauty industry is heard. This industry appears to be more fragmented than hairdressing, so it will be challenging for to ensure that the outcome of the review will meet business needs. The results of the hairdressing TRoQ will be felt in 2013.

The current challenging economic times present their own set of problems for

businesses. Maintaining existing training while encouraging new training can be difficult. However, it is also an opportunity to ensure your business is equipped for tomorrow.

The Industry Awards were fantastic. It was exciting to see so much talent and enthusiasm for our industry and so much excellent training going on. Congratulations to the winners and to all those who entered. Without competitors, there would be no winner! The evening was a credit to HITO, Kitomba and NZARH and all industry.

I wish the new HITO Board and the organisation all the best for 2013.

Thank you to all those who have contributed during my tenure as Board Chairperson and know that with Flora, Anne, Jaye, Christa, Belinda, Sharon and Malcolm, the Board are in good heart.

ALLISON MURRAY-TRAVERS
PAST HITO CHAIRPERSON

BOARD CHAIR REPORT (OCTOBER - DECEMBER 2012)

Flora Gilkison | HITO Chairperson

TENA TATOU KATOA.

The journey from school to employment with the addition of skills and qualifications gained along the way has many pathways and entry points. New Zealand must ensure it has a skilled, innovative and creative workforce, eager to meet the challenges that await a small country heavily dependent on being able to take advantage of its competitive assets. One of these is its young people, and here industry training is paramount in ensuring the journey from school to work is effective. For some, it may take a while, and HITO welcomes its more life experienced trainees.

HITO is one of the success stories where trainees, business and industry training all integrate to allow a skilled, creative efficient workforce to develop. While there are pathways for creative development, innovative business practice and clearly defined education and training pathways

there is a real need to make sure that the hairdressing, barbering and beauty industries recompense their owners and employees appropriately. This is dependent on New Zealand as a country doing well, and we all have an important role to play in that.

The Government is trying to find the best pathway forward for industry training. HITO has had, and continues to have, a strong and engaging role with this through the Targeted Review of Qualifications. Different pressures will come into force as private providers, the polytechnics and businesses have different concepts of what a successful outcome will be for them. It is all too easy to focus on patch protection without looking at the bigger picture and focussing on what is the best qualification package. We need to ensure trainees complete their education with a highly respected competitive qualification which includes hands on training that includes

the development of a “real live” client base. HITO needs to support businesses to ensure they have jobs for trainees and graduates.

To ensure this happens, HITO is thoroughly engaged with NZQA and the Tertiary Education Commission (one of our funders) to be sure that we are and stay “at the table” when government make decisions. From a funding perspective, the government demands that ITO’s receive 30% of their funding from the industry. It is a credit to our supportive business base that we are able to do this, and I want to thank business for their support.

Other factors that are all part of the jigsaw for success are an engaged staff. Under Erica’s leadership I have been pleased to meet most of the staff and recognise their passion for the industry.

Our trainees must also be passionate about their chosen career, and it is exciting to see their creativity and

energy at the industry awards, you are an essential part of the mix, and I congratulate you on your commitment to your training.

The new Board is just starting to get to know each other and to recognise the strengths and qualities each of us bring to the table. I am quite confident that we will represent HITO well and ensure that education, hands on training and effective business input remains hard wired together. The past Board has left the organisation in an excellent position to move forward and I thank them, especially Allison Murray, for their work and effort they so ably added to HITO.

FLORA GILKISON
HITO CHAIRPERSON

CHIEF EXECUTIVE OFFICER REPORT

Erica Cumming | HITO CEO

THIS YEAR HAS AGAIN BEEN A TOUGH YEAR FOR MANY IN THE HAIR AND BEAUTY INDUSTRY WITH THE EFFECTS OF THE TIGHTER ECONOMY CREATING A TIMID APPROACH TO INVESTING IN BUSINESS AND TRAINING.

Employers have been less inclined to hire staff, and this has affected HITO trainee numbers. However, as I write this, there is a sense of optimism returning, and employers are once again realising how critical it is for their business to provide the right people with good training. Salon owners are again looking to hire first year apprentices as a key business decision.

While the industry has experienced a tighter economy, so too has the tertiary education sector with HITO's main funders, the Tertiary Education Commission, continuing to roll out policies for the industry training sector. The Industry Training Act was also under review in 2012. This is the Act that outlines the 'rules' that

affect all ITOs. The whole year has involved discussions regarding the value of industry training and role that ITOs should play. As the year draws to an end, this review is yet to be completed. The outcome of this and the implications for ITOs will be clear hopefully in the first quarter of 2013.

As outlined in the report of the last HITO chair, the acceptance of the new constitution was a milestone for HITO. It changed the membership of HITO to encompass all those who engage with HITO. It also significantly changed the Board structure that expands the scope of governors. These changes resulted from a series of long consultation process with members of the regional hairdressing associations. Thanks go to all involved in the constitution working group, NZARH and the Board as they worked out what was best for hair and beauty industry training in the future.

Another key milestone for the year was the re-recognition of HITO as the Industry

Training Organisation for hair and beauty for the next five years. Part of this process required consultation with many of HITO's stakeholders. We received positive feedback and support from a wide range of people.

Amongst policy changes and reviews undertaken during 2012, internally HITO has been determined to focus on industry training as the core reason that we exist. So meeting the needs of employers and trainees who work in industry has been the mission. It has been great to see that, despite fewer people undertaking industry training, the number of graduates has remained constant. Collectively, across barbering, beauty and hairdressing sectors we have had 462 achieve their National Certificate. Congratulations to all graduates and to their employers who recognise the benefit of ensuring that there are qualified, professional people in your business and the future of the sector.

As expressed by others in this report, the Targeted Review of Qualifications (TRoQ)

continued through 2012. The biggest challenge has been collecting sufficient industry feedback to be sure that we are meeting industry needs. Thanks go to those who have given their time in the barbering and hairdressing reviews. It is no easy feat to try to ensure that the industries needs are met while recognising the differing needs of full time and apprenticeship training.

HITO has had coverage of the beauty industry for some time, but it has only been with the constitutional change that they have started to feel more included in HITO. It has been promising to see a small number of people in the beauty sector engaging with industry training. We celebrated the awarding of the first National Certificate in Beauty Services (Nail Technology) in December 2012.

We had hoped that more training would have taken place in beauty, but the pending TRoQ has hampered progress. A review of the current qualifications is

required to determine the industry's views about their qualifications and training pathways for the future.

The economy and increased compliance requirements created challenges for HITO. It is with sincere thanks that I recognise the HITO staff; management, sales and administration who have all continued to work to improve training through the year.

I also want to acknowledge the leadership and support of the HITO Board, past and present. Being willing to invest time in the future of industry training as a Board member while still engaging full time in your own career is demanding, and often goes unnoticed. My thanks goes to all.

ERICA CUMMING
HITO CEO

NATIONAL QUALITY ASSURANCE MANAGER REPORT

Jason Hare | HITO National Quality Assurance Manager

2012 SAW THE BIGGEST CHANGE TO THE HAIRDRESSING AND BARBERING QUALIFICATIONS SINCE THE INTRODUCTION OF UNIT STANDARDS IN 1995.

The Targeted Review of Qualifications is a mandatory review required by NZQA to align all qualifications to meet new format and content requirements.

The review has now taken nearly two years and has involved a large amount of consultation with a wide range of stakeholders. Throughout this review, all members of the Advisory and Governance group have worked hard to ensure all feedback received was included within the review and qualification suite.

The outcome of the barbering and hairdressing reviews has been a matrix of qualifications that include both workplace and full time training pathways. The advisory group has been working on this matrix for some time and hope to be able to relate this to roles within the salon.

The review of the beauty qualifications is due to start in early 2013.

A pre review meeting has been held with good representation from HITO, The NZ Association of Registered Beauty Therapists and Training Establishments.

One of the priorities of the reviews is to ensure the qualifications have real and valued skill sets so graduates can be recognised by the industry. To ensure we get this correct, we need as much industry feedback as possible.

HITO continues to be involved in the international benchmarking of qualifications through the International Processional Standards Network (ipn). This year we have seen the first graduates of the Beauty Therapy certification and are looking forward to certification of Nail Technicians soon. Work will continue through this year with the potential of new countries and a wider range of certifications.

Literacy continues to be a focus for the HITO. Trainees and trainers have used Aquarius, HITO's interactive literacy tool, extensively with good results. Over the next 12 months, we want to highlight what good training looks like in the salon and how literacy education can be embedded within this.

The Ministry of Education and the Industry Training Federation are working on an initiative to promote trade qualifications to secondary school students. The Vocational Pathways programme identifies NCEA standards that will be helpful for students to achieve if they wish to work in the service sector. This includes unit standards that can be achieved through Gateway or STAR programmes. HITO is involved in developing pathways for the hairdressing and beauty areas. We look forward to students with an interest in hairdressing or beauty being able to find study options and a pathway into the industry.

Finally, I must reiterate the importance of industry engagement and feedback in the qualification review process for both hairdressing and beauty. These qualifications are what employers look for when employing staff and they must reflect the skills and knowledge employers expect a graduate to have.

For this, we need your input.

JASON HARE
HITO NATIONAL QUALITY
ASSURANCE MANAGER

HAIRDRESSING ADVISORY GROUP REPORT

Andrea Bullock | Chairperson - Hairdressing Advisory Group

2012 HAS BEEN AN INTERESTING YEAR FOR THE HAIRDRESSING ADVISORY GROUP.

As the Targeted Review of Qualifications (TRoQ) has been the main priority for 2012, all members of the committee were involved in gaining feedback and contributing to the process. Their continued networking will be invaluable for moving forward developing the new hairdressing qualifications to meet the needs of all stakeholders.

- The barbering representatives have worked well as a group and have reached a positive outcome for the industry. Moving forward, barbering will have two qualifications.
- We are still committed to our certificates in Advanced Cutting and Advanced Colouring and have trainees participating in the Advanced Cutting programme.

- The Limited Credit Programme continues to attract trainees to Advanced Hairdressing Skills and Train the Trainer.

HITO again had an active role in keeping educators abreast of all developments at the Educators Conference this year. Having a specialist group of educators allows for concise accurate information to be taken back to the teaching sector.

It is interesting to reflect on my 41 years in tertiary education; the changing pace of the industry, and how always we have responded and amended qualifications to reflect Industry needs from the Trade Certification Board through to HITO and unit standards.

I would like to thank the hairdressing advisory group for their input and professionalism and look forward to achieving positive outcomes in the future.

ANDREA BULLOCK
CHAIRPERSON
- HAIRDRESSING ADVISORY GROUP

BEAUTY ADVISORY GROUP REPORT

Jaye Clark | HITO Board Representative - Beauty Advisory Group

WHAT AN EXCITING YEAR 2012 HAS BEEN WITH THE UNANIMOUS ADOPTION OF THE NEW CONSTITUTION, ENSURING A POSITIVE WAY FORWARD FOR THE HAIRDRESSING AND BEAUTY INDUSTRY.

Not only that, we have the new HITO Board initiated and have had the first Board meeting.

I sincerely believe the partnership of beauty and hairdressing as an ITO will be beneficial for all, and acknowledge with thanks the many hours of consultation and communication that was undertaken by people from all levels of our industries.

The Beauty Advisory Group has been active throughout the year. This group has representatives from a wide range of stakeholders from the beauty sector which enables all involved to have a clear understanding of each sector but also what industry needs. The group has been a little hamstrung to make any substantial

changes to qualifications as to advancing the review of qualifications, because of the up and coming beauty TRoQ (Targeted Review of Qualifications).

HITO and the beauty advisory group have initiated some very promising ground work, which will ensure a smooth passage, when the TRoQ begins in early 2013. The beauty TRoQ has the added benefit of learning from the process and procedure followed by the nearly completed Hairdressing TRoQ.

As I have expressed over recent years, it is essential that the new qualifications are robust and developed to ensure client safety and satisfaction, as well as staircasing opportunities of learning for the trainees.

It has been a privilege to represent the beauty industry as a co-opted Board member for the past three years. I would like to thank Erica, and her team, for the encouragement and help in integrating beauty into the HITO fold.

I look forward to ensuring ongoing outcomes and developments for the hairdressing and beauty industries into 2013 and beyond.

JAYE CLARK
HITO BOARD REPRESENTATIVE
- BEAUTY ADVISORY GROUP

GRADUATES IN 2012 HAIRDRESSING

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

Abbie Meech
Abby Sterling
Acacia Barnes
Alecia Eyres-Kent
Aleisha Sanson
Alesha Brehaut
Alex Hopkins
Alexandra Eyre
Alexandra Reihana
Alice Cunningham
Alice Hyland
Alisha Atwood
Amanda Bowman
Amanda Smith
Amber-Nikita Moss
Ameka Kurene
Amelia Nicholson
Amy Max
Amy van der Gulik
Amy Wilkins
Amy Wood
Angela Harper
Angela Porter
Anita Price
Anne-Marie De Vos
Ashlee Stanaway
Ashleigh Boswell

Ashleigh Drake
Ashleigh McAuley
Awhina Wickens
Bayley Peggie
Bethany-Paige Woods
Bo-Yeon Tak
Bodicia Jackson
Brandon Wong
Briar Steptowe
Bridie Young
Cait Woodcock
Caitlin Shirley
Caroline Gilbert
Celeste Badeo
Chantelle Cole
Charly Downs
Chelsea Schuler
Chelsea Thomas
Chetan Mongia
Chi Nguyen
Chloe Sheldon
Chloe Stratton
Chloe Tuck
Christa Rowling
Christopher Lucy
Codie Walsh
Connie Barker
Corena De Jong
Courtney Anderson
Courtney Dillon
Courtney Vis
Daniel Horrocks
Danielle Baker-Holmes
Danielle Bryce
Danielle Caldow
Danielle Hall

Debbie De-Ruiter
Debbie Robertson
Denise Butler
Denwa Boots
Doralei Harimate
Eleanor Bell
Elizabeth Falconer
Emma Baldock
Emma Higgs
Felicity Wilson
Gemma Sheehan
Gemma Wigg
Grace Koch
Hailey Ashton
Haley Campbell
Hannah Bond
Hannah Clark
Hannah Crane
Hannah Eaves
Hannah Fitzgerald
Hannah Walker
Hayley Edginton
Hayley Edmondson
Heather Morris
Heather Newlove
Helen Afu
Henry Edwards
Holly Gough
Hser Thin
Jade Miller
Jade Slater
Jaimie Paterson
Jaimi-Lea Craven
Jalisa Frew
James Jackson
Jamie Barakat

Jamie Hoogduin
Janelle Steed
Jasmine Almond
Jasmine Dougherty
Jemma Price
Jenna Haddock
Jennie Francis
Jenny Manton
Jessica Bayne
Jessica Cook
Jessica Howden
Jessica Lay
Jessica Marris
Jessica McKinney
Jessica Thurston
Jessica Tunnicliff
Jessie Murrin
Jodi Knight
Jordan Bennett
Jordan Cooke
Jordan Hill
Julia Emery
Julia Salli
Julia Toohey
Julian Thompson
Julie Gowenlock
Kaiya Wallace
Karen Yaxley
Kataraina Reihana
Kate Griffiths
Kate Seccombe
Kate Taylor
Kaycie-Lee Vercoe
Kayla Griffin
Kaylah Harris
Kelly Thomson

Kelly Weaver
Kelsi Barriball
Kelsi Payze
Kim Riggier
Kimberley Lyon
Kimberly Peden
Kiran Toora
Kiri Roberts
Kirsten McLean
Kirsten Nel
Kirsten Timothy
Kirsty Macrae
Krista Thompson
Kristi Sykes
Krystle Walker
Kushla Deuzing
Kyle Shaw
Kylie Atchison
Kylie Colwill
Laura Lowe
Laura Simpson
Lauren Dean
Lauren Drysdale
Lauren Reid
Leander Tyacke
Leanne Baker
Lena Wilton
Lisa Trotter
Lisa Uhlenberg
Lucia Thwaites
Mackyla Morrison
Manpreet Kaur
Margaret Haughey
Megan Bowis
Megan Leith
Melissa Anderson

Melissa Burgess
Melissa Burke
Melissa Campbell
Melissa Heard
Mereana McCormack
Michaela Mather
Michaela Pickering
Michelle Blythen
Michelle Moffat
Monique Miers
Morgan Lincoln
Nadia Beswick
Nancy Manukuo
Natalia Kensington
Natalie Croad
Natalie Ofa
Natalie Smith
Natasha Haddon
Natasha Hodge
Natasha Lewis
Natasha Lynskey
Negeen Sanaei
Ngaroma Blair
Nicola McKeown
Nicola Sharp
Nicole Gibbons
Nicole Hay
Nicole Herbison
Nicole King
Nicole McVicar
Nicole Rochford
Nicole Wallace
Nicole Wright
Nikita Smith
Nikola Bennett
Nilufa Moushim
Olivia Hubbard

Olivia Kearns
Olivia Mawhinney
Paige Williams
Pamela Nicholson
Phillipa Jones
Portia Downey
Rachel Fowler
Rachel Paddon
Rachel Tither
Rachel Weaver
Rachelle Morice
Ratha Khin
Rebecca Davison
Rebecca Heald
Rebecca Lane
Rebecca Olson
Rebecca Walford
Renee Dean
Renee Surgenor
Rochelle Parkinson
Roslin Ali
Ruth Irwin
Ruxshin Contractor
Sam Gardner
Samantha Bell
Samantha Smith
Sandra Cole
Sara-Rose Griffiths
Sarah Anwar
Sarah Coutts
Sarah Davey
Sarah Hann
Sarah Hunter
Sarah Johnson
Sarah Melrose
Sarah Ridley
Sarah Samuels

Sarah Weaver-Cogger
Sharmaine Copas
Sharn Leathem
Shayna Thompson
Shayna Treanor
Shelama Murdoch
Shenee Pomeroy
Shianne Allan
Siobhan O'Connor
Sophie Matthews
Stacy Ballard
Stacy Bryson
Stefany Penney
Stephanie Mander
Stevie Ward
Su Ji Cambridge
Summer Ramsay
Tahn Nickson
Tamar Oosthuizen
Tammy Hastings
Tara Dobias
Tegan Nuttall
Teresa Kuok
Teri Moir
Thomas Burke
Tomoko Kawaguchi
Toni Austin
Toni Thomson
Toni Thgoweth
Tracey Short
Tyler Berland
Vanessa Adlam
Vickie Budd
Victoria Twentyman
Vladimir Moiseev

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

Heidi Christian

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

Karenza Harris

Kerri Cox

Sonya Cox

GRADUATES IN 2012 **BARBERING**

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

Christopher Bradley
Kirsty McLay
Mario Merotti
Pip Burr
Rosemarie Puha
Sharron Clarke

GRADUATES IN 2012 **SALON SUPPORT**

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

Novenka Muller

GRADUATES IN 2012 **NAIL TECHNOLOGY**

The following people
have achieved
National Certificate
in Beauty Services
(Nail Technology)
(Level 3)

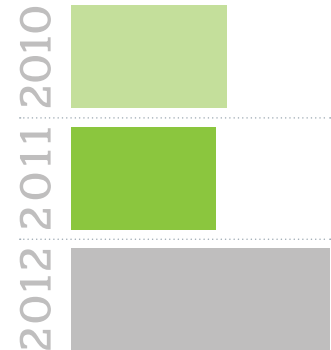
Loretta Thompson
Susan Cook

TOTAL NUMBER OF CONTINUING TRAINING PROGRAMMES AS AT DECEMBER 2012

	IT	MA	NF	Grand Total
Hairdressing (Professional Stylist)	375	442	17	834
Hairdressing (Hairdressing Practice)	237	56	4	297
Gateway	---	---	196	196
Hairdressing (Salon Support)	1	---	---	1
Barbering	14	4	2	20
Hairdressing (Advanced Cutting)	10	---	2	12
Beauty (Nail Technology)	9	1	1	11
Hairdressing Management (Assessment of Hairdressing)	8	---	---	8
Hairdressing Management (Salon Management)	5	---	---	5
Hairdressing Management (Tutoring in Hairdressing)	3	---	---	3
Train the Trainer Award	1	---	---	1
Grand Total	663	503	222	1388

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

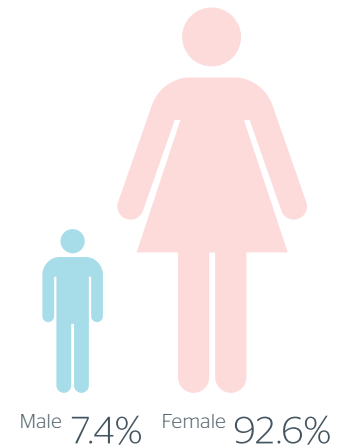
INTERNATIONAL CERTIFICATES PRODUCED



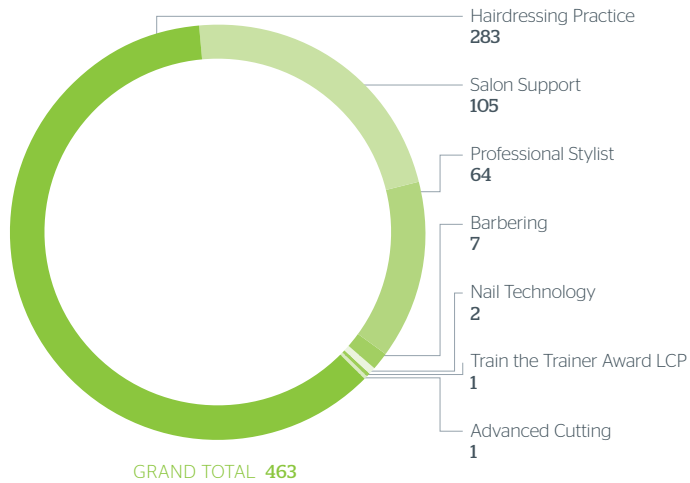
GATEWAY NUMBERS



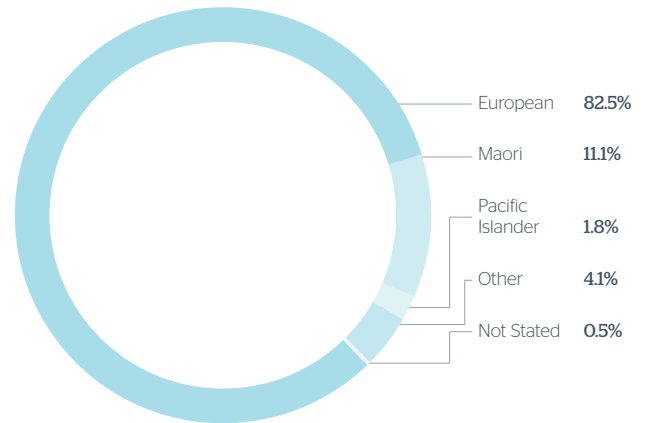
GENDER COMPARISON



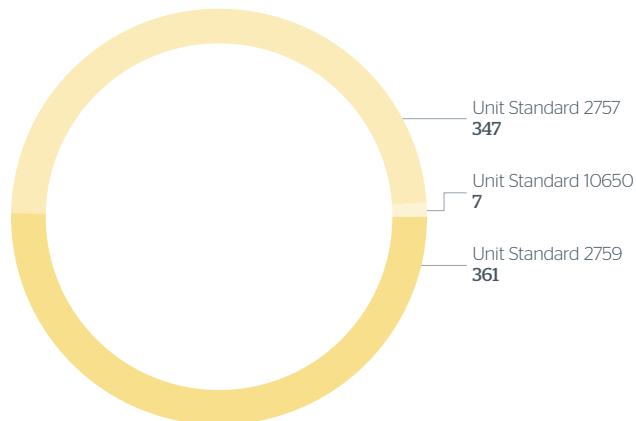
QUALIFICATIONS COMPLETED



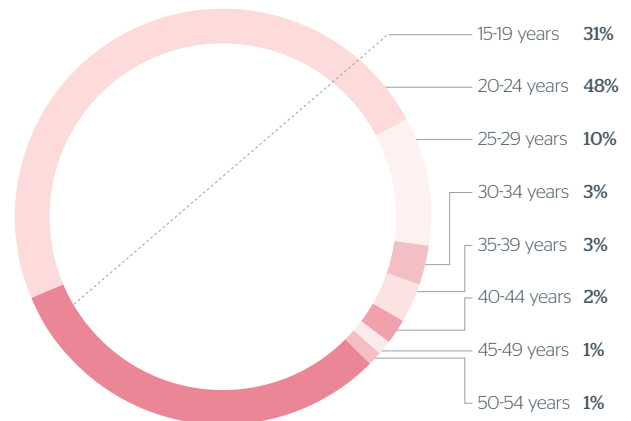
LEARNER ETHNICITY



COMPLETED FINAL ASSESSMENTS



LEARNER AGE RANGE



NEW ZEALAND HAIRDRESSING INDUSTRY TRAINING ORGANISATION INC

NEW ZEALAND HAIRDRESSING INDUSTRY TRAINING ORGANISATION INC

FINANCIAL STATEMENTS

FOR THE 12 MONTHS ENDING 31 DECEMBER 2012

NEW ZEALAND HAIRDRESSING INDUSTRY TRAINING ORGANISATION INC

NZ HAIRDRESSING INDUSTRY TRAINING ORGANISATION INC

CONTENTS

FINANCIAL STATEMENTS

FOR THE 12 MONTHS ENDED 31 DECEMBER 2012

	PAGES
AUDITORS' REPORT	1
STATEMENT OF FINANCIAL PERFORMANCE	2
STATEMENTS OF MOVEMENTS IN EQUITY	5
STATEMENT OF FINANCIAL POSITION	6
NOTES TO THE FINANCIAL STATEMENTS	7

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 New Zealand Hairdressing Industry Training Organisation Inc on pages 2 to 10, which comprise the statement of financial position as at 31 December 2012, and the statement of movements in equity, and statement of financial performance 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 Inc. 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.

Board's Responsibility for the Financial Statements

The Board are 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 (New Zealand). 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 Industry 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 Industry Inc as at 31 December 2012, and its financial performance for the year then ended in accordance with generally accepted accounting practice in New Zealand.



BDO Wellington
15 February 2012
50 Customhouse Quay
Wellington
New Zealand

**STATEMENT OF FINANCIAL PERFORMANCE
FOR THE TWELVE MONTH PERIOD ENDED 31 DECEMBER 2012**

<u>REVENUE</u>	Note	2012	2011
Regional Apprentice Fees		122,945	128,102
HITO Annual Employer Fees		136,502	107,711
NZARH - Association Levy		45,651	48,170
Membership Fees		3,696	0
Nail Qualification		3,396	0
Appeal on Assessment		626	757
Barbering Fees		650	1,795
Assessment Fees		129,475	119,233
Workshops - Assessor Training		1,948	626
Workshops for Employers		0	839
Hair Skills Training Workshops		2,356	2,452
National Certificate Income		9,754	8,089
Industry Development Recovery		53,335	96,869
Credit Fees		34,788	45,040
Moderation Recovery		173,814	164,763
Project Funding		82,416	0
Tertiary Education Commission Funding-Literacy		261,703	107,278
Tertiary Education Commission Funding	(2)	<u>3,050,098</u>	<u>3,521,254</u>
		4,113,153	4,352,979
 <u>PUBLICATION SALES</u>			
Publication Sales		48,659	51,061
Less Cost of Sales		<u>-22,903</u>	<u>(26,477)</u>
		25,756	24,584
 <u>GATEWAY INCOME</u>			
Gateway Income		38,870	47,305
Less Gateway Expenses		<u>-13,438</u>	<u>(26,105)</u>
		25,432	21,200
 <u>OTHER INCOME</u>			
Interest - National & Regional Offices		420,208	404,290
Management & Advanced Qualifications		8,447	2,128
Limited Credit Programme		1,852	4,000
Sundry Income		4,217	4,033
Bad Debts Recovered		<u>21,066</u>	<u>0</u>
		455,790	414,451
 <u>TOTAL REVENUE</u>		 <u>4,620,131</u>	 <u>4,813,214</u>

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

(2)

**STATEMENT OF FINANCIAL PERFORMANCE
FOR THE TWELVE MONTH PERIOD ENDED 31 DECEMBER 2012**

<u>EXPENDITURE</u>	<u>Note</u>	<u>2012</u>	<u>2011</u>
Seminar Expenses		29,761	33,857
Advertising/Marketing Material		238,671	419,050
Surveys/Reviews/Projects		101,631	157,772
Membership Expenses		19,643	0
Assessment Expenses 2759/2757		105,770	108,321
Barbering Fees		3,721	5,300
Off Job Training Paid	(10)	868,418	940,685
Board & Travel Subsidy		23,577	18,504
National Certificate Costs		5,825	3,734
Accreditation/Credit Fees		40,444	45,245
Moderation Expenses		32,066	30,590
Literacy Project		27,186	107,278
Industry Development		166,240	321,836
Qualification Adv Committee		10,537	13,462
Workshops		18,063	17,552
Bad Debts Written Off		7,590	8,709
Management & Advanced Qualifications		8,645	4,986
Limited Credit Programme		1,688	10,816
		<u>1,709,476</u>	<u>2,247,696</u>

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

STATEMENT OF FINANCIAL PERFORMANCE
FOR THE TWELVE MONTH PERIOD ENDED 31 DECEMBER 2012

<u>GENERAL OVERHEADS</u>	Note	2012	2011
ACC Earner/Employer Premiums		6,123	5,754
Accommodation		15,009	14,381
Accounting & Legal Expenses		9,609	6,181
Advertising Yellow Pages		10,220	11,430
Audit Fees		12,000	13,455
Depreciation	(5)	110,724	147,911
Loss on Disposal of Assets		0	3,590
Constitution Review		86,224	123,240
General Expenses	(3)	278,955	278,381
Insurance		13,843	12,227
National Committee Meetings		56,656	67,577
Printing & Stationery		13,315	17,864
Office Rent		112,246	112,495
Lease Expenses		14,190	10,366
Salaries & Wages		1,327,153	1,174,579
Staff Recruitment		24,254	11,801
Staff Training		11,302	21,150
Targeted Review Of Qualification (TROQ) Expenses		31,114	26,918
Telephone & Tolls		56,067	54,659
Vehicle Leases		62,496	57,138
Vehicle Running Expenses		37,211	43,817
		<u>2,288,711</u>	<u>2,214,912</u>
<u>TOTAL EXPENDITURE</u>		3,998,187	4,462,608
OPERATING SURPLUS BEFORE TAX		621,944	350,606
Provision for Taxation		0	0
<u>NET OPERATING SURPLUS AFTER TAX</u>		<u>621,944</u>	<u>350,606</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 2012

	Note	2012	2011
Equity At Start of Period		8,350,227	7,999,621
Net Operating Surplus After Tax		<u>621,944</u>	<u>350,606</u>
<u>EQUITY AT END OF PERIOD</u>		<u>8,972,171</u>	<u>8,350,227</u>

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

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2012

EQUITY	Note	2012	2011
Equity		<u>8,972,171</u>	<u>8,350,227</u>
CURRENT ASSETS			
Accounts Receivable		247,359	277,735
Stock on Hand		16,606	12,660
Prepayments		24,032	29,056
Bank Accounts - Current		65,099	64,922
Bank Accounts - Call Deposits		914,877	1,391,577
Term Deposits	(6)	8,358,715	7,968,667
GST Refund		30,557	3,803
		<u>9,657,245</u>	<u>9,748,420</u>
NON CURRENT ASSETS			
Fixed Assets	(5)	<u>253,936</u>	<u>256,667</u>
		253,936	256,667
TOTAL ASSETS		9,911,181	10,005,087
CURRENT LIABILITIES			
Apprentice Fee received in Advance		83,181	78,041
Accounts Payable and Accruals		855,829	1,576,817
		<u>939,010</u>	<u>1,654,858</u>
TOTAL LIABILITIES		939,010	1,654,858
NET ASSETS		<u>8,972,171</u>	<u>8,350,227</u>

For and on behalf of the Executive Board



Flora Gilkison
Chairperson
15 February 2013



Erica Cumming
Chief Executive Officer
15 February 2013

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

(6)

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

	2012	2011
Funding Received	3,571,545	4,691,902
Overpaid Funding to be returned (Included as Balance Sheet Liability)	(521,447)	(594,007)
Funding Project deferred to next yr	0	(576,641)
	<u>3,050,098</u>	<u>3,521,254</u>

3. GENERAL EXPENSES

General Expenses are made up of the following expenses:

	2012	2011
Bank Charges	2,546	2,278
Cleaning	2,938	1,907
Computer Maintenance	86,368	87,739
Earthquake Expenses	4,433	11,031
Electricity	7,672	8,966
Freight, Courier & Postage	32,627	33,345
General Expenses	6,692	8,891
General Meeting Costs	56,654	42,086
ITO Federation Subscription	20,000	18,000
National Office Expenses	17,656	15,495
Office Relocation/Costs	0	3,541
Repairs and Maintenance	555	422
Travel Expenses	40,816	44,481
	<u>278,957</u>	<u>278,381</u>

4. 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 2012 year.

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

5. FIXED ASSETS

	2012	2011
COST OR VALUATION	894,526	786,533
ACCUM DEPRECIATION	640,590	529,866
BOOK VALUE	253,936	256,667
DEPRECIATION CHARGE	110,724	147,911

6. TERM DEPOSITS

	2012	2011
Westpac Term Deposit 01	2,112,971	2,004,646
Westpac Term Deposit 06	1,988,874	1,887,514
Westpac Term Deposit 08	1,965,630	1,884,190
ASB Term Deposit 0074	1,140,362	1,091,670
ASB Term Deposit 0073	1,150,878	1,100,647
Total Term Deposits	8,358,715	7,968,667

7. OPERATING LEASE COMMITMENTS

The operating lease commitments as at 31 December 2012 are:

	2012	2011
Current	144,791	185,786
Non Current	76,716	216,464
Total Operating Lease Commitments	221,507	402,250

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

8. OTHER COMMITMENTS

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

2012	2011
NIL	NIL

9. CONTINGENT LIABILITY

There are no contingent liabilities for HITO at this time.

2012	2011
NIL	NIL

10. OFF JOB TRAINING

	2012	2011
HITO Payments	868,418	940,685
Apprentice Contributions	441,224	465,837
Total Off Job Training cost	1,309,642	1,406,522

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. COMPARATIVES

Certain comparatives have been amended to ensure consistency with current year presentation.

12. SUBSEQUENT EVENTS

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

13. RELATED PARTIES

The Chair of the NZ Association of Registered Hairdressers ("NZARH") was on the Board of HITO for part of 2012. There is a levy paid to HITO from NZARH of \$45,651 (2011 : \$48,170).

These notes are to be read in conjunction with the statements on pages 2 to 6
(10)



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