



He Whānau Manaaki o Tararua  
Free Kindergarten Association Incorporated

***Statement of Service Performance  
and Financial Statements  
for the year ended 30 June 2023***

**He Whānau Manaaki o Tararua Free Kindergarten Association Incorporated**

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**Statement of Service Performance  
and Financial Statements  
for the year ended 30 June 2023**

**Directory**

<b>Board Members:</b>	Jessica Firmin	Appointed September 2022
	Emma McGregor	Resigned September 2022
	Genia Kohrt	
	Hayley Galo	
	Iona To'omaga-Iona	
	Joanna Young	Resigned September 2022
	Kathleen Cooper	
	Ashley Newson	Appointed September 2022
	Martin Robinson	
	Miranda Zander	
	Daniel Wark	Appointed March 2023
	Natasha Munro	Appointed March 2023
	Anna Faasolo	Appointed September 2022

**Registered Office:** Unit F  
15 John Seddon Drive  
Elsdon  
PORIRUA 5022

**Nature of Business:** Provision of Early Childhood Education services

**Charities Commission Registration Number:** CC11092

**Independent Auditor:** Grant Thornton New Zealand Audit Limited  
Grant Thornton House  
215 Lambton Quay  
WELLINGTON 6011



He Whānau Manaaki o Tararua  
Free Kindergarten Association Incorporated

**Statement of Service Performance  
for the year ended 30 June 2023**



## Statement of Service Performance for the year ended 30 June 2023

### Introduction

The reporting entity is Whānau Manaaki o Tararua Free Kindergarten Association (WMK). WMK operates 108 kindergartens and a homebased network.

WMK is an Incorporated Society with Charitable Status. As such, it is governed by an elected board and bound by a set of rules captured in our constitution. The objectives of WMK, as detailed in the constitution are:

- a. To provide quality, inclusive and accessible early childhood education environments that are warm and welcoming and where learning is fun.
- b. To establish, maintain and administer free kindergartens and other early childhood services in Aotearoa.
- c. To do all such other things as are incidental or conducive to the attainment of any of the above objects, including (but not limited to) working to improve the health and wellbeing of children enrolled with the Association, and their communities.

To give effect to these objectives, WMK has developed in consultation with our membership (parents and whānau), staff, leadership and board, Te Rautakina | Our Strategic Plan which sets out our vision, our values, and our strategic intentions to ensure those objectives are realised.

The service performance statements are aligned to the WMK Whāinga | Strategic Intentions, as the operational action-based focus of WMK planning and service delivery. The Whāinga | Strategic Intentions are:

1. Improve access for children, their parents and whānau to increasingly relevant services.
2. Improve quality and effectiveness of our relationships with our communities.
3. Innovate and continuously improve teaching and learning.
4. Strengthen our financial and organisational health
5. Strengthen our capability and capacity as a Te Tiriti o Waitangi led organisation

### Reported in reference to the Whānau Manaaki Whāinga | Strategic Intentions

#### Whāinga Tahī | Strategic Intention One

*Improve access for children, their parents and whānau to increasingly relevant services.*

- 1.1 *This whāinga is intended to support whānau to access services that increase participation of children in ECE.*
- 1.2 *The specific measure associated with this whāinga is the proportion of kindergartens that offer a diversified operational model.*

#### Proportion of kindergartens with diversified models

Current Period 2022/23	Prior Period 2021/22	Change from prior period	Expected Trend	Note
47.2%	44.1%	↑ 3.1%	Stable or Increasing Trend	1

***This statement should be read in conjunction with the notes to the statement of service performance.***

He Whānau Manaaki o Tararua Free Kindergarten Association Incorporated



## Statement of Service Performance for the year ended 30 June 2023

Reported in reference to the Whānau Manaaki Whāinga | Strategic Intentions

### Whāinga Rua | Strategic Intention Two

*Improve quality and effectiveness of our relationships with our communities.*

- 2.1 *This whāinga is intended to support active engagement with our communities through specific channels and processes.*
- 2.2 *The specific measure associated with this whāinga is the proportion of parents/whānau engaging with StoryPark (i.e. enrolment, viewing, liking or commenting on entries).*

### Proportion of parents/whānau engaging with StoryPark

Current Period 2022/23	Prior Period 2021/22	Change from prior period	Expected Trend	Note
93.4%	89.9%	↑ 3.5%	Greater than 85 percent	2

### Whāinga Toru | Strategic Intention Three

*Innovate and continuously improve teaching and learning.*

- 3.1 *This whāinga is intended to support and promote teaching and learning innovations*
- 3.2 *The specific measure associated with this whāinga is the proportion of staff who attend professional learning and development (PLD) courses.*

### Proportion of staff who attend PLD courses

Current Period 2022/23	Prior Period 2021/22	Change from prior period	Expected Trend	Note
72.0%	53.3%	↑ 18.7%	Stable or Increasing Trend	3

### Whāinga Whā | Strategic Intention Four

*Strengthen our financial and organisational health*

- 4.1 *This whāinga is intended to encourage activities that can increase our market position within the areas our services are situated.*
- 4.2 *The specific measure associated with this whāinga is the market share that Whānau Manaaki has in all regions that it operates.*

### Market share that Whānau Manaaki has in all regions where it operates

Current Period 2022/23	Prior Period 2021/22	Change from prior period	Expected Trend	Note
18.8%	17.8%	↑ 1.0%	Stable or Increasing Trend	4

***This statement should be read in conjunction with the notes to the statement of service performance.***

He Whānau Manaaki o Tararua Free Kindergarten Association Incorporated



## Statement of Service Performance for the year ended 30 June 2023

Reported in reference to the Whānau Manaaki Whāinga | Strategic Intentions

Whāinga Rima | Strategic Intention Five

*Strengthen our capability and capacity as a Te Tiriti o Waitangi led organisation*

- 5.1 *This whāinga is intended to encourage activities that result in increasing the level of te reo Māori used by our people.*
- 5.2 *The specific measure associated with this whāinga is the percentage of services using te reo Māori more than 11% of the time, as measured by the Ministry of Education.*

**Percentage of services using te reo Māori more than 11% of the time**

Current Period 2022/23	Prior Period 2021/22	Change from prior period	Expected Trend	Note
34.9%	27.4%	↑ 7.5%	Stable or Increasing Trend	5, 6

## Notes to the Statement of Service Performance for the year ended 30 June 2023

### Note 1 Diversified Services

Diversified in this context refers to any kindergarten offering full year, or full day sessions, or with some other special character. Examples of special character include where the programme is offered in a language other than english or where the kindergarten shares a location with another organisation like a community centre or marae.

### Note 2 StoryPark

StoryPark is a web based application designed specifically to share tamariki teaching and learning experiences with parents and whānau. The adult or adults named on tamariki enrolment forms are invited to StoryPark and encouraged to access their child's learning stories.

### Note 3 Professional Learning and Development

During the period most heavily impacted by the COVID-19 pandemic, WMK elected not to run our all staff conference and many third party PLD providers ceased to offer their courses. As these offerings account for a significant number of professional learning and development opportunities, there was a marked drop in the number of our people that could access what was available.

### Note 4 Market Share - Territorial Local Authority (TLAs)

Reported TLAs: Carterton, Clutha District, Horowhenua, Kapiti Coast, Lower Hutt City, Masterton, Porirua, Ruapehu, South Wairarapa, Upper Hutt City, Wellington, Whanganui.

### Note 5 Language Used - Territorial Local Authority (TLAs)

Reported TLAs: Carterton, Clutha District, Horowhenua, Kapiti Coast, Masterton, Porirua, Ruapehu, South Wairarapa, Upper Hutt City, Wellington, Whanganui.



## **Notes to the Statement of Service Performance for the year ended 30 June 2023**

### **Note 6 Language Used - Caveat**

Reported TLAs do not include Lower Hutt City as available data is not sufficiently granular to extract the two WMK kindergartens in the region. Inclusion of the Lower Hutt TLA would result in a significant over-reporting the number of services and impact the proportionality of language use.

The two omitted services do not represent a significant or material impact to the overall proportionality of the use of te reo Māori across WMK services.

All remaining TLAs capture exclusively WMK kindergartens.

### **Note 7 Prior Period Results**

Statement of Service Performance results reported for 2021/22 are unaudited.

### **Note 8 Judgements and Estimates made in Statement of Service Performance Reporting**

In preparing the Statement of Service Performance for the year ended 30 June 2023, WMK has made a number of significant judgements about what information is presented, based on an assessment of what information would be most meaningful to support the understanding of those engaging with reporting for the purpose of assessing performance against the WMK Whāinga | Strategic Intentions.

Due to the diverse nature of WMK activities, decisions about what service performance information to present were made in consultation with the Governance Board and Senior Leadership. They were chosen to ensure a meaningful focus on what is most important to our members, those areas that may have collateral impacts for funding, and where the data available was reliably collected and already retained for operational monitoring purposes.

In consultation with the Governance Board and Senior Leadership, WMK has decided not to report a broader range of performance measures, at this time, as the data are not easily available, reliable or independently verifiable.



He Whānau Manaaki o Tararua  
Free Kindergarten Association Incorporated

**Financial Statements**  
**for the year ended 30 June 2023**



He Whānau Manaaki o Tararua Free Kindergarten Association Incorporated



## Statement of Comprehensive Revenue and Expenses for the year ended 30 June 2023

	Note	Year ended 30 June 2023 \$000s	Year ended 30 June 2022 \$000s
<b>Revenue From Non-Exchange Transactions</b>			
Ministry of Education Funding	4	58,092	56,886
Donations	5	508	598
Fundraising		256	171
Grants		155	209
Gain on Acquisitions	20	2,891	0
Other Revenue		4,144	3,456
<b>Total Revenue From Non-Exchange Transactions</b>		<b>66,046</b>	<b>61,320</b>
<b>Revenue From Exchange Transactions</b>			
Fees		3,491	2,640
Other Revenue		1,200	1,078
Interest Revenue		421	44
<b>Total Revenue From Exchange Transactions</b>		<b>5,112</b>	<b>3,762</b>
<b>Total Revenue</b>		<b>71,158</b>	<b>65,082</b>
<b>Expenses</b>			
Employee Benefits	6	56,636	52,650
Kindergarten Operating	8	4,400	4,154
Head Office Operating	7	2,452	1,939
Homebased Operating	9	605	698
Property		1,219	1,115
Community Support		1,583	1,989
Depreciation		2,253	2,193
Amortisation		53	53
<b>Total Expenses</b>		<b>69,201</b>	<b>64,791</b>
<b>Total Surplus/(Deficit) for the Year</b>		<b>1,957</b>	<b>291</b>
<b>Other Comprehensive Revenue and Expenses</b>		<b>0</b>	<b>0</b>
<b>Total Comprehensive Revenue and Expenses</b>		<b>1,957</b>	<b>291</b>

*These financial statements should be read in conjunction with the notes to the financial statements.*

He Whānau Manaaki o Tararua Free Kindergarten Association Incorporated



**Statement of Changes in Net Assets  
for the year ended 30 June 2023**

	Retained Surplus \$000s	Asset Revaluation Reserve \$000s	Total Equity \$000s
Opening Balance at 1 July 2022	15,591	15,664	31,255
Surplus/(Deficit) for the Year	1,957	0	1,957
Other Comprehensive Revenue and Expenses	0	0	0
<b>Closing Equity at 30 June 2023</b>	<b><u>17,548</u></b>	<b><u>15,664</u></b>	<b><u>33,212</u></b>
Opening Balance at 1 July 2021	15,300	15,664	30,964
Surplus/(Deficit) for the Year	291	0	291
Other Comprehensive Revenue and Expenses	0	0	0
<b>Closing Equity at 30 June 2022</b>	<b><u>15,591</u></b>	<b><u>15,664</u></b>	<b><u>31,255</u></b>

*These financial statements should be read in conjunction with the notes to the financial statements.*

He Whānau Manaaki o Tararua Free Kindergarten Association Incorporated



## Statement of Financial Position as at 30 June 2023

	Note	As at 30 June 2023 \$000s	As at 30 June 2022 \$000s
<b>Current Assets</b>			
Cash and Cash Equivalents	10	5,778	5,922
Receivables from Exchange Transactions	11	758	395
Receivables from Non-Exchange Transactions	11	1,973	342
<b>Total Current Assets</b>		<b>8,509</b>	<b>6,659</b>
<b>Non-Current Assets</b>			
Property, Plant and Equipment	12	30,091	27,779
Finance Lease Asset	16	1,164	1,216
Work in Progress		46	122
<b>Total Non-Current Assets</b>		<b>31,301</b>	<b>29,117</b>
<b>Total Assets</b>		<b>39,810</b>	<b>35,776</b>
<b>Current Liabilities</b>			
Employee Entitlements	14	4,800	2,660
Trade and Other Payables	13	365	348
Revenue in Advance		1,405	1,513
Other Liabilities		28	0
<b>Total Current Liabilities</b>		<b>6,598</b>	<b>4,521</b>
<b>Net Assets</b>		<b>33,212</b>	<b>31,255</b>
<b>Equity</b>			
Retained Surplus		17,548	15,591
Asset Revaluation Reserve		15,664	15,664
<b>Total Equity</b>		<b>33,212</b>	<b>31,255</b>

Signed as approved on behalf of the Board of He Whānau Manaaki o Tararua Free Kindergarten Association Incorporated

Martin Robinson

**Chair**

9 August 2023

Amanda Coulston

**Chief Executive**

9 August 2023

*These financial statements should be read in conjunction with the notes to the financial statements.*

He Whānau Manaaki o Tararua Free Kindergarten Association Incorporated



## Statement of Cash Flow for the year ended 30 June 2023

		Year ended 30 June 2023	Year ended 30 June 2022
	Note	\$000s	\$000s
<b>Cash Flow From Operating Activities</b>			
Ministry of Education Funding		64,760	65,792
Other Receipts		10,611	10,462
Interest Receipts		421	44
Employee Benefit Payments		(54,680)	(52,051)
Supplier Payments		(20,026)	(19,366)
<b>Net Cash Flow From Operating Activities</b>	<b>22.1</b>	<b><u>1,086</u></b>	<b><u>4,881</u></b>
<b>Cash Flow From Investing Activities</b>			
Cash Acquired	20	1,135	0
Sale of Property, Plant & Equipment		16	0
Payment for Property, Plant & Equipment		(2,381)	(1,408)
<b>Net Cash Flow From Investing Activities</b>		<b><u>(1,230)</u></b>	<b><u>(1,408)</u></b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>		<b><u>(144)</u></b>	<b><u>3,473</u></b>
Cash and Cash Equivalents at the Start of the Year		5,922	2,449
Net Increase/(Decrease) in Cash and Cash Equivalents		(144)	3,473
<b>Cash and Cash Equivalents at the End of the Year</b>	<b>10</b>	<b><u>5,778</u></b>	<b><u>5,922</u></b>

*These financial statements should be read in conjunction with the notes to the financial statements.*



## Notes to the Financial Statements for the year ended 30 June 2023

### Note 1 Reporting Entity

The reporting entity is He Whānau Manaaki o Tararua Free Kindergarten Association Incorporated ("WMK"). WMK is domiciled in New Zealand and is a charitable organisation registered under the Charities Act 2015. WMK was incorporated under the Incorporated Societies Act 1908 on 21 August 1984.

The financial statements of WMK are presented for the year ended 30 June 2023.

The reporting entity consists of the WMK Offices and its constituent kindergartens and the principle activity of WMK is the provision of Early Childhood Education. The financial statements have been prepared on the assumption that WMK is a going concern. They have been approved and were authorised for issue by the Board on 9 August 2023.

### Note 2 Basis of Preparation

The financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ("NZ GAAP"). They comply with Public Benefit Entity International Public Sector Accounting Standards ("PBE IPSAS") and other applicable financial reporting standards issued by the New Zealand Accounting Standards Board for Not-For-Profit entities. For the purpose of complying with NZ GAAP WMK is a public benefit not-for-profit entity and is applying Tier 1 Not-For-Profit PBE IPSAS as it has expenditure of more than \$30 million. The Board has elected to report and is compliant with Tier 1 Not-For-Profit PBE IPSAS Standards.

### Note 3 Summary of Accounting Policies

The significant accounting policies used in the preparation of these financial statements as set out below have been applied consistently to both years presented in these financial statements.

#### 3.1 Basis of Measurement

The financial statements have been prepared on the historical cost basis, except for assets and liabilities acquired through business combinations which have been recorded at fair value.

#### 3.2 Functional and Presentation Currency

The financial statements are presented in New Zealand dollars which is WMK's functional currency. All financial information presented in New Zealand dollars has been rounded to the nearest thousand dollars.

#### 3.3 Use of Judgements and Estimates

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of WMK's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Information about judgements and estimates that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

Note 3.7	Financial Assets - Allowance for doubtful debts
Note 3.9	Property, Plant and Equipment - Depreciation
Note 20	Acquisitions - Fair value of assets and liabilities



## Notes to the Financial Statements for the year ended 30 June 2023

### Note 3 Summary of Accounting Policies (continued)

#### 3.4 Business Combinations

WMK accounts for business combinations using the acquisition method when control is transferred to WMK. The acquisition method involves recognising at acquisition date the identifiable assets acquired and the liabilities assumed. The consideration transferred at the acquisition is measured at fair value, as are the identifiable net assets acquired. Any gain on acquisition is recognised in the surplus immediately and any transaction costs are expensed as incurred.

#### 3.5 Revenue

Revenue is recognised to the extent that it is probable that the economic benefit will flow to WMK and revenue can be reliably measured. Revenue is measured at the fair value of the consideration received. The following specific recognition criteria must be met before revenue is recognised.

#### Revenue from non-exchange transactions

##### *Ministry of Education Funding*

Ministry of Education Funding received for Kindergarten, Homebased or Playgroup services is recognised as earned by reference to actual enrolled child hours. Other funding received from the Ministry of Education is recognised as received except where "use or return" conditions are attached in which case a liability is recognised and extinguished to revenue when the conditions are met.

##### *Donations and Fundraising*

Donations and Fundraising are recognised as revenue on receipt as this is when the revenue is reliably measurable. Due to the difficulty in reliably determining the value of services donated by kindergarten volunteers, donated services are not recognised in these financial statements.

##### *Grants*

Grant revenue includes grants given by other charitable organisations, philanthropic organisations and businesses. Grant revenue is recognised when the conditions attached to a grant have been complied with. Where there are unfulfilled conditions attached to the grant, the amount relating to the unfulfilled condition is recognised as a liability and released to revenue as the conditions are fulfilled. In the case where there is no return obligation specified the grant is recognised as revenue.

#### Revenue from exchange transactions

##### *Fees*

WMK provides Early Childcare Services for children over and above the 20 free hours provided by the Government. In this instance an additional fee is charged at an hourly rate. Fee revenue of this nature is recognised as incurred by reference to actual enrolled child hours.

##### *Interest*

Interest revenue is recognised as it accrues, using the effective interest rate method.



## Notes to the Financial Statements for the year ended 30 June 2023

### Note 3 Summary of Accounting Policies (continued)

#### 3.6 Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and cash in bank accounts with entities where there is an insignificant risk of changes in value.

#### 3.7 Financial Assets

WMK's financial assets include Cash and Cash Equivalents, Fee Receivables, Ministry of Education Funding Receivables and Trade and Other Receivables. Classification and measurement of WMK's financial assets has been determined by applying the sole payments of interest and principle ('SPPI') test and the business model test.

All WMK financial assets are classified as 'amortised cost' because the cashflows WMK is entitled to receive are limited to the agreed receivable amount. WMK does not have any financial assets classified as 'fair value through surplus or deficit' or 'fair value through comprehensive revenue and expenses'.

All receivables are initially recognised at the invoiced amount, or the amount entitled to be received under the relevant contract agreements and then this value is reduced by any allowance for doubtful debts. The level of doubtful debt allowance is based on expected credit losses which management determines with reference to past due dates. Receivables are considered doubtful when they become 60 days past due and any losses arising when a financial asset is derecognised is immediately recorded in the statement of comprehensive revenue and income.

#### 3.8 Impairment of Financial Assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. If there is objective evidence that a financial asset or group of financial assets is impaired then any impairment losses are recognised in the surplus or deficit within the statement of comprehensive revenue and expenses. In the case where impairment losses are considered to have reversed, the amount of the reversal is recognised in the statement of comprehensive revenue and expenses, but only to the extent that impairment losses have been recorded in prior reporting periods.

#### 3.9 Property, Plant and Equipment

Property, Plant and Equipment is reflected at modified historical cost less accumulated depreciation and impairment losses. Land, Buildings and Fitouts are carried at modified historical cost having previously been revalued by an independent valuer, last valued in 2005.

The cost of an item of Property, Plant and Equipment is recognised as an asset if it is probable that future economic benefits or service potential associated with the item will flow to WMK and the cost of the item can be measured reliably. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value at the date of acquisition.

Gains or losses on disposal of Property, Plant and Equipment (as determined by comparing proceeds of disposal with the carrying value of the asset) are recorded in the statement of comprehensive revenue and expenses. When revalued assets are sold, the amounts included in revaluation reserves in respect of those assets are transferred to retained earnings.



## Notes to the Financial Statements for the year ended 30 June 2023

### Note 3 Summary of Accounting Policies (continued)

#### 3.9 Property, Plant and Equipment (continued)

Depreciation is provided on all Property, Plant and Equipment with the exception of Land. Depreciation is provided on a straight line basis so as to write off the cost of an asset, less any expected residual value, over its useful life. The following straight line depreciation rates have been applied to Property, Plant and Equipment:

Buildings and Fitouts	2% to 8%
Motor Vehicles	22%
Office Equipment	3% to 19%
Computer Equipment	36%
Play Equipment	12% to 24%

The estimated useful lives and residual values of Property, Plant and Equipment, as well as depreciation rates, are reviewed at the end of each reporting period.

#### 3.10 Asset Revaluation Reserve

The asset revaluation reserve was created when revaluations were last performed in 2005. It then increased with the addition of the asset revaluation reserve from the Rimutaka Kindergarten Association when the merger with Wellington Region Free Kindergarten Association occurred in 2014. On transition to PBE IPSAS, WMK elected to transition to a "deemed cost" basis of accounting for Land and Buildings. The asset revaluation reserve will be extinguished on disposal or retirement of the relevant assets and its use is not restricted. It may be used for any purposes intended by the Association.

#### 3.11 Impairment of Property, Plant and Equipment

Property, Plant and Equipment are assessed for indicators of impairment at the end of each reporting period. If there is objective evidence that these assets are impaired then any impairment losses are recognised in the statement of comprehensive revenue and expenses. In the case where impairment losses are considered to have reversed the amount of the reversal is recognised in the statement of comprehensive revenue and expenses, but only to the extent that impairment losses have been recorded in prior reporting periods.

#### 3.12 Financial Liabilities

Financial liabilities of WMK include Trade and Other Payables and Revenue in Advance.

Financial liabilities are recognised when WMK becomes a party to the contractual arrangements of the instrument and are measured at amortised cost. Financial liabilities are initially recognised at the invoiced amount or the amount entitled to be paid under the relevant contract agreements.

All interest related charges are recognised as finance expenses in the statement of comprehensive revenue and expenses.





## **Notes to the Financial Statements for the year ended 30 June 2023**

### **Note 3 Summary of Accounting Policies (continued)**

#### **3.13 Employee Entitlements**

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

Provisions made in respect of employee benefits are recorded at nominal values. The value of provisions recognised reflect accrued entitlements at balance date calculated at the prevailing rates of pay.

#### **3.14 Income Tax**

WMK is a registered Charitable Trust. Inland Revenue has determined that WMK is exempt from paying Income Tax.

#### **3.15 Goods and Service Tax (GST)**

All items in the financial statements are recorded exclusive of GST, except for Receivables and Trade Payables which are recorded as inclusive of GST.

#### **3.16 Changes In Accounting Policy**

There have been no changes in accounting policy since the prior period.

### **New standards, amendments and interpretations that effective for the first time**

The following standards have been applied for the first time in these financial statements

#### *PBE FRS 48 - Service Performance Reporting*

PBE FRS 48 establishes requirements for Tier 1 and Tier 2 public benefit entities to present service performance information. It was issued by the XRB in 2017 and is required to be applied from accounting periods beginning on or after 1 January 2022.

#### *PBE IPSAS 41 - Financial Instruments*

This standard establishes new requirements for the recognition, measurement, presentation, and disclosure of financial assets and financial liabilities. This standard was issued by the XRB in 2018 and is required to be applied from accounting periods beginning on or after 1 January 2022. There has been no material impact to WMK as a result of this new standard.

He Whānau Manaaki o Tararua Free Kindergarten Association Incorporated



**Notes to the Financial Statements  
for the year ended 30 June 2023**

	Year ended 30 June 2023	Year ended 30 June 2022
	\$000s	\$000s
<b>Note 4 Ministry of Education Funding</b>		
Kindergarten Bulk Funding	55,430	54,093
Equity Funding	1,137	1,113
Homebased Funding	964	1,094
Targeted Funding For Disadvantage	303	298
Engaging Priority Families Funding	258	258
Playgroup Funding	0	30
	<u>58,092</u>	<u>56,886</u>
<b>Note 5 Donations</b>		
Whānau Contributions	464	494
Other Donations	44	104
	<u>508</u>	<u>598</u>
<b>Note 6 Employee Benefits</b>		
Employee Salaries	54,617	50,379
Kiwisaver and GSF Employer Contributions	1,339	1,264
Other Employee Expenses	323	281
ACC Levies	303	254
Movement in Annual and Long Service Leave Liabilities	54	472
	<u>56,636</u>	<u>52,650</u>
<b>Note 7 Head Office Operating</b>		
Information Technology	853	750
Administration	561	540
Professional Development	510	109
Communication, Marketing & Community Events	237	50
Finance and Legal	173	143
Auditor Remuneration - Statutory Audit Only	54	40
Board Remuneration	41	40
Strategy and Relationships	0	101
Other Head Office Operating	23	166
	<u>2,452</u>	<u>1,939</u>

The auditor of He Whānau Manaaki o Tararua Free Kindergarten Association Incorporated is Grant Thornton.

He Whānau Manaaki o Tararua Free Kindergarten Association Incorporated



**Notes to the Financial Statements  
for the year ended 30 June 2023**

	Note	Year ended 30 June 2023 \$000s	Year ended 30 June 2022 \$000s
<b>Note 8 Kindergarten Operating</b>			
Cleaning and Waste		1,666	1,560
Resources and Equipment		849	855
Rent and Utilities		689	609
Insurance		322	341
Administration		258	227
Children's Activities		213	152
Fundraising Expenses		74	71
Other Kindergarten Operating Expenses		329	339
		<b>4,400</b>	<b>4,154</b>
<b>Note 9 Homebased Operating</b>			
Payments to Educators		419	481
Transport		98	103
Administration		82	100
Property and Equipment		3	8
Educator Training		3	6
		<b>605</b>	<b>698</b>
<b>Note 10 Cash and Cash Equivalents</b>			
Bank accounts and cash on hand		5,778	5,922
		<b>5,778</b>	<b>5,922</b>
<b>Represented By</b>			
Unrestricted Cash Balances		3,351	3,562
Ringfenced Kindergarten Fund Balances	<b>22.2</b>	2,427	2,360
		<b>5,778</b>	<b>5,922</b>
<b>Note 11 Receivables</b>			
<b>Receivables from Exchange Transactions</b>			
Fee Receivables		309	192
GST Receivable		449	203
		<b>758</b>	<b>395</b>
<b>Receivables from Non-Exchange Transactions</b>			
Ministry of Education Funding Receivable		1,756	187
Trade and Other Receivables		217	155
		<b>1,973</b>	<b>342</b>

Receivables are non-interest bearing and are normally settled on 30 day terms, therefore, the carrying value of receivables approximate their fair value.

## He Whānau Manaaki o Tararua Free Kindergarten Association Incorporated



## Notes to the Financial Statements for the year ended 30 June 2023

### Note 12 Property, Plant and Equipment

	Land \$000s	Buildings and Fitouts \$000s	Motor Vehicles \$000s	Office Equipment \$000s	Computer Equipment \$000s	Play Equipment \$000s	Total \$000s
<b>As at 30 June 2023</b>							
<b>At Cost or Valuation</b>							
Balance at 1 July 2022	5,544	33,965	760	1,351	1,447	3,291	46,358
Acquired Assets	39	2,248	0	35	13	98	2,433
Additions	0	810	418	58	287	576	2,149
Disposals	0	(11)	(33)	(4)	(371)	0	(419)
<b>Balance at 30 June 2023</b>	<b>5,583</b>	<b>37,012</b>	<b>1,145</b>	<b>1,440</b>	<b>1,376</b>	<b>3,965</b>	<b>50,521</b>
<b>Accumulated Depreciation</b>							
Balance at 1 July 2022		13,477	653	1,022	1,087	2,340	18,579
Depreciation Expense		1,290	88	121	275	478	2,253
Recovered on Disposals		(6)	(30)	(3)	(363)	0	(402)
<b>Balance at 30 June 2023</b>		<b>14,761</b>	<b>711</b>	<b>1,140</b>	<b>999</b>	<b>2,818</b>	<b>20,430</b>
<b>Net Book Value</b>							
Balance at 1 July 2022	5,544	20,488	107	329	360	951	27,779
<b>Balance at 30 June 2023</b>	<b>5,583</b>	<b>22,251</b>	<b>434</b>	<b>300</b>	<b>377</b>	<b>1,147</b>	<b>30,091</b>
<b>As at 30 June 2022</b>							
	Land \$000s	Buildings and Fitouts \$000s	Motor Vehicles \$000s	Office Equipment \$000s	Computer Equipment \$000s	Play Equipment \$000s	Total \$000s
<b>As at 30 June 2022</b>							
<b>At Cost or Valuation</b>							
Balance at 1 July 2021	5,544	33,673	719	1,253	1,357	2,893	45,439
Additions	0	300	46	106	315	398	1,165
Disposals	0	(8)	(5)	(8)	(225)	0	(246)
<b>Balance at 30 June 2022</b>	<b>5,544</b>	<b>33,965</b>	<b>760</b>	<b>1,351</b>	<b>1,447</b>	<b>3,291</b>	<b>46,358</b>
<b>Accumulated Depreciation</b>							
Balance at 1 July 2021		12,200	535	914	1,046	1,924	16,619
Depreciation Expense		1,283	120	114	260	416	2,193
Recovered on Disposals		(6)	(2)	(6)	(219)	0	(233)
<b>Balance at 30 June 2022</b>		<b>13,477</b>	<b>653</b>	<b>1,022</b>	<b>1,087</b>	<b>2,340</b>	<b>18,579</b>
<b>Net Book Value</b>							
Balance at 1 July 2021	5,544	21,473	184	339	311	969	28,820
<b>Balance at 30 June 2022</b>	<b>5,544</b>	<b>20,488</b>	<b>107</b>	<b>329</b>	<b>360</b>	<b>951</b>	<b>27,779</b>

**He Whānau Manaaki o Tararua Free Kindergarten Association Incorporated**

**Notes to the Financial Statements  
for the year ended 30 June 2023**

	As at 30 June 2023 \$000s	As at 30 June 2022 \$000s
<b>Note 13 Trade and Other Payables</b>		
Trade Payables	183	194
Accrued Expenses	<u>182</u>	<u>154</u>
	<b><u>365</u></b>	<b><u>348</u></b>

Trade and other payables are non-interest bearing and are normally settled on 30 day terms, therefore, the carrying value of trade and other payables approximate their fair value.

**Note 14 Employee Entitlements**

Annual Leave Entitlements	2,363	2,219
Accrued Employee Salary Expenses	<u>2,437</u>	<u>441</u>
	<b><u>4,800</u></b>	<b><u>2,660</u></b>

All employee entitlements are current and short-term in nature.

**Note 15 Contingent Liabilities and Contingent Assets**

There were no contingent liabilities or contingent assets at 30 June 2023 (30 June 2022: \$Nil).

**Note 16 Finance Lease Asset - Johnsonville (Waitohi) Kindergarten**

In 2017 WMK entered into an agreement with the Wellington City Council ("WCC") to sell Johnsonville Kindergarten at 6 Wanaka Street in exchange for a 25 year "rent free" lease on a new kindergarten in the Johnsonville Library complex. Settlement of the transaction occurred on commencement of the lease on 5 August 2019.

Accounting for the transaction involved the derecognition of WMK's 6 Wanaka Street property (and related asset revaluation reserve) and recognition of a "right to lease" asset in accordance with PBE IPSAS 17 Property, Plant and Equipment and PBE IPSAS 13 Leases. The Finance Lease Asset is being depreciated on a straight-line over 25 years (the lease term) and it's value in the Financial Statements is:

Right of Use Asset at Fair Value (present value of minimum lease payments)	1,322	1,322
Accumulated Amortisation	<u>(158)</u>	<u>(106)</u>
<b>Finance Lease Asset</b>	<b><u>1,164</u></b>	<b><u>1,216</u></b>

**Note 17 Leases**
**17.1 Leasing Arrangements**

Most operating leases relate to office and kindergarten land and buildings with remaining lease terms of between 1 and 18 years. These lease agreements require WMK to pay contractual annual rent. Contingent rent is payable in relation to seven land leases WMK hold with the Wellington City Council. Rent for these leases are based on 1% of per annum kindergarten income. The amount of rent reflected in the Statement of Financial Performance for these leases is the contingent rent amount paid in the period.

He Whānau Manaaki o Tararua Free Kindergarten Association Incorporated



**Notes to the Financial Statements  
for the year ended 30 June 2023**

	As at 30 June 2023 \$000s	As at 30 June 2022 \$000s
<b>Note 17 Leases (continued)</b>		
<b>17.2 Operating Lease Rental Expenses</b>		
Operating Lease Rental Expense for the Period	344	350
	<b>344</b>	<b>350</b>

**17.3 Non-Cancellable Operating Lease Payments**

The future aggregate minimum lease payments to be made under non-cancellable operating lease payments are as follows:

Not Longer Than 1 Year	310	374
Longer Than 1 Year and Not Longer Than 5 Years	308	529
Longer Than 5 Years	46	71
	<b>664</b>	<b>974</b>

**Note 18 Related Party Transactions**

**18.1 Key Management Personnel**

Key management personnel, as defined by PBE IPSAS 20 Related Party Disclosures are the members of the Board and the Senior Leadership Team. The aggregate remuneration of key management personnel and the number of individuals, determined on a full-time equivalent basis, receiving remuneration is as follows:

**Board**

Total Remuneration	35	28
Number of Persons	13	12

**Senior Leadership Team**

Total Remuneration	892	788
Number of Persons	5	5

**18.2 Remuneration and Compensation Provided to Close Family Members of Key Management Personnel**

During the reporting period, total remuneration and compensation of \$903,543 (2022: \$802,933) was provided by WMK to employees who are close family members of key management personnel.

**Note 19 Financial Instruments**

**Financial Assets Measured at Amortised Cost**

Cash and Cash Equivalents	5,778	5,922
Receivables from Exchange Transactions	758	395
Receivables from Non-Exchange Transactions	1,973	342

**Financial Liabilities Measured at Amortised Cost**

Trade and Other Payables	365	348
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All financial instruments to which WMK is a party are recognised in the financial statements.



## Notes to the Financial Statements for the year ended 30 June 2023

### Note 19 Financial Instruments (continued)

WMK has policies in place to manage the risks associated with financial instruments. As an organisation WMK is risk adverse and seeks to minimise its exposure to financial instrument risk. There are no changes from the previous year in how WMK manages its credit risk, interest rate risk, liquidity risk and currency risk.

#### 19.1 Credit Risk Management

In the normal course of business WMK incurs credit risk from trade and other receivables and transactions with banking institutions. WMK manages its exposure to credit risk by holding cash and cash equivalents with New Zealand registered banking institutions and maintaining credit control procedures over trade and other receivables.

WMK has no significant concentrations of credit risk, other than all its operations are undertaken in the Wellington, Wairarapa, Whanganui and Central Plateau. The maximum exposure at balance date is equal to the total amount of cash and cash equivalents and trade and other receivables disclosed in the Statement of Financial Position. WMK 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.

#### 19.2 Interest Rate Risk Management

WMK is exposed to interest rate risk on cash and cash equivalents held at fixed interest rates. WMK is not exposed to significant fair value or cash flow risks due to the organisations minimal use of fixed interest investments. A sensitivity analysis has not been performed on cash and cash equivalent interest received. As an organisation WMK has limited reliance on interest revenue to fund its activities and therefore movement would be immaterial.

#### 19.3 Currency Risk Management

WMK manages its risk to foreign exchange rates by not entering into significant foreign currency transactions in the normal course of business.

#### 19.4 Liquidity Risk Management

WMK manages its exposure to liquidity risk by maintaining sufficient cash levels to meet operating and capital commitments as they fall due, as well as keeping credit lines from registered New Zealand banking institutions available. WMK uses robust cash flow forecasting techniques to identify and monitor future liquidity risk.

WMK relies heavily on revenue provided by the Government to fund its operations. It is inherently exposed to liquidity risk through changes in Government policy that impact funds available to the Early Childhood Education Sector.

#### 19.5 Carrying Amount

The carrying amount of financial assets and financial liabilities recorded in the financial statements approximate their fair value.

#### 19.6 Capital Management

WMK's capital is significantly affected by changes in Early Childhood Education funding rates. The Board manages WMK's exposure to changes in Government funding by maintaining adequate liquidity within the organisation, closely monitoring costs, and maintaining a focus on developing other sources of revenue. The impact of funding rate changes or strategic decisions on forecast capital are assessed monthly using cashflow and capital modelling tools.



## Notes to the Financial Statements for the year ended 30 June 2023

### Note 20 Acquisitions

During the year members of Mount Cook Preschool Incorporated ("MCP") and South Otago Free Kindergarten Association Incorporated ("SOKA") resolved to transfer the operations of their services to WMK. The WMK Board ratified these decisions meaning that on agreed dates both MCP and SOKA would transfer all their assets, liabilities and contractual obligations to WMK for a nominal value of \$1.

The effective date of the MCP transfer was 1 November 2022 and the effective date of the SOKA transfer was 3 April 2023. These merger transactions have been recorded in the financial statements presented and the impact of these transactions in the Statement of Financial Position and the Statement of Comprehensive Revenue and Expenses is as follows:

	MCP 1 Nov 2022 \$000s	SOKA 3 Apr 2023 \$000s	Total \$000s
<b>Current Assets</b>			
Cash and Cash Equivalents	47	1,088	1,135
Receivables from Exchange Transactions	3	23	26
Receivables from Non-Exchange Transactions	26	3	29
<b>Total Current Assets</b>	<b>76</b>	<b>1,114</b>	<b>1,190</b>
<b>Non-Current Assets</b>			
Property, Plant and Equipment	382	2,051	2,433
<b>Total Non-Current Assets</b>	<b>382</b>	<b>2,051</b>	<b>2,433</b>
<b>Total Assets</b>	<b>458</b>	<b>3,165</b>	<b>3,623</b>
<b>Current Liabilities</b>			
Employee Entitlements	0	90	90
Trade and Other Payables	2	134	136
Revenue in Advance	0	506	506
<b>Total Current Liabilities</b>	<b>2</b>	<b>730</b>	<b>732</b>
<b>Net Assets/Gain on Acquisitions</b>	<b>456</b>	<b>2,435</b>	<b>2,891</b>

Property, Plant and Equipment has been transferred to WMK at fair value. This was determined by registered valuers from TrueBridge Partners Limited and Telfer Young (from CBRE) at the date of transfer. The carrying value of all other assets and liabilities were deemed as fair value at the transfer date. Depreciation on Property, Plant and Equipment has been calculated in line with depreciation policies set out in Note 3.9.



He Whānau Manaaki o Tararua Free Kindergarten Association Incorporated



**Notes to the Financial Statements  
for the year ended 30 June 2023**

Year ended 30 June 2023	Year ended 30 June 2022
\$000s	\$000s

**Note 21 Segment Reporting**

The primary function of WMK is the provision of Early Childhood Education services in New Zealand. It does not operate in any other segment.

**Note 22 Additional Cash Flow Statement Information**

**22.1 Reconciliation of Comprehensive Revenue and Expenses to Net Cash Flow From Operating Activities**

<b>Total Comprehensive Revenue and Expenses</b>	<b>1,957</b>	<b>291</b>
<b>(Increase)/Decrease in Current Assets</b>		
Receivables	(1,994)	129
<b>Increase/(Decrease) in Current Liabilities</b>		
Employee Entitlements	2,140	679
Trade and Other Payables	17	(90)
Revenue in Advance	(108)	1,452
Other Liabilities	28	(10)
<b>GST on Investing Activities</b>	308	184
<b>Adjustment for Non Cash Items</b>		
Depreciation	2,253	2,193
Amortisation	53	53
Acquired Current Assets	55	0
Acquired Current Liabilities	(732)	0
Gain on Acquisitions	(2,891)	0
<b>Net Cash Flow from Operating Activities</b>	<b>1,086</b>	<b>4,881</b>



## Notes to the Financial Statements for the year ended 30 June 2023

### Note 22 Additional Cash Flow Statement Information (continued)

#### 22.2 Restrictions on Cash and Cash Equivalents (continued)

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

WMK maintains a record of funds ringfenced for specific kindergarten use. These funds include amounts donated and fundraised by communities for a specific kindergarten and purpose (kindergarten funds) as well as equity funding income allocated specifically for the use of an individual kindergarten. While ultimately these funds will be used for the benefit of the respective kindergarten there is no specific timeframe or obligation upon WMK to spend these funds. The following information provides details of ringfenced kindergarten funds at 30 June 2023:

	Kindergarten Funds	Targeted Funds	Grant Funds	Equity Funds	Total Funds
Kindergarten	\$	\$	\$	\$	\$
Adventure	10,974	0	671	0	11,645
Aramoho	1,817	4,875	0	15,416	22,108
Arohanui	12,035	2,535	724	4,075	19,369
Ascot Park	15,629	20,985	1,000	12,737	50,351
Awatea	8,717	8,143	500	17,712	35,072
Balclutha	9,977	0	0	280	10,257
Barsanti	2,686	9,543	0	9,242	21,471
Bellevue	30,320	0	572	0	30,892
Berhampore	6,269	12,319	1,000	0	19,588
Betty Montford	20,614	11,823	680	4,007	37,124
Birchville	32,878	0	33	0	32,911
Brian Webb	558	0	576	0	1,134
Brooklyn	19,810	0	7,781	0	27,591
Brown Owl	777	415	124	6,290	7,606
Campbell	27,970	0	316	0	28,286
Carterton	15,127	1,325	4,311	0	20,763
Central	4,161	1,613	264	16,992	23,030
Churton Park	8,743	0	641	0	9,384
Cottle	8,501	512	42	0	9,055
Discovery	41,549	0	500	0	42,049
Doris Nicholson	14,077	5,449	968	0	20,494
Durie Hill	5,073	1,159	0	0	6,232
East Harbour	5,351	0	1,911	0	7,262
Fanau Pasifika	20,929	14,869	500	60,375	96,673
Goldfields	10,130	0	500	280	10,910
Gonville	16,530	7,324	0	13,799	37,653
Greytown	11,562	2,608	3,457	0	17,627
Harriette Vine	13,281	1,260	0	0	14,541
Hataitai	74,424	0	1,000	0	75,424
Heretaunga	6,568	0	1,000	0	7,568
Irmgard Ritchie	12,178	1,165	112	0	13,455
<b>Carried Forward Total</b>	<b>469,215</b>	<b>107,922</b>	<b>29,183</b>	<b>161,205</b>	<b>767,525</b>

## He Whānau Manaaki o Tararua Free Kindergarten Association Incorporated



## Notes to the Financial Statements for the year ended 30 June 2023

### Note 22 Additional Cash Flow Statement Information (continued)

#### 22.2 Restrictions on Cash and Cash Equivalents (continued)

	Kindergarten Funds	Targeted Funds	Grant Funds	Equity Funds	Total Funds
<b>Kindergarten</b>	\$	\$	\$	\$	\$
Island Bay	17,405	0	1,000	0	18,405
Johnsonville West	17,640	1,085	500	0	19,225
Kahurangi	27,469	0	450	0	27,919
Karori	21,389	1,011	846	0	23,246
Katoa	1,917	5,530	500	59,905	67,852
Khandallah	63,326	0	500	0	63,826
Lansdowne	14,110	4,489	5,682	0	24,281
Lyll Bay	2,946	5,502	842	0	9,290
Manaia	5,569	2,028	1,415	2,354	11,366
Maraeroa	(9,904)	5,767	6,472	1,721	4,056
Marie McFarland	13,254	1,757	0	56,012	71,023
Martinborough	23,254	0	826	0	24,080
Masterton West	519	7,011	1,754	0	9,284
Matairangi	7,329	0	739	0	8,068
Matariki	2,011	0	858	0	2,869
Maxwell and Districts	9,097	2,539	252	0	11,888
Meta Riddiford	8,313	21,062	99	40,600	70,074
Milton	7,843	1,121	500	420	9,884
Miramar Central	14,904	0	886	0	15,790
Miramar North	19,698	0	825	0	20,523
Moira Gallagher	12,742	6,141	473	14,462	33,818
Mt Cook Preschool	5,002	1,204	0	3,312	9,518
Newlands	12,110	5	195	0	12,310
Newtown	6,224	308	1,875	0	8,407
Ngahina	12,881	4,385	1,000	0	18,266
Ngaio	12,404	0	1,000	0	13,404
Northland	21,813	0	492	0	22,305
Nuanua	26,324	9,262	203	40	35,829
Ohakune	120	0	3,418	242	3,780
Onslow	13,354	0	383	0	13,737
Otaki	10,316	1,826	0	5,872	18,014
Owhiro Bay	2,768	0	1,000	0	3,768
Papakowhai	9,230	0	879	0	10,109
Paparangi	22,237	0	566	0	22,803
Paraparaumu	10,038	0	1,770	0	11,808
Paremata	11,462	0	69	0	11,531
Paremata Creche	14,887	0	918	0	15,805
Parsons Ave	43,583	2,733	172	17,258	63,746
Petone	4,187	690	182	0	5,059
<b>Carried Forward Total</b>	<b>988,986</b>	<b>193,378</b>	<b>68,724</b>	<b>363,403</b>	<b>1,614,491</b>

**He Whānau Manaaki o Tararua Free Kindergarten Association Incorporated**

**Notes to the Financial Statements  
for the year ended 30 June 2023**
**Note 22 Additional Cash Flow Statement Information (continued)**
**22.2 Restrictions on Cash and Cash Equivalents (continued)**

	Kindergarten Funds	Targeted Funds	Grant Funds	Equity Funds	Total Funds
<b>Kindergarten</b>	\$	\$	\$	\$	\$
Petone Beach	5,459	0	1,000	0	6,459
Piko Piko	8,954	0	831	0	9,785
Plimmerton	16,602	0	0	0	16,602
Poupoutunoa	20,564	0	0	280	20,844
Pukerua Bay	36,059	0	94	0	36,153
Putiki	9,143	2,822	0	0	11,965
Raumati Beach	28,164	0	500	0	28,664
Raumati South	13,194	0	879	0	14,073
Rosebank	31,290	0	0	280	31,570
Seatoun	11,096	0	0	0	11,096
Silverstream	4,069	0	3,975	0	8,044
South End	16,678	2,101	75	10,433	29,287
St Johns Hill	14,562	0	2,542	0	17,104
Strathmore Park	24,165	2,770	759	0	27,694
Sunshine	21,099	0	1,000	0	22,099
Tai Tamariki	38,316	0	500	0	38,816
Taihape	26,221	0	331	6,074	32,626
Tairangi	3,528	10,046	500	18,853	32,927
Taitoko	30,604	21,879	500	25,442	78,425
Tawa Central	2,678	0	0	0	2,678
Te Manawanui	6,901	6,136	67	30,819	43,923
Te Puna Ako Ki Totara Puku	26,407	1,274	5,965	0	33,646
Te Timatanga Hou	1,518	9,997	500	641	12,656
Titahi Bay	6,116	2,274	695	2,982	12,067
Toru Fetu	(22,218)	11,605	500	19,254	9,141
Totara Park	3,912	0	500	0	4,412
Trentham	12,323	1,913	500	0	14,736
Tui Park	4,502	4,119	2,431	12,586	23,638
Una Williams	(6,790)	10,152	1,924	51	5,337
Upper Hutt	(1,094)	1,123	180	0	209
Wadestown	19,643	0	749	0	20,392
Waikanae	19,666	0	1,000	0	20,666
Waouru	1,113	0	133	6,056	7,302
Waitangirua	25,943	19,581	630	47	46,201
Waitohi	9,050	3,863	0	0	12,913
Wanganui East	281	2,065	36	23,654	26,036
Wellington South	10,690	4,208	962	29	15,889
York Street	11,770	13,084	1,892	0	26,746
	<b>1,481,164</b>	<b>324,390</b>	<b>100,874</b>	<b>520,884</b>	<b>2,427,312</b>



## Independent Auditor's Report

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**Grant Thornton New Zealand Audit Limited**  
L15, Grant Thornton House  
215 Lambton Quay  
PO Box 10712  
Wellington 6140  
T +64 4 474 8500  
www.granthornton.co.nz

### To the Board Members of He Whānau Manaaki o Tararua Free Kindergarten Association Incorporated

#### Report on the Audit of the Financial Statements

##### Opinion

We have audited the financial statements of He Whānau Manaaki o Tararua Free Kindergarten Association Incorporated (the "Association") which comprise:

- a. the financial statements set out on pages 9 to 28, which comprise the statement of financial position as at 30 June 2023, and the statement of comprehensive revenue and expenses, statement of changes in net assets, and statement of cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies; and
- b. the statement of service performance on page 4 to 7.

In our opinion, the accompanying financial statements present fairly, in all material respects:

- a. the financial position of the Association as at 30 June 2023 and its financial performance and cash flows for the year then ended; and
- b. the service performance for the year ended 30 June 2023 in accordance with the Association's service performance criteria

in accordance with the Public Benefit Entity International Public Sector Accounting Standards (Not-For-Profit) issued by the New Zealand Accounting Standards Board.

##### Basis for Opinion

We conducted our audit of the financial statements in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)) and the audit of the service performance information in accordance the International Standard on Assurance Engagements (New Zealand) (ISAE (NZ)) 3000 (Revised) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Association in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other than in our capacity as auditor we have no relationship with, or interest in, the Association.

##### Other matter

The related comparative information for the statement of service performance for the year ended 30 June 2022 has not been audited. We are not in a position, and do not express an audit opinion on the comparative figures for the year ended 30 June 2022.



### Other Information Other than the Financial Statements and Auditor's Report thereon

The Board are responsible for the other information. The other information comprises the information included in the Annual Report but does not include the financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit of otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Board.

### Responsibilities of Those Charged with Governance for the Financial Statements

Those charged with governance are responsible on behalf of the Association for:

- (a) the preparation and fair presentation of the financial statements and statement of service performance in accordance with Public Benefit Entity International Public Sector Accounting Standards (Not-For-Profit) issued by the New Zealand Accounting Standards Board;
- (b) service performance criteria that are suitable in order to prepare service performance information in accordance with Public Benefit Entity International Public Sector Accounting Standards (Not-For-Profit) issued by the New Zealand Accounting Standards Board; and
- (c) such internal control as those charged with governance determine is necessary to enable the preparation of the financial statements and statement of service performance that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board members on behalf of the Association are responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless those charged with governance either intend to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (NZ) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with ISAs (NZ) and ISAE (NZ) 3000 (Revised), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements and the service performance information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of the Association's internal control.
- Obtain an understanding of internal control relevant to the audit 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 Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- Conclude on the appropriateness of the use of the going concern basis of accounting by those charged with governance and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements and the service performance information, including the disclosures, and whether the financial statements and the service performance information represents the underlying transactions and events in a manner that achieves fair presentation.
- Perform procedures to obtain evidence about and evaluate whether the reported outcomes and outputs, and quantification of the outputs to the extent practicable, are relevant, reliable, comparable and understandable.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

#### **Restriction on use of our report**

This report is made solely to the Association's Board Members, as a body. Our audit work has been undertaken so that we might state to the Association's Board Members, as a body, those matters which 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 Association's Board Members, as a body, for our audit work, for this report or for the opinion we have formed.

#### **Grant Thornton New Zealand Audit Limited**

A handwritten signature in grey ink that reads "Grant Thornton".

**Christchurch**

**09 August 2023**

# WHĀNAU MANAAKI

Whānau Manaaki Kindergartens  
Unit F 15 John Seddon Drive, Elsdon,  
Porirua 5022

P.O. Box 50-743 Porirua 5240

[www.wmkindergartens.org.nz](http://www.wmkindergartens.org.nz)