



AUCKLAND KINDERGARTEN
ASSOCIATION

Annual Report 2011





The Auckland Kindergarten Association is a charitable trust that has been providing quality early childhood education since 1908. The kindergarten service that is provided is of the highest quality and the organisation is widely respected after 100 years of operation in the Auckland community.



Message from the Chairperson of the AKA Board

Tena Koutou

Significant Achievements and Events for the year ending 30 June 2011

Education

The high quality of teaching and learning delivered by the AKA has continued to be provided to over 7,500 children on a given day. This is reflected in our positive ERO reports each year and from feedback received from parents and interested parties. We also have nearly 7,000 children on our lists waiting to experience life at kindy and begin their lifelong journey of learning.

Our parent survey showed that we continue to make a positive difference for our AKA children, families and communities. Parent responses from the survey showed:

- 98% felt their child enjoyed going to kindergarten.
- 94% felt the teachers knew their child well
- 97% felt their kindergarten was well resourced with a good range of equipment
- 90% felt their child's portfolio was regularly updated and was a great record of his/her learning while at kindergarten.
- 98% felt they were kept up to date with important information (via newsletter, notice board, in person etc).
- 97% would recommend their kindergarten to other parents.

We are very proud of the service that we provide, but there is always room for improvement. Kindergartens are using this feedback to review their action plans and make any needed improvements to our service delivery.

We also surveyed our staff to see how they were feeling about the AKA and their knowledge of the changing environment within which we operate. The total figures for agree or strongly agree showed:

- 97% supported the AKAs mission to be leaders in education.
- 96% felt their job gave a feeling of personal accomplishment.
- 90% felt they were kept informed of events affecting the ECE sector.

Other exciting achievements included:

- The AKA piloting the Incredible Years programme (central to the Ministry of Education's Positive Behaviour for Learning Action Plan). We delivered the programme to 145 teachers impacting on at least 2,500 children.
- Katie Marshall, an AKA Professional Services Manager, researched the Incredible Years Programme. Her findings have helped enhance our delivery of the programme.



- 15 Kindergartens participating in Enviroschools.
- St James Gold Award and sustainability DVD.
- 9 Kindergartens on MOE professional development contracts.
- Mangere Bridge Kindergarten book to be published on transition to school following on from their Centre of Innovation research.
- 33 Head Teachers participating in a year-long leadership symposium developed by the AKA.
- 16 Head Teachers and teachers participate in a mentoring programme with the Faculty of Education and funded by the AKA.
- 3 Kindergartens participating in Maungakiekie Pasifika transition programme.
- 2 e-fellowships from CORE Education.
- 49 of our 107 kindergartens are now Kindergarten Day Models, 'KDM', offering longer hours but retaining the sessional option within the longer day. There are financial benefits to making the change to KDM, however the key driver for the AKA is meeting the community need.
- Waterview Kindergarten faced closure due to the Western Link and Tunnel. However, we negotiated with the NZ Transport Authority to rebuild on land at the front of Waterview Primary School. The AKA will enhance the building to cater for 50 children.
- Hobsonville North Kindergarten has been given notice to vacate as the kindergarten is in the middle of a new subdivision's arterial route. We are currently in negotiations to try and secure alternative land, and hope to relocate the building.
- Pt Chevalier Kindergarten faced closure due to the school's rising enrolments and need for the land. The community successfully campaigned for us to remain onsite and operational until, if it is needed, an alternative site can be found by the Ministry of Education.
- Somerville Kindergarten (the last known leaky building in our property portfolio) was re-clad.
- Our Audit application module was completed, tested and Kindergarten audits are now being undertaken electronically with resulting cost savings.

Property

- New Lynn Kindergarten was demolished to make way for the New Lynn road and rail redevelopment. We are very grateful to Waitakere City for an alternative site and compensation for a new kindergarten.



Health and Safety

- Maintained ACC Tertiary Accreditation for Workplace Safety Management Practices.
- The Employers & Manufacturers Association provided Health and Safety Representative training – Stage 1 (workplace) for the Health and Safety Committee, PSM team and the AKA Facilities Officer.
- 12 AKA kindergartens were part of a research project in 20 early childhood centres involved in the “Tender Ears” programmed noise induced hearing loss project undertaken by The National Foundation for the Deaf Inc (NFD) including the trialling of Safe Sound Indicators (SSI) in the centres. At the conclusion of the project NFD and the Ministry of Education presented all our decile 4 to 1 kindergartens (a total of 40) a safe sound indicator to assist the children in self monitoring the noise levels.
- As part of the Health and Safety committee objective to enhance staff awareness of workplace injuries all teachers attended an ACC Discomfort Pain and Injury awareness seminar.

Marketing

- Launch of new marketing campaign featuring real kindy families and quotes.
- Launch of new and simpler website www.mykindy.co.nz.
- All teachers participated in Customer Service Professional Development.

- Increased targeted advertising in relevant mediums e.g. Littlies magazine, All Parent Centre newsletters, Adz Up, Bounty packs, local papers, localist, finda and other related websites etc.
- Increased advertising in newspapers such as NZ Chinese Herald, Indianz Outlook and the Samoan Times.
- Promotion in 7,000 ‘Growing Up in New Zealand’ packs.
- Promotion of AKA on all printed marketing material for the Teddy Bears Picnic.
- Participation in the Storylines Festival, Toddler Day Out, Beginning Teachers Expo, Parent and Child Show.
- Development of information pack for all new enquiries.
- Regular flyer drops to specific areas to create awareness and encourage enrolments.
- Ongoing poster mailings to relevant companies and organisations e.g. medical centres, libraries, CABs, toy libraries, dentists, sports facilities, swimming pools, birthing units, hospitals, fitness centres, parent centres, community centres and universities.
- Design and printing of over 30 individual kindergartens flyers, posters and brochures. Printing sponsored by Fuji Xerox – 30,000 flyers etc!
- Increased involvement in social media e.g Facebook profile.



Our kindergarten environments reflect the diversity of New Zealand society, and are inclusive of and support all children and their families.



ICT

- Development of Head Office and Kindergarten ICT Manuals.
- 'Support Pack' on hand for kindergartens – spare 'hot swappable' modem, T-sticks and mobile phone in case of internet/phone issues.
- ICT lending library created and well used – e-beam, iPad, projectors, DigiBlue Microscope, DVD printer (allows centres to try before they buy, or even avoid buying – saves \$\$ and encourages exploration of new tools).
- Ongoing ICT clusters to support, extend and inspire.
- Improved efficiencies for Head Office use of ICT.
- Creation of kindergarten blogs which are now being further refined to enable public access and grown to include mini-web sites, with the assistance of a blog focus group (that includes teachers, PSM, and other Head Office personnel).

Collaborative Relationships

The Minister of Education convened an independent ECE Taskforce to review the efficiency and effectiveness of spending on ECE, and propose new ideas for innovative, cost effective and evidence-based ways to support children's learning in early childhood and the first years of compulsory schooling. Our General Manager, Tanya Harvey, was a member of the Taskforce.

The Taskforce review and recommendations 'An Agenda for Amazing Children' was launched in May this year.

A large amount of evidence-based research has been released this year, including the Office of Children's Commissioner – Through their Lens: An inquiry into non-parental education and care of infants and toddlers, Sir Peter Gluckman's Improving the Transition: Reducing Social and Psychological Morbidity During Adolescence and the Welfare Working Reform Group's report and the Auckland Plan.

We will be doing our utmost to ensure that we implement, where possible, the key recommendations from the reports.

It does seem at times that there is an ongoing litany of research with little action on outcomes for children. The evidence-based research needs to continue, however it needs to be occurring alongside the implementation of outcomes so that we can begin to make and see a difference for the children that need our support and intervention the most.

Financial Summary

The May 2010 Government's Budget, announced changes to early childhood education funding with a resulting estimated net loss of income for the AKA of approximately \$500,000. The impact on the AKA was buffered somewhat as our different types of operation attract differing rates of funding.



Thankfully, the 2011 Government budget introduced a separate rate of funding for Kindergarten Associations to help them meet the increased salary costs due under the Kindergarten Teachers' Collective Agreement. An additional 1% increase in funding was introduced for all ECE services.

At last year's AGM we reported that we had aligned the AKA's financial year end with that of the Government: being 30th June. These financial statements cover the 12 month period from 1 July 2010 to 30 June 2011, with the comparative figures used in the financial section being for an 18 month period from 1 January 2009 to 30 June 2010.

The financial statements for the twelve months ended 30 June 2011, have been prepared in accordance with International Financial Reporting Standards (IFRS) and an unqualified audit report 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 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:

	2011 000s	2010 000s
Head Office profit/(loss)	1,562	(749)
Association profit/(loss)	3,104	(761)
Consolidation profit/(loss)	3,181	(584)

The operating surpluses for the year are as a result of;

- Additional income received for the relocation of New Lynn Kindergarten.
- The additional number of Kindergarten Day Model centres attracting a higher level of funding;
- A conscious decrease in expenditure.
- Utilising our collective purchasing power to secure very favourable contracts with our key suppliers.
- Centralising accounting functions and ongoing improvements to efficiencies of operation.

The Cash Flow Statement shows only a \$58,000 cash surplus from the Association activities as the surplus was utilised on capital projects.

The Reserves of the Association have been allocated to retain at least three pay cycles for staff in the event of an emergency and an allowance for natural disasters if Government funding or insurances were insufficient to cover an unforeseen event. There are also funds set aside for capital projects, whether it is for new centres or refurbishment projects.



Board Matters

Jeremy Drummond stepped down from the Chairperson role after 9 years. She has helped transform the governance body of the AKA into a professional Board and supported the management team during significant changes during her tenure. Jeremy has remained on the Board and I am grateful for her mentorship over the last year.

During the course of the year we have seen several Board members leave; Ravi Kuppan, Jo Stafford and Steven Perich. We appreciate the commitment and contribution that they all made over their time with the AKA. We have been able to second people into their vacancies and are pleased that they will be standing for election at this year's Annual Meeting.

We have reviewed our strategic plan and become more proactive with the outcomes that we want to achieve. This has been reflected in the business plans for the management team and is seeing the AKA continue to move forward into the next phase of enhancing our service to children and families.

The last year has seen a number of challenges arise which we have managed to turn into opportunities. We have continued to raise the awareness of high quality early childhood education and trust that the year ahead will prove even more beneficial for the children of New Zealand.

Thank you to everyone who contributes to the Auckland Kindergarten Association.

No rera, nga mihi

Jo Hadley
Chairperson of the AKA Board

Board Members

Chairperson

Jo Hadley

Deputy Chairperson

Jeremy Drummond – LLB

Executive Officer SPELD NZ Inc and SPELD Auckland Inc

Christine Scott – BA (Hons), CHFC

Company Director/Management Consultant

Robin Houlker - M Ed (Hons)

Education Consultant, Learning Expressed Ltd

Agnes Naera - BMD, MBA

Programme Director Equity

Ron Viviani

Shane Hinton - Dip Bus (Fin)

Enterprise Risk Manager

Statement of Comprehensive Income

For the 12 months ended 30 June 2011

		Consolidated		Association		Head Office	
	Note	12 months ended 30 Jun 2011 \$'000	18 months ended 30 Jun 2010 \$'000	12 months ended 30 Jun 2011 \$'000	18 months ended 30 Jun 2010 \$'000	12 months ended 30 Jun 2011 \$'000	18 months ended 30 Jun 2010 \$'000
Revenue	2	38,703	51,150	35,480	47,282	30,152	40,293
Other income	2	2,106	1,632	2,045	1,588	1,154	176
		40,809	52,782	37,525	48,870	31,306	40,469
Expenses							
Staff		28,217	38,963	25,771	36,062	24,421	34,163
Professional and consultancy fees		367	802	328	759	328	759
Management administration		41	58	40	57	40	57
Property and resources		6,901	10,521	6,534	10,091	3,632	4,120
Depreciation	8	1,139	1,698	897	1,478	897	1,478
Loss/(gain) on disposal of fixed assets		40	16	40	16	(1)	5
Office administration		727	1,086	646	977	262	445
Marketing and public relations		196	222	165	191	165	191
		37,628	53,366	34,421	49,631	29,744	41,218
Profit/(loss) for the period		3,181	(584)	3,104	(761)	1,562	(749)
Other comprehensive income		–	–	–	–	–	–
Total comprehensive profit/(loss)		3,181	(584)	3,104	(761)	1,562	(749)

Statement of Changes in Equity

For the 12 months ended 30 June 2011

	Consolidated		Association	
	12 months ended 30 Jun 2011 \$'000	18 months ended 30 Jun 2010 \$'000	12 months ended 30 Jun 2011 \$'000	18 months ended 30 Jun 2010 \$'000
Balance at 30 Jun 2010	18,178	18,762	17,869	18,630
Profit/(loss) for the period	3,181	(584)	3,104	(761)
Total comprehensive profit/(loss)	3,181	(584)	3,104	(761)
Balance at 30 June 2011	21,359	18,178	20,973	17,869

The contents of this page should be read in conjunction with the Summary of Accounting Policies and Notes to the Financial Statements and are subject to the Auditors' Report.

Statement of Financial Position

As at 30 June 2011

	Note	Consolidated		Association	
		Jun 2011 \$'000	Jun 2010 \$'000	Jun 2011 \$'000	Jun 2010 \$'000
Current assets					
Cash and cash equivalents	17	9,393	9,181	8,813	8,755
Trade and other receivables	5	1,659	1,070	1,287	1,075
Other	6	345	139	339	69
Total current assets		11,397	10,390	10,439	9,899
Non-current assets					
Investments	7	–	–	1,900	1,620
Property, plant and equipment	8	15,004	13,131	11,374	9,287
Total non-current assets		15,004	13,131	13,274	10,907
Total assets		26,401	23,521	23,713	20,806
Current liabilities					
Trade and other payables	9	3,152	3,377	2,740	2,937
Deferred income	10	83	83	–	–
Total current liabilities		3,235	3,460	2,740	2,937
Non-current liabilities					
Deferred income	10	1,807	1,883	–	–
Total non-current liabilities		1,807	1,883	–	–
Total liabilities		5,042	5,343	2,740	2,937
Net assets		21,359	18,178	20,973	17,869
Equity					
Retained earnings		21,359	18,178	20,973	17,869
Total equity		21,359	18,178	20,973	17,869

On behalf of Auckland Kindergarten Association Board:



Chairperson



Board Member

27 September 2011

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Cash Flow Statement

For the 12 months ended 30 June 2011

		Consolidated		Association	
		12 months ended 30 Jun 2011 \$'000	18 months ended 30 Jun 2010 \$'000	12 months ended 30 Jun 2011 \$'000	18 months ended 30 Jun 2010 \$'000
	Note				
Cash Flows from operating activities					
Government Funding received		34,765	43,897	32,823	39,856
Interest received		547	752	519	721
Receipts from parents		2,751	3,356	1,856	2,732
Sundry income		2,256	1,807	1,946	1,882
Payments to employees		(28,327)	(37,596)	(25,882)	(34,666)
Payments to suppliers		(8,728)	(12,928)	(8,180)	(12,501)
Net cash provided by/(used in) operating activities	17(b)	3,264	(712)	3,082	(1,976)
Cash Flows from investing activities					
Payment for property, plant and equipment		(3,054)	(2,833)	(3,023)	(1,176)
Proceeds from sale of property, plant and equipment		2	-	2	-
Intercompany advance		-	-	(3)	(200)
Net cash used in investing activities		(3,052)	(2,833)	(3,024)	(1,376)
Net increase/(decrease) in cash and cash equivalents		212	(3,545)	58	(3,352)
Cash and cash equivalents at the beginning of the period		9,181	12,726	8,755	12,107
Cash and cash equivalents at the end of the period	17(a)	9,393	9,181	8,813	8,755

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Acknowledgements

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

- ASB Charitable Trust
- Auckland Airport Community Trust
- Auckland, Waitakere, Manukau, North Shore, Rodney, Kaipara Councils
- Community Organisation Grants Scheme (COGS)
- Duffy Books in Homes Programme
- Enviroschools Foundation
- Four Winds Foundation
- Fuji Xerox
- Hesketh Henry
- Lion Foundation
- Local Community Boards
- Local Licensing Trusts
- Local Rotary Clubs
- Local RSA's
- Nautilus Foundation
- Oxford Community Trust
- Pelorus Trust
- Mt Wellington Foundation
- NZ Lottery Grants Board
- Sir John Logan Campbell Trust
- Southern Trust
- SPARC
- The Trusts Community Foundation Inc (TTCF) Waitakere
- All those who fundraise to assist kindergartens

I didn't want just any centre. Kindy offered Lucy learning through play – a unique philosophy that's fun and educational.



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 27 September 2011.

Basis of preparation

The Association changed its accounting year end to 30 June in the prior financial period to align with the Ministry of Education funding year resulting in an 18 month reporting period. This report covers the 12 months ended 30 June 2011 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 used estimation or judgment in the calculation of the teaching staff's holiday pay accrual in the preceding period. No estimation or judgment was required in the current period as systems have been put in place to capture the actual liability. The balance of teacher's holiday pay as at 30 June 2011 is \$392,385 (2010: \$389,593).

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

1. Summary of accounting policies (cont'd)

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' 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.

1. Summary of accounting policies (cont'd)

(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.

1. Summary of accounting policies (cont'd)

(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

Acquisitions of subsidiaries and businesses are accounted for using the purchase method. 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 inter-entity transactions and balances have been eliminated on consolidation. Consistent accounting policies are employed in the preparation and presentation of the consolidated financial statements.

1. Summary of accounting policies (cont'd)

(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 difference is recognised in 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.

(l) 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.

1. Summary of accounting policies (cont'd)

(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

There have been no changes to the financial statements resulting from the adoption of new Standards and Interpretations effective during the period.

(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:

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
Amendments to NZ IAS 24 'Related Party Disclosures'	1 January 2011	30 June 2012
NZ IFRS 9 'Financial Instruments'	1 January 2013	30 June 2014
*Revised NZ IFRS 9 'Financial Instruments' (2010)	1 January 2013	30 June 2014
Improvements to New Zealand Equivalents to International Financial Reporting Standards 2010		
- Improvements to NZ IFRS 7, NZ IAS 1, NZ IAS 34 and NZ IFRIC 13	1 January 2011	30 June 2012
Amendments to NZ IFRS 7 'Financial Instruments: Disclosures'	1 July 2011	30 June 2012
NZ IFRS 10 'Consolidated Financial Statements'	1 January 2013	30 June 2014
NZ IFRS 12 'Disclosure of Interests in Other Entities'	1 January 2013	30 June 2014
NZ IFRS 13 'Fair Value Measurement'	1 January 2013	30 June 2014
NZ IAS 27 'Separate Financial Statements' (revised 2011)	1 January 2013	30 June 2014
Amendments to New Zealand Equivalents to International Financial Reporting Standards to Harmonise with International Financial Reporting Standards and Australian Accounting Standards	1 July 2011	30 June 2012
Amendments to IAS 1 'Presentation of Financial Statements' – Presentation of Items of Other Comprehensive Income	1 July 2012	30 June 2013
Amendments to IAS 19 'Employee Benefits'	1 January 2013	30 June 2014

*the revised NZ IFRS 9 adds guidance on the classification and measurement of financial liabilities and derecognition of financial instruments. The effective date remains the same as the previous version of NZ IFRS 9, with earlier adoption permitted.

2. Profit from operations

	Consolidated		Association		Head Office	
	12 months ended 30 Jun 2011	18 months ended 30 Jun 2010	12 months ended 30 Jun 2011	18 months ended 30 Jun 2010	12 months ended 30 Jun 2011	18 months ended 30 Jun 2010
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
(a) Revenue						
Bulk funding income	25,846	36,931	24,307	35,033	20,770	30,719
20 hours ECE funding	8,673	8,884	7,978	8,145	7,978	8,145
	34,519	45,815	32,285	43,178	28,748	38,864
Equity funding income <i>(i)</i>	557	460	518	450	-	-
PRT support grant <i>(ii)</i>	194	227	168	201	168	201
Parent contributions:						
Donations	245	427	244	426	-	-
Fees	1,468	1,594	573	444	595	539
Optional charges	1,038	1,875	1,038	1,862	-	-
	2,751	3,896	1,855	2,732	595	539
Interest revenue:						
Cash and cash equivalents	682	752	654	721	641	689
	38,703	51,150	35,480	47,282	30,152	40,293
(i) Equity funding income						
An analysis of expenditure is as follows:						
Property	76	1	76	1	-	-
Sundry expenses	132	27	132	27	-	-
Support staff	172	341	172	341	-	-
Teaching resources	177	91	138	81	-	-
Unspent funding received carried forward	-	-	-	-	-	-
	557	460	518	450	-	-

(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		Association		Head Office	
	12 months ended 30 Jun 2011	18 months ended 30 Jun 2010	12 months ended 30 Jun 2011	18 months ended 30 Jun 2010	12 months ended 30 Jun 2011	18 months ended 30 Jun 2010
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
An analysis of expenditure is as follows:						
Management support	95	105	69	87	69	87
Registration workshops and resources	5	3	5	3	5	3
Registrant release days	32	46	32	46	32	46
Tutor teacher allowance	45	54	45	46	45	46
Tutor teacher release days	17	19	17	19	17	19
Tutor teacher services	-	-	-	-	-	-
	194	227	168	201	168	201

2. Profit from operations (cont'd)

	Consolidated		Association		Head Office	
	12 months ended 30 Jun 2011	18 months ended 30 Jun 2010	12 months ended 30 Jun 2011	18 months ended 30 Jun 2010	12 months ended 30 Jun 2011	18 months ended 30 Jun 2010
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
(b) Other income						
Government grants received for building and resourcing new childcare centres	7	1,206	-	-	-	-
Recognised as deferred income	(7)	(1,206)	-	-	-	-
Recognised as income	83	56	-	-	-	-
	83	56	-	-	-	-
Other grants received	271	510	271	483	-	-
Sundry income	1,752	1,066	1,774	1,105	1,154	176
	2,106	1,632	2,045	1,588	1,154	176
(c) Other expenses						
Kiwisaver employer contributions	222	161	191	159	191	27

3. Key management personnel compensation

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

	Consolidated		Association	
	12 months ended 30 Jun 2011	18 months ended 30 Jun 2010	12 months ended 30 Jun 2011	18 months ended 30 Jun 2010
	\$'000	\$'000	\$'000	\$'000
Short-term employee benefits	683	945	683	945
	683	945	683	945

4. Remuneration of auditors

	Consolidated		Association	
	12 months ended 30 Jun 2011	18 months ended 30 Jun 2010	12 months ended 30 Jun 2011	18 months ended 30 Jun 2010
	\$'000	\$'000	\$'000	\$'000
Audit of the financial statements	42	46	37	42
	42	46	37	42

The auditor of Auckland Kindergarten Association is Deloitte.

5. Current trade and other receivables

	Consolidated		Association	
	Jun 2011 \$'000	Jun 2010 \$'000	Jun 2011 \$'000	Jun 2010 \$'000
Funding receivable	977	475	618	475
Debtors	135	284	135	18
Goods and services tax (GST) receivable	468	243	468	243
Intercompany advances to subsidiary	-	-	-	277
PRT support grant receivable	79	68	66	62
	1,659	1,070	1,287	1,075

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

6. Other current assets

	Consolidated		Association	
	Jun 2011 \$'000	Jun 2010 \$'000	Jun 2011 \$'000	Jun 2010 \$'000
Prepayments	28	27	23	24
Sundry debtors	317	112	316	45
	345	139	339	69

7. Investments

	Consolidated		Association	
	Jun 2011 \$'000	Jun 2010 \$'000	Jun 2011 \$'000	Jun 2010 \$'000
Shares in subsidiary	-	-	1,900	1,620
	-	-	1,900	1,620

8. Property, plant and equipment

	Consolidated					
	Land at cost	Buildings at cost	Playgrounds at cost	Plant and equipment at cost	Capital work in progress	Total
	\$	\$	\$	\$	\$	\$
Gross carrying amount						
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
Additions	-	1,233	63	320	1,448	3,064
Disposals	-	(77)	(3)	(110)	(11)	(201)
Balance at 30 June 2011	342	15,644	2,144	4,956	1,448	24,534
Accumulated depreciation						
Balance at 1 January 2009	-	(3,068)	(1,024)	(2,867)	-	(6,959)
Disposals	-	-	-	117	-	117
Depreciation expense	-	(690)	(231)	(777)	-	(1,698)
Balance at 30 June 2010	-	(3,758)	(1,255)	(3,527)	-	(8,540)
Disposals	-	38	3	108	-	149
Depreciation expense	-	(532)	(129)	(478)	-	(1,139)
Balance at 30 June 2011	-	(4,252)	(1,381)	(3,897)	-	(9,530)
Net book value						
As at 30 June 2010	342	10,730	829	1,219	11	13,131
As at 30 June 2011	342	11,392	763	1,059	1,448	15,004
	Association					
	Land at cost	Buildings at cost	Playgrounds at cost	Plant and equipment at cost	Capital work in progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Gross carrying amount						
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
Additions	-	1,230	56	302	1,448	3,036
Disposals	-	(77)	(3)	(110)	(11)	(201)
Balance at 30 June 2011	342	11,800	2,033	4,510	1,448	20,133
Accumulated depreciation						
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)
Disposals	-	38	3	108	-	149
Depreciation expense	-	(378)	(118)	(401)	-	(897)
Balance at 30 June 2011	-	(3,769)	(1,349)	(3,641)	-	(8,759)
Net book value						
As at 30 June 2010	342	7,218	746	970	11	9,287
As at 30 June 2011	342	8,031	684	869	1,448	11,374

9. Current trade and other payables

	Consolidated		Association	
	Jun 2011 \$'000	Jun 2010 \$'000	Jun 2011 \$'000	Jun 2010 \$'000
Creditors and accruals	1,527	1,511	1,300	1,077
Employee entitlements	1,619	1,860	1,440	1,860
Goods and services tax (GST) payable	6	6	-	-
	<u>3,152</u>	<u>3,377</u>	<u>2,740</u>	<u>2,937</u>

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.

10. Deferred income

	Note	Consolidated		Association	
		2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Balance brought forward		1,966	816	-	-
Grant received	2	7	1,206	-	-
Recognised as income		(83)	(56)	-	-
Balance carried forward		<u>1,890</u>	<u>1,966</u>	<u>-</u>	<u>-</u>
Current portion		83	83	-	-
Term portion		<u>1,807</u>	<u>1,883</u>	<u>-</u>	<u>-</u>
		<u>1,890</u>	<u>1,966</u>	<u>-</u>	<u>-</u>

11. Capital expenditure commitments

	Consolidated		Association	
	Jun 2011 \$'000	Jun 2010 \$'000	Jun 2011 \$'000	Jun 2010 \$'000
Building and playground upgrades	173	490	173	425
	<u>173</u>	<u>490</u>	<u>173</u>	<u>425</u>

12. Contingent liabilities and contingent assets

There were no contingent liabilities or contingent assets as at 30 June 2011 (30 June 2010: \$nil).

13. Subsequent events

There have been no subsequent events impacting the Association.

14. 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 2011 \$'000	Jun 2010 \$'000	Jun 2011 \$'000	Jun 2010 \$'000
Minimum lease payments	465	515	445	484
	465	515	445	484

(c) Non-cancellable operating lease payments

	Consolidated		Association	
	Jun 2011 \$'000	Jun 2010 \$'000	Jun 2011 \$'000	Jun 2010 \$'000
Not longer than 1 year	376	491	363	470
Longer than 1 year and not longer than 5 years	210	537	203	517
	586	1,028	566	987

15. Subsidiaries

Name of Entity	Country of incorporation	Ownership interest and voting rights	
		2011 %	2010 %
Parent entity			
Auckland Kindergarten Association	New Zealand		
Subsidiaries			
Kindergarten NZ Limited	New Zealand	100	100

16. Related party disclosures

There were management fees of \$48,000 (2010: \$54,000) and a dividend of \$nil (2010: \$nil) paid by Kindergarten NZ Limited to Auckland Kindergarten Association for the 12 months ended 30 June 2011. The Chairperson was paid an honorarium of \$8,125 for the 12 months ended 30 June 2011 (2010: \$11,250).

Former Board member Mr Ravi Kuppan owns a controlling interest in Tarantula.net NZ Limited, which provides IT services to the Association. During the year, the Association purchased services from Tarantula.net NZ Limited totalling \$26,858 (2010 \$71,113).

One of the Kindergarten NZ Limited directors, Mr Ron Crawford owns a controlling interest in Universal Decor Limited, which provides painting services to the Association and Kindergarten NZ Limited. During the year, the Association purchased services from Universal Decor Limited totalling \$24,399 (2010 \$nil).

17. 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:

	Consolidated		Association	
	Jun 2011	Jun 2010	Jun 2011	Jun 2010
	\$'000	\$'000	\$'000	\$'000
Kindergartens	2,535	223	2,535	223
Head Office	6,278	8,532	6,278	8,532
Kindergarten NZ Limited	580	426	-	-
	<u>9,393</u>	<u>9,181</u>	<u>8,813</u>	<u>8,755</u>

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

		Consolidated		Association	
		12 months ended	18 months ended	12 months ended	18 months ended
		30 Jun 2011	30 Jun 2010	30 Jun 2011	30 Jun 2010
	Note	\$'000	\$'000	\$'000	\$'000
Profit/(loss) for the period		3,181	(584)	3,104	(761)
Loss on sale or disposal of non-current assets		40	16	40	16
Depreciation of non-current assets	8	1,139	1,698	897	1,478
Changes in net assets and liabilities:					
(Increase)/decrease in assets:					
Current receivables		(589)	(1,023)	(212)	(959)
Other current assets		(206)	102	(270)	164
Increase/(decrease) in liabilities:					
Current payables		(225)	1,100	(200)	861
Other current liabilities		-	401	-	490
Funds received in advance		-	(3,572)	-	(3,465)
Intercompany advance		-	-	(277)	200
Deferred income		(76)	1,150	-	-
Net cash inflow/(outflow) from operating activities		<u>3,264</u>	<u>(712)</u>	<u>3,082</u>	<u>(1,976)</u>

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.

18. 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:

- (i) 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 4 July 2011.

(c) Liquidity risk management

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

(d) Capital risk management

The Association manages its capital to ensure that the Association will be able to continue as a going concern.

The capital structure of the Association consists of cash and cash equivalents as disclosed in Note 17, and equity, comprising retained earnings as disclosed on the statement of changes in equity.

The Association's overall strategy remains unchanged from 2010.

There are no externally imposed capital requirements on the Association.

(e) Carrying amount

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

18. Financial instruments (cont'd)

(f) Categories of financial instruments

Consolidated at 30 June 2011				Association at 30 June 2011			
	Financial assets and liabilities at			Financial assets and liabilities at			
	Loans and receivables	amortised cost	Total	Loans and receivables	amortised cost	Total	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Assets							
Cash and cash equivalents	9,393	-	9,393	8,813	-	8,813	
Trade and other receivables	1,191	-	1,191	819	-	819	
Sundry debtors	317	-	317	316	-	316	
Total financial assets	10,901	-	10,901	9,948	-	9,948	
Total non-financial assets			15,500			13,765	
Total assets			26,401			23,713	
Liabilities							
Creditors and accruals	-	1,527	1,527	-	1,300	1,300	
Total financial liabilities	-	1,527	1,527	-	1,300	1,300	
Total non-financial liabilities			3,515			1,439	
Total liabilities			5,042			2,739	
Consolidated at 30 June 2010				Association at 30 June 2010			
	Financial assets and liabilities at			Financial assets and liabilities at			
	Loans and receivables	amortised cost	Total	Loans and 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	10,363	-	10,363	9,875	-	9,875	
Total non-financial assets			13,158			10,931	
Total assets			23,521			20,806	
Liabilities							
Creditors and accruals	-	1,511	1,511	-	1,077	1,077	
Total financial liabilities	-	1,511	1,511	-	1,077	1,077	
Total non-financial liabilities			3,832			1,860	
Total liabilities			5,343			2,937	

19. 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	-	-	Meadowbank	-	938
Anchorage Park	5,550	3,752	Milford	-	-
Aorere	5,754	-	Mission Bay	-	2,189
Avondale	9,342	7,504	Morningside	-	625
Bairds	14,866	1,876	Mt Albert	-	-
Belmont Bayswater	-	-	Mt Eden	-	-
Birdwood	6,790	-	Mt Wellington	7,303	-
Birkdale	-	1,563	Murdoch Park	9,660	-
Blockhouse Bay	-	-	New Lynn	8,242	-
Broadlands	-	625	Northbridge	-	5,941
Bucklands Beach	-	2,814	Omana	9,938	313
Colwill	4,179	-	Oranga	8,623	3,752
Constance Colegrove	-	-	Orakei	-	2,189
Dannemora	-	2,501	Oratia	-	938
Devonport	-	-	Otahuhu	19,555	5,003
Don Buck	10,302	3,752	Owairaka	13,529	1,563
Eden Epsom	-	1,563	Pakuranga	-	2,189
Ellerslie	-	-	Papatoetoe	5,300	-
Favona	13,841	-	Parnell	-	-
Flat Bush	19,277	-	Pigeon Mountain	-	2,501
Fort Richard Road	16,869	2,501	Ponsonby	-	-
Freemans Bay	-	-	Pt Chevalier	-	2,189
Glen Eden	10,134	3,439	Pt England	27,840	3,752
Glen Innes	33,096	-	Ranui	12,937	-
Glendowie	-	2,814	Rosier Road	4,205	-
Glenfield	-	-	Roskill South	6,748	-
Green Bay	-	-	Snells Beach	-	3,752
Henderson	5,805	3,752	Somerville	-	1,251
Highland Park	-	5,315	St Heliers	-	2,189
Hillsborough	3,751	6,566	Sturges Road	-	313
Idlewild	26,075	625	Summerland	-	625
Kauri Park	-	-	Sunnyvale	7,082	-
Kingsdene	41,132	-	Takapuna	-	3,752
KiNZ East Tamaki	38,751	4,377	Tamaki	3,435	8,755
KiNZ Mission Heights	-	13,445	Taupaki	-	4,690
KiNZ Myers Park	-	5,003	Te Atatu South	-	-
KiNZ Sandringham	-	3,439	Te Atatu Village	-	7,504
Kotiri	33,645	-	Titirangi	-	2,814
Lady Cobham	-	4,065	Waiheke	-	3,752
Laingholm	-	-	Waitakere	-	2,189
Lincoln North	8,815	2,189	Waterview	7,330	-
Mangawhai	-	313	Wellsford	10,050	2,501
Mangere Bridge	-	-	Wesley	19,210	2,189
Maraetai/Beachlands	-	-	Westlake Forrest Hill	-	3,752
Marlborough	-	3,439	Westmere	-	3,752
Massey	3,381	7,191	Whiteacres	-	3,752
Mayfield	10,760	-	Yendarra	20,505	5,003
McNaughton	33,626	2,814			
				557,233	193,854

For further analysis of expenditure for equity funding and PRT refer to Note 2.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AUCKLAND KINDERGARTEN ASSOCIATION

Report on the Financial Statements

We have audited the financial statements of Auckland Kindergarten Association and group on pages 7 to 25, which comprise the consolidated and separate statements of financial position as at 30 June 2011, the consolidated and separate statements of comprehensive income, statements of changes in equity and cash flow statements for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

Board's Responsibility for the Financial Statements

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

Auditor's Responsibilities

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates, as well as the overall presentation of the financial statements.

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

In addition to the audit of the financial statements, principals and employees of our firm deal with Auckland Kindergarten Association on normal terms within the ordinary course of trading activities of the business of Auckland Kindergarten Association. The firm has no other relationship with, or interest in, Auckland Kindergarten Association.

Opinion

In our opinion, the financial statements on pages 7 to 25:

- comply with generally accepted accounting practice in New Zealand; and
- present fairly, in all material respects, the financial position of Auckland Kindergarten Association and group as at 30 June 2011, and its financial performance and cash flows for the year ended on that date.



Chartered Accountants

3 October 2011

Auckland, New Zealand

This audit report relates to the financial statements of Auckland Kindergarten Association and group for the year ended 30 June 2011 included on Auckland Kindergarten Association's website. The Board Members are responsible for the maintenance and integrity of Auckland Kindergarten Association's website. We have not been engaged to report on the integrity of Auckland Kindergarten Association's website. We accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website. The audit report refers only to the financial statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements and related audit report dated 3 October 2011 to confirm the information included in the audited financial statements presented on this website. Legislation in New Zealand governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.