

annual report 2010

our mission statement:

To provide leadership in education

our strategies:

Be innovative and responsive leaders in the ECE sector

Continuously improve and communicate the quality of teaching and learning

Achieve sustainable kindergarten participation by rapidly responding to the needs of caregivers and the community

Leverage effective relationships with Government and service providers

our values statement:

Act with integrity to educate, empower and ensure excellence. Enjoy what you do!

annual report 2010

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Message from the Chairperson of the AKA Board

Tena Koutou

Last year, to enhance our fiscal decision making the Board decided to align the AKA's financial year end with that of the Government, being 30 June. This change enables Government Budget announcements made in May of each year to be immediately incorporated into our operational budget. This annual report covers the 18 month period from 1 January 2009 to 30 June 2010.

Significant Achievements

Despite financial challenges and constraints over the past 18 months, our passionate and dedicated teaching teams have striven on a daily basis to enhance the positive learning outcomes for over 9,000 children in our care. They have continued to be innovative and forward thinking, ensuring that learning is exciting and meaningful in high quality environments; and establishing strong foundations for the children as lifelong learners.

The list below outlines some of the many recent achievements of the Association.

- The Duffy Books in Homes programme was retained in 43 low socio-economic kindergartens.
- Although Bairds and Yendarra Kindergartens finished their involvement with the Manukau Family Literacy Programme due to Government funding cutbacks, Yendarra Kindergarten has continued with a modified version of the programme.
- Pigeon Mountain Kindergarten completed an Educational Leadership Programme in 'Literacy and Mentoring'.
- Highland Park and Pigeon Mountain Kindergartens completed Learning Wisdom Research.
- Mission Bay Kindergarten was involved with an Active Sport Pilot Project.
- St James Kindergarten won the Auckland Regional Council award Beyond Recycling and the Enviro Schools Gold Award.
- Mt Eden, Sandringham, Morningside, Ferndale and Wesley Kindergartens were awarded the Good Citizens Award from the Eden/Albert Community Board Auckland City Council.
- Four kindergartens were involved in the SPARC pilot programme of Fundamental Movement Skills.
- Botany Downs, Roskill South and Mangere Bridge Kindergartens continued with ongoing dissemination of their Centre of Innovation projects.
- We had over 35 positive reviews by the Education Review Office.
- Over 30 teachers achieved full teacher registration status.
- The AKA led and rolled out the Language Extension Project Innovation in conjunction with Group Special Education.
- Two Professional Service Managers were representatives on the CYFs Care and Protection Resource Panel.



- A Professional Services Manager was a representative on the NZ Teachers' Council Early Childhood Advisory Group.
- AKA teachers provided Professional Development within the organisation, strengthening their own leadership capabilities while encouraging our teachers as communities of learners.
- Margaret May, Head Teacher Greenhithe Kindergarten, was awarded CORE E-Fellowship.
- Over 70 new staff were appointed to meet improved ratios for the Kindergarten Day Model.
- We developed a transitional process for teachers achieving the new Registered Teacher Criteria (which is replacing the Satisfactory Teacher Dimensions by the Teachers' Council).
- The opening of KiNZ Mission Heights early learning centre, a magnificent facility.
- Kindergarten cleaning contracts were revamped with our two main contractors, resulting in improved economies of scale.
- An electronic audit process for kindergarten property inspections was introduced, streamlining the previous manual process.
- A new payroll package for our 600 plus employees was implemented, eliminating time consuming, manual data entry, and simplifying online access to personnel data.
- 14 kindergartens were involved in the 'Incredible Years' programme, with four teachers receiving accreditation to become trainers in the programme. This is an early intervention programme designed to help young children with early onset conduct problems. It is also a cost-effective, community-based, universal prevention programme that all families and teachers of young children can use to promote social competence and to prevent children from developing conduct problems in the first place. The Programme demands a substantial commitment from participating teachers and we thank them for their commitment. Already we are seeing positive results in children's behaviour and enthusiasm from parents.
- The Accident Compensation Commission has reconfirmed our Tertiary level accreditation resulting in a 20% discount in our ACC premiums.
- We had yet another successful Kindergarten Awareness Month in October 2009.
- NZ Institute of Chartered Accountants recognised the AKA as an Approved Training Organisation.
- After consultation with relevant stakeholders, 33 sessional kindergartens were converted to Kindergarten Day Models (KDM), meeting the needs of communities who predominantly prefer a longer day's attendance of up to 6½ hours. (The sessional model is retained within the KDM for those communities who want it.) A high quality programme is also retained, with one of the key outcomes of quality for children being the improved ratio from 1:15 to 1:10. There are financial benefits for the AKA in making the change to a longer licence; however that has not been the key driver for the AKA to alter its hours of operation.



- The General Manager was involved in the review of the Early Childhood Regulations resulting in the release of new Regulations. There is a five year timeframe for the whole ECE sector to be relicensed under the new Regulations. All of the AKA's KDMs and KiNZ centres meet the new Regulations. The remaining sessional kindergartens are still licensed under the 1998 regulations and will be reviewed over the next few years.
- Continuing in our efforts to raise the profile of and address the issue of Special Education in the early childhood sector, we submitted a Position Paper and met with key Ministers.
- The General Manager attended the Ministry of Education's two day Taumata Whanonga which focused on disruptive and challenging behaviour in ECE and schools. The aim of the Whanonga was to set the priorities for cross-sector planning and was followed up with the release of the Positive Behaviour for Learning Action Plan. Following on from the Whanonga an iti was held to progress issues faced within the Auckland region. The General Manager was appointed to the Auckland Regional Steering Group which will implement the Action Plan with the sector.

Board Matters

Over the last 18 months we have seen a change in the face of the Board. We have been joined by four new members who are taking up the mantle on secondment from departing members Ken Knarston, Kim Gordon, Juliet Cryns, Sandy Farquhar and Mike Ward. We have greatly appreciated the commitment and contribution from the outgoing members over the time with the AKA. Ken Knarston deserves particular thanks and mention for over 15 years' service to the AKA. Together the departing Board members have contributed decades of careful guidance to the Association and we are very grateful to them. Prior to their departure we engaged in a thorough review of our strategic plan, taking into account the changing social, economic and political landscape that we now face.

We look forward to our new Board members' contributions from their varied skills and backgrounds as we continue to operate in an ever changing environment.

Thank you to everyone: teachers, staff, parents, funders and supporters who contribute to the success of the Auckland Kindergarten Association.



Financial Summary

The 2010 financial statements, covering an 18 month period, have been prepared in accordance with International Financial Reporting Standards (IFRS) and an unqualified audit has been issued by Deloitte. The key reports and those most read are contained in this report; however a full copy can be accessed on the AKA's website www.aka.org.nz or by calling 09 373 5635.

The Association is the combination of head office and kindergartens, while the consolidation is the combination of the Association and the subsidiary company, Kindergarten NZ Ltd. This company operates four early learning centres, with KiNZ Mission Heights opening in June, and provides advisory consultancy to the ECE sector.

The financial statements for the AKA are detailed at the back of the annual report; however a summary of the operating results is as follows:

	2010 000s	2009 000s
Head Office (loss)	(749)	(1,499)
Association (loss)	(761)	(525)
Consolidation (loss)	(584)	(294)

Over the years we have seen a steady fall across parent fundraising, optional charges and donations at the local level and the recent recession has taken a further toll. We have been conscious of our ever increasing reliance on the Government for funding, and our consequent vulnerability. As shown in the financial statements our consolidated loss for the 18 months amounted to \$584,000. Although we made conscious decisions to use part of the reserves from previous years, clearly this is a situation that cannot continue in the longer term and steps have been taken to constrain costs and reduce some property activities.

The operating deficits for the year are partly a result of

- consciously utilising capital reserves to address significant issues including property refurbishments and have been monitored closely throughout the year; and
- the impact of an error in bulk funding in 2008.



Impact of Government Budgets

In May 2008 the sector was pleasantly surprised at the high increases in bulk funding rates. Instead of receiving a 4% increase an 8% increase was applied to Kindergarten Associations and all day teacher-led services. The unexpected increase was invested in buildings, infrastructure and staffing needs.

In May 2009 the Ministry notified the sector that the bulk funding for the previous year had been incorrectly calculated: a mistake had been made. The 2009 Government budget allowed only for an inflation adjusted increase to the non-teaching component of our costs.

However, the AKA was still obliged to pay the 4% increase in teachers' salaries that had been settled between the Ministry of Education and NZEI (the Teachers' Union) in the Teachers' Collective Agreement the previous year. To meet this increase we needed to make savings in other areas. The additional income received from the Kindergarten Day Model was of timely assistance as were savings resulting from the AKA centralising all 107 kindergarten accounting functions into head office. This has definitely helped improve our monitoring, reporting and analysis of local operations.

In May 2010 the Government Budget introduced changes to Early Childhood Education funding, with a shift in the bulk funding bands and targets for employing qualified teachers. It is estimated that these changes will result in a reduction of \$500,000 in Government funding for the Group in the next financial year. The Board has approved an operating budget that will bring costs into line with the reduced funding to ensure the future viability of the AKA. The Government Budgets for the next few years may hold further significant changes for the sector and we are preparing contingency plans at the moment.

No rera, nga mihi

Jeremy Drummond

Chairperson of the AKA Board

Board Members

Chairperson

Jeremy Drummond – LLB

Executive Officer SPELD Auckland Inc

Deputy Chairperson

Jo Hadley

Members

Robin Houlker – MEd (Hons)

Education Consultant, Learning Expressed Ltd

Ravi Kuppan – BSocSci (Hons)

Company Director of Software Technology Company

Agnes Naera

Steven Perich - BComm, CPANZ

Director, Eden Perich Prewett (public practice accountants)

Christine Scott - BA (Hons), CHFC

Company Director/Management Consultant

Jo Stafford – BA/LLB

Acknowledgements

We are very grateful to the following organisations for their support of the Auckland Kindergarten Association:

ASB Charitable Trust

Auckland International Airport

Auckland, Waitakere, Manukau, North Shore, Rodney, Kaipara Councils

Community Organisation Grants Scheme (COGS)

Counties Manukau Sport

Duffy Books in Homes Programme

Fuji Xerox

Harbour Sport

Hesketh Henry

Lion Foundation

Local Community Boards

Local Licensing Trusts

Local Rotary Clubs

NZ Lottery Grants Board

Perry Foundation

Southern Trust

SPARC

Sport Waitakere

All those who fundraise to assist kindergartens



Statement of Comprehensive Income for the 18 months ended 30 June 2010

		Consoli	dated	Associa	tion	Head Of	Head Office	
	Note	18 months ended 30 Jun 2010 \$'000	12 months ended 31 Dec 2008 \$'000	18 months ended 30 Jun 2010 \$'000	12 months ended 31 Dec 2008 \$'000	18 months ended 30 Jun 2010 \$'000	12 months ended 31 Dec 2008 \$'000	
Revenue	3	51,150	31,755	47,282	29,395	40,293	23,917	
Other income	3	1,632	1,863	1,588	1,857	176	220	
		52,782	33,618	48,870	31,252	40,469	24,137	
Expenses								
Staff		38,963	21,917	36,062	20,260	34,163	20,260	
Professional and consultancy fees		802	378	759	341	759	341	
Management administration		58	35	57	34	57	34	
Property and resources		10,521	9,007	10,091	8,771	4,120	3,465	
Depreciation	9	1,698	1,208	1,478	1,073	1,478	1,073	
Loss on disposal of fixed assets		16	17	16	17	5	3	
Office administration		1,086	1,137	977	1,081	445	260	
Marketing and public relations		222	213	191	200	191	200	
		53,366	33,912	49,631	31,777	41,218	25,636	
Loss for the period		(584)	(294)	(761)	(525)	(749)	(1,499)	
Other comprehensive income			-	-	-	-	<u> </u>	
Total comprehensive loss		(584)	(294)	(761)	(525)	(749)	(1,499)	

Statement of Changes in Equity for the 18 months ended 30 June 2010

	Consoli	Consolidated		Association		
	18 months ended 30 Jun 2010 \$'000	12 months ended 31 Dec 2008 \$'000	18 months ended 30 Jun 2010 \$'000	12 months ended 31 Dec 2008 \$'000		
Balance at 1 January	18,762	19,056	18,630	19,155		
Loss for the period	(584)	(294)	(761)	(525)		
Total comprehensive loss	(584)	(294)	(761)	(525)		
Balance at 30 June	18,178	18,762	17,869	18,630		

Statement of Financial Position as at 30 June 2010

		Consolid	ated	Association		
		Jun 2010	Dec 2008	Jun 2010	Dec 2008	
	Note	\$'000	\$'000	\$'000	\$'000	
Current assets						
Cash and cash equivalents	18	9,181	12,726	8,755	12,110	
Trade and other receivables	6	1,070	47	1,075	116	
Other	7	139	241	69	233	
Total current assets		10,390	13,014	9,899	12,459	
Non-current assets						
Investments	8	-	-	1,620	1,620	
Property, plant and equipment	9	13,131	12,011	9,287	9,604	
Total non-current assets		13,131	12,011	10,907	11,224	
Total assets		23,521	25,025	20,806	23,683	
Current liabilities						
Trade and other payables	10	3,377	1,875	2,937	1,588	
Deferred income	11	83	35	-	-	
Funding received in advance			3,572	-	3,465	
Total current liabilities		3,460	5,482	2,937	5,053	
Non-current liabilities						
Deferred income	11	1,883	781	-	-	
Total non-current liabilities		1,883	781	-	-	
Total liabilities		5,343	6,263	2,937	5,053	
Net assets		18,178	18,762	17,869	18,630	
Equity						
Retained earnings		18,178	18,762	17,869	18,630	
Total equity		18,178	18,762	17,869	18,630	

On behalf of Auckland Kindergarten Association Board:

Chairperson

21 October 2010

Board member

Cash Flow Statement for the 18 months ended 30 June 2010

		Consoli	dated	Association		
	Note	18 months ended 30 Jun 2010 \$'000	12 months ended 31 Dec 08 \$'000	18 months ended 30 Jun 2010 \$'000	12 months ended 31 Dec 08 \$'000	
Cash flows from operating activities						
Government funding received		43,897	26,199	39,856	24,462	
Interest received		752	1,033	721	1,006	
Receipts from parents		3,356	2,465	2,732	1,736	
Sundry income		1,807	2,070	1,882	2,093	
Payments to employees		(37,596)	(21,678)	(34,666)	(20,040)	
Payments to suppliers		(12,928)	(11,049)	(12,501)	(10,728)	
Net cash provided by/(used in) operating activities	18(b)	(712)	(960)	(1,976)	(1,471)	
Cash flows from investing activities						
Payment for property, plant and equipment		(2,833)	(1,614)	(1,176)	(1,529)	
Proceeds on sale of shares		-	7	-	7	
Proceeds from sale of property, plant and equipment		-	77	-	77	
Intercompany advance			-	(200)		
Net cash used in investing activities		(2,833)	(1,530)	(1,376)	(1,445)	
Net increase/(decrease) in cash and cash equivalents		(3,545)	(2,490)	(3,352)	2,916	
Cash and cash equivalents at the beginning of the period		12,726	15,216	12,110	15,026	
Cash and cash equivalents at the end of the period	18(a)	9,181	12,726	8,755	12,110	

Notes to the Financial Statements

1. Summary of accounting policies

Reporting Entity

The Auckland Kindergarten Association was founded in 1908 and is registered as a charitable entity under the Charities Act 2005. The reporting group consists of the Association, which includes its constituent kindergartens and its wholly owned subsidiary company, Kindergarten NZ Limited. The principal activity of the Group is the provision of Early Childhood Education. The group is a reporting entity for the purposes of the Financial Reporting Act 1993 and its financial statements comply with that Act.

Statement of compliance

The financial statements have been prepared in New Zealand dollars in accordance with generally accepted accounting practice in New Zealand, applying New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) as appropriate to public benefit entities.

The consolidated financial statements comply with International Financial Reporting Standards (IFRS).

The financial statements were authorised for issue by the Auckland Kindergarten Board on 21 October 2010.

Basis of preparation

The Association has changed its accounting year end to 30 June to align with the Ministry of Education funding year. This report covers the 18 months ended 30 June 2010 therefore the financial statements are not comparable with those of the preceding period.

The financial statements for the group have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported. The principal policies are set out below.

The functional and presentation currency is New Zealand Dollars.

Key sources of estimation uncertainty

Management has used estimation or judgment in the calculation of the teaching staff's holiday pay accrual. Due to the timing of when holidays are taken and when holiday pay is accrued, holiday pay can be paid in advance. Under the Kindergarten Teachers, Head Teachers and Senior Teachers' Collective Agreement, when teachers leave, amounts paid in advance are not recovered. Therefore, the 2008 calculation of holiday pay was adjusted by a factor to take into account those amounts that will not be recovered, but because of the change in the accounting year end the factor has not been used in the current year. The balance of teachers' holiday pay as at 30 June 2010 is \$389,593 (2008: (\$248,585)).

Management has also exercised judgment in determining that the computer leases to not transfer substantially all of the risks and rewards of ownership to the Group.

Significant Accounting Policies

The following accounting policies have been adopted in the preparation and presentation of the financial statements:

(a) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash in bank and investments in money market instruments.

(b) Financial assets

Investments are recognised and derecognised on trade date where purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs.

Subsequent to initial recognition, investments in subsidiaries are measured at cost.

Other financial assets are classified into the following specified categories: financial assets 'available-for-sale' financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Available-for-sale financial assets

Shares held by the group are classified as being available-for-sale and are stated at fair value less impairment. Gains and losses arising from changes in fair value are recognised directly in the available-for-sale revaluation reserve, until the investment is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in the available-for-sale revaluation reserve is included in profit or loss for the period.

Loans and receivables

Trade and other receivables are recorded at amortised cost less impairment.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

(c) Revenue recognition

All income and expense due or owing at balance date has been brought to account.

Funding Received in Advance

Funding received in advance from the Ministry of Education is recognised on an accrual basis and is recognised as earned based on actual enrolled child hours.

Interest Revenue

Interest revenue is recognised using the effective interest rate method.

(d) Donated services

The work of the kindergartens is partly dependent on the voluntary service of parents, caregivers and the general public. Since these services are not normally purchased by the Association and because of the difficulty of determining their value with reliability, donated services are not recognised in these financial statements.

(e) Grants

Grants received are recognised in the Statement of Comprehensive Income as revenue, except where some grant conditions remain unfulfilled at balance date, in which case the related amount is recognised as a liability.

Government grants are assistance by the government in the form of transfers of resources to the group in return for past or future compliance with certain conditions relating to the operating activities of the entity.

Government grants include government assistance where there are no conditions specifically relating to the operating activities of the group other than the requirement to operate in certain regions or industry sectors.

Government grants relating to income are recognised as income over the periods necessary to match them with the related costs. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the group with no future related costs are recognised as income of the period in which it becomes receivable.

Government grants relating to assets are treated as deferred income and recognised in profit and loss over the expected useful lives of the assets concerned.

The following estimated useful life is used in the calculation of deferred income:

Discretionary Grant Scheme

Capital Accommodation Grant 25 years

There are no unfulfilled conditions and other contingencies attached to government assistance.

(f) Property, plant and equipment

Land and Buildings include kindergarten buildings, which have been purchased with government assistance and are recorded at historical cost. Whilst the Association is responsible for the care and maintenance of these buildings, there may be restrictions on the entitlements to any proceeds from a sale or disposition of such buildings.

Land used by the Association for kindergarten purposes, but not owned by the Association, is not attributed any value in the Association's accounts.

(f) Property, plant and equipment (cont'd)

Depreciation is provided on property, plant and equipment, including buildings developed and owned by the Association but excluding land.

Depreciation is calculated on a straight line basis so as to write off the net cost of an asset over its expected useful life to its estimated residual value. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each annual reporting period.

Buildings erected on land owned by the Association are depreciated at the rate of 3% per annum on cost. Other buildings used by kindergartens are depreciated at rates calculated to amortise the cost of the buildings over their economic useful life.

The following estimated useful lives are used in the calculation of depreciation:

Buildings 25 – 50 years
Playgrounds 10 years
Plant and equipment 5 years

(g) Impairment of assets

At each reporting date, the group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

(h) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except for receivables and payables which are recognised inclusive of GST.

(i) Principles of consolidation

The consolidated financial statements are prepared by combining the financial statements of all the entities that comprise the consolidated entity, being the parent entity, Auckland Kindergarten Association and its subsidiary, Kindergarten NZ Limited as defined in NZ IAS 27 'Consolidated and Separate Financial Statements'. All interentity transactions and balances have been eliminated on consolidation. Consistent accounting policies are employed in the preparation and presentation of the consolidated financial statements.

(i) Principles of consolidation (cont'd)

On acquisition, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. If, after reassessment, the fair values of the identifiable net assets acquired exceeds the cost of acquisition, the deficiency is credited to profit and loss in the period of acquisition.

The consolidated financial statements include the information and results of each subsidiary from the date on which the Association obtains control and until such time as the Association ceases to control the subsidiary.

Subsequent to initial recognition, investments in subsidiaries are measured at cost.

(j) Leased assets

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

In classifying the leases of computers as operating leases management has exercised significant judgment in determining that the leases do not transfer substantially all of the risks and rewards of ownership to the Group. This judgment was based on:

- management's estimated life of the computers being 5 years and therefore the average lease term of 3 years does not constitute a major part of the asset's life;
- the computers being less susceptible to technological obsolescence than windows based computers;
- the fact that there is no legal transfer of title at the end of the lease term and no option to purchase below fair value; and
- the assets not being considered to be specialised in nature.

(k) Payables

Trade payables and other accounts payable are recognised when the group becomes obliged to make future payments resulting from the purchase of goods and services.

Trade payables and other accounts payable are classified as 'liabilities at amortised cost' and are measured at amortised cost.

(I) Cash Flow Statement

The following are the definitions of the terms used in the Cash Flow Statement:

- (i) Cash and cash equivalents represents cash on hand, current bank balances and short term deposits, which can be converted to cash within two working days.
- (ii) Operating activities include all transactions and other events that are not investing or financing activities.
- (iii) Investing activities are those activities relating to the acquisition, holding and disposal of property, plant and equipment and of investments.
- (iv) Financing activities are those activities that result in changes in the size and composition of the asset structure of the Association.

(m) Income tax

The parent entity, Auckland Kindergarten Association is a registered Charitable Trust and has a wholly owned subsidiary, Kindergarten NZ Limited. The Inland Revenue Department has confirmed that the charitable trust and the company are exempt from income tax.

(n) Employee benefits

Provision is made for benefits accruing to employees in respect of salaries and wages, annual leave and sick leave when it is probable that settlement will be required and they are capable of being measured reliably.

Provisions made in respect of employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Provisions made in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the group in respect of services provided by employees up to reporting date.

(o) Adoption of new and revised Standards and Interpretations

(i) Standards and Interpretations effective in the current period

The revised NZ IAS 1 has been adopted in the current period. The impact is limited to the introduction of terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements.

(ii) Standards and Interpretations in issue not yet adopted

At the date of authorisation of the financial statements, a number of Standards and Interpretations were in issue but not yet effective.

Initial application of the following Standards will not affect any of the amounts recognised in the financial statements, but will change the presentation and disclosures presently made in relation to the Association's and group's financial statements:

	Effective for annual reporting periods	Expected to be initially applied in the financial year ending
Standard	beginning on or after	
NZ IFRS-9 'Financial Instruments'	1 January 2013	30 June 2014
Amendments to NZ IAS 24 'Related Party Disclosures'	1 January 2011	30 June 2012
Improvements to NZ IFRS 2009	*	30 June 2011
Improvements to NZ IFRS 2010:		
- NZ IFRS 3 'Business Combinations'	1 July 2010	30 June 2011
- NZ IAS 27 'Consolidated and Separate Financial Statements'	1 July 2010	30 June 2011
- Improvements to other standards	1 January 2011	30 June 2012

^{*} The effective date and transitional provisions vary by standard. Most of the improvements are effective for annual periods beginning on or after 1 January 2010, with earlier adoption permitted.

2. Income statement of kindergartens for the 18 months ended 30 June 2010

					Income				
	Parents	Net fund-				Equity		AKA property	Total
Kindergarten name	contribn	raising	Sundry	Grants	Interest	funding	AKA subsidy	contribn	income
Akarana Avenue	23,119	5,922	2,886	2,651	202	867	36,086	-	71,733
Anchorage Park	9,016	7,930	4,874	15,452	197	4,907	67,848	14,194	124,418
Aorere	12,272	4,348	887	15,993	246	12,841	35,013	-	81,600
Avondale	4,466	2,212	1,076	10,000	172	18,125	58,859	-	94,910
Bairds	(2,540)	(1,844)	4,021	2,511	406	11,853	44,689	-	59,096
Bayview	11,516	6,933	3,471	-	232	_	36,086	-	58,238
Belmont-Bayswater	28,098	11,284	4,968	-	314	_	36,086	-	80,750
Birdwood	4,427	2,153	963	840	131	11,754	55,359	-	75,627
Birkdale	12,519	1,705	1,299	-	199		46,585	-	62,307
Birkenhead	27,295	10,679	3,048	_	321	_	35,820	-	77,163
Blockhouse Bay	22,953	1,081	1,762	11,163	338	-	36,086	_	73,383
Botany Downs	32,546	17,913	3,308	267	242	-	36,086	_	90,362
Broadlands	25,078	10,443	6,839	4,947	176	_	34,740	_	82,223
Bucklands Beach	18,515	6,308	3,833	4,748	154	_	41,896	_	75,454
Cascades	24,216	7,660	6,531	-,,,	153	_	42,560	_	81,120
Chelsea	20,917	9,548	7,989	10,188	756		32,019	_	81,417
Colwill	13,193	2,544	1,420	1,496	230	5,629	32,019	_	56,569
Constance Colgrove					173	5,029		-	
- U	36,649 33,659	11,435	7,812	2,634		-	36,086	-	94,789
Dannemora	•	4,233	3,584	-	211	-	36,086		77,773
Devonport	40,253	13,314	6,235	46.050	433	-	36,086	-	96,321
Don Buck	6,024	6,473	1,232	16,050	189	10,432	56,859	46 700	97,259
Eden Epsom	27,162	4,885	5,540	1,590	157	-	31,465	16,700	87,499
Ellerslie	24,382	7,849	3,128	-	270	-	36,086	-	71,715
Favona	22,107	4,371	3,555	-	348	19,627	36,086	12,949	99,043
Ferndale	29,147	12,990	3,824	-	200	-	35,013	-	81,174
Flat Bush	11,994	3,931	4,806	8,000	419	16,236	33,955	-	79,341
Fort Richard Rd	(3,199)	680	370	3,000	197	10,286	66,617	-	77,951
Freemans Bay	23,684	4,506	6,190		156	-	32,057	-	66,593
Glen Eden	25,269	1,616	566	17,118	256	4,583	36,086	-	85,494
Glen Innes	9,195	1,622	1,603	246	148	13,940	32,057	-	58,811
Glendowie	30,967	8,751	5,004	-	249	-	36,086	-	81,057
Glenfield	21,226	4,875	2,246	2,500	348	-	35,198	20,280	86,673
Green Bay	19,254	5,599	2,215	7,993	222	-	32,057	-	67,340
Greenhithe	32,626	18,900	5,557	-	282	-	32,153	-	89,518
Henderson	9,388	3,313	2,274	9,967	200	8,843	45,085	-	79,070
Highland Park	12,432	5,388	5,107	800	247	-	68,378	-	92,352
Hillsborough	22,783	6,317	2,903	1,630	242	7,106	33,674	-	74,655
Hobsonville	29,648	3,063	4,617	-	323	-	35,820	-	73,471
Hobsonville North	14,689	5,649	2,310	8,412	170	-	38,490	-	69,720
Howick	28,487	8,742	3,286	2,500	262	-	36,086	-	79,363
Idlewild	21,326	578	320	-	222	18,404	35,198	-	76,048
Kauri Park	23,408	4,656	5,755	-	278	-	35,280	-	69,377
Kingsdene	17,041	1,090	620	-	258	14,721	35,230	-	68,960
Kotiri	8,475	4,950	898	-	389	8,322	36,202	14,539	73,775
Lady Cobham	32,534	5,226	2,573	-	147	-	35,543	-	76,023
Laingholm	11,412	(32)	1,727	1,922	730	-	55,951	11,870	83,580
Lincoln North	10,473	2,946	3,547	(125)	271	14,397	48,202	-	79,711
Lynfield	30,995	2,755	2,188	-	227	-	36,530	-	72,695
Mangawhai	6,595	16,404	2,590	1,000	333	-	55,359	-	82,281
Mangere Bridge	19,329	5,753	5,206	880	139	-	35,546	-	66,853
Maraetai Beachlands	20,179	8,591	2,466	-	136	-	32,019	-	63,391
Marlborough	33,487	7,053	5,408	25,000	385	_	36,086	-	107,419
Massey	8,916	3,390	3,707	5,784	215	8,497	55,359	-	85,868
Mayfield	5,902	981	1,999	1,765	172	12,115	38,751	-	61,685

2. Income statement of kindergartens for the 18 months ended 30 June 2010 (cont'd)

	Expenses						Net
Kindergarten name	Staff	Admin	Education Resources	Repairs & Upkeep	Infrastruct.	Total Expenses	operating profit/ (loss)*
Akarana Avenue	23,990	5,559	21,339	9,711	21,788	82,387	(10,654)
Anchorage Park	20,317	9,372	41,095	8,698	19,687	99,169	25,249
Aorere	27,569	7,362	34,744	6,084	20,927	96,686	(15,086)
Avondale	24,443	9,358	25,863	11,876	18,924	90,464	4,446
Bairds	12,707	8,734	28,796	15,509	20,641	86,387	(27,291)
Bayview	16,159	7,186	12,886	4,460	17,182	57,873	365
Belmont-Bayswater	20,217	10,364	23,615	24,758	18,884	97,838	(17,088
Birdwood	15,700	4,129	13,281	8,361	17,843	59,314	16,313
Birkdale	10,621	6,105	12,695	3,785	19,506	52,712	9,595
Birkenhead	22,765	4,780	17,630	9,552	20,662	75,389	1,774
Blockhouse Bay	5,849	3,979	13,351	4,976	22,341	50,496	22,887
Botany Downs	24,301	4,395	36,369	19,822	18,553	103,440	(13,078
Broadlands	15,488	6,856	24,972	9,665	17,241	74,222	8,001
Bucklands Beach	24,209	7,392	17,813	15,107	19,394	83,915	(8,461
Cascades	18,685	7,823	32,370	10,473	19,858	89,209	(8,089
Chelsea	14,317	6,372	20,679	17,750	18,792	77,910	3,507
Colwill	12,833	8,192	17,742	5,748	17,322	61,837	(5,268
Constance Colgrove	34,883	8,773	17,977	18,592	22,580	102,805	(8,016
Dannemora	21,213	8,237	33,824	8,720	20,794	92,788	(15,015
Devonport	20,851	8,254	24,317	67,166	20,554	141,142	(44,821
Don Buck	14,446	8,837	27,099	19,914	18,353	88,649	8,610
Eden Epsom	11,291	5,508	17,811	6,652	19,405	60,667	26,832
Ellerslie	23,525	6,810	17,727	8,668	20,574	77,304	(5,589
Favona	11,702	12,216	33,452	28,105	21,647	107,122	(8,079
Ferndale	29,559	6,490	22,868	11,780	22,335	93,032	(11,858
Flat Bush	16,927	8,663	22,937	16,523	18,111	83,161	(3,820
Fort Richard Rd	10,344	15,422	37,737	14,421	19,222	97,146	(19,195
Freemans Bay	17,324	7,077	11,500	8,259	18,020	62,180	4,413
Glen Eden	11,049	9,238	23,059	22,247	19,904	85,497	(3
Glen Innes	12,017	6,382	12,770	7,423	19,509	58,101	710
Glendowie	23,109	5,411	19,414	5,198	21,694	74,826	6,231
Glenfield							
	14,752	7,186	16,561	34,822	17,074	90,395	(3,722
Green Bay	20,261	5,520	17,817	9,148	20,096	72,842	(5,502
Greenhithe	24,895	7,486	28,803	5,171	21,074	87,429	2,089
Henderson	25,998	7,136	22,925	4,984	16,641	77,684	1,386
Highland Park	22,089	8,902	35,960	9,408	17,253	93,612	(1,260
Hillsborough	16,704	6,780	21,953	13,711	18,669	77,817	(3,162
Hobsonville	12,545	11,863	25,767	16,671	17,476	84,322	(10,851
Hobsonville North	18,161	5,703	21,213	5,499	16,241	66,817	2,903
Howick	13,553	7,568	19,552	11,838	17,575	70,086	9,277
Idlewild	15,701	6,270	31,638	11,704	20,418	85,731	(9,683
Kauri Park	22,975	8,701	23,509	11,991	19,466	86,642	(17,265
Kingsdene	14,820	6,969	23,421	14,354	15,293	74,857	(5,897
Kotiri	7,202	9,797	20,009	42,448	19,959	99,415	(25,640
Lady Cobham	31,333	10,411	16,468	15,246	19,445	92,903	(16,880
Laingholm	8,087	10,894	15,094	76,014	17,492	127,581	(44,001
Lincoln North	16,892	5,224	17,908	17,188	21,780	78,992	719
Lynfield	26,664	6,584	15,916	19,935	17,766	86,865	(14,170
Mangawhai	11,291	6,728	17,460	10,931	23,833	70,243	12,038
Mangere Bridge	14,596	9,215	24,305	10,672	18,815	77,603	(10,750
Maraetai Beachlands	19,762	4,334	11,010	2,308	19,553	56,967	6,424
Marlborough	15,834	7,905	22,294	75,531	18,857	140,421	(33,002
Massey	15,877	8,390	23,109	7,757	16,462	71,595	14,273
Mayfield	8,822	7,464	20,670	14,284	16,054	67,294	(5,609)

^{*}Total operating costs are not fully reflected in the above income statement as some costs are picked up by Head Office, including depreciation, teachers salaries, marketing, audit fees and some property costs. The income statement also includes property contributions which were spent on capital projects.

2. Income statement of kindergartens for the 18 months ended 30 June 2010 (cont'd)

					Income				
								AKA	
	Parents	Net fund-				Equity		property	Total
Kindergarten name	contribn	raising	Sundry	Grants	Interest	funding	AKA subsidy	contribn	income
McNaughton	(104)	1,498	520	3,185	147	11,001	55,359	-	71,606
Meadowbank	27,257	10,938	4,455	2,000	168	-	36,084	-	80,902
Milford	32,306	11,853	4,050	6,470	254	-	36,086	-	91,019
Mission Bay	22,342	15,294	3,641	-	403	-	49,278	-	90,958
Morningside	27,545	3,530	2,922	-	215	72	36,086	-	70,370
Mt Albert	14,370	218	5,667	13,671	151	-	58,889	-	92,966
Mt Eden	49,526	9,709	6,162	-	399	-	36,086	-	101,882
Mt Wellington	32,897	5,240	3,893	-	227	9,634	35,820	3,685	91,396
Murdoch Park	21,289	1,372	2,292	2,300	278	14,824	35,412	-	77,767
New Lynn	23,112	1,695	1,155	8,537	401	3,254	34,952	-	73,106
Northbridge	15,225	6,695	2,460	-	290	-	48,534	68,659	141,863
Northcote	23,132	7,015	2,053	20,000	341	-	33,627	-	86,168
Omana	24,050	3,168	712	1,000	333	19,497	36,086	-	84,846
Onehunga-Cuthbert	31,238	6,280	3,268	6,891	164	-	36,086	-	83,927
Orakei	14,382	5,968	1,835	4,978	253	-	49,204	-	76,620
Oranga	7,184	175	1,236	-	205	8,579	58,889	-	76,268
Oratia	25,861	8,534	2,317	9,936	186	-	36,086	-	82,920
Otahuhu	15,392	910	2,125	11,100	270	16,365	42,071	-	88,233
Owairaka	23,051	(249)	1,539	2,050	300	11,381	35,013	-	73,085
Pakuranga	15,634	3,343	3,982	1,842	170	-	36,086	-	61,057
Papatoetoe	22,256	1,212	1,426	7,184	179	10,840	36,086	-	79,183
Parnell	39,036	3,595	1,811	-	3,591	-	35,820	-	83,853
Pigeon Mountain	25,525	5,255	6,933	1,500	211	-	34,740	-	74,164
Ponsonby	67,259	2,555	1,804	-	396	-	36,086	-	108,100
Pt Chevalier	41,178	5,408	3,191	2,500	255	-	36,086	-	88,618
Pt England	1,454	-	1,582	-	80	14,091	40,820	-	58,027
Ranui	9,747	4,490	1,377	8,584	314	11,857	36,086	-	72,455
Rosier Rd	13,294	168	146	45,361	262	7,197	46,878	-	113,306
Roskill South	21,527	9,916	2,797	-	192	8,739	36,086	-	79,257
Sandringham	19,165	6,960	1,260	-	183	-	32,057	-	59,625
Snells Beach	6,221	3,627	958	1,248	262	-	55,341	170,296	237,953
Somerville	34,145	9,932	6,169	15	301	-	36,086	-	86,648
St Heliers	35,449	10,123	2,070	-	234	-	36,086	-	83,962
St James	28,423	10,709	4,932	-	196	-	32,057	-	76,317
Sturges Rd	30,602	12,863	3,089	3,854	225	-	35,820	-	86,453
Summerland	17,574	3,665	2,827	4,625	286	-	36,086	-	65,063
Sunnyvale	26,660	6,474	10,702	2,276	258	13,235	38,086	-	97,691
Takapuna	29,643	5,758	3,230	-	212	-	36,086	-	74,929
Tamaki	13,779	3,713	4,007	5,767	120	7,914	46,784	-	82,084
Taupaki	8,275	9,568	2,953	3,987	226	-	55,359	-	80,368
Te Atatu Peninsula	11,056	1,682	2,169	27,312	261	-	32,057	-	74,537
Te Atatu South	10,199	4,849	2,921	1,000	155	-	50,202	7,032	76,358
Te Atatu Village	18,669	4,846	5,000	18,401	180	-	36,086	-	83,182
Titirangi	23,305	18,295	1,610	25,914	378	-	36,086	-	105,588
Waiheke	21,375	222	715	-	333	-	34,740	-	57,385
Waitakere	8,864	6,157	1,002	2,915	237	-	36,822	-	55,997
Waterview	17,146	2,584	582	14,792	304	13,635	32,019	-	81,062
Wellsford	5,056	2,447	1,969	6,119	242	3,929	57,647	-	77,409
Wesley	9,317	878	956	2,651	241	18,241	32,057	8,911	73,252
Westlake-Forrest Hill	24,476	1,537	3,280	-	1,749	-	35,549	-	66,591
Westmere	40,858	10,809	3,440	3,453	274	-	35,280	-	94,114
Whiteacres	16,333	6,634	2,491	-	192	-	49,101	-	74,751
Yendarra	3,239	178	812	1,200	210	12,283	65,551	78,569	162,042
Total	2,192,298	599,957	328,638	483,540	31,967	450,053	4,314,164	427,684	8,828,301

2. Income statement of kindergartens for the 18 months ended 30 June 2010 (cont'd)

		Expenses					
			Education	Repairs &		Total	operating profit/
Kindergarten name	Staff	Admin	Resources	Upkeep	Infrastruct.	Expenses	(loss)*
McNaughton	10,516	7,702	23,304	5,187	16,593	63,302	8,304
Meadowbank	17,252	10,587	23,584	26,276	21,077	98,776	(17,874)
Milford	19,444	7,288	22,703	7,419	20,703	77,557	13,462
Mission Bay	22,025	7,202	17,532	15,665	20,237	82,661	8,297
Morningside	21,265	9,363	14,171	8,498	22,326	75,623	(5,253)
Mt Albert	25,738	13,609	30,331	20,676	20,693	111,047	(18,081)
Mt Eden	28,523	13,258	26,070	24,203	19,515	111,569	(9,687)
Mt Wellington	35,409	5,787	12,164	15,446	19,434	88,240	3,156
Murdoch Park	9,480	6,674	27,875	13,905	21,838	79,772	(2,005)
New Lynn	12,993	7,613	17,864	13,028	21,350	72,848	258
Northbridge	15,968	7,413	20,499	5,349	17,682	66,911	74,952
Northcote	9,975	9,186	13,849	56,057	18,751	107,818	(21,650)
Omana	16,915	4,136	11,401	7,189	18,483	58,124	26,722
Onehunga-Cuthbert	16,307	6,432	22,828	14,300	14,926	74,793	9,134
Orakei	13,333	8,795	16,709	14,465	22,054	75,356	1,264
Oranga	15,018	15,918	29,105	11,870	26,538	98,449	(22,181)
Oratia	12,682	7,640	23,340	2,762	19,283	65,707	17,213
Otahuhu	16,121	6,467	25,612	22,276	18,104	88,580	(347)
Owairaka	16,058	5,164	16,672	4,250	20,309	62,453	10,632
Pakuranga	14,771	4,907	31,641	12,145	18,068	81,532	(20,475)
Papatoetoe	30,262	9,201	27,170	9,811	20,235	96,679	(17,496)
Parnell	17,828	7,251	24,987	34,680	19,838	104,584	(20,731)
Pigeon Mountain	12,569	6,701	31,216	7,846	16,379	74,711	(547)
Ponsonby	36,785	4,317	13,430	11,929	21,836	88,297	19,803
Pt Chevalier	24,930	8,681	19,933	7,961	19,398	80,903	7,715
Pt England	14,951	8,944	25,205	12,118	22,217	83,435	(25,408)
Ranui	10,578	6,769	24,186	22,664	14,067	78,264	(5,809)
Rosier Rd	10,050	8,473	24,009	27,664	20,156	90,352	22,954
Roskill South	13,701	7,394	33,380	7,258	20,518	82,251	(2,994)
Sandringham	14,791	7,512	12,641	8,660	17,359	60,963	(1,338)
Snells Beach	13,701	5,938	12,608	6,407	15,531	54,185	183,768
Somerville	18,792	8,845	39,248	8,134	20,850	95,869	(9,221)
St Heliers	24,240	8,944	18,037	15,880	18,693	85,794	(1,832)
St James	22,927	10,131	20,966	17,071	19,343	90,438	(14,121)
Sturges Rd	15,147	9,302	24,178	15,983	16,814	81,424	5,029
Summerland	14,328	4,584	24,702	9,262	19,696	72,572	(7,509)
Sunnyvale	17,322	5,883	26,075	7,818	18,834	75,932	21,759
Takapuna	17,891	6,704	24,239	13,446	17,816	80,096	(5,167)
Tamaki	19,891	7,211	20,198	3,175	18,770	69,245	12,839
Taupaki	22,398	10,505	29,666	7,777	17,134	87,480	(7,112)
Te Atatu Peninsula	7,625	5,700	13,895	37,565	17,552	82,337	(7,800)
Te Atatu South	19,235	6,610	22,313	4,231	18,034	70,423	5,935
Te Atatu Village	14,686	6,639	33,894	19,249	20,203	94,671	(11,489)
Titirangi	24,672	12,817	35,115	60,591	20,961	154,156	(48,568)
Waiheke	10,246	7,422	13,723	28,387	19,463	79,241	(21,856)
Waitakere	7,794	5,418	12,662	3,018	20,172	49,064	6,933
Waterview	19,034	3,923	13,658	5,022	18,648	60,285	20,777
Wellsford	12,272	7,100	16,820	11,744	20,842	68,778	8,631
Wesley	24,624	4,374	11,481	30,098	19,421	89,998	(16,746)
Westlake-Forrest Hill	11,200	7,309	18,086	7,121	17,182	60,898	5,693
Westmere	15,301	7,911	22,731	6,840	19,970	72,753	21,361
Whiteacres	21,572	11,101	17,915	24,640	19,563	94,791	(20,040)
Yendarra	20,649	7,835	24,926	10,423	22,964	86,797	75,245
Total	1,899,009	824,896	2,371,641	1,677,057	2,067,962	8,840,565	(12,264)

^{*}Total operating costs are not fully reflected in the above income statement as some costs are picked up by Head Office, including depreciation, teachers salaries, marketing, audit fees and some property costs. The income statement also includes property contributions which were spent on capital projects.

3. Profit from operations

18 months ended a long meded a long medid meded a long medid meded a long meded a long medid		Consolidated		Associa	ation	Head Office	
California Cal		ended	ended	ended	ended	ended	ended
Bulk funding income 36,931 22,949 35,033 21,838 30,719 21,728 20 hours ECE funding 8,884 4,726 8,145 4,287 8,145 - Equity funding income (i) 460 454 450 425 - 425 PRT support grant (ii) 227 128 201 102 201 102 Parent contributions: 227 377 426 377 - - - Fees 1,594 837 444 130 539 - - Optional charges 1,875 1,251 1,862 1,229 - 913 Interest revenue: 2 1,033 721 1,007 689 749 Cash and cash equivalents 752 1,033 721 1,007 689 749 Feer ty funding income 4 38 1 38 - 38 Interest revenue: 2 1,533 31,755 47,282 29,395		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
20 hours ECE funding 8,884 4,726 8,145 4,287 8,145 2,728 Equity funding income (i) 460 454 450 425 - 425 PRT support grant (ii) 227 128 201 102 201 102 Parent contributions: Donations 427 377 426 377 - - Fees 1,594 837 444 130 539 - Property 1,875 1,251 1,862 1,229 - 913 (i) Equity funding income Total and cash equivalents 752 1,033 721 1,007 689 749 (i) Equity funding income An analysis of expenditure is as follows: Property 1 38 1 38 - 38 Sundry expenses 27 40 27 40 - 40 Support staff 341 250 341 250 - 250	(a) Revenue						
Equity funding income (i) 45,815 27,675 43,178 26,125 38,864 21,728 Equity funding income (i) 460 454 450 425 - 425 PRT support grant (ii) 227 128 201 102 201 102 Parent contributions: Donations 427 377 426 377 - - - Fees 1,594 837 444 130 539 - - - 913 - - 913 - - 913 - - 913 - - 913 - - 913 - 913 - - 913 - - 913 - - 913 - - 913 - - 913 - 913 - - 913 - - 913 - 913 - - - - - - - - - -<	Bulk funding income	36,931	22,949	35,033	21,838	30,719	21,728
Equity funding income (i) 460 454 450 425 - 425 PRT support grant (ii) 227 128 201 102 201 102 Parent contributions: Donations 427 377 426 377 - - Fees 1,594 837 444 130 539 - Optional charges 1,875 1,251 1,862 1,229 - 913 Interest revenue: Cash and cash equivalents 752 1,033 721 1,007 689 749 51,150 31,755 47,282 29,395 40,293 23,917 (i) Equity funding income An analysis of expenditure is as follows: Property 1 38 1 38 - 38 Sundry expenses 27 40 27 40 - 40 Support staff 341 250 341 250 - 250 Teaching resources	20 hours ECE funding	8,884	4,726	8,145	4,287	8,145	-
PRT support grant (ii) 227 128 201 102 201 102 Parent contributions: Donations 427 377 426 377 - - Fees 1,594 837 444 130 539 - Optional charges 1,875 1,251 1,862 1,229 - 913 Interest revenue: Cash and cash equivalents 752 1,033 721 1,007 689 749 51,150 31,755 47,282 29,395 40,293 23,917 (i) Equity funding income An analysis of expenditure is as follows: Property 1 38 1 38 - 38 Sundry expenses 27 40 27 40 - 40 Support staff 341 250 341 250 - 250 Teaching resources 91 98 81 97 - - - Un		45,815	27,675	43,178	26,125	38,864	21,728
Parent contributions: Donations 427 377 426 377 - - Fees 1,594 837 444 130 539 - Optional charges 1,875 1,251 1,862 1,229 - 913 Interest revenue: Cash and cash equivalents 752 1,033 721 1,007 689 749 Cash and cash equivalents 752 1,033 721 1,007 689 749 Cash and cash equivalents 752 1,033 721 1,007 689 749 Cash and cash equivalents 752 1,033 721 1,007 689 749 Cash and cash equivalents Fach and cash equivalents 752 1,033 721 1,007 689 749 Cash and cash equivalents Cash and cash equivalents Cash and cash equivalents 752 1,033 721 1,007 689 749 Cash and cash equivalents	Equity funding income (i)	460	454	450	425	-	425
Donations 427 377 426 377 - - Fees 1,594 837 444 130 539 - Optional charges 1,875 1,251 1,862 1,229 - 913 Interest revenue: Cash and cash equivalents 752 1,033 721 1,007 689 749 (i) Equity funding income An analysis of expenditure is as follows: Property 1 38 1 38 - 38 Sundry expenses 27 40 27 40 - 40 Support staff 341 250 341 250 - 250 Teaching resources 91 98 81 97 - 97 Unspent funding received carried forward - 28 - - - - -	PRT support grant (ii)	227	128	201	102	201	102
Fees 1,594 837 444 130 539 - Optional charges 1,875 1,251 1,862 1,229 - 913 Interest revenue: Cash and cash equivalents 752 1,033 721 1,007 689 749 Cash and cash equivalents 752 1,033 721 1,007 689 749 Cash and cash equivalents 752 1,033 721 1,007 689 749 Cash and cash equivalents 752 1,033 721 1,007 689 749 Cash and cash equivalents 752 1,033 721 1,007 689 749 Cash and cash equivalents 752 1,033 721 1,007 689 749 Cash and cash equivalents 752 1,282 29,395 40,293 23,917 Ci) Equity funding income An analysis of expenditure is as follows: Property 1 38	Parent contributions:						
Optional charges 1,875 1,251 1,862 1,229 - 913 Interest revenue: Cash and cash equivalents 752 1,033 721 1,007 689 749 Cash and cash equivalents 752 1,033 721 1,007 689 749 Cash and cash equivalents 752 1,033 721 1,007 689 749 40 51,150 31,755 47,282 29,395 40,293 23,917 (i) Equity funding income An analysis of expenditure is as follows: Property 1 38 1 38 - 38 Sundry expenses 27 40 27 40 - 40 Support staff 341 250 341 250 - 250 Teaching resources 91 98 81 97 - - - Unspent funding received carried forward - 28 -	Donations	427	377	426	377	-	-
Name	Fees	1,594	837	444	130	539	-
Teaching resources Teaching received carried forward Teaching resources Teaching received carried forward Teaching received receive	Optional charges	1,875	1,251	1,862	1,229	_	913
Cash and cash equivalents 752 1,033 721 1,007 689 749 (i) Equity funding income An analysis of expenditure is as follows: Property 1 38 1 38 - 38 Sundry expenses 27 40 27 40 - 40 Support staff 341 250 341 250 - 250 Teaching resources 91 98 81 97 - 97 Unspent funding received carried forward - 28 - - - - -		3,896	2,465	2,732	1,736	539	913
(i) Equity funding income 47,282 29,395 40,293 23,917 An analysis of expenditure is as follows: Property 1 38 1 38 - 38 Sundry expenses 27 40 27 40 - 40 Support staff 341 250 341 250 - 250 Teaching resources 91 98 81 97 - 97 Unspent funding received carried forward - 28 - - - - -	Interest revenue:						
(i) Equity funding income An analysis of expenditure is as follows: Property 1 38 1 38 - 38 Sundry expenses 27 40 27 40 - 40 Support staff 341 250 341 250 - 250 Teaching resources 91 98 81 97 - 97 Unspent funding received carried forward - 28 - - - - -	Cash and cash equivalents	752	1,033	721	1,007	689	749
An analysis of expenditure is as follows: Property 1 38 1 38 - 38 Sundry expenses 27 40 27 40 - 40 Support staff 341 250 341 250 - 250 Teaching resources 91 98 81 97 - 97 Unspent funding received carried forward - 28		51,150	31,755	47,282	29,395	40,293	23,917
Property 1 38 1 38 - 38 Sundry expenses 27 40 27 40 - 40 Support staff 341 250 341 250 - 250 Teaching resources 91 98 81 97 - 97 Unspent funding received carried forward - 28 - - - - -	(i) Equity funding income						
Sundry expenses 27 40 27 40 - 40 Support staff 341 250 341 250 - 250 Teaching resources 91 98 81 97 - 97 Unspent funding received carried forward - 28 - - - - -	An analysis of expenditure is as follows:						
Support staff 341 250 341 250 - 250 Teaching resources 91 98 81 97 - 97 Unspent funding received carried forward - 28 - - - - -	Property	1	38	1	38	-	38
Teaching resources 91 98 81 97 - 97 Unspent funding received carried forward - 28 - <td>Sundry expenses</td> <td>27</td> <td>40</td> <td>27</td> <td>40</td> <td>-</td> <td>40</td>	Sundry expenses	27	40	27	40	-	40
Unspent funding received carried forward	Support staff	341	250	341	250	-	250
	Teaching resources	91	98	81	97	-	97
460 454 450 425 - 425	Unspent funding received carried forward		28_				-
		460	454	450	425	-	425

(ii) PRT Support grant

The Support Grant for Provisionally Registered Teachers provides additional funding for services that are required to meet the Government Strategic Plan's teacher registration targets. The grant is to encourage and support permanently employed provisionally registered teachers in achieving full registration.

	Consolidated		Associ	ation	Head Office	
	18 months ended 30 Jun 2010 \$'000	12 months ended 31 Dec 2008 \$'000	18 months ended 30 Jun 2010 \$'000	12 months ended 31 Dec 2008 \$'000	18 months ended 30 Jun 2010 \$'000	12 months ended 31 Dec 2008 \$'000
An analysis of expenditure is as follows:						
Management support	105	65	87	48	87	48
Registration workshops and resources	3	1	3	1	3	1
Registrant release days	46	19	46	19	46	19
Tutor teacher allowance	54	24	46	24	46	24
Tutor teacher release days	19	10	19	10	19	10
Tutor teacher services	-	9	-	-	-	-
	227	128	201	102	201	102

3. Profit from operations (cont'd)

	Consolidated		Association		Head Office	
	18 months ended 30 Jun 2010 \$'000	12 months ended 31 Dec 2008 \$'000	18 months ended 30 Jun 2010 \$'000	12 months ended 31 Dec 2008 \$'000	18 months ended 30 Jun 2010 \$'000	12 months ended 31 Dec 2008 \$'000
(b) Other income						
Government grants received for building						
and resourcing new childcare centres	1,206	-	-	-	-	-
Recognised as deferred income	(1,206)	-	-	-	-	-
Recognised as income	56	35	-	-	-	-
	56	35	-	-	-	-
Other grants received	510	1,090	483	1,090	-	-
Sundry income	1,066	738	1,105	767	176	220
	1,632	1,863	1,588	1,857	176	220
(c) Other expenses						
Kiwisaver employer contributions	161	6	159	6	27	6

4. Key management personnel compensation

The compensation of the President, Treasurer and Executives being the key management personnel of the entity, is set out below:

	Consolid	ated	Association	
	18 months	12 months	18 months	12 months
	ended	ended	ended	ended
	30 Jun 2010	31 Dec 2008	30 Jun 2010	31 Dec 2008
	\$'000	\$'000	\$'000	\$'000
Short-term employee benefits	945	608	945	608
	945	608	945	608

5. Remuneration of auditors

	Consolidated		Association	
	18 months ended 30 Jun 2010 \$'000	12 months ended 31 Dec 2008 \$'000	18 months ended 30 Jun 2010 \$'000	12 months ended 31 Dec 2008 \$'000
Audit of the financial statements	46	41	42	37
NZ IFRS accounting advice	-	6	-	6
	46	47	42	43

The auditor of Auckland Kindergarten Association is Deloitte.

6. Current trade and other receivables

	Consolid	ated	Association		
	Jun 2010 \$'000	Dec 2008 \$'000	Jun 2010 \$'000	Dec 2008 \$'000	
Funding receivable	475	-	475	-	
Debtors	284	12	18	11	
Goods and services tax (GST) receivable	243	-	243	-	
Intercompany advances to subsidiary	-	-	277	77	
PRT support grant receivable	68	35	62	28	
	1,070	47	1,075	116	

The Group does not have any receivables past due and therefore no provision for bad debts is required.

7. Other current assets

	Consolid	Consolidated		
	Jun 2010 \$'000	Dec 2008 \$'000	Jun 2010 \$'000	Dec 2008 \$'000
Prepayments	27	111	24	103
Sundry Debtors	112	130	45	130
	139	241	69	233

8. Investments

	Consolid	Consolidated		Association	
	Jun 2010 \$'000	Dec 2008 \$'000	Jun 2010 \$'000	Dec 2008 \$'000	
Shares in subsidiary	-	-	1,620	1,620	
	-	-	1,620	1,620	

9. Property, plant and equipment

			Consolida			
				Plant and		
		Buildings at	Playgrounds	equipment at	Capital work	
	Land at cost	cost	at cost	cost	in progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Gross carrying amount						
Balance at 1 January 2008	342	12,133	1,409	4,043	-	17,926
Additions	-	536	542	459	77	1,614
Disposals		-	(82)	(489)	-	(570)
Balance at 1 January 2009	342	12,669	1,869	4,013	77	18,970
Additions	-	1,819	215	865	(66)	2,833
Disposals	-	-	-	(132)	-	(132)
Balance at 30 June 2010	342	14,488	2,084	4,746	11	21,671
Accumulated depreciation						
Balance at 1 January 2008	-	(2,619)	(948)	(2,659)	-	(6,226)
Disposals	-	-	72	403	-	475
Depreciation expense	_	(449)	(148)	(611)	_	(1,208)
Balance at 1 January 2009		(3,068)	(1,024)	(2,867)	_	(6,959)
Disposals	_	(3,000)	(1)02 1)	117	_	117
Depreciation expense	_	(690)	(231)	(777)	-	(1,698)
Balance at 30 June 2010		(3,758)	(1,255)	(3,527)	-	(8,540)
balance at 30 June 2010		(3,730)	(1,233)	(3,321)		(0,540)
Net book value As at 31 December 2008	342	9,601	845	1,146	77	12,011
		-				
As at 30 June 2010	342	10,730	829	1,219	11	13,131
			Associat	ion		
				Plant and		
		Buildings at	Playgrounds	equipment at	Capital work	
	Land at cost	cost	at cost	cost	in progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Gross carrying amount						
Balance at 1 January 2008	342	9,785	1,349	3,815	-	15,291
Additions	-	536	541	452	-	1,529
Disposals		<u>-</u>	(82)	(484)	-	(566)
Balance at 1 January 2009	342	10,321	1,808	3,783	-	16,254
Additions	-	326	172	667	11	1,176
Disposals		-	-	(132)	-	(132)
Balance at 30 June 2010	342	10,647	1,980	4,318	11	17,298
Accumulated depreciation						
Balance at 1 January 2008	-	(2,531)	(943)	(2,577)	-	(6,051)
Disposals	-	-	72	402	-	474
Depreciation expense		(355)	(142)	(576)	-	(1,073)
Balance at 1 January 2009	-	(2,886)	(1,013)	(2,751)	-	(6,650)
Disposals	-	-	-	117	-	117
Depreciation expense		(543)	(221)	(714)		(1,478)
Balance at 30 June 2010		(3,429)	(1,234)	(3,348)	-	(8,011)
Net book value						
As at 31 December 2008	342	7,435	795	1,032	-	9,604
As at 31 December 2008 As at 30 June 2010	342 342	7,435 7,218	795 746	1,032 970	- 11	9,604 9,287

10. Current trade and other payables

	Consolidated		Association	
	Jun 2010 \$'000	Dec 2008 \$'000	Jun 2010 \$'000	Dec 2008 \$'000
Creditors and accruals	1,511	411	1,077	216
Employee entitlements	1,860	493	1,860	464
Goods and services tax (GST) payable	6	971	_	908
	3,377	1,875	2,937	1,588

All payables are due within 30 days of purchase, the Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

11. Deferred income

Deferred income relates to Capital Accommodation Grants received under the Government Discretionary Grant Scheme for the construction of KiNZ East Tamaki Early Learning Centre (\$980,600 GST inclusive received 2006/2007) and KiNZ Mission Heights Early Learning Centre (\$1,357,198 GST inclusive received 2010).

		Consoli	dated	Assoc	iation
	Note	30 Jun 10 \$'000	31 Dec 08 \$'000	30 Jun 10 \$'000	31 Dec 08 \$'000
Balance brought forward		816	851	-	-
Grant received	3	1,206	-		
Recognised as income		(56)	(35)		-
Balance carried forward		1,966	816	-	-
Current portion		83	35	-	-
Term portion		1,883	781	-	-
		1,966	816	-	-

12. Capital expenditure commitments

	Consolid	Consolidated		Association	
	Jun 2010 \$'000	Dec 2008 \$'000	Jun 2010 \$'000	Dec 2008 \$'000	
Building and playground upgrades	490	1,028	425	1,028	
	490	1,028	425	1,028	

13. Contingent liabilities and contingent assets

There were no contingent liabilities or contingent assets as at 30 June 2010 (31 December 2008: \$95,000).

14. Subsequent events

The 2010 Government Budget introduced changes to Early Childhood Education funding. It is estimated that these changes will result in a reduction of \$500,000 in Government funding for the Group in the following financial year.

15. Operating leases

(a) Leasing arrangements

Operating leases relate to computers, office building and motor vehicles with lease terms of between 2 to 3 years. The Association/group does not have an option to purchase the leased asset at the expiry of the lease period. Contingent rent payable is determined based on the total of future lease payments.

(b) Operating lease rental expenses

	Consolidated		Association	
	Jun 2010 \$'000	Dec 2008 \$'000	Jun 2010 \$'000	Dec 2008 \$'000
Operating lease rental payments	515	168	484	162
	515	168	484	162

(c) Non-cancellable operating lease payments

	Consolida	ated	Association		
	Jun 2010 \$'000	Dec 2008 \$'000	Jun 2010 \$'000	Dec 2008 \$'000	
Not longer than 1 year	491	251	470	232	
Longer than 1 year and not longer than 5 years	537	319	517	287	
	1,028	570	987	519	

16. Subsidiaries

		Ownership interest and voting rights		
Name of Entity	Country of incorporation	2010 %	2008 %	
Parent entity Auckland Kindergarten Association	New Zealand			
Subsidiaries Kindergarten NZ Limited	New Zealand	100	100	

17. Related party disclosures

There were management fees of \$54,000 (2008: \$36,000) and a dividend of \$nil (2008: \$nil) paid by Kindergarten NZ Limited to Auckland Kindergarten Association for the 18 months ended 30 June 2010. The Chairperson was paid an honorarium of \$11,250 for the 18 months ended 30 June 2010 (2008: \$5,500).

18. Notes to the Cash Flow Statement

(a) Reconciliation of cash and cash equivalents

For the purposes of the Cash Flow Statement, cash and cash equivalents includes cash on hand and in banks and investments in money market instruments. Cash and cash equivalents at the end of the financial year as shown in the Cash Flow Statement is reconciled to the related items in the Statement of Financial Position as follows:

	Consolid	Consolidated		Association		
	Jun 2010 \$'000	Dec 2008 \$'000	Jun 2010 \$'000	Dec 2008 \$'000		
Kindergartens Kindergarten bank transfers	223	3,158 (102)	223	3,158 (102)		
	223	3,056	223	3,056		
Head Office	8,532	9,054	8,532	9,054		
Kindergarten NZ Limited	426	616	-	_		
	9,181	12,726	8,755	12,110		

(b) Reconciliation of profit for the period to net cash flows from operating activities

		Consolid	ated	Association	
	Note	Jun 2010 \$'000	Dec 2008 \$'000	Jun 2010 \$'000	Dec 2008 \$'000
Loss for the period	-	(584)	(294)	(761)	(525)
Loss on sale or disposal of non-current assets		16	17	16	17
Depreciation of non-current assets	9	1,698	1,208	1,478	1,073
Changes in net assets and liabilities:					
(Increase)/decrease in assets:					
Current receivables		(1,023)	420	(959)	475
Other current assets		102	263	164	188
Increase/(decrease) in liabilities:					
Current payables		1,100	(447)	861	(470)
Other current liabilities		401	72	490	33
Funds received in advance		(3,572)	(2,199)	(3,465)	(2,262)
Intercompany advance		-	-	200	-
Deferred income		1,150	<u>-</u>		-
Net cash inflow/(outflow) from operating activities	<u>-</u>	(712)	(960)	(1,976)	(1,471)

Gross cash flows are presented exclusive of GST.

(c) Restrictions on cash received

Cash received from grants is restricted to the purpose for which the grant was approved.

19. Financial instruments

All financial instruments to which the Group is a party are recognised in the financial statements.

There are no changes from the previous year in how the Group manages its credit risk, interest risk and liquidity risk.

(a) Credit risk management

In the normal course of business, the Group incurs credit risk from trade and other receivables and banking institutions. The Group manages its exposure to credit risk by:

- holding cash and cash equivalents and term deposits with New Zealand registered banking institutions;
 and
- (ii) maintaining credit control procedures over trade and other receivables.

The Group has no significant concentration of credit risk. The maximum exposure at balance date is equal to the total amount of cash and cash equivalents, short term deposits and trade and other receivables disclosed in the Statement of Financial Position.

The Group does not require any collateral or security to support financial instruments it holds due to the low risk associated with the realisation of these instruments.

(b) Interest rate risk management

The interest rate risk on funds held is managed through the use of short term investments, held until maturity. The interest rate risk associated with short term deposits is considered minimal because all deposits matured 1 July 2010.

(c) Liquidity risk management

All financial liabilities fall due within 30 days of balance date.

(d) Carrying amount

The directors consider that the carrying amount of financial assets and financial liabilities recorded in the financial statements approximates their fair value.

19. Financial instruments (cont'd)

(e) Categories of financial instruments

(5) 50.158	ories of infancial instrume		d at 31 Decem	ber 2008	Association	at 31 Decemb	er 2008
		Loans and receivables	Financial assets and liabilities at amortised cost	Total	Loans and receivables	Financial assets and liabilities at amortised cost	Total
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Assets	Cash and cash equivalents Trade and other receivables Sundry debtors	12,726 47 130	- - -	12,726 47 130	12,110 116 130	- - -	12,110 116 130
	Total financial assets	12,903	-	12,903	12,356	-	12,356
	Total non-financial assets Total assets		_	12,122 25,025		_	11,327 23,683
Liabilities	Creditors and accruals	-	411	411	-	216	216
	Total financial liabilities	-	411	411	-	216	216
	Total non-financial liabilities		_	5,852		_	4,837
	Total liabilities		_	6,263		_	5,053
		Consolida	ated at 30 June	2010	Associat	ion at 30 June	2010
			Financial			Financial	
			assets and			assets and	
		Loans and	liabilities at		Loans and	liabilities at	
		receivables	amortised cost	Total	receivables	amortised cost	Total
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Assets			,	, , , , , ,			,
	Cash and cash equivalents	9,181	-	9,181	8,755	-	8,755
	Trade and other receivables	1,070	-	1,070	1,075	-	1,075
	Sundry debtors	112	-	112	45	-	45
	Total financial assets	112	-	10,363	45 9,875	-	9,875
	Total financial assets Total non-financial assets		-	10,363 13,158		<u>-</u>	9,875 10,931
	Total financial assets		- -	10,363		- - -	9,875
Liabilities	Total financial assets Total non-financial assets Total assets			10,363 13,158 23,521		 	9,875 10,931 20,806
Liabilities	Total financial assets Total non-financial assets Total assets Creditors and accruals	10,363	1,511	10,363 13,158 23,521 1,511	9,875	1,077	9,875 10,931 20,806
Liabilities	Total financial assets Total non-financial assets Total assets Creditors and accruals Total financial liabilities			10,363 13,158 23,521 1,511 1,511		 	9,875 10,931 20,806 1,077 1,077
Liabilities	Total financial assets Total non-financial assets Total assets Creditors and accruals	10,363	1,511	10,363 13,158 23,521 1,511	9,875	1,077	9,875 10,931 20,806

20. Government funding subsidies

In accordance with Ministry of Education circular 2005/04 we report the following:

	Equity funding received \$	PRT Support Grant received \$		Equity funding received \$	PRT Support Grant received \$
Akarana Avenue	867	-	Meadowbank		1,563
Anchorage Park	4,907	1,876	Milford	-	-
Aorere	12,841	-	Mission Bay	-	938
Avondale	18,125	4,690	Morningside	72	4,690
Bairds	11,853	10,943	Mt Albert	-	-
Belmont Bayswater	-	2,501	Mt Eden	-	2,814
Birdwood	11,754	-	Mt Wellington	9,634	-
Birkdale	-	625	Murdoch Park	14,824	3,127
Blockhouse Bay	-	938	New Lynn	3,254	-
Broadlands	-	10,318	Omana	19,497	-
Bucklands Beach	-	4,690	Oranga	8,579	313
Colwill	5,629	, -	Orakei	-	5,941
Constance Colegrove	-	5,628	Oratia	-	-
Dannemora	-	313	Otahuhu	16,365	3,752
Devonport	-	1,251	Owairaka	11,381	8,129
Don Buck	10,432	1,563	Pakuranga	-	5,315
Eden Epsom		5,941	Papatoetoe	10,840	-
Ellerslie	-	-	Parnell	-	1,563
Favona	19,627	_	Pigeon Mountain	-	5,003
Flat Bush	16,236	_	Ponsonby	_	1,251
Fort Richard Road	10,286	6,253	Pt Chevalier	_	1,563
Freemans Bay	-	-	Pt England	14,091	-
Glen Eden	4,583	_	Ranui	11,857	1,876
Glen Innes	13,940	3,127	Rosier Road	7,197	1,070
Glendowie	13,540	4,690	Roskill South	8,739	_
Glenfield		2,501	Snells Beach	6,739	313
Green Bay	-	2,301	Somerville	-	6,253
Henderson	0.042	-	St Heliers	-	5,315
	8,843			-	
Highland Park	7 106	6,253	Sturges Road	-	5,628
Hillsborough	7,106	7,191	Summerland	12 225	5,315
Idlewild	18,404	5,628	Sunnyvale	13,235	1.502
Kauri Park	14.721	2,814	Takapuna	7.014	1,563
Kingsdene	14,721	-	Tamaki	7,914	625
KiNZ Marana Barila	9,752	12,819	Taupaki	-	938
KiNZ Myers Park	-	4,377	Te Atatu South	-	1,563
KiNZ Sandringham	-	9,067	Te Atatu Village	-	3,752
Kotiri	8,322	-	Titirangi	-	3,127
Lady Cobham	-	313	Waiheke	-	5,628
Laingholm	-	1,251	Waitakere	-	-
Lincoln North	14,397	5,315	Waterview	13,635	-
Mangere Bridge	-	2,501	Wellsford	3,929	-
Maraetai/Beachlands	-	-	Wesley	18,241	5,003
Marlborough	-	313	Westlake Forrest Hill	-	313
Massey	8,497	938	Westmere	-	3,752
Mayfield	12,115	-	Whiteacres	-	313
McNaughton	11,001	-	Yendarra	12,283	3,127
				459,806	226,996

For further analysis of expenditure for equity funding and PRT refer to Note 3.

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AUDIT REPORT TO THE MEMBERS OF AUCKLAND KINDERGARTEN ASSOCIATION

We have audited the financial statements on pages 8 to 31. The financial statements provide information about the past financial performance of Auckland Kindergarten Association and group and its financial position as at 30 June 2010. This information is stated in accordance with the accounting policies set out on page 11 to 16.

Council's Responsibilities

The Council is responsible for the preparation, in accordance with New Zealand law and generally accepted accounting practice, of financial statements which fairly reflect the financial position of the Association and group as at 30 June 2010 and of the results of operations and cash flows for the 18 months ended on that date.

This report is made solely to the Members, as a body. Our audit has been undertaken so that we might state to the Members those matters we are required to state to them in an auditor's 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.

Auditors' Responsibilities

It is our responsibility to express to you an independent opinion on the financial statements presented by the Council.

Basis of Opinion

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. It also includes assessing:

- the significant estimates and judgements made by the Council in the preparation of the financial statements; and
- whether the accounting policies are appropriate to the Association and group's circumstances, consistently applied and adequately disclosed.

We conducted our audit in accordance with New Zealand Auditing Standards. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to obtain reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Other than in our capacity as auditor and advisor, we have no relationship with or interests in the Association or its subsidiary.

Unqualified Opinion

We have obtained all the information and explanations we have required.

In our opinion the financial statements on pages 8 to 31 fairly reflect the financial position of the Auckland Kindergarten Association and group as at 31 December 2010 and the results of their operations and cash flows for the period ended on that date.

Our audit was completed on 22 October 2010 and our unqualified opinion expressed as at that date.

Chartered Accountants Auckland, New Zealand

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