

**ANNUAL
REPORT
2020**







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OUR INDUSTRIES

Within Skills Consulting Group, we operate across numerous different industries – both in NZ and around the globe – building solutions that are designed to meet industry, employer and trainee needs both now and into the future.



CHAIRMAN MESSAGE

It's safe to say, 2020 was a year of uncertainty on a worldwide scale.

But during all that uncertainty, Skills Consulting Group continued to meet those challenges head-on, adapting and transforming while also maintaining a clear focus on the future.

Member support remained a key priority in 2020, with the Board focused on assessing future plans to ensure a successful outcome built on continued support of our members, industries, customers and funders. Our future, as always, depends on these partnerships remaining strong.

As RoVE is still evolving, we have continued to contribute to its progression as much as we can while also delivering on our ITO responsibilities. We will continue to work with the TEC and the Government to set what the future of the vocational education framework looks like in this country. We will ensure that the needs of our industries, both now and in the future, are well-considered.

At the same time, in February 2020 we also delivered on our promise to set up the Skills Group Foundation. This has been designed in consultation with our members – leveraging our vast industry capabilities and knowledge to help and support our members and our community by growing lifelong learning opportunities and a future-focused workforce. We also brought on-board world-class expert investment advisor, Michael Chamberlain, as a trustee, to maximise our ability to support members through strategic long-term investment.

Looking back, I believe it was our clear strategy of the past 3-5 years that has put us in good stead to weather the storm that was 2020. We had already put down foundations to be more innovative and agile, while also meeting the needs of our industries. This meant that initiatives were in place and already underway to meet our objectives, even in the face of a global pandemic.

Looking ahead, our future will continue to be focused on assisting our industries, and further strengthening those customer relationships. But we know that we have the right foundations in place and the right focus for continued success in 2021.

Finally, I would also like to formally welcome Tim Gibson, who joined the Board this year. Tim has over 20 years' international experience as a CEO and Senior Executive, and brings expertise in international business, organisation design & performance, strategy development & implementation, as well as stakeholder & government relations to the Board. Welcome Tim, to the Skills Consulting Group Board.



A handwritten signature in black ink, reading 'Brian Nowell'.

Brian Nowell, Chairman

CEO MESSAGE

If there was a word for the Group in 2020, that word would be 'transformation'.

It was a big year of transformation across all areas of our business. For a start, we officially launched the Skills Consulting Group brand, after extensive research with our customers. This is our commercial brand going forward and the umbrella entity that will lead our long-term strategy of growth and diversification. We are excited to have successfully launched this brand to market.

This year, we also made great progress on our key strategies of growth, diversification and member support. Our commitment to our customers and our industries remains our top priority as our future evolves.

In 2020, we continued to build on the growth of our ITO – with record sign-ups for the 5th year in a row and a 5% growth in revenue compared to 2019.

Our 2019 investment in wellbeing services provider, Instep, proved to be extremely opportune given the impact felt throughout the business world in 2020 and the increased focus on workplace wellbeing. Within Instep, we saw a 13% growth in uptake of our Employee Assistance Programme services within our existing customer base, and at the same time a 13% increase in new customers - this resulted in good revenue growth in 2020.

In terms of our diversification strategy, we delivered considerable growth with our non-ITO income being \$13.7m – a strong outcome in a year of business interruption. And, at the same time, we continued to expand our reach with the launch of the first international base for Skills Consulting Group in Hong Kong. Having this on-the-ground expertise will allow us to provide even better support to our Asia-based customers and the ability to establish relationships with new customers. In 2021 we also added David Forman, a leading Australasian business training provider, to our stable of commercial brands and product offerings so we can continue to offer further valuable services to industry.

As always, supporting our members remains a key priority for us. This year, we increased financial support for our members and, as promised, moved funds into The Skills Foundation, increasing the foundation funds by \$4 million in 2021.

Unlike many other ITOs, our long-term growth and diversification strategy has put us in a very strong place to ensure we have a viable business post RoVE that will help us to continue to grow and support our members.



A handwritten signature in black ink, appearing to read 'Garry Fissenden'.

Garry Fissenden, CEO

THE BRANDS THAT MAKE UP SKILLS CONSULTING GROUP

Our range of brands and our industry expertise are designed to help build the productivity and wellbeing of people – by growing workplace capability and taking businesses and organisations to the next level.



HOW WE PERFORMED IN 2020

TRADES

It was another record year for Skills, with 2020 seeing 4,349 new apprenticeship enrolments. We opened the year with 8,239 active apprentices and closed with 9,610 – which was an increase of 14%. In terms of our educational performance indicators (EPI) targets Skills performed well, with a first-year apprentice retention rate of 86% and credit completion (CCR) and programme completion (PCR) rates of 76% and 75% respectively. This was all ahead of the same period in 2019 while, at the same time, our first-year apprentice retention rate was up to 86% compared to 75% for the overall TITO sector.

The impact of Covid-19 on the way we operated in 2020 makes those results even more impressive. For a start, class schedules were severely disrupted, which meant we needed to quickly find a new way of doing things. Managing capacity at many providers was, and will continue to be an issue as well, thanks to the implementation of the Targeted Training and Apprenticeship Fund (TTAF) and the Apprentice Boost subsidy which led to an increase in enrolments.

Through it all, at Skills we have continued our commitment to improving our levels of customer service. The best indicator of this is the results of our annual apprentice survey. In 2020, we achieved a 10% increase in our Net Promotor Score (NPS) over 2019. What this shows is that we listened to what our customers told us.

In terms of female apprentices, trades industries continued to attract women into the field, with women in trades, making up 3% of our total apprentice numbers. Electrical showed the biggest improvement and now sits at 4%. As for our Maori and Pacific learners, Skills delivers 28% of the ITO sector training for Maori and Pacific learners at level 4 and above. In 2020, 80% of our Maori and Pacific learners were enrolled into programmes at levels 4 and above - showing that our 2020 results remained above the sector average. As for the first-year apprentice retention rate for our Maori and Pacific apprentices, this also closed at 83% for 2020, compared to 73% for the full TITO Sector.

QUALIFICATIONS AND STANDARDS

Skills had 20 reviewed qualifications, 136 reviewed unit standards and 8 programmes of industry training submitted and approved in 2020.

A key achievement for the year was working with industry and providers to review the New Zealand Certificate in Electrical Engineering (Level 4) and an associated curriculum document. This was done to help with the development of programmes of study for an apprenticeship. At the same time, Skills also worked with multiple agencies across the Government sector to review qualifications for Government and Regulatory Practice, and for the development of level 5 units in Coordinated Incident Management. A further key project was the development of qualifications, standards and programmes of industry training for Plumbing Gasfitting & Drainlaying Level 5 – we partnered closely with industry on the project and this was successfully achieved.

As part of our standard quality control checks, Skills also undertook an internal moderation for a total of 934 learner samples across all industries – 84% of these samples met moderation requirements. While for external moderation, Skills moderated a total of 940 learner samples across all industries – 82% of these samples met moderation requirements.

Finally, in 2020 Skills also took part in a number of consistency reviews and achieved a Sufficient rating across all of them – including the NZC in Offender Management Level 3, NZC in Real Estate (Salesperson) Level 4, NZC in Workplace Health and Safety Practice Level 3, and NZC in Workplace Health and Safety Practice Level 4.







BREAKING RECORDS IN REAL ESTATE

While 2020 was a year of slowing down for many, Skills Real Estate recorded the busiest year in terms of enrolment and programme completions on record.

Among the many highlights for the year, the Real Estate team doubled in size and managed a 550% increase on average daily queries throughout the Level 4 lockdown period. Since then, the level of enquiries has remained high. A refreshed Salesperson programme was also successfully released, and the team started to design and develop the Residential Property Management programme.



**There was a 550% increase
on average daily queries
throughout the Level 4
lockdown period.**



OVERCOMING OBSTACLES - IT TAKES A VILLAGE

“YOU CAN’T JUDGE A FISH’S INTELLIGENCE BY HOW WELL IT CAN CLIMB A TREE.”

To Matthew Taylor, hearing those words from his Skills case manager was just the push he needed to keep at his apprenticeship.

Matthew had been battling more challenges than most – having gone through school with undiagnosed dyslexia and dyspraxia and thinking he was “dumb”, now he was failing his electrical apprenticeship exams over and over again.

“Hearing Jaqi, my Skills case manager, say that to me about the fish, it made me realise; ‘hey I’m really good at my apprenticeship practically – I just struggle with the paperwork’. It really made a difference to me,” says Matthew.

IT TAKES A VILLAGE

It was Jaqi, along with Bob Henwood of Northtec and Marius Schmidt from Skills, that Matthew credits with helping him complete his electrical apprenticeship and also identify his learning difficulties.

“I failed my exam a couple of times in my first year and it was Bob Henwood, my tutor, that said ‘this isn’t right, this bloke’s pretty on to it. We need to find out what is wrong because he should have passed this’.”

And he was right. Matthew, who was doing well in the practical work, was failing the theory exam every time. So, Bob organised for Matthew to be tested by the Skills’ Vocational Literacy Team. Sure enough, he was diagnosed with dyslexia and dyspraxia, a condition that affects the brain’s ability to think, learn and remember.

“Under pressure situations, text and numbers all merged into one black blob on the screen, and I would have to read the text ten times or more to actually take it all in and understand what I was reading,” says Matthew.

ADDED CHALLENGES

These learning difficulties also coincided with severe anxiety Matthew had experienced since high school, to the point that Matthew constantly doubted himself and worried he would never make something of his life or succeed in his apprenticeship.

“I was in and out of doctors’ offices and seeing counsellors, just trying to find more coping mechanisms and methods. Because it is not something that is going to go away but it is something I can learn to manage a bit better.”

Once he got some tools to manage his anxiety and was able to access the right assistance to manage his dyslexia and dyspraxia, Matthew was able to pass his exams and get his ticket. A milestone that at times Matthew had thought he would never achieve.

“There was so much that I got help with. Bob gave me every resource I needed while Marius was an absolute gem,” says Matthew. “He helped me get up-to-speed on what I needed to know and how to study for it. That’s what got me over the line.”

In terms of the exams, the Skills’ Vocational Literacy Team helped Matthew access extra time for assessments and exams, as well as bathroom breaks during examinations. Something, he says, that “helped phenomenally”.

FOCUSED ON THE FUTURE

Seven years later and Matthew is a fully qualified electrician. He says it's been a long seven years getting to the finish line but now he's done it, he wants to show others in a similar situation, and facing their own challenges, that it can be done.

"I'll forever be thankful to everyone involved in my apprenticeship. It means more to me than any of you will ever know. Leaving school at 14 because of being deemed stupid for struggling with paperwork – the journey has shown me I can do anything I put my mind to. And it has secured my future. So sincerely, to the Skills team that helped me, thank you all from the bottom of my heart."

If you are an apprentice, or have an apprentice working within your business, that may be experiencing challenges with their learning, contact your account manager to find out more about how the Skills' Vocational Literacy Team may be able to help.



VOCATIONAL CONSULTING



BUILDING COMPETENCY FRAMEWORKS FOR ELECTRICITY VIETNAM

From late 2019 until mid-2020, Skills Consulting Group worked with our Vietnam consultancy partner, Hung Viet, and the state-owned Electricity Vietnam (EVN) – the largest electricity generation, transmission and distribution services provider in Vietnam – to map and define the competency needs of their organisation.

The project was brought about because EVN needed to reconfigure its operations into regional, integrated power generation and supply businesses within a greening economy, and needed to reduce its high headcount – which was a legacy of carbon heavy generation technologies.

Originally, Skills Consulting Group had planned for our consultants to be in-country throughout this project. However, after the initial in-country meetings, Covid-19 meant our consultants needed to work from home.

The Skills Consulting Group team quickly transitioned to digitally deliver training and support for Hung Viet and EVN to keep the project on track. While digital delivery did present some challenges – for instance, time zone differences and the length and intensity of training online – the training was very well-received, with positive feedback from both Hung Viet and Electricity Vietnam.

Skills Consulting Group mapped the New Zealand Qualification Framework competencies against EVN occupational functions and also trained Hung Viet and EVN HR staff in competency development. By the time they completed the project, EVN was equipped with the right tools and knowledge to begin piloting and developing competence-based HR processes across their organisations, enabling them to make the most of Vietnam's limited resources while also building their workers' competence levels.



NEW ZEALAND VOCATIONAL EDUCATION AND TRAINING RESEARCH FORUM



In 2020, things looked a little different for the New Zealand Vocational Education and Training Research Forum (NZVETRF). With travel and large gatherings restricted by Covid-19, the NZVETRF went virtual for the first time ever.

Co-hosted by Skills and Ako Aotearoa, the event was held on 6Connex – a state-of-the-art virtual event platform designed to look just like an in-person conference.

With vocational education experts speaking from across the globe and the opportunity to virtually network, the NZVETRF brought vocational education industry members together for a successful full-day event.

NZVETRF also facilitated the launch of the New Zealand arm of the Global Apprenticeship Network (GAN),

introduced by GAN Global Executive Director Nazrene Mannie and Skills Consulting Group's Josh Williams.

Headquartered in Switzerland, the GAN is an alliance between international agencies and multinational companies that promotes work-based learning and apprenticeships.

The GAN seeks to promote policies to bridge the gap between the skills people have and the skills employers need.

GAN New Zealand will work to strengthen companies' and organisations' engagement in apprenticeships while sharing global perspectives and best practices in the areas of apprenticeships, mentoring and on-the-job training.

WELLBEING

NEW GM OF WELLBEING, JANE KENNELLY



In November, Skills Consulting Group welcomed Jane Kennelly as the new General Manager of Wellbeing.

Before joining Skills Consulting Group, Jane was the founder/Director of Frog Recruitment, a New Zealand recruitment agency that launched in 2002. She was involved with WorkChoice Trust for 22 years, was Chair for eight of those years and was instrumental in positioning WorkChoice into Skills several years ago.

Jane is also the founder and trustee of the Fantail Network, a charitable trust that connects and supports women in business.

Jane has expertise across many areas, including the latest talent methodologies, social media, communications, PR, employment and personal branding – and has used her natural talent to create numerous community and wellbeing initiatives, for example the very fun ‘NZ Top Office Dog of the Year’ which is now in its 5th year and is designed to support positive mental health in the workplace.

'Against a backdrop of the coronavirus pandemic affecting every country, company, community and human on our planet, we believe the employer landscape has changed forever.'

– Jane Kennelly

cdi insight
consulting

instep



WELLBEING TRENDS IN 2020

As a result of Covid-19 and an unpredictable business environment, leadership trends in 2020 shifted to have an even greater focus on providing genuine care to employees.

The pandemic's impact accelerated the need for businesses to have a broader understanding of being dynamic, agile and putting their people at the centre of what they do. A 'tick the box, one-size-fits-all' approach to employee wellbeing initiatives is no longer enough to be considered ethical and successful. Top leaders in 2020 made it more of a priority to address the future and re-shape planning for the new business landscape.

As these trends emerge, Skills Consulting Group is at the forefront of wellbeing as a business goal.

PEOPLE VS PROFIT

CDL Podcast Launch

With redundancies, re-structures and employment uncertainty affecting many New Zealand businesses in 2020, CDL's podcast, People vs Profit, could not have launched at a better time. With a mission to grow the outplacement category in New Zealand, CDL set out to facilitate thought-provoking conversations on how outplacement allows businesses to care for their employee's wellbeing.

In partnership with Newstalk ZB, CDL promoted People vs Profit, hosted by Andrew Dickens, across the country. The episodes covered putting people first as a business investment, caring for employees in post-Covid New Zealand and how outplacement works to protect businesses' valuable brand reputation.

The podcasts received great feedback from listeners and CDL is now recording a further series of thought-provoking interviews with leaders in employee wellbeing and outplacement experts for release throughout 2021.





Part of  SKILLS CONSULTING GROUP

IMNZ LEADERSHIP MANAGEMENT & TRAINING

It was a challenging year for IMNZ with a decline in course sales thanks to the impacts of Covid-19. With clients being hesitant to attend in-person training outside of lockdowns, the team at IMNZ quickly created a suite of online course options for its most popular courses, as well as running a series of webinars that were designed help leaders adjust to managing their teams from home.

We managed to increase customer net promoter scores, showing that clients still continued to rate the service they received from IMNZ highly.

In terms of IMNZ's relationships with large clients running training in-house for their teams, this continued to grow with both the number of clients increasing and the type of training they undertook diversifying. We believe that this is a market that will continue to grow in 2021.



IMNZ PARTNERS WITH HEB

If you're not a numbers person and have never worked with a financial spreadsheet, you know how overwhelming it can be. So, when longtime IMNZ client, HEB, found their non-financial staff lacking confidence in financials and budgeting, they got in touch with IMNZ for help.

While managing and understanding the finances quota had been an important part of many roles at HEB, there had never been formal training given to those having to manage big project and business unit budgets. To introduce financial training to their staff, HEB worked with the team at IMNZ to customise the standard Finance for Non-Financial Managers course to meet their business needs.

"One of the reasons we chose to run this training through IMNZ was that we were able to customise the course for our needs, particularly around project and departmental budgets," explains Lesley Southwick, Learning & Development Manager at HEB. "This was an opportunity to upskill our staff so that they could understand what they were looking at [in financial documents], without becoming accountants themselves."

Through the bespoke course, HEB wanted to give staff the tools to read a balance sheet, put a profit and loss together, and build their confidence and understanding of why they were being asked to do things in a certain way.

And what a success it was! "Our staff told us that it was the best course we've ever offered," says Lesley. "Through his pragmatic teaching style, course facilitator Richard Millar broke down barriers of financial jargon to deliver the course in plain language – something the team could easily understand and work with. On their return to the office, course attendees and their managers described the renewed sense of confidence and enthusiasm they felt in taking on financial tasks. "It has made a big difference for month-end and the budgeting process. Interpreting a financial spreadsheet can be difficult, so being able to understand what these things were telling them has made a huge difference to their confidence."

THE IMNZ SUMMIT

With Covid-19 keeping everyone at home, IMNZ partnered with Stuff to deliver the first ever IMNZ Summit. This was a free virtual event series focusing on "Doing more with less".

IMNZ brought leaders and industry experts together to share their insights on how to navigate leadership in difficult times. Held across three dates in August and September, the IMNZ Summit struck a chord with many attendees as it provided practical advice and tips that they could apply in their everyday work.

Overall, the event was a great success that helped to keep IMNZ at the forefront of customers' minds, even though in-person training could not go ahead. Given the success of the first IMNZ Summit, a second series will be hosted on the 4th and 5th of May 2021. The theme will be "Every great team has tough starts.". This will help connect New Zealand's new and emerging leaders with other industry experts, as well as build IMNZ's brand reputation as a thought leader.





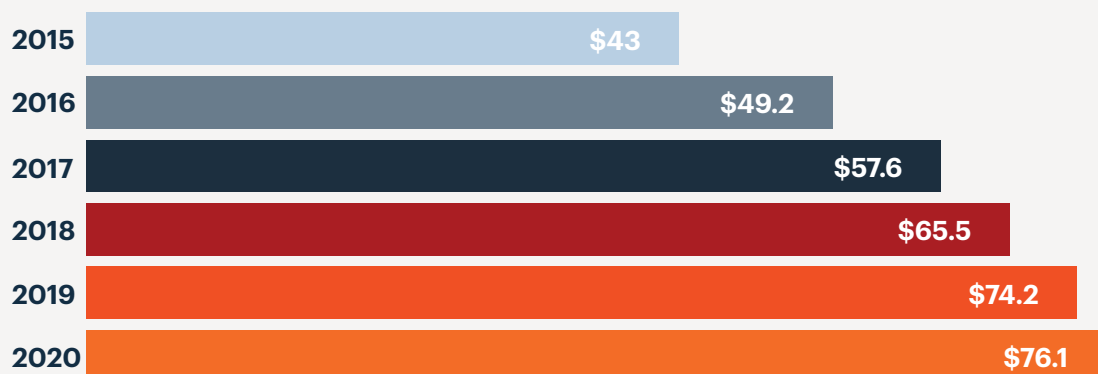
DAVID FORMAN ACQUISITION

A further highlight for the year for Skills Consulting Group was the acquisition of David Forman, New Zealand's leading sales training business. David Forman has been a leading provider of sales training in New Zealand for 50 years and will be a great addition to our portfolio.

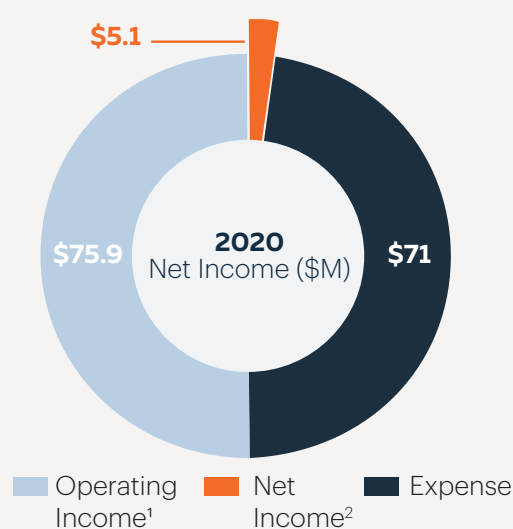
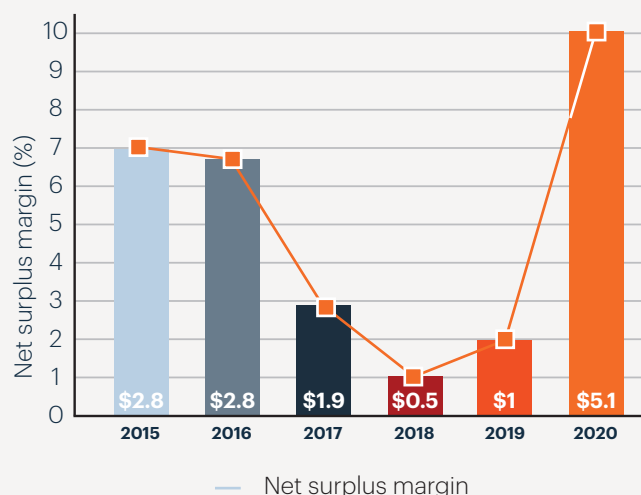
By combining David Forman's sales expertise with our 28 years of experience supporting businesses to upskill their people at work, Skills Consulting Group now has an even wider set of services to support our customers and the growth needs of industry.

THE NUMBERS

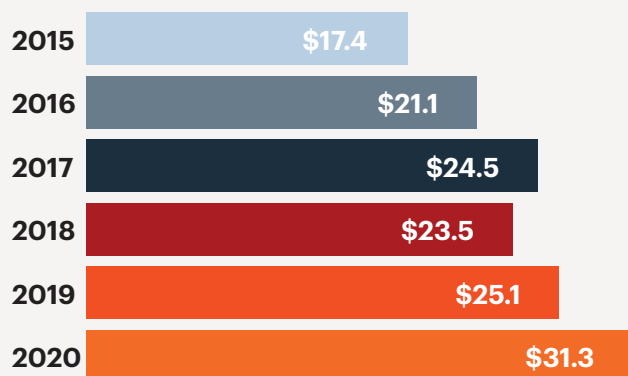
OPERATING INCOME (\$M)



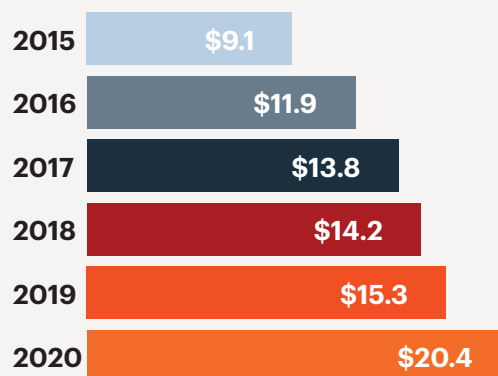
NET INCOME² (\$M)



TOTAL ASSETS (\$M)



TOTAL EQUITY (\$M)



¹ Revenue refers to Revenue and Net Fair Value Gains/(Losses) on Available for Sale Financial Assets for the year from the Summary Consolidated Financial Statements

² Net income refers to Total Comprehensive Revenue and Expense for the Year in the Summary Consolidated Financial Statements



**TOTAL TRAINEE
VOLUME
26,696**



**EMPLOYERS
5,408**



**QUALIFICATIONS
COMPLETED
9,955**



**CREDITS
COMPLETED
889,664**



THE SKILLS ORGANISATION INCORPORATED SUMMARY CONSOLIDATED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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SUMMARY CONSOLIDATED STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

For the year ended 31 December 2020

	2020 \$'000	2019 \$'000
Revenue		
Revenue from Exchange Transactions		
Government Grants	55,666	45,585
Industry Training Revenue	6,471	13,423
Other Training Revenue	6,803	9,245
Consultancy Revenue	4,080	4,145
Wellness Revenue	2,702	1,480
Interest and Dividend Revenue	417	330
Total Revenue	76,139	74,208
Expenses		
Industry Training Expenses	39,254	41,156
Other Training Expenses	5,834	8,697
Consultancy Expenses	3,092	4,929
Wellness Expenses	2,328	1,392
Other Expenses	22,038	18,626
Total Expenses	72,546	74,800
Surplus/(Loss) for the Year	3,593	(592)
Other Comprehensive Revenue and Expense		
Net Fair Value Gains on Available for Sale Financial Assets	1,478	1,644
Total Other Comprehensive Revenue and Expense	1,478	1,644
Total Comprehensive Revenue and Expense for the Year	5,071	1,052

SUMMARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2020

	2020 \$'000	2019 \$'000
Opening Equity	15,288	14,236
Surplus for the Year	3,593	(592)
Other Comprehensive Revenue and Expense	1,478	1,644
Total Comprehensive Revenue and Expense for the Year	5,071	1,052
Foreign Subsidiary Translation	10	-
Closing Equity	20,369	15,288
Represented By:		
Retained Earnings	16,706	13,113
Available For Sale Reserve	3,653	2,175
Foreign Currency Translation Reserve	10	-
Closing Equity	20,369	15,288

SUMMARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	2020 \$'000	2019 \$'000
ASSETS		
Current Assets		
Cash and Cash Equivalents	3,921	3,020
Term Deposits	3,629	662
Receivables	2,468	5,667
Total Current Assets	10,018	9,349
Non Current Assets	21,277	15,789
Total Assets	31,295	25,138
LIABILITIES		
Current Liabilities		
Payables	8,838	7,658
Revenue in Advance	766	1,070
Employee Entitlements	1,145	890
Total Current Liabilities	10,749	9,618
Non Current Liabilities	177	232
Total Liabilities	10,926	9,850
Net Assets	20,369	15,288
Equity		
Retained Earnings	16,706	13,113
Available for Sale Reserve	3,653	2,175
Foreign Currency Translation Reserve	10	-
Total Equity	20,369	15,288

For and on behalf of the Board who authorise the issue of these summary financial statements on 21 April 2021.



Chairman



Chief Executive

SUMMARY CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2020

	2020 \$'000	2019 \$'000
Net Inflow From Operating Activities	10,068	2,405
Net Outflow From Investing Activities	(9,167)	(1,644)
Net Increase In Cash Held	901	761
Cash & Cash Equivalents at beginning of the Year	3,020	2,259
Cash & Cash Equivalents at end of the Year	3,921	3,020

NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 December 2020

Corporate Information

The summary financial statements of The Skills Organisation Incorporated (Skills) and its subsidiaries (collectively the Group) were authorised for issue by the Board on 21 April 2021.

Measurement Basis

The functional currency is New Zealand dollars and the financial statements are presented in New Zealand dollars. All values are rounded to the nearest thousand dollars (\$'000) unless otherwise stated. The summary financial statements have been prepared on a historical cost basis, except for available for sale financial instruments measured at fair value.

Basis of Preparation

The summary financial statements have been prepared in accordance with PBE FRS 43 – Summary Financial Statements and have been extracted from the audited full financial statements. The full financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand and the requirements of the Charities Act 2005. The full financial statements comply with PBE Standards. The full financial statements have made an explicit and unreserved statement of compliance with PBE Standards. Certain prior year comparatives have been restated to conform to current year presentation.

The full financial statements were authorised for issue by the Board on 21 April 2021. The financial statements have been audited and an unqualified opinion has been issued.

These summary financial statements cannot be expected to provide as complete an understanding as provided by the full financial statements. Full financial statements are available on request from The Skills Organisation.

NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

Instep

On 28 June 2019 The Skills Organisation Incorporated (Skills) purchased certain assets and liabilities from Instep Limited and Instep Fitness for Work Limited. Skills acquired Instep for the purpose of gaining entry into the wellbeing sector.

Assets acquired and liabilities assumed

The fair values of the acquired assets and liabilities of Instep as of the date of acquisition were:

	Fair value at acquisition date \$'000
Assets	
Intangible Assets – Customer Relationships	393
Fixed Assets	7
Total identifiable net assets at fair value	400
Purchase consideration transferred	400

Purchase Consideration

The purchase consideration of \$400,000 was paid in cash on the completion date of 10 July 2019.

CDL Insight

On 28 June 2019 The Skills Organisation Incorporated (Skills) purchased certain assets and business from CDL Insight Limited (CDL). Skills acquired CDL for the purpose of strengthening our capability in management services and gaining entry into outplacement services.

Assets acquired and liabilities assumed

The fair value of the acquired assets and liabilities of CDL as of the date of acquisition were:

	Fair value at acquisition date \$'000
Assets	
Intangible Assets – Intellectual Property	1,241
Intangible Assets – Customer Relationships	451
Fixed Assets	7
Total identifiable net assets at fair value	1,700
Purchase consideration transferred	1,700

Purchase Consideration

The purchase consideration of \$1,700,000 was paid in cash on the completion date of 28 June 2019.

NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

Events After Balance Date

Reform of Vocational Education (ROVE)

The Education (Vocational Education and Training Reform) Amendment Bill came into force on 1 April 2020 and meant The Skills Organisation Incorporated became a TITO (Transitional Industry Training Organisation).

The purpose of the Act, amongst other things, is to fully transition the role of Industry Training Organisations and in particular their standard setting role to Workforce Development Councils (WDCs), and the arranging of training to the training provider sector. The WDCs are expected to be set up in quarter three of 2021 at which point we expect to lose the standard setting role. Arranging of training will transition by 31 December 2022, and a specific transition plan is being worked on with the Tertiary Education Commission for completion by September 2021.

Regardless of the actual or perceived effect, or content of the transition, the Board does not believe the changes will affect the ability of the Parent or Group to continue as a going concern for the foreseeable future.

Impact of Coronavirus (COVID-19)

The Board have assessed the impact of the continuing global COVID-19 pandemic on the going concern assumption. National lockdowns and the closed New Zealand borders have not adversely impacted on the financial performance of the Group to date. The Board continues to monitor the impact of COVID-19 on the Group and respond accordingly.

Acquisitions post year-end

On 11 January 2021, The Skills Organisation Incorporated purchased the business of David Forman Limited. Skills acquired the sales training business for the purpose of growing our product offering, customer diversity and strengthening our training capability.

On 21 December 2020, The Skills Organisation Incorporated signed an agreement to purchase 100% of the shares of Ignite Colleges Limited. At the date of signing the financial statements, the purchase remains conditional upon satisfaction of certain conditions. Should all conditions be met, the closing date of the agreement is expected to be 31 December 2021.

There were no other subsequent events requiring disclosure in the financial statements (2019: Nil).

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE SKILLS ORGANISATION INCORPORATED REPORT ON THE SUMMARY FINANCIAL STATEMENTS

Opinion

The summary financial statements on pages 24 to 28, which comprise the summary consolidated statement of financial position as at 31 December 2020, the summary consolidated statement of comprehensive revenue and expense, summary consolidated statement of changes in equity and summary consolidated statement of cash flows for the year then ended, and related notes, are derived from the audited financial statements of The Skills Organisation Incorporated ("the Entity") and its subsidiaries (together "the Group") for the year ended 31 December 2020.

In our opinion, the accompanying summary financial statements are consistent, in all material respects, with the audited financial statements, in accordance with FRS-43: Summary Financial Statements issued by the New Zealand Accounting Standards Board.

Summary Financial Statements

The summary financial statements do not contain all the disclosures required for full financial statements under generally accepted accounting practice in New Zealand. Reading the summary financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited financial statements and the auditor's report thereon. The summary financial statements and the audited financial statements do not reflect the effects of events that occurred subsequent to the date of our report on the audited financial statements.

The Audited Financial Statements and Our Report Thereon

We expressed an unmodified audit opinion on the audited financial statements in our report dated 23 April 2021.

Those Charged with Governance Responsibilities for the Summary Financial Statements

Those charged with governance are responsible on behalf of the entity for the preparation of the summary financial statements in accordance with Public Benefit Entity Financial Reporting Standard 43 Summary Financial Statements.

Auditor's Responsibility

Our responsibility is to express an opinion on whether the summary financial statements are consistent, in all material respects, with the audited financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (New Zealand) (ISA (NZ)) 810 (Revised): Engagements to Report on Summary Financial Statements.

Partners and employees of our firm may deal with the Entity and the Group on normal terms within the ordinary course of trading activities of the business of the Entity and the Group. We have no other relationship with, or interest in, the Entity and the Group.



OUR BOARD



BRIAN NOWELL, CHAIRMAN OF THE BOARD

Brian has extensive experience in driving the growth and development of corporations across several industries.

He specialises in facilitating the skills on offer within a group to develop its collective wisdom and to apply this to the organisation's benefit.



IAN BUTTURINI, DEPUTY CHAIR

Ian possesses a real passion for industry training. His career has seen him not only start a successful company but also train more than 100 apprentices over 25 years. As a Chartered Director with the IOD, Ian has the proven experience to continue to support the Skills Board in its ongoing growth and performance across all industry sectors.



ROD DE SPONG, CHIEF OPERATING OFFICER, DOUGLAS PHARMACEUTICALS LTD

Rod is the Chief Operating Officer of Douglas Pharmaceuticals Limited. Starting out as a plumber and gasfitter, Rod retrained after gaining his Craftsman Licenses. He has gone on to hold a number of varied roles including VP for Corporate Development for Raffles Holdings Ltd and Finance Director for both ARC and Ernst & Young.

Rod is a member of the Finance and Audit Committee, a member of both the Skills International and Shift Boards, and a past Deputy Chair of Skills.



SHENAGH GLEISNER, INDEPENDENT CONSULTANT

Shenagh has a diverse background that has covered roles such as being a KPMG Director, a senior manager in a Crown Entity, CEO for the Ministry of Women's Affairs, acting CEO for Child Youth and Family Services, and many more. Her expertise lies primarily in change leadership, governance, government relationships, public sector management, review and evaluation, and strategic planning.



CASSANDRA CROWLEY, INDEPENDENT ADVISOR & DIRECTOR

A Barrister & Solicitor and Chartered Accountant, Cassandra's corporate and governance career has seen her work across a number of sectors including tourism, financial services, agriculture, retail, government, IT, horticulture, education, membership organisations, private equity, iwi and international trade. Cassandra chairs the Skills group Audit & Risk Committee.



PAULA SCHOLES, SENIOR SCIENTIST, THE INSTITUTE OF ENVIRONMENTAL SCIENCE & RESEARCH LTD

Paula has served on the Skills Board since 2014, after being nominated by the NZ Public Service Association (PSA) and Council Trade Unions (CTU). Prior to this, she was the President of the PSA from 2008-2012 (which is New Zealand's largest union and, during the period she was President, had an annual turnover of \$20 million). Paula is a senior scientist and laboratory manager with The Institute of Environmental Science & Research Ltd (ESR).



TIM GIBSON, DIRECTOR PORT OTAGO LTD, MIRAKA LTD, LIVESTOCK IMPROVEMENT CORPORATION LTD, THE EQUANUT COMPANY LTD

Tim has over 20 years' experience as a CEO and Senior Executive in New Zealand, the UK and Japan. He has particular strengths in exporting and international business, organisation design and performance, strategy development and implementation, and stakeholder and government relations. Tim is currently a director of Port Otago Limited, Miraka Limited, Livestock Improvement Corporation Limited and the Equanut Company Ltd.



BRIDGET O'SHANNESSEY, HUMAN RESOURCES CONSULTANT & MEDIATOR, BHUMAN LTD

Bridget is a highly experienced human resource practitioner both nationally and internationally. She's worked with many leaders, leadership teams, company boards and remuneration committees in both the public and private sectors spanning a diverse range of industries.

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