



**AUCKLAND
KINDERGARTEN
ASSOCIATION**

ANNUAL REPORT 2014

igniting minds
Hei Whakahihiko Hinengaro



‘KINDERGARTEN’ MEANS THE CHILDREN’S GARDEN

A MAGICAL PLACE
FOR YOUNG MINDS
BRISTLING WITH
EXCITEMENT

FULL OF IMAGINATION
AND POSSIBILITY.

At kindergarten, children are encouraged, inspired and nurtured to actively discover, experience and come to understand the world around them.

And it’s here, in the garden, where they will begin to lay the foundations for the essential skills of life, and where, as a community, individuals twinkle like stars – young minds ignited and equipped to realise their full potential.

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MISSION STATEMENT

To provide leadership in education.

VISION STATEMENT

Every Aucklander has the opportunity
to excel and realise their cultural distinctiveness
and potential in a community of learning.

VALUES

Act with integrity to educate,
empower and ensure excellence.

Enjoy what you do!

MESSAGE FROM THE CHAIRPERSON OF THE AKA BOARD

Tēnā Koutou,

The past year has seen the Auckland Kindergarten Association (AKA) reflect on its 106 year history of stewardship for kindergarten, review the current environment within which we operate high quality early childhood education, and look to the future to enhance our service to children and whānau.

In April 2013 we commissioned an extensive AKA brand awareness market research project. We found that the public perception of the AKA as an entity was relatively low. To increase the brand awareness of the 107 kindergartens operating under our umbrella, and approximately 7,500 children attending, we undertook a significant rebranding exercise and the new marque with associated imagery was launched at the Head Teacher Hui in January 2014. The awareness of our presence is now increasing and adding value to our organisation as it gains strength; igniting minds along the way into the future.

There has also been considerable thought put into defining and clarifying the work of the Participation & Engagement team that was established last year, and the direction for the future. The purpose of the team is strongly linked to the Government's Better Public Service goal to increase participation in ECE to 98% by 2016. This means we have needed to improve the way in which we engage the families of priority learners (that is, Māori, Pasifika, children from low socio-economic backgrounds and children with special needs). To achieve this we have developed both an internal and an external focus.



- Internally: supporting kindergarten teams to strengthen their responsiveness to Māori and Pasifika families
- Externally: strengthening community relationships and establishing new ways of engaging priority learners and their families (such as playgroups).

We recognise that a strong collaborative approach with the Ministry of Education (MoE) is essential to the success of the AKA in this work and we have made some significant achievements in this area:

- Establishment of the first AKA supported playgroup in partnership with Kelston Girls College: opened March 2014, achieved MOE certification May 2014
- Implementation of support programmes in 13 kindergartens, focused on strengthening bi-cultural practices. Ad hoc advice and support provided to kindergartens and KiNZ teams on request
- Two Select Committee submissions (the Vulnerable Children's Bill and the Inquiry into Engaging Parents in the Education of their Children)
- Ministry of Education contract to provide support to early childhood services under the SELO (Strengthening Early Learning Opportunities) programmes:
 1. Intensive support provided for two services
 2. Transition to School Symposium (funded by the Ministry of Education), June 2014, attended by over 150 West Auckland ECE and primary school teachers; presenters included representatives from eight kindergartens and one KiNZ centre
- High Trust Relationship Agreement between the Ministry of Education and Auckland Kindergarten Association, signed June 2014

- AKA / Ministry of Education Inclusion Professional Development was delivered to all AKA and Northern Auckland Kindergarten Association Kindergartens in May and June 2014.

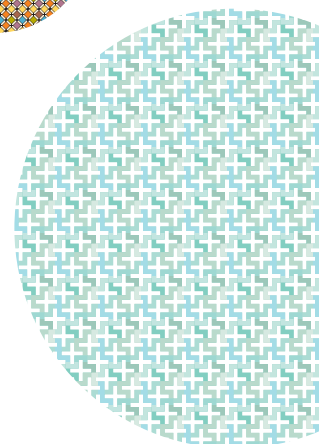
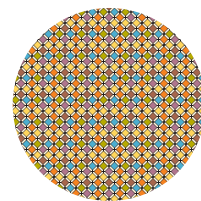
We reviewed the purpose of the Focus Groups that were established last year and they now include a representative from the kindergarten to take the lead to work collaboratively with head office on Māori education, Pasifika education, Vulnerable Children & Inclusive Practice, Quality Outcomes, ICT, Transition to School, Sustainable Organisation and Head Teacher. The groups have continued to meet and discuss collaborative initiatives between kindergartens and head office that continue to progress our mission statement over the next two years. This work also looks to achieve the objectives of the Better Public Service goals of the Government.

The commitment of our teaching teams and support staff continue to lead the way for the future of our children. From our internal survey of families we were very pleased to see that 98.91% would recommend the kindergarten to other family members or friends.

The Education Review Office affirmed the quality provided by 40 of our kindergartens by providing positive feedback during their visits as part of their three-yearly cycle. KiNZ Myers Park, Highland Park, Mangere Bridge, Massey, Waiheke, Grey Lynn and Favona Kindergartens all met the new evaluation for high quality; they will now move to a four yearly review cycle.

The operational face of the AKA has continued to change with 102 kindergartens now providing the Kindergarten Day Model (essentially 9-3pm, which offers the longer and shorter sessions with a 1:10 ratio), with a few more sessional kindergartens due to transition early next year. The trend of the last few years towards needing longer hours in our communities is continuing. We will continue to work with our communities to ensure our hours of operation meet their needs, now and into the future.

I would like to thank all the staff who work hard to make our kindergartens a positive learning environment, reinforcing the AKA's position as leaders in education. I would also like to recognise the commitment from parents and the wider AKA whānau that help make our kindergartens such a special place.





SIGNIFICANT ACHIEVEMENTS AND EVENTS FOR THE YEAR ENDING 30TH JUNE 2014

Education

- Successful Conference held in July 'Igniting minds'. Two internationally acclaimed keynote speakers Guy Claxton and Kath Murdoch alongside Professional Services Managers (PSMs) and teachers during breakout sessions. Pedagogical discussions have continued within teaching teams as a result of the conference
- Seven Kindergartens due to complete silver reflections for Enviroschools
- 90% of Head Teachers have participated in a year-long leadership symposium
- Ongoing Child Protection training for all teachers
- PSM targeted visits to teaching teams improved self-review and assessment practice
- Celebration Book showcasing excellence in education
- Trial of Storypark; e-portfolios for families
- Political lobbying position papers developed on professional development, group size and quality improvement
- Participated in the 'Festival of Education' at the Auckland Viaduct in conjunction with the MOE and Cognition Education
- Three PSM's were funded by the Joyce Barnes Trust to attend a Reggio Emilia study tour in Australia
- Teachers presented research nationally and internationally
- Education Service Manager and PSMs presented at the NZ Educational Administration and Leadership Society conference.

Property

- Implemented building designs providing for a healthy, safe and stimulating environment for children and teachers
- Sought approval from Auckland Council for a designated Planner to work with us on any consent applications
- Formed a solid relationship with the MOE in regards to Property matters
- 14 buildings have had fresh air cross ventilation and insulation installed
- 12 buildings have had acoustic absorption ceilings installed throughout the activities area which has had a significant positive effect on children's learning and wellbeing
- Over 20 buildings had complete repaints and flooring replacement to bring them up to the AKA standard ensuring clean and hygienic surfaces throughout
- Made a submission to the Auckland Unitary Plan to ensure areas affecting early childhood education were addressed
- 10 kindergarten playgrounds have been upgraded
- Reviewed and updated the Property Development and Process Guidelines for Buildings
- Reviewed and updated Contractor Health and Safety Management and Police Vetting to ensure child and staff protection
- 12 kindergarten capital projects completed which enhanced the indoor and outdoor environments for children and improved the non-teaching spaces for staff.

Finance

- Assistant Accountant focus group established to streamline and improve reporting and tasks
- Only electronic payments and remittances for accounts payable (no vendor cheques and all remittances sent via email)
- Payroll and Human Resource collaboration around system and process improvements in the payroll and human resource areas
- Full review of Grants Allocation process to reduce double handling and paper usage.

Health and Safety

- Utilisation of a Health and Safety (H&S) contractor to review the H&S manual and forms in advance of the Aug 2014 audit under the ACC Workplace Management Practices Programme; Tertiary Accreditation was retained
- Review of existing processes for managing ACC Reimbursement Programme and streamlined same for greater efficiency of reimbursement processes
- Recommendation to, and agreement by ACC to use one provider for Occupational Therapy Workplace Assessments for returning injured employees back to work. Preferred provider identified.

Human Resources

- HR team resourced and structured to meet the business needs of the organisation
- Leave Protocol reviewed and implemented
- Offers of employment reviewed and revised
- Professional Development module in Chris21 implemented and current employees position description history populated where information is available
- Significant contribution by HR Administration Support Advisors to the development of the Early Learning Information system for recording kindergarten enrolments and teacher information for funding purposes. This is a tool that was initiated by the MOE and implemented nationally
- Reinstated the Relievers Bulletin – now sent out to all relievers once per term – within the first four weeks of each term.



Marketing

- Design and printing of over 20 individual kindergarten flyers, posters and brochures. Printing 100% sponsored by Fuji Xerox
- Increased involvement in social media e.g. Facebook profile
- Participation in the annual Toddler Day Out, Baby Show, and several local community events
- Developed new sponsorship opportunities with New World and Daltons.

ICT

- To support the growing needs of the teachers and greater complexity of the ICT infrastructure, the ICT portfolio was separated into two strands: ICT Systems and ICT Education
- Development and rollout of AKA SecureNet. This brings the centres into a central network allowing us to protect and manage access to the kindergarten Wi-Fi, monitor and filter internet traffic from a centralised dashboard and enable access to Head Office servers so teachers can access required information (such as forms and guides)
- Accelerating Auckland - Digital Foundations: We have been providing support and guidance to the pilot group of south Auckland ECE centres (centre and home based) in relation to strategic planning and use of ICT in centres.

KiNZ Early Learning Centres

- Positive ERO reviews for centres, highlighting the strengths of the teachers in providing quality teaching and learning in an all-day learning centre
- Research continued between KiNZ Myers Park and Auckland University on provision of care for Under 2 year olds.

Financial Matters

The Government Budget 2014 allowed for only a slight increase in bulk funding in line with the Consumer Price Index, with an additional increase in funding given for the Kindergarten Teachers' Collective Agreement Pay Scale increase. As noted in last year's report, the additional targeted funding which impacts 40 of our kindergartens was pooled to develop and maintain the Participation & Engagement workstream.

The financial statements for the year ended 30 June 2014 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 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 "consolidation" is the combination of the Association and the 100% owned subsidiary company, Kindergarten NZ Ltd (KiNZ). 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:

\$NZ000's	2014	2013
Association Profit/(Loss)	(1,420)	1,320
Consolidated Profit/(Loss)	(760)	1,970

It is important to note that there has been significant investment in capital projects, with an additional \$2million spent this year above our normal programme of works. A further \$2million was also allocated for general improvements to the facilities and upkeep of our buildings and playgrounds. This resulted in a planned deficit in cashflow for the year, and further utilisation of Reserves has been planned for the next financial year. A full stock take of our premises has occurred, with an estimated cost in excess of \$20million still being required to bring the remaining centres up to a more modern environment. A schedule of works is currently being completed.



Board Matters

At the Annual Meeting last year the members accepted some procedural changes to the Constitution and the tenure of Board members; including a nine year maximum term and procedural matters relating to the retirement and re-election of members. The Board elected myself to the role of Chairperson and Robin Houlker as Deputy Chairperson, with thanks to Jo Hadley and Shane Hinton for the input into their respective roles. Also, during the year Ron Viviani resigned from the Board; His involvement with the AKA over the past three years was much appreciated.

I also acknowledge my fellow Board members for their contribution and continued commitment and support.

Nō reira, ngā mihi,

Simon Jones

Chairperson of the AKA Board



STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2014

\$NZ000's	Notes	Consolidated		Association	
		2014	2013	2014	2013
Revenue	2	46,266	41,997	42,566	38,358
Other income	2	1,505	2,053	1,437	1,978
		47,771	44,050	44,003	40,336
Expenses					
Staff		33,825	30,454	31,480	28,188
Professional and consultancy fees		710	527	687	483
Management administration		42	38	41	37
Property and resources		10,973	8,573	10,538	8,142
Depreciation	8	1,725	1,499	1,506	1,283
Loss / (gain) on disposal of fixed assets		4	22	4	22
Office administration		790	824	721	746
Marketing and Public relations		462	143	446	115
		48,531	42,080	45,423	39,016
(Loss) / profit for the period		(760)	1,970	(1,420)	1,320
Other comprehensive income		-	-	-	-
Total comprehensive (loss) / profit		(760)	1,970	(1,420)	1,320

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2014

\$NZ000's	Consolidated		Association	
	2014	2013	2014	2013
Opening balance	28,204	26,234	26,689	25,369
(Loss) / profit for the period	(760)	1,970	(1,420)	1,320
Total comprehensive (loss) / profit	(760)	1,970	(1,420)	1,320
Closing balance	27,444	28,204	25,269	26,689



STATEMENT OF FINANCIAL POSITION

As at 30 June 2014

\$NZ000's	Notes	Consolidated		Association	
		2014	2013	2014	2013
Current assets					
Cash and cash equivalents	17	11,229	12,598	8,409	10,569
Trade and other receivables	5	1,217	973	936	674
Other	6	122	123	84	127
Total current assets		12,568	13,694	9,429	11,370
Non-current assets					
Investments	7	-	-	1,900	1,900
Property, plant and equipment	8	21,660	19,346	18,620	16,110
Total non-current assets		21,660	19,346	20,520	18,010
Total assets		34,228	33,040	29,949	29,380
Current liabilities					
Trade and other payables	9	5,143	3,113	4,680	2,691
Deferred income	10	83	83	-	-
Total current liabilities		5,226	3,196	4,680	2,691
Non-current liabilities					
Deferred income	10	1,558	1,640	-	-
Total non-current liabilities		1,558	1,640	-	-
Total liabilities		6,784	4,836	4,680	2,691
Net assets		27,444	28,204	25,269	26,689
Equity					
Retained earnings		27,444	28,204	25,269	26,689
Total equity		27,444	28,204	25,269	26,689

On behalf of Auckland Kindergarten Association Board:



Chairperson

30 September 2014



Board Member

CASH FLOW STATEMENT

For the year ended 30 June 2014

\$NZ000's	Notes	Consolidated		Association	
		2014	2013	2014	2013
Cash flows from operating activities					
Government funding received		41,429	37,738	38,843	35,183
Interest received		820	810	686	722
Receipts from parents		3,824	3,499	2,813	2,506
Sundry income		1,695	2,229	1,743	2,230
Payments to employees		(32,996)	(30,262)	(30,679)	(28,006)
Payments to suppliers		(12,098)	(10,172)	(11,546)	(9,575)
Net cash provided by/(used in) operating activities	17(b)	2,674	3,842	1,860	3,060
Cash flows from investing activities					
Payment for property, plant and equipment		(4,045)	(4,083)	(4,020)	(4,067)
Proceeds from sale of property, plant and equipment		2	-	-	-
Intercompany advance		-	-	-	-
Net cash used in investing activities		(4,043)	(4,083)	(4,020)	(4,067)
Net (decrease)/increase in cash and cash equivalents		(1,369)	(241)	(2,160)	(1,007)
Cash and cash equivalents at the beginning of the period		12,598	12,839	10,569	11,576
Cash and cash equivalents at the end of the period	17(a)	11,229	12,598	8,409	10,569



NOTES TO THE FINANCIAL STATEMENTS

1. Summary of accounting policies

Reporting Entity

The Auckland Kindergarten Association ('AKA') was founded in 1908 and is registered as a charitable entity under the Charities Act 2005. The reporting group consists of the AKA, 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 AKA Board on 30 September 2014.

Basis of preparation

The financial statements for the group have been prepared on the basis of historical cost.

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

In the application of the Group's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

NOTES TO THE FINANCIAL STATEMENTS

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 as 'loans and receivables'.

Loans and receivables

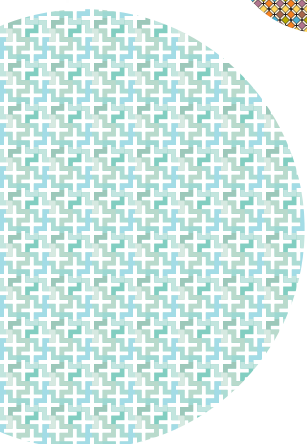
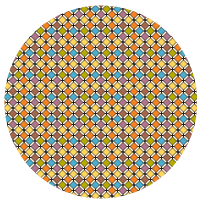
Trade and other receivables are recorded at amortised cost less impairment.

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.

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.



NOTES TO THE FINANCIAL STATEMENTS

1. Summary of accounting policies (cont'd)

(c) Revenue recognition

All income and expenses due or owing at balance date have 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 AKA 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:

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

NOTES TO THE FINANCIAL STATEMENTS

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 AKA 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 AKA 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, AKA 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.

NOTES TO THE 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 AKA obtains control and until such time as the AKA 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.

(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 AKA.



NOTES TO THE FINANCIAL STATEMENTS

1. Summary of accounting policies (cont'd)

(m) Income tax

The parent entity, AKA 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

The AKA and Group are designated as public benefit entities for financial reporting purposes. The AKA and Group have taken advantage of all reporting concessions available to them as public benefit entities.

A new Accounting Standards Framework (incorporating a Tier structure and a separate suite of accounting standards for Not for Profit PBEs) has been issued by the External Reporting Board (XRB). Under the new Framework, Tier 1 and 2 Not for Profit Entities will be required to apply full Public Benefit Entity Standards (PBE Standards). These standards are mainly based on International Public Sector Accounting Standards. The effective date for the new standards for not for profit entities is for reporting periods beginning on or after 1 April 2015. This means the AKA and Group will transition to the new standards in preparing 30 June 2016 financial statements. The AKA is in the process of assessing the implications of the new Framework.

Due to the change in the Accounting Standards Framework for PBEs, all new NZ IFRS and amendments to existing NZ IFRS will not be applicable to PBEs as the XRB has effectively frozen the financial reporting requirements for PBEs until PBEs transition to the new PBE standards. Accordingly, no disclosure has been made about new or amended NZ IFRS that exclude PBEs from their scope.



NOTES TO THE FINANCIAL STATEMENTS

2. Profit from operations

\$NZ000's	Consolidated		Association	
	2014	2013	2014	2013
(a) Revenue				
Bulk funding income	26,530	26,107	24,843	24,436
20 hours ECE funding	14,491	10,929	13,685	10,122
	41,021	37,036	38,528	34,558
Equity funding income (i)	657	623	571	545
Parent contributions:				
Donations	67	69	67	69
Fees	3,270	2,228	2,259	1,235
Optional charges	487	1,202	487	1,202
	4,481	4,122	2,813	2,506
Interest revenue:				
Cash and cash equivalents	764	839	654	749
	46,266	41,997	42,566	38,358
(i) Equity funding income				
An analysis of expenditure is as follows:				
Property	71	95	66	47
Sundry expenses	99	29	59	29
Support staff	16	13	-	-
Teaching resources	287	387	262	370
Participation and Engagement	184	99	184	99
	657	623	571	545
(b) Other income				
Government grants recognised as income	83	83	-	-
	83	83	-	-
Other grants received	264	194	264	194
Sundry income	1,158	1,776	1,173	1,784
	1,505	2,053	1,437	1,978
(c) Other expenses				
Kiwisaver employer contributions	592	351	537	318

NOTES TO THE FINANCIAL STATEMENTS

3. Key management personnel compensation

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

\$NZ000's	Consolidated		Association	
	2014	2013	2014	2013
Short-term employee benefits	915	871	915	871
	915	871	915	871

4. Remuneration of auditors

\$NZ000's	Consolidated		Association	
	2014	2013	2014	2013
Audit of the financial statements	47	46	41	40
Other assurance services	3	3	3	3
	50	49	44	43

The auditor of Auckland Kindergarten Association is Deloitte.

5. Current trade and other receivables

\$NZ000's	Consolidated		Association	
	2014	2013	2014	2013
Funding receivable	434	184	168	(88)
Debtors	118	337	103	310
Goods and services tax (GST) receivable	665	452	665	452
	1,217	973	936	674

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

6. Other current assets

\$NZ000's	Consolidated		Association	
	2014	2013	2014	2013
Prepayments	25	4	-	-
Sundry debtors	97	119	84	127
	122	123	84	127

7. Investments

\$NZ000's	Consolidated		Association	
	2014	2013	2014	2013
Shares in subsidiary	-	-	1,900	1,900
	-	-	1,900	1,900

NOTES TO THE FINANCIAL STATEMENTS

8. Property, plant and equipment

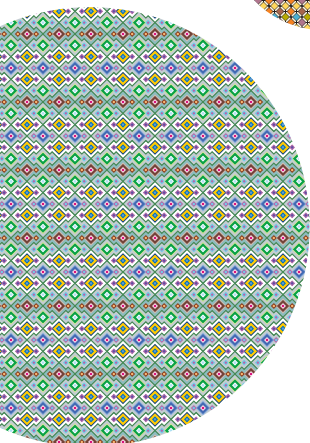
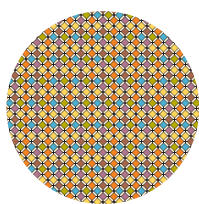
\$NZ000's	Consolidated					Total
	Land at cost	Buildings at cost	Playgrounds at cost	Plant and equipment at cost	Capital work in progress	
Gross carrying amount						
Balance at 30 June 2012	342	17,299	2,550	5,750	1,563	27,504
Additions	-	3,863	461	751	578	5,653
Disposals	-	(36)	(3)	(255)	(1,563)	(1,857)
Balance at 30 June 2013	342	21,126	3,008	6,246	578	31,300
Additions	-	2,789	345	638	853	4,625
Disposals	-	-	(11)	(426)	(578)	(1,015)
Balance at 30 June 2014	342	23,915	3,342	6,458	853	34,910
Accumulated depreciation						
Balance at 30 June 2012	-	(4,862)	(1,531)	(4,326)	-	(10,719)
Disposals	-	20	9	235	-	264
Depreciation expense	-	(694)	(185)	(620)	-	(1,499)
Balance at 30 June 2013	-	(5,536)	(1,707)	(4,711)	-	(11,954)
Disposals	-	-	4	425	-	429
Depreciation expense	-	(828)	(205)	(692)	-	(1,725)
Balance at 30 June 2014	-	(6,364)	(1,908)	(4,978)	-	(13,250)
Net book value						
As at 30 June 2013	342	15,590	1,301	1,535	578	19,346
As at 30 June 2014	342	17,551	1,434	1,480	853	21,660



NOTES TO THE FINANCIAL STATEMENTS

8. Property, plant and equipment (cont'd)

\$NZ000's	Associated					Total
	Land at cost	Buildings at cost	Playgrounds at cost	Plant and equipment at cost	Capital work in progress	
Gross carrying amount						
Balance at 30 June 2012	342	13,454	2,434	5,266	1,563	23,059
Additions	-	3,863	461	733	578	5,635
Disposals	-	(36)	(3)	(252)	(1,563)	(1,854)
Balance at 30 June 2013	342	17,281	2,892	5,747	578	26,840
Additions	-	2,783	344	620	853	4,600
Disposals	-	-	(11)	(417)	(578)	(1,006)
Balance at 30 June 2014	342	20,064	3,225	5,950	853	30,434
Accumulated depreciation						
Balance at 30 June 2012	-	(4,226)	(1,486)	(3,998)	-	(9,710)
Disposals	-	20	9	234	-	263
Depreciation expense	-	(542)	(175)	(566)	-	(1,283)
Balance at 30 June 2013	-	(4,748)	(1,652)	(4,330)	-	(10,730)
Disposals	-	-	4	418	-	422
Depreciation expense	-	(674)	(194)	(638)	-	(1,506)
Balance at 30 June 2014	-	(5,422)	(1,842)	(4,550)	-	(11,814)
Net book value						
As at 30 June 2013	342	12,533	1,240	1,417	578	16,110
As at 30 June 2014	342	14,642	1,383	1,400	853	18,620



NOTES TO THE FINANCIAL STATEMENTS

9. Current trade and other payables

\$NZ000's	Consolidated		Association	
	2014	2013	2014	2013
Creditors and accruals	2,905	1,698	2,662	1,474
Employee entitlements	2,240	1,411	2,018	1,217
Goods and services tax (GST) payable	(2)	4	-	-
	5,143	3,113	4,680	2,691

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

\$NZ000's	Consolidated		Association	
	2014	2013	2014	2013
Balance brought forward	1,724	1,807	-	-
Recognised as income	(83)	(83)	-	-
Balance carried forward	1,641	1,724	-	-
Current portion	83	83	-	-
Term portion	1,558	1,641	-	-
	1,641	1,724	-	-

11. Capital expenditure commitments

\$NZ000's	Consolidated		Association	
	2014	2013	2014	2013
Building and playground upgrades	446	2,447	446	2,447
	446	2,447	446	2,447

12. Contingent liabilities and contingent assets

There were no contingent liabilities or contingent assets as at 30 June 2014 (30 June 2013: \$nil).

13. Subsequent events

There have been no subsequent events impacting the AKA and Group.

NOTES TO THE FINANCIAL STATEMENTS

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 AKA/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

\$NZ000's	Consolidated		Association	
	2014	2013	2014	2013
Minimum lease payments	471	744	467	738
	471	744	467	738

(c) Non-cancellable operating lease payments

\$NZ000's	Consolidated		Association	
	2014	2013	2014	2013
Not longer than 1 year	269	273	267	271
Longer than 1 year and not longer than 5 years	202	471	200	467
	471	744	467	738

15. Subsidiaries

		Ownership interest and voting rights	
Name of Entity	Country of incorporation	2014 %	2013 %
Parent entity			
Auckland Kindergarten Association	New Zealand	-	-
Subsidiaries			
Kindergarten NZ Limited	New Zealand	100	100

16. Related party disclosures

There were management fees of \$60,000 (2013: \$60,000) and a dividend of \$nil (2013: \$nil) paid by Kindergarten NZ Limited to AKA for the 12 months ended 30 June 2014. The Chairperson was paid an honorarium of \$10,050 for the 12 months ended 30 June 2014 (2013: \$9,375).

A Board Member, Lee-Anne Coburn, is the partner of a company lawyer, Brian Coburn (Hesketh Henry).

The son of Glenn Mottram, Director for AKA and KiNZ, is a Director of Plum Construction Limited who is one vendor used for construction projects.

NOTES TO THE FINANCIAL STATEMENTS

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:

\$NZ000's	Consolidated		Association	
	2014	2013	2014	2013
Kindergartens	2,979	2,854	2,979	2,854
Head Office	5,430	7,715	5,430	7,715
Kindergarten NZ Limited	2,820	2,029	-	-
	11,229	12,598	8,409	10,569

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

\$NZ000's	Note	Consolidated		Association	
		2014	2013	2014	2013
(Loss)/profit for the period		(760)	1,970	(1,420)	1,320
Loss on sale or disposal of non-current assets		4	22	4	22
Depreciation of non-current assets	8	1,725	1,499	1,506	1,283
Changes in net assets and liabilities:					
(Increase)/decrease in assets:					
Current receivables		(243)	78	(262)	106
Other current assets		1	157	43	120
Increase/(decrease) in liabilities:					
Current payables		2,030	199	1,989	209
Other current liabilities		-	-	-	-
Funds received in advance		-	-	-	-
Intercompany advance		-	-	-	-
Deferred income		(83)	(83)	-	-
Net cash inflow/(outflow) from operating activities		2,674	3,842	1,860	3,060

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.

NOTES TO THE FINANCIAL STATEMENTS

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 AKA deposits matured in July 2014 (2013: deposits matured in July 2013) and Kindergarten NZ Limited deposits matured in July 2014 (2013: deposits matured between July and October 2013 and one \$100k deposit matured in January 2014).

(c) Liquidity risk management

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

(d) Capital risk management

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

The capital structure of the AKA 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 AKA's overall strategy remains unchanged from 2013.

There are no externally imposed capital requirements on the AKA.

(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.

NOTES TO THE FINANCIAL STATEMENTS

18. Financial instruments (cont'd)

(f) Categories of financial instruments

\$NZ000's	Consolidated at 30 June 2014			Association at 30 June 2014		
	Loans and receivables	Financial assets and liabilities at amortised cost	Total	Loans and receivables	Financial assets and liabilities at amortised cost	Total
Assets						
Cash and cash equivalents	11,229	-	11,229	8,409	-	8,409
Trade and other receivables	552	-	552	271	-	271
Sundry debtors	97	-	97	84	-	84
Total financial assets	11,878	-	11,878	8,764	-	8,764
Total non-financial assets	-	-	22,350	-	-	21,185
Total assets	-	-	34,228	-	-	29,949
Liabilities						
Creditors and accruals	-	2,905	2,905	-	2,662	2,662
Total financial liabilities	-	2,905	2,905	-	2,662	2,662
Total non-financial liabilities	-	-	3,879	-	-	2,018
Total liabilities	-	-	6,784	-	-	4,680

\$NZ000's	Consolidated at 30 June 2013			Association at 30 June 2013		
	Loans and receivables	Financial assets and liabilities at amortised cost	Total	Loans and receivables	Financial assets and liabilities at amortised cost	Total
Assets						
Cash and cash equivalents	12,598	-	12,598	10,569	-	10,569
Trade and other receivables	521	-	521	222	-	222
Sundry debtors	119	-	119	127	-	127
Total financial assets	13,238	-	13,238	10,918	-	10,918
Total non-financial assets	-	-	19,802	-	-	18,462
Total assets	-	-	33,040	-	-	29,380
Liabilities						
Creditors and accruals	-	1,698	1,698	-	1,474	1,474
Total financial liabilities	-	1,698	1,698	-	1,474	1,474
Total non-financial liabilities	-	-	3,138	-	-	1,217
Total liabilities	-	-	4,836	-	-	2,691

NOTES TO THE FINANCIAL STATEMENTS

19. Government funding subsidies

In accordance with Ministry of Education circular 2014/37 we report the following:

	Equity funding received \$		Equity funding received \$
Anchorage Park	5,801	McNaughton	15,706
Aorere	10,031	Mt Roskill	11,858
Avondale	9,879	Murdoch Park	8,433
Bairds	12,248	New Lynn	3,468
Birdwood	1,867	Omana	6,705
Colwill	4,163	Oranga	7,170
Don Buck	10,157	Otahuhu	13,286
Favona	12,016	Otahuhu Central	12,625
Flat Bush	19,646	Owairaka	8,898
Glen Eden	4,225	Papatoetoe	6,522
Glen Eden West	4,843	Pt England	25,212
Glen Innes	12,719	Ranui	9,091
Henderson	5,862	Roskill South	5,668
Hillsborough	3,096	St Johns	5,199
Kingsdene	22,937	Sunnyvale	5,683
KiNZ East Tamaki	85,210	Sylvia Park	9,783
Kotiri	7,396	Waterview	1,599
Lincoln North	5,122	Wellsford	2,548
Mangere West	25,908	Wesley	11,582
Massey	8,356	Yendarra	13,076
Mayfield	17,333	Participation & Engagement	183,824
			656,751

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

KiNZ East Tamaki equity funding received is:

Component A: Low social economic (\$69,692)

Component B: Special needs and non-English speaking backgrounds (\$15,518)

Equity funding received for all other services is component A: Low socio economic.

INDEPENDENT AUDITOR'S REPORT

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 8 to 26, which comprise the consolidated and separate statement of financial position as at 30 June 2014, and the consolidated and separate statement of comprehensive income, statement of changes in equity and statement of cash flows 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 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.

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 determine 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.

Our firm carries out other assignments for Auckland Kindergarten Association in the area of other assurance. In addition to the audit of the financial statements, partners 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 services have not impaired our independence 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 8 to 26 present fairly, in all material respects, the financial position of Auckland Kindergarten Association as at 30 June 2014, and its financial performance and cash flows for the year ended on that date in accordance with generally accepted accounting practice in New Zealand.



Chartered Accountants

30 September 2014

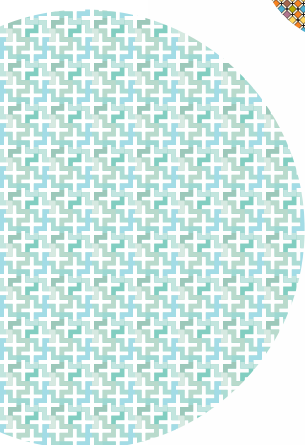
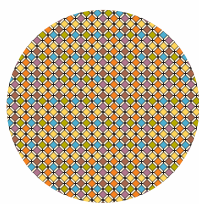
Auckland, New Zealand

This audit report relates to the financial statements of Auckland Kindergarten Association for the year ended 30 June 2014 included on Auckland Kindergarten Association's website. The Board is responsible for the maintenance and integrity of Auckland Kindergarten Association's website. We have not been engaged to report on the integrity of the 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 30 September 2014 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.

ACKNOWLEDGEMENTS 2014

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

- Auckland Airport Community Trust
- Auckland City Council
- Chenery Memorial Trust
- Community Organisation Grants Scheme (COGS)
- Duffy Books in Homes Programme
- EnviroSchools Foundation
- Four Winds Foundation
- Fresh Choice
- Fuji Xerox
- Hesketh Henry
- Infinity Foundation
- Keep Waitakere Beautiful
- Lion Foundation
- Local Community Boards
- Local Licensing Trusts
- Local Rotary Clubs
- Local RSA's
- Nautilus Foundation
- North and South Trust
- Oxford Community Trust
- Pelorus Trust
- Mt Wellington Foundation
- NZ Lottery Grants Board
- Sir John Logan Campbell Trust
- SPARC
- The June Gray Charitable Trust
- The Trusts Community Foundation Inc (TTCF)
- Trillian Trust
- Westpac Bank
- Winger Motors Ltd
- All those who fundraise to assist kindergartens.



BOARD MEMBERS

Chairperson

Simon Jones
MBA, MCom (Hons), CA
Chief Financial Officer
Aotearoa Fisheries Limited

Deputy Chairperson

Robin Houlker
MEd (Hons)
Education Consultant
Learning Expressed Limited

Shane Hinton

Dip Bus (Fin), BCom
Head of Risk & Compliance
TOWER Insurance

Lee-Anne Coburn

BA, LLB
Manager
Hearing Association (Auckland) Inc.

Jeremy Drummond

LLB
Executive Officer
SPELD NZ Inc.

Jo Hadley

Administrator

Gareth Jones

CA
Genesis Energy

Glenn Mottram

CA, JP
Company Director





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**AUCKLAND
KINDERGARTEN
ASSOCIATION**