



PLAYCENTRE AOTEAROA GROUP

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

PLAYCENTRE AOTEAROA GROUP

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PLAYCENTRE AOTEAROA GROUP

Entity Information

For the year ended 31 August 2018

Legal Name of Entity

Playcentre Aotearoa

Reporting Entity and Structure

Playcentre Aotearoa Group is registered under the Charities Act 2005 (CC55368) and these consolidated statements comprise the Federation, 440 individual Playcentres, SPACE Programmes and Shops and 32 Associations as listed in Appendix A together referred to as the "Group".

During the period ended 31 August 2017 a decision was made to begin the process to amalgamate the Playcentres, Associations and Federation. On 19 February 2018 the Attorney-General's report supporting our amalgamation process was signed by the Deputy Solicitor General. The amalgamation application was heard in the High Court at Auckland on 25 June 2018, and approved subject to each Association and Federation holding Special General Meetings ("SGM") to approve the Charitable Scheme. The majority of the Associations have passed the SGM to approve the amalgamation and the process is expected to complete in the 2018/19 financial year.

Entity's Purpose or Mission

The underlying philosophy of Playcentre Aotearoa is:
"Whānau tupu ngātahi – families growing together".

Our Mission Statement is:

Playcentre is a family organisation

- Where adults and children are empowered to work, play, learn and grow together.
- Where Te Tiriti o Waitangi is honoured and people's uniqueness is celebrated.
- Where parents are affirmed and valued as first and best educators of their children.

so that whānau are strengthened and communities are enriched.

Trustee Board Members

Alaine Tamati-Aubrey - Co- President

Susan Bailey - Co President

Avis Stewart

Cynthia Murray

Ruth Jones - Appointed November 2017

Ann Langis - resigned September 2018

Clare Ferguson - resigned - November 2017



INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF THE PARENT OF PLAYCENTRE AOTEAROA GROUP

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BDO NORTHLAND
49 John Street
P O Box 448
Whangarei 0140
NEW ZEALAND

Qualified Opinion

We have audited the consolidated financial statements of Playcentre Aotearoa Group ("the Group") which consists of the New Zealand Playcentre Federation Inc ("the Parent") and its subsidiaries. The consolidated financial statements comprise the consolidated statement of financial position as at 31 August 2018 and the consolidated statement of comprehensive revenue and expense, consolidated statement of changes in net assets/equity and consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 August 2018, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Public Benefit Entity Standards Reduced Disclosure Regime ("PBE Standards RDR") issued by the New Zealand Accounting Standards Board.

Basis for Qualified Opinion

- In common with other similar organisations, controls over donations and fundraising income received prior to being recorded are limited, and there are no practical audit procedures to determine the effect of this limited control. Accordingly, the completeness of donations and fundraising income is unable to be determined.
- We were unable to obtain sufficient appropriate audit evidence with regard to the completeness of land and buildings. The Group has been unable to determine the legal ownership for 55 buildings and 14 lots of land that it occupied during the financial period. Accordingly, these have not been recognised in the consolidated financial statements.
- We were unable to obtain sufficient appropriate audit evidence with regard to staff costs for subsidiary entities. This is due to a lack of access to payroll records and supporting documentation. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.
- We issued a disclaimer of opinion on the 31 August 2017 consolidated financial statements, due to the inability to obtain sufficient appropriate audit evidence across a number of areas of the consolidated financial statements. Our opinion on the current period's consolidated financial statements is also modified because of the possible effect of this matter on the comparability of the current period's figures and the corresponding figures.

We conducted our audit in accordance with International Standards on Auditing (New Zealand) ("ISAs (NZ)"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with Professional and Ethical Standard 1 (Revised) Code of Ethics for Assurance Practitioners 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 qualified opinion.

Other than in our capacity as auditor we have no relationship with, or interests in, the Parent or any of its subsidiaries.

Trustees' Responsibilities for the Consolidated Financial Statements

The Trustees are responsible on behalf of the Group for the preparation and fair presentation of the consolidated financial statements in accordance with PBE Standards RDR, and for such internal control as the Trustees determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Trustees are responsible on behalf of the Group for assessing the Group'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 the Trustees either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, 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 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 Group'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 the Trustees and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group'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 consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Trustees 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.

Who we Report to

This report is made solely to the members of the Parent as a body. Our audit work has been undertaken so that we might state 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 Parent and the members of the parent, as a body, for our audit work, for this report or for the opinions we have formed.

BDO Northland

BDO Northland
Whangarei
New Zealand
28 February 2019

PLAYCENTRE AOTEAROA GROUP

Statement of Comprehensive Revenue and Expense

For the year ended 31 August 2018

	Notes	2018	Restated 2017
		\$	\$
Revenue			
Revenue from non-exchange transactions			
Ministry of Education ECE income		12,486,211	13,718,513
Education Income - TEC		777,783	693,543
Grants, Donations & Fundraising Income	3	4,137,953	4,600,503
Other non-exchange income		434,262	65,414
Revenue from exchange transactions			
Sale of Goods or Services		529,475	19,348
Interest Income - loans and receivables		198,450	288,633
Other exchange income		1,415,370	159,473
Gain on Sale of Property, Plant and Equipment		0	187,735
Total Revenue		19,979,505	19,733,162
Expenses			
Administration and Office Expenses		1,800,552	2,607,706
Education Expenses - TEC		382,025	566,456
Education Expenses non TEC		127,478	573,282
Depreciation Expense	5	1,159,221	1,080,691
Staff Costs	4	8,497,935	7,083,358
Audit Fees		160,357	321,477
Repairs and Maintenance		2,853,459	1,542,344
Insurance		613,627	665,132
Rental Expenses		166,557	238,090
Loss on disposal of Property, Plant and Equipment		46,989	64,532
Other Expenses	4	4,625,461	2,580,837
Total Expenses		20,433,659	17,323,905
Surplus/(Deficit) for the Year		(454,154)	2,409,257
Total Comprehensive Revenue and Expenses for the year		(454,154)	2,409,257

The above statement should be read in conjunction with the accompanying notes

Statement of Changes in Equity/ Net Assets

For the year ended 31 August 2018

	Notes	Special Purpose Reserve	Retained Earnings	Total Equity
		\$	\$	\$
Opening Balance at 1 September 2017 (restated)		4,510,766	62,504,727	67,015,493
Total Comprehensive Revenue and Expenses for the year - surplus for the year		(1,136,558)	682,405	(454,154)
Closing Balance 31 August 2018	8	3,374,208	63,187,132	66,561,340

	Notes	Special Purpose Reserve	Retained Earnings (Restated)	Total Equity (Restated)
		\$	\$	\$
Opening Balance at 1 September 2016		3,704,660	60,901,577	64,606,236
Total Comprehensive Revenue and Expenses for the year - surplus for the year		806,106	1,603,151	2,409,257
Closing Balance 31 August 2017	8	4,510,766	62,504,727	67,015,493

The above Statement of Changes in Equity/ Net Assets should be read in conjunction with the accompanying notes

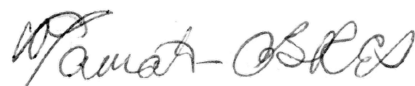
PLAYCENTRE AOTEAROA GROUP


Statement of Financial Position

As at 31 August 2018

	Notes	2018 \$	Restated 2017 \$
Assets			
Current Assets			
Cash at Bank	9	22,333,318	21,615,439
Investments - term deposits	9	6,611,208	6,511,664
Inventory		78,314	84,470
Accounts Receivable - from exchange transactions		85,538	-
Accrued Income		1,282,202	1,229,283
Prepayments		416,216	516,305
Property, Plant & Equipment held for sale	5	-	970,000
Total Current Assets		30,806,796	30,927,161
Non-Current Assets			
Investments - term deposits	9	128,253	103,778
Property, Plant & Equipment	5	40,216,536	39,732,477
Total Non-Current Assets		40,344,789	39,836,255
Total Assets		71,151,585	70,763,416
Liabilities			
Current Liabilities			
Accounts payables - from exchange transactions	9	743,713	564,430
Revenue received in advance		2,464,481	1,712,426
Accruals		178,576	371,380
Provisions- Employee Entitlements		515,359	213,929
GST Payable		682,732	652,899
Finance Lease Liability - current		4,134	7,050
Total Current Liabilities		4,588,995	3,522,115
Non-Current Liabilities			
Finance Lease Liability - non current		1,250	5,388
Other non current liabilities	9	-	220,420
Total Non-Current Liabilities		1,250	225,808
Total Liabilities		4,590,245	3,747,922
Total Assets less Total Liabilities (Net Assets)		66,561,340	67,015,493

Financial Statements were approved for issue by the Trustee Board of The New Zealand Playcentre Federation Inc.


 Representative


 Representative

28-Feb-19
 Date:

The above statement should be read in conjunction with the accompanying notes

PLAYCENTRE AOTEAROA GROUP

STATEMENT OF CASH FLOWS

For the year ended 31 August 2018

	<u>2018</u>	<u>2017</u>
	\$	\$
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
<u>Proceeds from:</u>		
Ministry of Education ECE income	13,152,728	13,669,943
Fees, levies, grants and donations	4,137,953	4,600,503
Education income	777,783	693,543
Other operating receipts	2,379,108	244,236
<u>Payments to suppliers and employees</u>		
Education expenditure	(509,502)	(1,139,738)
Staff Costs	(8,196,505)	(7,010,530)
Other operating payments	(10,157,428)	(8,475,952)
Net cash inflow/(outflow) from operating activities	1,584,137	2,582,006
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Interest received	198,450	288,633
Receipts from Sale of PPE	970,000	-
Purchase and Sale of Financial Instruments (Term Deposits)	(124,019)	(365,577)
Repayment of non current liabilities	(220,420)	
Purchase of Property plant and equipment	(1,690,269)	(1,793,402)
Net cash inflow/(outflow) from investing activities	(866,258)	(1,870,346)
Net increase/(decrease) in cash and cash equivalents	717,879	711,660
Cash and cash equivalents at beginning of year	21,615,439	20,903,779
Cash and cash equivalents at the end of year	22,333,318	21,615,439

The above statements should be read in conjunction with the notes to and forming part of the financial statements.

Notes to and Forming Part of the Financial Statements

For the year ended 31 August 2018

Note 1 - Reporting Entity

Playcentre Aotearoa Group ("The Group") is incorporated under the Charitable Trusts Act 1957. The controlling entity is New Zealand Playcentre Federation Inc. (the "controlling entity"). These financial statements comprise the "controlling entity" and its controlled entities (together referred to as the "Group").

Note 2 – Summary of significant Accounting Policies

(a) Statement of compliance

The financial statements comply with the Public Benefit Entity Standards Reduced Disclosure Regime ("PBE Standards RDR") as appropriate for Tier 2 not-for-profit public benefit entities, and disclosure concessions have been applied.

The Group qualifies as a Tier 2 reporting entity as for the two most recent reporting periods it is not publically accountable and not large (operating expenditure has been between \$2m and \$30m in the current and prior year).

These financial statements were authorised for issue by the Trustee Board on 28 February 2019.

(b) Measurement Base

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

(c) Functional and Presentation Currency

The financial statements are presented in New Zealand dollars (\$) which is the Group's functional and presentation currency, rounded to the nearest dollar.

There has been no change in the functional currency of the entity during the year.

(d) Use of Judgement and Estimates

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Control over Associations and Playcentres

The Group comprises the Federation, 473 Playcentres, Associations and other entities. The Group exercised its judgement in determining which entities it controls. While control has been determined based on the requirements of PBE standards, it is important to note that each entity has a significant level of local control and self-determination.

Entities within the Group comprise a wide variety of size and accounting capacity. Most entities rely upon volunteer treasurers and so to implement new accounting processes will require significant resources and support. There is currently some variability in the application of accounting policies across the Group. However, these matters are not considered to be material to the Group. This variability is expected to reduce over time as standardised accounting policies and systems are implemented.

Notes to and Forming Part of the Financial Statements

For the year ended 31 August 2018

Land and Buildings

Completeness of land and buildings has been established through land title searches for all properties owned by Playcentre Aotearoa Group. A proportion of the buildings are on leasehold arrangements with Ministry of Education and local and district councils, we have reviewed all leasehold agreements and noted some ambiguity over the ownership or partial equity of ownership in a small number of properties. Where ambiguity of ownership exists or control cannot be determined Playcentre Aotearoa has attributed no value to the building as without certainty of ownership the building has no marketable value.

(e) Basis for consolidations

The consolidated financial statements are prepared by adding together like items of assets, liabilities, equity, revenue and expenses of entities in the Group on a line-by-line basis. All intra-entity balances, transactions, revenues and expenses are eliminated on consolidation. The financial information of the controlled entities is prepared for the same reporting period as the Group.

The consolidated Group financial statements comprise all entities where the Group has the capacity to govern the financial and operating policies, so as to benefit that entity's activities.

(f) Income Recognition

Ministry of Education - ECE Income

MOE ECE Income to the Group are recognised in the period it is earned. An adjustment has been recognised to account for MOE ECE Income accrued to balance date and a liability for revenue earned in advance.

Educations Income - TEC

The Group receives training grants from the Tertiary Education Commission ("TEC"). These grants are recognised in the period they are earned.

Grants, Donations and Fundraising Income

All other grants and donations are recognised when they are received.

The recognition of non-exchange revenue from Grants, Donations and Fundraising depends on the nature of any stipulations attached to the inflow of resources received, and whether this creates a liability (i.e. present obligation) rather than the recognition of revenue.

Stipulations that are 'conditions' specifically require the entity to return the inflow of resources received if they are not utilised in the way stipulated, resulting in the recognition of a non-exchange liability that is subsequently recognised as non-exchange revenue as and when the 'conditions' are satisfied.

Stipulations that are 'restrictions' do not specifically require the entity to return the inflow of resources received if they are not utilised in the way stipulated, and therefore do not result in the recognition of a non-exchange liability, which results in the immediate recognition of non-exchange revenue.

Sale of Goods

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

Notes to and Forming Part of the Financial Statements

For the year ended 31 August 2018

Insurance Proceeds

Income from insurance proceeds is recognised when the entity's right to receive payment is established, and the amount can be reliably measured.

(g) Accrued Income

Accrued Income is stated at their estimated realisable value. Unrecoverable debts are written off when recognised.

(h) Investments

Deposits at registered banks are recorded at fair value plus directly attributed transaction cost and subsequently measured at amortised costs using the effective interest rate method.

(i) Property, plant and equipment

Items of property plant and equipment over \$2,500 are initially recorded at cost or, in the case of donated assets, are initially recorded at their fair value as their deemed cost at initial recognition. Initial cost includes the purchase cost, or fair value as the case may be, and those costs that directly relate to bringing the asset to the location where it will be used, and making sure it is in the appropriate condition necessary for its intended use. Items of Property, Plant and Equipment are subsequently measured at cost, less accumulated depreciation and impairment.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate assets (major components) of property, plant and equipment. Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in surplus or deficit. Ongoing repairs and maintenance are expensed as incurred.

(j) Depreciation

Depreciation is calculated to allocate the item of property, plant and equipment cost less estimated residual value over their estimated useful lives of each component of an item of property, plant and equipment. Property, plant and equipment are depreciated on a straight line basis. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the entity will obtain ownership by the end of the lease term. Assets under construction are not subject to depreciation.

Depreciation methods, useful lives, and residual values are reviewed at reporting date and adjusted if appropriate. Land is not depreciated.

The useful lives used for straight line depreciation are:

Building Improvements	50 Years
Computer and Office Equipment	2-5 years
Centre assets	2-15 years

(k) Employee Entitlements

i. Short-term employee benefits

Short-term employee benefit liabilities are recognised when the entity has a legal or constructive obligation to remunerate employees for services provided up to reporting date for which settlement will occur within 12

Notes to and Forming Part of the Financial Statements

For the year ended 31 August 2018

months of reporting date, and are measured on an undiscounted basis and expensed in the period in which employment services are provided.

(l) Donated Services

The work of the Group is dependent on volunteer activity. Because of the difficulty of determining their value with reliability, donated services are not recognised in these Financial Statements. However, these donated services are acknowledged as a major contribution to the Group's operations.

(m) Goods and Services Tax

All amounts are shown exclusive of Goods and Services Tax (GST) except for Accounts Receivable and Payable which are stated inclusive of GST. Any GST payable or refundable at balance date is shown in the Statement of Financial Position.

(n) Taxation

The Group has been granted charitable status by the Inland Revenue Department and is considered to be exempt from taxation. No taxation has been provided for in the Financial Statements.

(o) Reserves or Tagged Funds

Reserves or Tagged Funds are reserves established by the Group for special purposes. The Group may alter these funds without reference to any other party. Income and expenditure relating to the Funds are accounted for in the Statement of Comprehensive Revenue and Expense, therefore the reserves are an attribution of accumulated revenue and expenses.

(p) Inventory

Stock on Hand is measured at the lower of cost and net realisable value. The cost of stock on hand is based on the first-in, first-out principle. Inventory is then subsequently measured at the lower of cost or net realisable value. The net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(q) Leases

Operating lease payments, where the lessors effectively retain substantially all the risks and benefits of the ownership of the leased items, are recognised on a straight line over the lease term.

(r) Cash and Cash Equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand and short term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(s) Financial Instruments

Financial Assets

The Group's financial assets include cash and cash equivalents, trade and other receivables and term deposits. The Group's financial assets are classified as loans and receivables, and are recognised initially at fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. After initial measurement, financial assets are subsequently measured at amortised cost using the effective interest rate method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

Notes to and Forming Part of the Financial Statements

For the year ended 31 August 2018

Impairment of financial assets

The Group assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event') has an impact on the estimated future cash flows of the financial asset or the Group of financial assets that can be reliably estimated.

Collectability of trade receivables is reviewed on an ongoing basis at an operating unit level. An impairment allowance is recognised when there is objective evidence that the Group will not be able to collect the receivable. Financial difficulties of the debtor, default payments or debts more than 60 days overdue are considered objective evidence of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Individual trade receivable balances that are known to be uncollectible are written off when identified, along with associated allowances.

If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to finance costs in the statement of financial performance.

Financial liabilities

The Group's financial liabilities comprise trade and other payables. Trade and other payables are recognised initially at fair value, net of directly attributable transaction costs. After initial recognition, trade and other payables and interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method.

Trade and other payables are unsecured and are usually paid within 30 days of recognition. Due to their short-term nature they are not discounted.

(t) Changes to accounting policies

There have been no changes to accounting policies other than the change to fixed asset presentation referred to in note 14.

PLAYCENTRE AOTEAROA GROUP

Notes to and Forming Part of the Financial Statements
For the year ended 31 August 2018

Note 3 - Revenue

	2018	2017
	\$	\$
Grants, Donations & Fundraising Income:		
External Grants	1,768,595	2,260,863
Fundraising Income	1,500,047	1,343,398
Donations from members	521,814	737,195
Donations from external parties	347,497	259,047
<i>Total Grants, Donations & Fundraising Income</i>	<u>4,137,953</u>	<u>4,600,503</u>

Note 4 - Expenses

Employment Benefits

Staff Costs	5,029,422	3,211,891
Centre Support Wages	3,468,512	3,584,872
Wages and Salaries included in Education Expenses	363,805	286,595
<i>Total Employee Benefit Expenses</i>	<u>8,861,740</u>	<u>7,083,358</u>

Other Expenses

Other Property Expenses	2,273,498	912,508
Utility Expenses	576,627	1,506,997
Other Expenses	1,775,336	161,333
<i>Total Other Expenses</i>	<u>4,625,461</u>	<u>2,580,837</u>

Note 5: Property, Plant and Equipment (Fixed Assets)

August 31 2018 <u>Cost</u>	Land \$	Buildings \$	FFE* \$	Centre Assets* \$	Computers* \$	Total \$
Restated Balance at 1 September 2017	10,743,000	25,555,976	646,554	6,716,560	15,161	43,677,251
Additions	125,000	291,889	-	1,147,502	125,878	1,690,269
Disposals	-	-	(13,335)	0	(33,654)	(46,989)
Balance at 31 August 2018	<u>10,868,000</u>	<u>25,847,865</u>	<u>633,219</u>	<u>7,864,062</u>	<u>107,385</u>	<u>45,320,531</u>
<u>Accumulated Depreciation</u>						
Restated Balance at 1 September 2017	-	513,710	249,508	3,167,962	13,594	3,944,775
Depreciation	-	519,548	62,954	599,144	17,002	1,198,648
Depreciation reversed on disposal	-	-	(27,673)	(11,754)	-	(39,426)
Balance at 31 August 2018	<u>-</u>	<u>1,033,258</u>	<u>284,789</u>	<u>3,755,353</u>	<u>30,596</u>	<u>5,103,996</u>
<u>Net Book Value</u>						
As at 31 August 2017	10,743,000	25,042,266	397,046	3,548,598	1,567	39,732,477
As at 31 August 2018	<u>10,868,000</u>	<u>24,814,607</u>	<u>348,430</u>	<u>4,108,709</u>	<u>76,789</u>	<u>40,216,536</u>

A loss on disposal of \$46,939 (2017: \$64,532) was incurred in the 2017/18 year.

PLAYCENTRE AOTEAROA GROUP

Notes to and Forming Part of the Financial Statements
For the year ended 31 August 2018

August 31 2017 - Restated Cost	Land \$	Buildings \$	FFE* \$	Centre Assets \$	Computers \$	Total \$
Balance at 1 September 2016	10,743,000	25,685,506	633,033	5,653,945	15,161	42,730,646
Additions	-	1,028,205	13,521	1,062,615	-	2,104,341
Disposals	-	(187,735)	-	-	-	(187,735)
Move to Held for sale	-	(970,000)	-	-	-	(970,000)
Balance at 31 August 2017	10,743,000	25,555,976	646,554	6,716,560	15,161	43,677,251

Accumulated Depreciation

Balance at 1 September 2016	-	-	186,594	2,665,330	12,160	2,864,083
Depreciation	-	513,710	62,914	502,633	1,434	1,080,691
Balance at 31 August 2017	-	513,710	249,508	3,167,962	13,594	3,944,775

Net Book Value

As at 31 August 2016	10,743,000	25,685,506	446,440	2,988,615	3,001	39,866,562
As at 31 August 2017	10,743,000	25,042,266	397,046	3,548,598	1,567	39,732,477

* Categories above have been restated - refer to note 14

Assets held for Sale

At 31 August 2017 one Association building located at 12 Stock Street, New Lynn, Auckland was available for sale and subsequently sold on 12 January 2018 for \$970,000.

Note 6 - Commitments and Contingencies

(a) Lease Commitments

	2018	2017
	\$	\$
0-1 years	88,006	66,616
2-5 years	153,295	80,750
5 years +	137,187	66,907
	378,488	214,273

(b) Contingent Liabilities

The Group own a number of buildings and property improvements on land that is leased from third parties. At the conclusion of these leases, there is a possible obligation to restore or "make good" the land to some extent. At present time the timing, extent and occurrence of the obligation is dependent on uncertain future events, being future decisions of the lessor. Therefore a liability has not been recognised by the Group, and it is impractical to estimate the financial effect or possibility of outflows from the Group.

Note 8 - Special Projects Funds

	2018	2017
	\$	\$
Parent Special Project Funds - various	2,306,924	3,112,444
Associations - Bi Cultural Programmes	73,842	80,554
Associations - Building upgrade/repairs reserves	953,448	1,049,623
Associations - Earthquake repair reserves	-	187,424
Associations - Special Grants Funds	39,993	80,720
	3,374,208	4,510,766

Note 9 - Financial Assets and Financial Liabilities

	2018	2017
	\$	\$
Financial assets:		
Cash on hand	22,333,318	21,615,439
Term Deposits	6,739,461	6,615,442
	29,072,779	28,230,881

Bank deposits are invested over a range of terms at and interest rate between 3.1% - 3.5% (2017: 2.5%-3.7%).

PLAYCENTRE AOTEAROA GROUP

Notes to and Forming Part of the Financial Statements

For the year ended 31 August 2018

Financial liabilities:

Accounts payable	743,713	564,430
Long term liabilities - Mortgages	-	220,420
	743,713	784,851

Note 10 - Related Party Transactions

The Group's controlled entities carry out a significant number of transactions between them, reflecting the interconnectedness of the Group. The main examples are the provision of centralised Bulk Funding, payroll and insurance services along with other administrative functions which are carried out by the Association and Federation offices and recovered from the Playcentre through levies. Refer to Appendix A for a list of Controlled Entities.

We also acknowledge that transactions between centre members and their family connections take place often resulting in products or services being received at discounted prices or by donation. All large property transactions with related parties are reviewed by NZ Playcentre Federation prior to approval for the project to proceed.

Note 11: Key Management Remuneration

The total remuneration of members of the Trustee Board being honoraria paid to the Presidents and Trustees were as follows:

	2018	2017
	\$	\$
Total Remuneration	39,567	38,780
Number of Persons	6	6

The total Remuneration of the senior management group is as follows:

Total Remuneration	290,530	233,196
Number of Persons	4	5

Note 12: Events After the Balance Date

Subsequent to balance date Co President Susan Bailey has resigned from the Trustee Board. Ruth Jones was appointed as her replacement. No other significant events have taken place post 31 August 2018

Note 13: Prior Period Restatements

In the 2016/17 year best efforts were used to determine the valuation of the Building assets using depreciated rebuild cost where market valuation was not available. This information was utilised to establish deemed cost. At the time of the preparation of the 2016/17 accounts complete information regarding the ownership and age of the assets was not all complete. During the 2017/18 year further information regarding ownership has been sought and the depreciated rebuild value has been recalculated resulting in a restatement of the Fixed Asset Register for the 2016/17 year. The table below summarises the changes made and the impact of the restatement as compared with the 2017 published financial information.

	PP&E Cost	PP&E Accum Dep	PP&E NBV	Equity	Depreciation Expense
	\$	\$	\$	\$	\$
Balance reported as at 31 August 2017	51,860,364	4,118,841	47,741,524	75,024,540	1,254,757
Effect of the prior period adjustment	(8,183,113)	(174,066)	(8,009,047)	(8,009,047)	(174,066)
Restated balance as at 31 August 2017	43,677,251	3,944,775	39,732,477	67,015,493	1,080,691

Note 14: Changes to Fixed Asset Presentation

With the changes to the Group Structure and the impending Amalgamation of the NZ Playcentre Federation and 32 Associations further consideration was made in 2017/18 year as to how the presentation of the accounts would best meet the needs of the reader long term. It was found that having separately identifiable Centre based assets would give the reader a greater understanding of the ownership of the assets. In the 2017/18 accounts the 2016/17 Fixed Asset Register was restated to reflect the new categories of presentation.

PLAYCENTRE AOTEAROA GROUP

Appendix A - Playcentre Aotearoa Controlled Entities

For the year ended 31 August 2018

Federation and Associations

New Zealand Playcentre Federation Inc	The North Shore Playcentre Association Incorporated
The Auckland Playcentres Association Incorporated	Northland Playcentre Association Incorporated
Buller Westland Playcentre Association Incorporated	The Otago Playcentre Association Incorporated
Canterbury Playcentre Association Incorporated	The Rotorua Playcentre Association Incorporated
Central Districts Play Centre Association Incorporated	South Canterbury Playcentre Association Incorporated
Central Hawkes Bay Playcentre Association Incorporated	Southland Playcentre Association Incorporated
Counties Playcentre Association Incorporated	Tairāwhiti Playcentre Association Incorporated
East Waikato Playcentre Association Incorporated	Tamaki Playcentre Association Incorporated
Eastern Bay of Plenty Playcentre Association Incorporated	Taranaki Playcentre Association Incorporated
Far North Playcentre Association Incorporated	Te Akoranga Playcentre Association Incorporated
Hawkes Bay Playcentre Association Incorporated	Thames Valley Coromandel Playcentre Association Incorporated
Hutt Playcentre Association Incorporated	Waikato Playcentre Association Incorporated
King Country Playcentre Association Incorporated	Wairarapa Playcentre Association Incorporated
The Marlborough Playcentre Association Incorporated	Wellington Playcentre Association Incorporated
Mid-Canterbury Playcentre Association Incorporated	Western Bay of Plenty Playcentre Association Incorporated
Mid North Playcentre Association Incorporated	Wanganui Playcentre Association Incorporated
Nelson Playcentres Association Incorporated	

Playcentres, SPACE Programmes and Shops

Akaroa Playcentre	Omokoroa Playcentre
Alicetown Playcentre	Onehunga Playcentre
Amberley Playcentre	Onepoto Playcentre
Aotea Island Playcentre	Onerahi Playcentre
Apiti Playcentre	Ongaonga Playcentre
Appleby Playcentre	Opoho Playcentre
Aramoho Playcentre	Opotiki Playcentre
Aria Playcentre	Opunake Playcentre
Arohena Playcentre	Otaki Playcentre
Ashburton Playcentre	Otakiri Playcentre
Ashhurst Playcentre	Otamauri Playcentre
Ashley Playcentre	Otane Playcentre - Rugrats Playgroup Otane
Ashridge Road Playcentre	Otaua Aka Aka Playcentre
Ashurst Park Playcentre	Otautau Playcentre
Atawhai Playcentre	Otorohanga Playcentre
Atiamuri Playcentre	Otumoetai Playcentre
Avonhead Playcentre	Outram Playcentre
Awakeri Playcentre	Owaka Playcentre
Awanui Playcentre	Oxford Playcentre
Awatere Playcentre	Paekakariki Playcentre
Awatuna & Districts Playcentre	Paeroa Playcentre
Balclutha Playcentre	Pakuranga-Rahihi Playcentre
Balfour Playcentre	Palmerston Playcentre
Beachhaven Playcentre Incorporated	Pamapurua Playcentre
Beachlands Maraetai Playcentre	Papakura Playcentre
Belfast Playcentre	Papamoa Playcentre

Belmont Playcentre
Birkenhead Playcentre Society Incorporated
Blackball Playcentre
Blenheim Playcentre
Blockhouse Bay Playcentre
Blueskin Playcentre
Bombay Playcentre
Brightwater Playcentre
Brooklyn Playcentre
Bucklands Beach Ohui-a-rangi Playcentre
Burwood Playcentre
Cambridge Playcentre
Carterton Playcentre
Clarkville Playcentre
Clinton Playcentre
Clutha Valley Playcentre
Clyde Playcentre
Coatesville Playcentre
Cockle Bay Playcentre
Collingwood Playcentre
Cornwall Park Playcentre
Coromandel Playcentre
Culverden Playcentre
Cust/West Eyreton Playcentre
Darfield Playcentre
Dargaville Playcentre
Days Bay Playcentre
Deanwell Playcentre
Diamond Harbour Playcentre
Dinsdale Playcentre
Drury Playcentre
Dunsandel Playcentre
Eastside Playcentre
Eden Epsom Playcentre
Edgecumbe Playcentre
Ellerslie Playcentre
Enner Glynn Playcentre
Feilding Playcentre
Fendalton Playcentre
Foxton Playcentre
Freemans Bay Playcentre
Galatea Playcentre
Glen Eden Playcentre
Glen Innes Playcentre
Glendene Playcentre
Gleniti Playcentre
Glenmark Playcentre
Gore Playcentre
Granity-Ngakawau Playcentre
Greenhithe Playcentre
Greenpark Playcentre
Grey Valley Playcentre
Halswell Playcentre
Hamilton East Playcentre
Hamurana Playcentre

Paparoa Playcentre
Papatoetoe Playcentre
Paraparaumu Playcentre
Paremata Playcentre
Park Road Playcentre
Parklands Playcentre
Parklands Playcentre
Parkside Playcentre
Paroa Playcentre
Parua Bay Playcentre
Paterson Street Playcentre
Patumahoe Mauku Playcentre
Peachgrove Playcentre
Peria Playcentre
Picton Playcentre
Pinehaven Playcentre
Piopio Playcentre
Pirinoa Playcentre
Pirongia Playcentre
Pleasant Point Playcentre
Point Howard Playcentre
Pokeno Playcentre
Pongakawa Playcentre
Porangahau Playcentre
Port Ahuriri Playcentre
Port Ohope Playcentre
Portobello Broad Bay Playcentre
Prebbleton Playcentre
Puahue Playcentre
Pukeatua Playcentre
Pukekawa Playcentre
Pukekohe East Playcentre
Pukekohe Playcentre
Pyes Pa Playcentre
Queenstown Playcentre
Raglan Playcentre
Rahotu Playcentre
Rakaia Playcentre
Ranfurlly Playcentre
Rangiora Playcentre
Rapanui - Brunswick Playcentre
Rawene Playcentre
Red Beach Playcentre
Redwood Playcentre
Reefton Playcentre
Renwick Playcentre
Reporoa Playcentre
Rerewhakaaitu Playcentre
Richmond Playcentre - Invercargill
Richmond Playcentre - Nelson
Riselaw Road Playcentre
River Downs Playcentre
Riversdale Playcentre
Rolleston Playcentre
Roslyn Bush Playcentre

Hanmer Springs Playcentre
Harewood Playcentre
Hataitai Playcentre
Halcombe Playcentre
Haumoana Playcentre
Havelock North Playcentre
Hawera Playcentre
Helensville Playcentre
Henderson Valley Playcentre
Herne Bay Playcentre
Hillsborough Playcentre
Hinds Playcentre
Hinuera Playcentre
Hora Hora Playcentre
Hora Hora Playcentre
Hororata Playcentre
Horotiu Playcentre
Houghton Valley Playcentre
Howick Playcentre
Huimai Playcentre
Hukerenui Playcentre
Hunterville Playcentre
Hunua Playcentre
Inglewood Playcentre
Island Bay Playcentre
Johnsonville Playcentre
Kaeo Playcentre
Kaikoura Playcentre
Kaitaia Playcentre
Kaiti Playcentre
Kaiwaka Playcentre
Kaniere Playcentre
Kaponga Playcentre
Karaka Playcentre
Karatia Playcentre
Karori Playcentre
Katikati Playcentre
Kaukapakapa Playcentre
Kawakawa Playcentre
Kelburn Playcentre
Kerikeri Playcentre
Kohukohu Playcentre
Korokoro Playcentre
Koutu Playcentre
Kumeu Playcentre
Laingholm Playcentre
Landsdowne Terrace Playcentre
Leamington Playcentre
Leeston Playcentre
Leithfield Playcentre
Lepperton Playcentre
Lincoln Playcentre
Linkwater Playcentre
Linwood Playcentre
Little River Playcentre

Roslyn Maori Hill Playcentre
Roxburgh Playcentre
Ruatangata Playcentre
Ruawaro Playcentre
Runanga Playcentre
Russell Playcentre
Russley Playcentre
Sanson Playcentre
Sawyers Bay Playcentre
Shannon & Districts Playcentre
Sherwood Playcentre
Shirley Playcentre
Silverdale Playcentre
Somerfield Playcentre
South Brighton Playcentre
South City Playcentre
Southbridge Playcentre
SPACE Northland
Spencerville Playcentre
Spring Creek Playcentre
Springvale Playcentre
St Albans Playcentre
St Andrews Playcentre
St Heliers Glendowie Playcentre
St Leonards Playcentre
Stokes Valley Playcentre
Stratford Playcentre
Swanson Playcentre
Tahuna Playcentre
Tai Tapu Playcentre
Taihape Playcentre
Tairua Playcentre
Takaka Playcentre
Takanini Playcentre
Takapau Playcentre
Takapuna Play Centre Incorporated
Takarunga Playcentre
Tamahere Playcentre
Tamatea Playcentre
Tapanui Playcentre
Tapawera Playcentre
Taradale Playcentre
Taranaki Playcentre Shop
Taupiri Playcentre
Taupo Family Playcentre
Tauriko Playcentre
Tawa - Linden Playcentre
Te Akau & Districts Playcentre
Te Aroha Playcentre
Te Awamutu Playcentre
Te Kauwhata Playcentre
Te Kawanui Playcentre
Te Kopuru Playcentre
Te Kuiti Playcentre
Te Marua Playcentre

Longbeach Playcentre
Lower Hutt Playcentre.
Lower Waitaki Playcentre
Lumsden Playcentre
Lynfield Playcentre (Space only)
Lynmore Playcentre
Lyttelton Street Playcentre
Macandrew Bay Playcentre
Maihihi Playcentre
Mairangi Bay Playcentre
Makarewa Playcentre
Mamaku Playcentre
Mamaranui Playcentre
Mananui Playcentre
Manawaru Playcentre
Mangakino Playcentre
Mangapai Playcentre
Mangapapa Playcentre
Mangatangi & Districts Playcentre
Mangaweka Playcentre
Mangere Bridge Playcentre
Manukau Peninsula Playcentre
Manunui Playcentre
Manurewa Playcentre
Manutuke Playcentre
Mapua Playcentre
Maramarua/Kopuku Playcentre
Marsden Playcentre
Martinborough Playcentre
Massey Playcentre
Matakana Playcentre
Matamata Playcentre
Mataura Playcentre
Matawai Playcentre
Maungakaramea Playcentre
Maungaraki Playcentre
Maungatapere Playcentre
Maungaturoto Playcentre
Maungawhau Playcentre
Mayfield Playcentre
Methven Playcentre
Middlemarch Playcentre
Milson Playcentre
Miramar Playcentre
Morningside Playcentre
Mornington Playcentre
Morrinsville Playcentre
Mosgiel Playcentre
Motueka Playcentre
Mount Albert Playcentre
Mt Maunganui Playcentre
Mount Somers / Staveley Playcentre
Mt Wellington Playcentre
Murchison Playcentre
Naenae Playcentre

Te Pohue Playcentre
Te Poi Playcentre
Te Puawaitanga O Atareta Playcentre
Te Puke Playcentre
Te Puna Playcentre
Terrace End Playcentre
Thames Parawai Playcentre
The Key Playcentre
The Levin Playcentre (Incorporated)
Tikipunga Playcentre
Tikokino Playcentre
Tikorangi Playcentre
Tirau Playcentre
Titahi Bay Playcentre
Titirangi Playcentre
Titoki Playcentre
Toi Tois Playcentre
Toko Playcentre
Tokoroa Playcentre
Tomarata Playcentre
Torbay Playcentre
Totara Grove Playcentre
Totara Park Playcentre
Totaravale Playcentre
Tramway Playcentre
Tuakau Playcentre
Tuatapere Playcentre
Tui Road Playcentre
Turua Playcentre
Tutukaka Coast Playcentre
Urenui Playcentre
Victory Playcentre
Waiatarua Playcentre
Waiau Playcentre
Waiheke Island Playcentre
Waihi Beach Playcentre
Waihi Playcentre
Waihopai Playcentre
Waikanae Playcentre
Waikouaiti Playcentre
Waimamaku Playcentre
Waimauku Playcentre
Wainui Playcentre
Wainuiomata Playcentre
Waipu Playcentre
Wairaka Playcentre
Wairakei Playcentre
Wairoa Playcentre
Waitara Playcentre
Waituna Playcentre
Waituna West Playcentre
Frankton/Wakatipu Playcentre
Wakefield Playcentre
Wallacetown Playcentre
Wallaceville Playcentre

Narrowneck Playcentre
National Park Playcentre
Nawton Family Playcentre
New Plymouth Playcentre
New Ranui Playcentre
New Windsor Playcentre
Newlands - Tamariki Playcentre
New Market Playcentre
Newtown Playcentre
Ngaio Playcentre
Ngakuru Playcentre
Ngatea Playcentre
Nightcaps Playcentre
Normanby
Normandale Playcentre
North Beach Playcentre
Northend Playcentre t/a Community Playcentre
Nuhaka Playcentre
Oakura Playcentre
Oamaru Playcentre
Ohaeawai Playcentre
Ohai Playcentre
Ohau Playcentre
Ohaupo Playcentre
Okaihau Playcentre
Okato Playcentre
Omakau & Districts Playcentre
Omakere Playcentre
Omapere Playcentre

Walton Playcentre
Waotu Puketurua Playcentre
Warkworth Playcentre
Warrington Playcentre
Waterloo Playcentre
Waverley Playcentre
Welcome Bay Playcentre
West Harbour Playcentre
West Melton Playcentre
Weston Playcentre
Westport Playcentre
Westside Playcentre
Weymouth Playcentre
Whakamaru Playcentre
Whangaehu-Turakina Playcentre
Whangamata Playcentre
Whangaparaoa Playcentre Incorporated
Whangarei Heads Playcentre
Wharepuhunga Playcentre
Whataupoko Playcentre
Whitford Playcentre
Whitianga Playcentre
Wilton Playcentre
Windy Ridge Playcentre
Wood Hatton Playcentre
Woodend Playcentre
Woodville Playcentre
Woolston Playcentre
Wyndham Playcentre