2017 Annual Report

C&K Childcare & Kindergarten

Early Learning since 1907

110 YEARS ANNIVERSARY

110 years of excellence

Contents

C&K acknowledges the Traditional Custodians of the lands on which our offices and services across Queensland are located, and recognises their continuing connection to land, sea and community. We also pay respect to all Elders - past, present and future.

Chair Report Cameron Henry, C&K Board Chair

I am pleased to present to you the 2017 Annual Report for C&K (the Crèche and Kindergarten Association Ltd), and to reflect on some of the highlights across the milestone year of our 110th birthday.

After a four-year journey as a member of the C&K Board, 2017 presented me with the exciting opportunity to step into the role of Board Chair following the retirement of C&K's longstanding Chair Bernard Curran, and his successor Linda Apelt, who left to take up the role of Agent General in London. We have also farewelled John Sneddon after more than six years on the Board. On behalf of all at C&K I thank Bernard, Linda and John for the significant contribution they have all made to C&K and to the sector during their tenure on the C&K Board. As one door closes, another one opens. On that note, we recently welcomed Brit Ibanez and Genevieve Atkinson to the C&K Board. They bring a wealth of experience and expertise and we look forward to working with them both.

Since joining the C&K Board in 2013, I have seen a considerable evolution in organisational management and a growing pride in professional excellence at our kindergartens and childcare centres across Queensland. C&K has been growing its footprint – adapting to the changing needs of families and exploring opportunities to expand the quality kindergarten program we are renowned for, into the long day care space. This resulted in the celebration in 2017, of the opening of C&K's first purpose-built childcare facility – C&K Strathpine South Childcare Centre – on Brisbane's northside. 2017 also saw the successful integration of the three long day care centres at Banyo, Birkdale and Arana Hills acquired from FMJ Pty Ltd. Work continues to explore further growth opportunities in south east Queensland with more centres in the pipeline.

C&K is the leader in early childhood education in Queensland, and we are an important player on the national stage. The work we do in advocating for the best outcomes for our youngest citizens is making a tangible difference in the future prospects of thousands of children each and every year. Our quality rating results remain well above the national average and in 2017, we were acknowledged for the work done at C&K's The Family Place which received the national NAPCAN 'Play Your Part' award – in recognition of the great work this service, south of Brisbane, is doing to support the most vulnerable in our community.

110 years is an extraordinary milestone for any organisation – but particularly one like ours that is making a difference in the lives of thousands of children each year. I would like to thank all my fellow C&K Board directors, our CEO Michael Tizard and his Executive Leadership Team and our entire staff team for their tireless efforts throughout 2017. I look forward to working with our great team, to continue the growth of this incredible organisation for the benefit of children across Queensland. Happy 110th birthday C&K.

CEO Report Michael Tizard, C&K CEO

2017 has been a year of celebration and reflection for C&K which featured a gathering at Government House to acknowledge 110 years of making a difference in the lives of Queensland children. This occasion, hosted by our Patron His Excellency the Honourable Paul de Jersey AC, Governor of Queensland and Mrs de Jersey, provided a significant moment to reflect on our organisation's journey from its early days supporting the needs of working mothers in Brisbane's Fortitude Valley to the work we do in the 21st century.

Our record high NQF results in 2017 are testament to our position as the leader in early education, not only in Queensland but nationally, and our continued expansion in childcare has seen us evolve to better meet the needs of working families in 2017. Extensive work was undertaken throughout the year on the C&K Strategic Plan 2018 – 2020, with a vision that excellence should remain at the centre of what we do.

To support C&K's work it has been vital to stay at the centre of advocacy and my role has been to build on the partnerships we have with both the Queensland and Federal Governments, and to ensure that funding allows access to quality early education for all children, regardless of their geographic location or family circumstance.

A particular focus for C&K in 2017 has been on the strengthening of partnerships with the Aboriginal and Torres Strait Islander communities to ensure our First Nations children are given every opportunity for the best start to support positive future life outcomes. This has included our partnership on the Deadly Kindies program - a positive step in embedding a holistic approach to boosting participation rates for these children.

As part of our Reconciliation Action Plan in 2017 we embarked on the C&K History Project, supported by UNESCO, regarding the contribution of Aboriginal and Torres Strait Islander staff, Board members, partners and colleagues to C&K. This is the first stage in capturing the full picture of the invaluable work done by Indigenous educators and employees of C&K over time.

Sadly we have said farewell to longstanding C&K Board Director, John Sneddon and Chairs Bernard Curran and Linda Apelt. We thank them for their enthusiasm and energy in helping guide C&K over a long period. We welcome Cameron Henry as the new Chair and Therese Mulherin as the Deputy Chair. I thank the Board for the valuable work undertaken throughout 2017, especially in the growth of C&K's footprint in the long day care sector. In our 110th year, I would like to take the opportunity to sincerely thank my fellow members of the Executive Leadership Team, and more broadly, all of our C&K family at our 347 services throughout Queensland supported by our dedicated business teams at the Central office in Brisbane.

The C&K story

In 2017 C&K farewelled long-standing Board Directors Linda Apelt and Bernard Curran.

With our organisation's proud 110 year history, there are few Queensland families who haven't had a connection with C&K – the Crèche and Kindergarten Association. We're Queensland's largest, not-for-profit early childhood education and care provider having educated and cared for well over a million children at our kindergartens and childcare centres across Queensland. We've led the way in early childhood education with a universal access philosophy that values inclusion and supports children with additional needs, and from culturally diverse backgrounds. Children at C&K services from Cooktown to Coolangatta and west to Goondiwindi, have learnt and grown through play, in preparation for school and their life-long learning journey.

It began at the turn of the 20th century in Brisbane, when a group of visionaries - missionary and journalist the Reverend Loyal Lincoln Wirt, philanthropist Josephine Bedford, Brisbane's first woman doctor Lillian Cooper and politician and community worker Irene Longman - banded together to address social welfare and alleviate poverty in Brisbane. The first crèche opened in Fortitude Valley on 16 May 1907, aiming to give working women dignity and children a better start in life. C&K grew out of a belief in the importance of safe and stimulating environments for children – that there was a need for a quality start in a child's early years to help set them up for success later in life, a belief we still hold today. C&K has continued to grow over the years, but the vision never changed – children come first in everything we do and we want ALL children, regardless of their circumstances, to have access to a quality early childhood experience.

This past decade has seen momentous changes in the early childhood sector including the introduction of National Quality Standards and a much welcomed broader commitment to universal access to kindergarten. C&K continues to embrace and champion change that benefits Australian children and families. We recognise the uniqueness of each child, family and community and strive to provide programs tailored and responsive to local needs and we have a deep commitment to building reciprocal relationships and networks between children, families and the wider community. Our services are integrated into the fabric and heart of communities right across Queensland and we work in partnership to establish a solid base for each child's success now and into the future.

C&K's vision is to deliver another 100 years of excellence in early education and care. We work hard to ensure that the children at our kindergartens and childcare centres around Queensland every day are getting the best possible start in life. C&K is dedicated to innovation in education and care practice and collaborates with theorists, educators and researchers to embed leading edge education and care practices in all our services. C&K shares its knowledge and experience with the sector through the C&K Early Education and Care Conference, C&K College, research partnerships, sector collaboration and advocacy.

As a not-for-profit organisation we have a steadfast commitment to making a positive social impact. In 2017, C&K reinvested close to $2 million to support 32 communities and provided additional support to 935 children. We're strong advocates for advancing quality in early education and care practice in Australia and promoting positive social change for children and their families. C&K continues to support a strong Queensland, setting up children for better education results, better employment prospects and positive life outcomes.

Education and Care Excellence

Evolution of C&K's curriculum

From its earliest days as a crèche in the Brisbane Institute of Social Service in Fortitude Valley, C&K has been focused on providing young children with quality education and care opportunities to give them the best start in life. Traditionally the education of young children was undertaken by charitable enterprises set up to support economically disadvantaged families in urban and rural areas. It was the French in the 18th century who first introduced the idea of 'infant school' and then Friedrich Froebel in Germany who developed the idea for the first kindergarten and the concept of learning through play. It was at the very end of the 19th century that the first kindergartens started to open across Australia. C&K was at the forefront and led the way in moving from the concept of 'social service' to embrace the philosophy that early education should feature four components – free self-activity, creativity, social participation and motor expression.

This has been what we have strived for at C&K – creating environments where play can become an organic part of a child's experience while supporting their individual choices. Through play children gain skills and knowledge that underpin development and learning. This C&K philosophy would become crystallised with the development of our own curriculum Building waterfalls which was launched in 2006.

C&K

Building waterfalls

Building waterfalls

Building waterfalls captures the philosophy and essence of C&K, reflecting 110 years of experience and knowledge supporting children's learning, growth and development. The curriculum was developed in consultation with children, families, experts and educators and was the first independent Kindergarten curriculum program accredited through the Queensland Curriculum Assessment Authority (formerly known as the Queensland Studies Authority).

Following the 10th anniversary of Building waterfalls, and to ensure currency with changing policy, contemporary research and perspectives, an independent evaluation was completed during 2017. The recommendations from this will inform the revision of Building waterfalls. This work will be completed across 2018/19 for 2020 implementation.

Innovative practice

A *Communities of Practice* model was introduced at C&K in 2017 to explore topics and co-create practice guides and resources to support educational excellence.

Areas covered have included:

- Embedding Aboriginal and Torres Strait Islander perspectives
- Inclusion
- Science, Technology, Engineering Mathematics (STEM)
- Educational Leadership
- Birth to Three
- Assessing Children's Learning

These 'communities' bring educators and Children's Services representatives from all parts of Queensland together with critical friends and experts to deeply explore topics from multiple perspectives. Each group collaborates across a 6-12-month period. This is a sustainable model where educators are regional champions showcasing excellence and sharing with colleagues. For example, the STEM Community of Practice has engaged with colleagues from Queensland University of Technology, education, science and engineering faculties, and undertook field trips in 2017 to expand educator knowledge.

C&K's **Birth to Three Approach** was implemented in 2017 providing a defined model of excellence in working alongside babies and toddlers. C&K collaborated with colleagues from New Zealand and interstate in developing this model. Feedback has been positive from educators and families as educators adopt the approach of being mindful and truly present with children and optimising care moments to support children's growth, learning and development. This is a unique and critical time in a child's life that needs responsive specialised programs.

C&K – well above the average

C&K's unwavering commitment to the provision of quality early childhood education and care is illustrated in the 2017 Assessment and Rating results. Many C&K services re-assessed in 2017, improved their rating result with the majority achieving 'Exceeding'. C&K 'Exceeding' results are nearly double the State and National average.

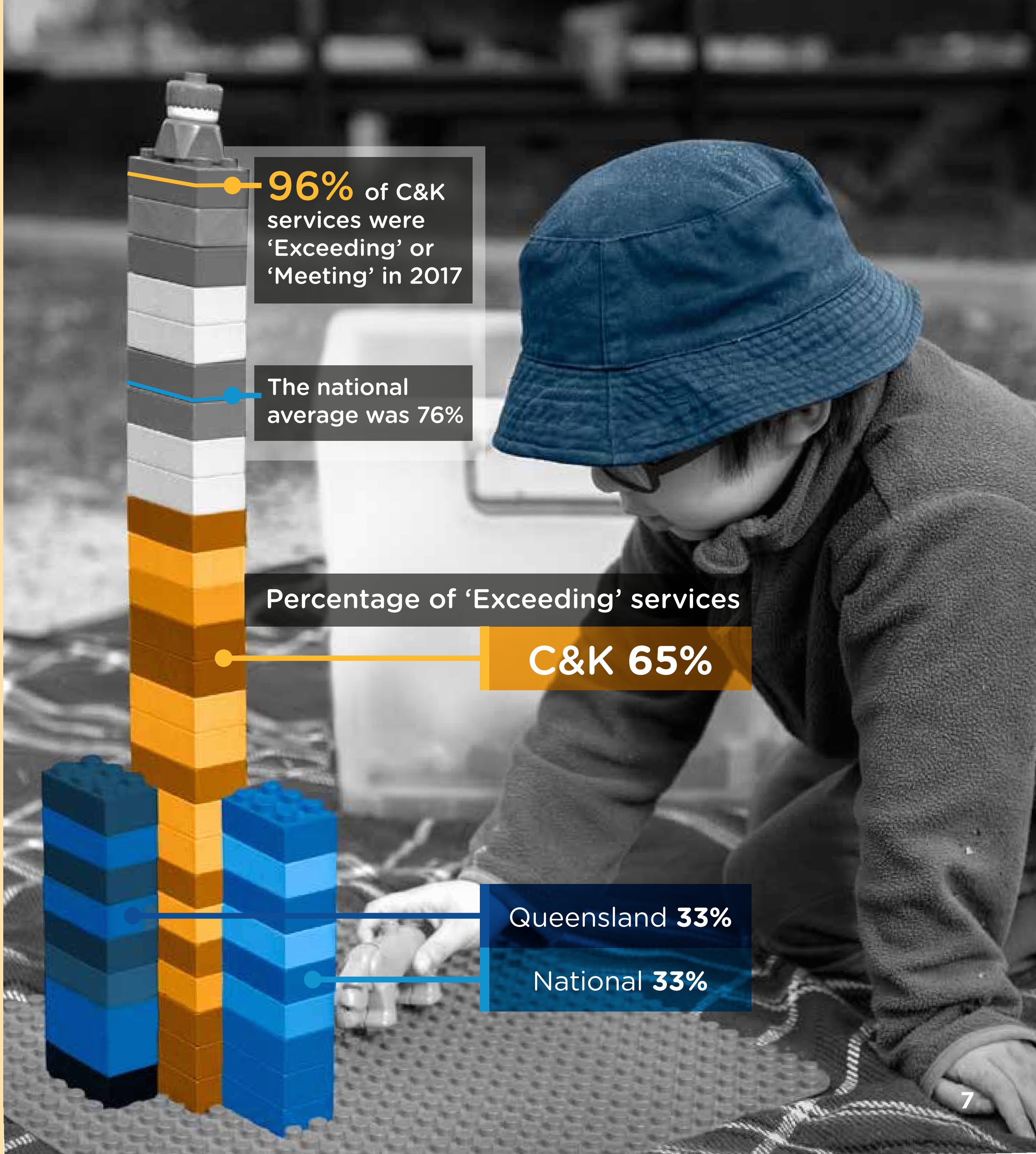
The National Quality Framework (NQF) provides a national approach to regulation, assessment and quality improvement for early childhood education and care and outside school hours care services across Australia.

Parent Satisfaction

C&K's 2017 Net Promoter Score:

+68

The Net Promoter Score is an index that measures the willingness of customers to recommend a company's services to others. It gauges overall satisfaction and loyalty to the brand.



C&K at the World Science Festival

C&K was proud to partner with the World Science Festival and the Queensland Museum in 2017 to bring street science to under 5s at South Bank in Brisbane. It has been a coup for Brisbane to secure this international science festival, which attracted more than 60 thousand people in 2017. The C&K marquee on site at South Bank in March 2017 hosted a range of exciting STEM (Science, Technology, Engineering and Mathematics) activities and more than two thousand children visited us to be inspired by our robotic bees and our sensory play. C&K has a three-year partnership with the World Science Festival and we look forward to inspiring more young scientists of the future. Thanks to all of the C&K volunteers who made the event so successful.

Deadly Kindies

C&K was proud to work in partnership with the Aboriginal and Torres Strait Islander Community Health Service (ATSICHS) and local communities in 2017 on the establishment of two Deadly Kindies programs within C&K services. These are based in Logan and have a focus on supporting and strengthening children's Aboriginal and Torres Strait Islander identity through programs that are inclusive of the children's culture, language and learning styles.

Inclusive practices

C&K is strongly committed to supporting access for *all* children to a quality early education and care program and we celebrate diversity of ethnicity, culture, language and religious belief in our services. We have an ongoing commitment to supporting children with disabilities, additional needs, medical and complex needs and have provided a wide range of assistance in 2017 to support access and participation for children in our services.

In 2017, C&K partnered and collaborated with a range of organisations to provide responsive programs for children and families. This included partnerships with Montrose Access in Brisbane, and Cootharinga in North Queensland to pilot programs to support children's developmental needs.

The Department of Education commenced a pilot program supporting kindergarten participation for children from refugee and asylum seeker backgrounds. C&K collaborated with the Multicultural Development Association and Logan Access to support attendance and participation including cultural support staff working alongside C&K educators to support successful transitions.

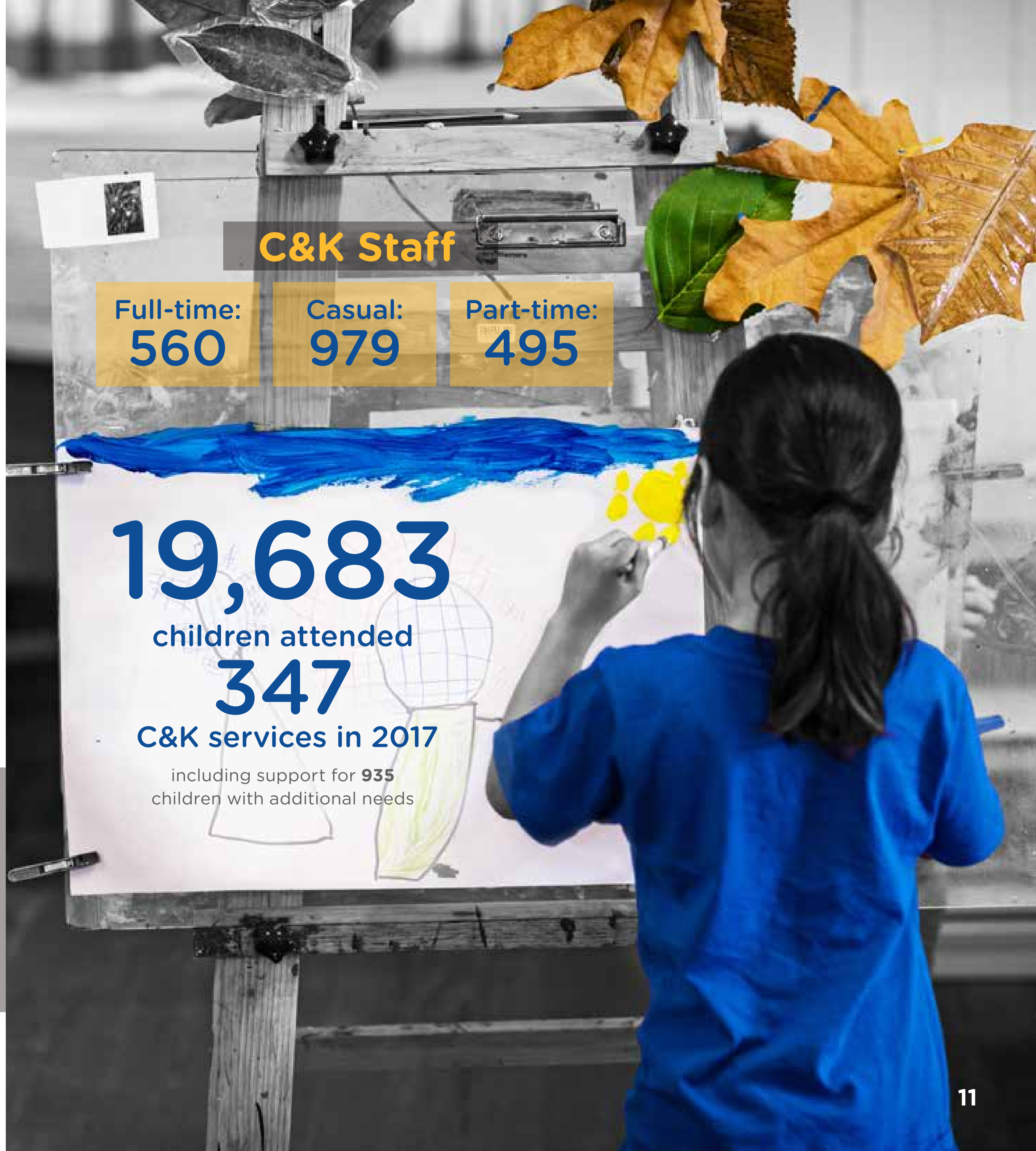
Service Excellence

New C&K Strategy

Development of the new C&K Strategy 2018-2020, throughout 2017, has incorporated a blend of co-design and traditional strategic planning approaches. A range of voices was consulted, from the C&K Board and Executive Leaders to service staff, with the aim of uncovering critical strategic questions that would guide C&K into the future. The strategic development process delivered a clear, cohesive and collaboratively designed vision and strategy, launched in early 2018.

What does the new Strategic Plan do?

- Puts children, families and communities first
- Drives C&K strategic alignment
- Responds to early childhood education and care sector imperatives
- Acknowledges and builds on C&K's core strengths, history and relationships
- Improves quality and consistency, and therefore reputation and excellence
- Reinforces a desired work culture, and approach to leadership
- Continues our commitment to inclusion, diversity and universal access



C&K Staff

Full-time:	Casual:	Part-time:
560	979	495

19,683

children attended

347

C&K services in 2017

including support for **935** children with additional needs

Brand Evolution

Recent research has shown that the C&K brand represents professionalism and is recognised by parents as the best provider of kindergarten in Queensland. In 2017 we interviewed families about their knowledge of C&K and found 88% were aware we offered kindergarten and knew of our organisation's reputation for quality.

However, the research also found that staff, current families and prospective families were less aware of C&K's involvement in childcare. The research also found that the word 'crèche' no longer resonated with families and that we should focus on highlighting the work we did in childcare and kindergarten.

In 2017 the C&K Board made the decision to refresh the C&K logo to include the word childcare in order to extend C&K's excellent kindergarten reputation across all of C&K's services (our organisational name remains however, the Crèche and Kindergarten Association).

The focus on 2017 and beyond is to improve brand recognition so that C&K can continue to be top of mind for families wanting early education and care for their children. The logo refresh has given C&K the opportunity to clearly state what the organisation does, as well as highlighting C&K's 110 year legacy, to benefit more children, families and communities across Queensland.

Creche & Kindergarten
Association of Queensland

C&K Pre-schooling Professionals
Since 1907

C&K
Since 1907

C&K Childcare & Kindergarten
Early Learning since 1907

The Family Place's Kym Kukulies, Glenn Hodgson and Mindy Nelson receive their award from Queensland Family & Child Principal Commissioner Cheryl Vardon at the National Child Protection Week awards in Brisbane.

C&K's The Family Place playing a part

A proud moment in 2017, with the awarding of the national 'Play Your Part' award to C&K's The Family Place in recognition of the valuable work they do with families in the Logan area.

The Family Place staff received the award "Queensland's Most Inspiring Prevention Initiative" as part of National Child Protection Week, recognising their "remarkable work" in helping to prevent child abuse and neglect.

The Family Place offers a range of programs for families including 'play communities', literacy groups and drop-in health clinics designed to provide primary prevention and early intervention.

Mindy and her team at The Family Place are continuing to grow partnerships in Logan with community and health professionals to ensure they reach as many people as possible.

C&K Strathpine

From its earliest days at the turn of the 20th century C&K has been supporting working families with childcare options. With the passage of time, the focus shifted to kindergartens which were established across Queensland. But in 2017 we once again stamped our presence in the long day care sector with the opening of C&K's first new purpose built childcare centre to reflect C&K learning philosophy. C&K Strathpine South Childcare Centre, which caters for up to 125 children a day from six weeks to five years, opened its door on Monday 29 May 2017. The building, formerly a medical centre with prominent street frontage on Gympie Road, was identified as the ideal location for C&K to enter the childcare market in 2017. Working in partnership with a developer, C&K Strathpine South has been realised as an architect designed state-of-the-art childcare centre with a fully operational commercial kitchen. A qualified chef on site prepares nutritious meals and encourages a 'paddock to plate' approach giving children the opportunity to help grow and harvest the food they eat. The centre has become a flagship for the future, featuring exceptional outdoor environments and interactive play spaces for children. The design encourages play that promotes competence, independent exploration and nature-based play. Community interest has been significant in this new centre and by the end of 2017, there were 192 children enrolled with a dynamic team of over 30 people driving this highly successful centre.

Professional Excellence

Executive Leadership Team 2017

CHIEF EXECUTIVE OFFICER
Michael Tizard

COMPANY SECRETARY
Katherine Fleming

GENERAL MANAGER CHILDREN'S SERVICES
Kathryn Woods

CHIEF FINANCIAL OFFICER & GENERAL MANAGER CORPORATE SERVICES
Mark Stones

GENERAL MANAGER BUSINESS DEVELOPMENT & STRATEGY
Matthew Champion

GENERAL MANAGER PEOPLE & CULTURE
Rolanda Ayling

GENERAL MANAGER MARKETING & COMMUNICATIONS
Kim Douglas

EXECUTIVE ADVISOR ABORIGINAL & TORRES STRAIT ISLANDER STRATEGY
Leilani Pearce (until May 2017)

Our People

In 2017, the C&K Human Resources team supported active collaboration and participation in strategic growth initiatives and system reviews. This included C&K's second engagement survey resulting in an overall engagement score of 60%, on par with the Australian Education and Not-For-Profit benchmarks. Negotiations for both of C&K's Enterprise Agreements were finalised in 2017, featuring the implementation of new and adjusted provisions.

C&K continued its strong focus on ensuring the safety and wellbeing for employees during 2017. The inroads made by C&K's safety program towards embedding a positive safety culture were demonstrated through the organisation's employee engagement survey results, with the organisation's focus on Safety scoring an outstanding 77%. This result is well above the Australian Education and Not-For-Profit Benchmark. Health and wellbeing remained a focus with a number of initiatives implemented through the 2017 Health Matters program. Improvements in our Workers Compensation performance have supported an increased focus on safe work practices and environments. As part of the ongoing focus on mental health C&K held an event during Safe Work Month titled "Mental Health Matters". This event was open to the wider early childhood sector and was supported by WHS QLD and WorkCover QLD.

Learning & Development

C&K's blended Learning and Development (L&D) approach enables employees to manage their learning and development needs, while meeting business requirements. Employees were able to participate in multiple in-house professional development initiatives throughout 2017 including coaching and mentoring, management and leadership skills, elearning and mandatory training.

With C&K as the major partner, the 2017 Queensland Early Education & Care Conference attracted early childhood professionals from across Queensland and nationally. Educators, sector representatives, resource and education partners came together to focus on sharing knowledge, thinking and practice across the three key themes.

L&D also led a series of Regional Symposium Sessions, providing educators with the skills and knowledge to be able to define mental health and what it means to be resilient.

A series of professional conversations and lunchbox sessions on cultural awareness focused on embedding Indigenous perspectives in early childhood education as part of C&K's reconciliation journey.

C&K College

In 1910, C&K first introduced trainee teachers at the Fortitude Valley Kindergarten, to allow the kindergarten sector to expand and later in 1911 rented a room in Queen Street, so that trainee teachers could meet for formal lectures in the afternoons. From these humble beginnings the Brisbane Kindergarten Training College became Queensland's third tertiary education institution.

After many successful years of running Queensland's Teacher's College, all the Brisbane teachers training colleges were amalgamated in 1982, to form the Brisbane College of Advanced Education. Early Childhood Teachers continue to be trained through the higher education system, which is made up of universities and other institutions. Since 1988, C&K has been a Registered Training Organisation (RTO) providing early childhood education and care accredited training for both employees of C&K and external students. Our delivery includes Certificate III and Diploma in Early Childhood Education and Care, as well as Teachers Bridging and leadership programs. In 2017, 75 of our College students were Aboriginal and/or Torres Strait Islander.

Throughout 2017 the C&K College provided a talent pipeline of employees to C&K services, as well as to other commercial and not-for-profit childcare centres and kindergartens across central and remote Queensland. Our vocational placements and on the job assessments resulted in over 200 students building strong pathways that directly lead them into jobs, with 98% in employment upon graduation.

C&K
COLLEGE
OF EARLY
CHILDHOOD
RTO CODE: 5025

2017 C&K Excellence & Innovation Awards

Winners

Excellence and Innovation in the Arts
C&K Tewantin Community Childcare Centre

Excellence in Safety Leadership
Moura Community Kindergarten

Excellence in Inclusive Practice
C&K Weir Community Kindergarten

Emerging Educator
Jinneecka Don, Assistant
Boopa Werem Community Kindergarten

Excellence and Innovation in Pedagogy and Practice
Sue Taylor, Director
C&K Flagstone Community Kindergarten

Excellence in Customer Service Award
Suzan Mahmut, Administration Manager
Bayview Heights Community Kindergarten

Service Leadership Award
Ann Lock, Director
Banks St Community Preschooling Centre

Emeritus Professor Mary Mahoney AO Award for Excellence in Early Childhood Education and Care
C&K Weir Community Kindergarten

Queensland Early Education & Care Conference

C&K is proud to be the ongoing major partner and organiser for this conference and in 2017 we celebrated the role of science in early education with the conference focussing on the themes – Sparking Curiosity, Supporting Children and Exploring Leadership. This annual conference is the largest gathering of early childhood professionals across Queensland and in 2017 it attracted a record 753 delegates from around Australia, including educators, sector representatives and sector partners to explore contemporary ECEC practice and ideas. Delegates enjoyed engaging and thought-provoking keynote addresses from the 'Surfing Scientist' Ruben Meerman and Tim and Judy Sharp who shared their experience of living creatively with autism. The conference featured performance workshops as part of C&K's ongoing partnership with QPAC. The conference was capped off with C&K's Excellence and Innovation Awards recognising outstanding practice from C&K services and individuals across the state. C&K Weir Community Kindergarten was recognised for exceptional work in inclusive practice with the overall Emeritus Professor Mary Mahoney AO Award for Excellence in Early Childhood Education and Care.

C&K History Project

Over C&K's history, Aboriginal and Torres Strait Islander peoples have played a significant part, as leaders, employees, Board members and as friends and partners to the C&K vision. In our 110th year, we embarked on an oral history project to unlock some of the stories of the past and pay tribute to those who have contributed to the shaping of C&K. In collaboration with Indigenous organisation Positive Social Solutions, we identified a group of seven people to be interviewed as part of the first stage of the project – people whose work with C&K has been foundational for the organisation. They included - Professor Karen Martin, Bill Lowah, Denise Proud, Naomi Brown, Mary Wapau, Felicia Hancox and Eileen Williams. The insight of the group and their commitment to Aboriginal and Torres Strait Islander children is inspiring and reinforces the importance of quality early childhood education in setting children up for positive life journeys. So many of our C&K services have been there at the forefront for so many years – Paddington was one of the first C&K services to deliver specific programs for Aboriginal and Torres Strait Islander children, Yelangi was the first dedicated Aboriginal and Torres Strait Islander kindergarten in Brisbane and then over the years, others followed, including Amaroo in Ipswich, Gundoo Mirra, Burragah, Caboolture and Napranum, Carpentaria, Burketown, Wujal Wujal, Hopevale, Coen and Boopa Werrem in Far North Queensland, Kulila in Toowoomba, Kutjala in Charter Towers and Estelle Cardiff, Eileen Fisher, Injilinji in Mt Isa, and Koobara Kindy here in Brisbane. Stage One of the project , supported by a UNESCO grant, was launched in December 2017. It's just the first step in telling the stories and acknowledging the past. It's hoped it will also contribute to the embedding of Aboriginal and Torres Strait Islander wisdom and learnings in our curriculum and approach.

Financials

Directors' Report

Your directors present this report on the consolidated entity ("the Group") consisting of The Crèche and Kindergarten Association Limited ("C&K" or "the Company"), and the entities it controlled in the year ended 31 December 2017.

Directors

Cameron Henry

Chair (non-executive)

BBus (Acc), ACA, MAICD

Appointed Chair on 9 August 2017
Deputy Chair from 26 May 2017 to 8 August 2017
Board member since 28 August 2013
Committee Responsibilities: Audit, Risk & Finance

Cameron Henry is a Chartered Accountant, registered company auditor, consultant and currently an audit partner with BDO Australia. He was previously a partner with Crowe Horwath and prior to that, PricewaterhouseCoopers (PwC) where he worked for 21 years in the firm's Brisbane, London and Hong Kong offices. An experienced Board member, Mr Henry's expertise covers external and internal audit, accounting advice, financial reporting, corporate governance, risk management and due diligence. He has advised in the fields of education, health, manufacturing, mining and retail in both the private and not-for-profit sectors, including schools and childcare services.

Therese Mulherin

Deputy Chair (non-executive)

BOccThy, GAICD

Appointed Deputy Chair on 6 September 2017
Board member since 30 May 2013
Committee Responsibilities: Governance & Remuneration

A former Occupational Therapist, Therese Mulherin has carved a career as a leader, manager and Board director with over 20 years' experience in the employment services and workplace rehabilitation industries. During her 15 years at Ingeus, Ms Mulherin was instrumental in achieving rapid organic growth and financial success in both Australia and Europe. In more recent times she has been involved in acquisitions and their successful integration into a consolidated business. She has experience in large service organisations, working on government contracts, strategy development, stakeholder management and change management. Ms Mulherin is performance, growth and efficiency orientated.

Megan Gibson

Director (non-executive)

PhD, MEd, BEd (EC), DipT (EC)

Board member since 19 May 2016

A Senior Lecturer in the School of Early Childhood at Queensland University of Technology, Dr Megan Gibson is also a respected researcher in her field. Her background as an early childhood educator with experience in teaching and leadership positions, culminated in her role as Director of an industry-leading childcare centre in Brisbane. Her award-winning doctoral research examined the professional identities of early childhood educators. This work combined with her extensive professional experience have laid the foundations for her ongoing interest in the early childhood workforce, leadership, professionalism and sustainability. In her current role at QUT, Dr Gibson is responsible for teacher education units on leadership, professionalism and health and wellbeing.

Genevieve Atkinson

Director (non-executive)

BBus, AssocDipBusMktg

Board member since 13 March 2018

Ms Atkinson is an experienced marketing, communications and stakeholder engagement manager, currently managing the Mater Foundation's Community Relations Program. With experience in the Federal, Queensland and Victorian Governments, Brisbane Marketing, South Bank Corporation and charities, Youngcare and Edmund Rice Foundation, she has also been a consultant and held advisory board roles with the Young People in Nursing Home Alliance and Good Samaritan Foundation. Ms Atkinson, a mother of three daughters, has a strong interest in early childhood education and the role it plays in allowing women to remain in the workplace.

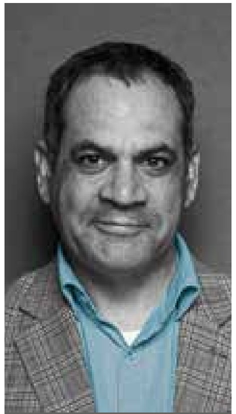
Brit Ibanez

Director (non-executive)

B IntBus, LLB, LLM

Board member since 13 March 2018

Ms Ibanez is a partner at McMahon Clarke where she is a senior member of the firm's Funds Management and Commercial Disputes teams. She has held various positions at C&K services including as the Coordinator of a Parental Advisory Committee at a branch service and as president of an affiliated service. A lawyer with 18 years' experience, Brit's expertise spans corporate governance, risk management and compliance, commercial disputes, and directors' duties. Brit is a mother of three young children, and has a longstanding interest in developing best practice for early childhood education and care.



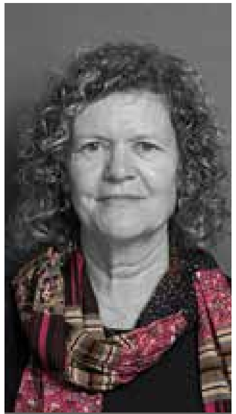
Wesley Aird

Director (non-executive)

MAICD, Grad Duntroon, Grad Aust Army, ADip Personnel Admin

Board member since 12 October 2015
Committee Responsibilities:
Audit Risk & Finance

A strong advocate for meaningful Indigenous participation in the real economy, Wesley Aird has been an adviser to the Australian Government as part of the Reference Group on Welfare Reform. He has also worked with the Australian Employment Covenant, GenerationOne and the National Indigenous Council. Apart from policy advice, Mr Aird's primary work is with resource companies as an advisor in the management of native title and cultural heritage and in developing initiatives for Indigenous employment, training and business. He has a strong commitment to his own community through both native title and cultural heritage on the Gold Coast. He has also served in the military for a decade and was the first Indigenous graduate of the Royal Military College, Duntroon.



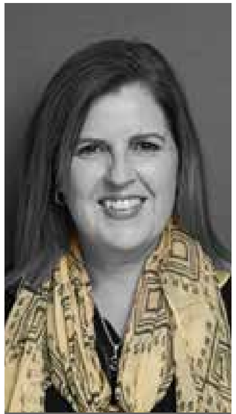
Joanne Darbyshire

Director (non-executive)

DipT, IECD, BEd

Board member since 22 August 2012
Committee Responsibilities: Nominations, Governance & Remuneration

Involved in the early childhood sector for more than three decades, Joanne Darbyshire's roles have included kindergarten teacher, early intervention coordinator, parent support worker, preschool teacher, TAFE and university lecturer.
She is currently an educator and educational leader at Fairholme College Kindergarten in Toowoomba. With an interest in early childhood curriculum, Mrs Darbyshire has undertaken a study tour of Reggio Emilia in Italy and has worked with the Queensland Curriculum and Assessment Authority supporting the development of online resources for early childhood educators. She is a past president of Chiselhurst Kindergarten in Toowoomba, and is a Board Director of Early Childhood Australia.



Emma Fynes-Clinton

Director (non-executive)

MBus BEcon Hon, GAICD, Grad Dip Applied Finance and Investment

Board member since 7 December 2016
Committee Responsibilities:
Audit, Risk & Finance

A highly-experienced finance and risk professional, Emma Fynes-Clinton has wide-ranging experience in business and corporate banking, capital markets, fund management, mergers and acquisitions and commercial property. After 15 years working in some of Australia's most recognised financial institutions, she established Venerdi Finance, an independent advisory firm specialising in corporate property finance. She has built a reputation for tailoring flexible finance structures for large and complex property transactions for a variety of areas, including the not-for-profit sector. Ms Fynes-Clinton has a solid knowledge and understanding of risk management, credit policy, complex financial structures, business evaluation and change management.

Bernard Curran

Chair (non-executive) (Retired)

BBus (Acc), Member ICAA, FTI, GAICD

Chair from 31 May 2013 to 25 May 2017
Board member since 22 August 2012
Retired on 25 May 2017
Committee Responsibilities:
Ex-officio Audit, Risk & Finance, Governance & Remuneration

A highly-experienced Chartered Accountant, Bernard Curran has been a partner of BDO Australia since 1991 and is a current BDO Qld Board Member. His senior roles have included National Chair of the Private Client division from 2008 to 2011 and he specialises in advice on taxation and business. Mr Curran was appointed as a Director of the Australian Children's Education & Care Quality Authority (ACECQA) from August 2014 to December 2015 and he is the current Chair of the Prince Charles Hospital Foundation, a role he has held since 2012. Mr Curran is also a director on a number of private company boards. He was previously Chair of C&K's Audit & Finance Committee until 2013.

Linda Apelt

Chair (non-executive) (Retired)

MEdSt, Grad Dip Couns, BEd, DipT, GAICD

Chair from 26 May 2017 to 8 August 2017
Deputy Chair from 20 July 2016 to 26 May 2017
Board member since 30 May 2013
Retired on 8 August 2017

Ms Apelt is a CEO with over 30 years' experience in corporate environments, including as a Director-General of State Government human services agencies. Previously CEO of Montrose Therapy & Respite Services, and also the Chair of Screen Queensland, she has served on a range of boards including QSuper, Australian Institute of Health and Welfare, Australian Housing and Urban Research Institute and Common Ground Queensland. Ms Apelt has been an Adjunct Professor in the Faculty of Social and Behavioural Sciences at the University of Queensland since 2003.

John Sneddon

Director (non-executive) (Retired)

LLB

Board member since 5 December 2012
Retired on 7 February 2018
Committee Responsibilities:
Audit, Risk & Finance, Nominations

Currently a partner at Shand Taylor Lawyers, John Sneddon practises in the fields of commercial litigation, company law and industrial relations law. He has a connection with C&K going back more than a decade and is a past president of a C&K affiliated kindergarten in Brisbane. Mr Sneddon is a member of the Industrial Relations Society of Queensland, the Australian Lawyers Alliance and the International Commission of Jurists. He has extensive experience in the legal representation of Indigenous Australians and has represented Indigenous communities in far North Queensland and the Northern Territory. He maintains an abiding interest in the importance of quality early childhood education.

Directors' Report (continued)

For the year ended 31 December 2017

Meetings of Directors in 2017

Director	Board		Audit Risk and Finance Committee		Nominations Committee*		Governance and Remuneration Committee	
	A	B	A	B	A	B	A	B
Cameron Henry	9	9	5	5			-	-
Therese Mulherin	6	9					1	1
Wesley Aird	9	9	4	4				
Joanne Darbyshire	7	9			1	1	-	1
Emma Fynes-Clinton	9	9	5	5				
Megan Gibson	8	9						
John Sneddon	7	9	-	1	-	1		
Bernard Curran	3	3	1	1			1	1
Linda Apelt	4	5						

A – Indicates the number of meetings attended during the period in which the Director was a member of the Board or Committee

B – Indicates the number of meetings held during the period in which the Director was a member of the Board or Committee

* The Nominations Committee comprises two Board Directors and two external members

Principal activities

The principal activities of C&K during the financial year included:

- providing the highest standard of early childhood education and care;
- providing business operation and curriculum support and advocacy for affiliated, community managed early childhood services;
- administering public funds and operating its own early childhood branch services; and
- advocating for and promoting the interests of children and the sector.

Purpose and objectives

C&K is a strong advocate for children, with over 110 years' experience as a not-for-profit in the early childhood education and care sector. C&K is committed to children and families, through its organisational purpose:

- To maximise children's life outcomes and guide their learning journey.

C&K's objectives are set out in its Constitution, as follows:

a) Disseminate and promote knowledge of the principles of care, guidance and education of children in early childhood;

b) Establish and conduct Children's Services concerned with the care and education of young children and their families;

c) Encourage and maintain the highest standard of Children's Services;

d) Establish and conduct such educational institutions or courses for the training of staff for early childhood services and, further, to monitor and assess from time to time those courses conducted by other educational institutions;

e) Encourage and promote early childhood education in all its aspects; and

f) Carry out such other functions and purposes which are necessary or incidental to the other objectives of the Company.

Directors' Report (continued)

For the year ended 31 December 2017

Strategies

In 2017, C&K entered the final year of its 2014 - 2017 Strategic Plan. Over the term of the plan significant progress was delivered across all six areas of strategic focus: Innovation, Reconciliation, Access for All, Leadership, People Matter and Sustainability. A program of 60 strategic initiatives was undertaken throughout 2014-2017 to:

- Reimagine Excellence in early childhood education and care;
- Reaffirm C&K's commitment to Aboriginal and Torres Strait Islander children, families and communities through the development and implementation of a Reconciliation Action Plan;
- Strengthen the awareness and value of the C&K brand;
- Expand the number of high quality childcare services in the C&K network;
- Review, refresh and consolidate our service models;
- Deliver services that welcome, include and meet the needs of all children, families and communities;
- Attract and retain capable, talented people committed to C&K's organisational purpose;
- Modernise C&K's operating systems, processes and assets;
- Deliver strong financial performance enabling reinvestment into children and communities.

C&K's strategic achievements over the past three years have laid a strong foundation from which C&K can further strengthen and grow and from which we can build a sustainable future. A new C&K Strategic Plan for 2018 to 2020 was launched by C&K in early 2018.

Performance measures

C&K reviews its key performance indicators and sets targets linked to its strategic objectives on an annual basis. The Board and Executive Leadership Team oversee and regularly review C&K's performance and monitor its strategic success.

C&K assesses its organisational performance across five categories:

- **Educational Quality:** The ability of its qualified educators to implement programs that support children's learning, thinking and holistic development.
- **Service Quality:** The standard of its Early Education and Care Service as measured against the National Quality Framework.
- **Social Contribution:** The social value returned to children, families and communities as a not-for-profit re-investing in the Early Childhood Education and Care sector in line with C&K's strategic direction.
- **Sector Contribution:** The extent to which it advocates, contributes and influences the public policy debate on all matters affecting young children (birth to eight years) and their families.
- **Financial Sustainability:** The effectiveness and efficiency with which it manages its resources and operations.

Review of operations and results

C&K generated a net surplus of \$0.1m in 2017 (\$0.8m in 2016) to maintain its strong balance sheet and reserves. Small increases in utilisation in our childcare centres were achieved despite an increasingly competitive market. However, these were offset by small decreases in utilisation at our kindergartens. In addition, there was increased expenditure on our strategic initiatives, including investment in growth and the implementation of new systems and process improvements.

Total revenue increased by \$4.8m (5.5%) from \$87.4m in 2016 to \$92.2m in 2017. This was driven by the full year impact (\$4.7m of additional revenue compared to 2016) of the late 2016 acquisition of FMJ Childcare Pty Ltd ("FMJ") as well as the establishment of a new childcare service at Strathpine South. Revenue was negatively impacted in 2017 by the closure of the Family Day Care services at the end of June, and the winding down of In-Home Care operations which ceased at the end of December.

Total expenses increased by \$5.4m (6.2%) from \$86.6m in 2016 to \$92.0m in 2017. Employee costs rose \$5.6m (8.6%) with \$3.9m of that increase directly related to growth in childcare services. The increases in employee costs were offset in part by \$0.6m lower depreciation and amortisation expenses.

Net assets increased 0.25% to \$40.2m, from \$40.1m in 2016.

Cashflow from operations was \$2.5m positive (\$3.8m in 2016). Net cash overall decreased by \$1.0m after a \$2.0m cash outflow for further investment in a managed fund, and \$1.5m outflow for capital purposes.

Directors' Report (continued)

For the year ended 31 December 2017

Events since the end of the financial year

There has not arisen in the interval between the end of the financial year and the date of this report, any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

Members' guarantee

In accordance with the Company's constitution, each member is liable to contribute a maximum of $20 in the event that the Company is wound up. As at 31 December 2017 the total amount members would contribute is $880 (2016: $980).

Significant changes in the state of affairs

There have been no significant changes in the state of affairs of the Group during the year.

Likely developments and expected results of operations

In the foreseeable future it is expected that the Group will continue its principal activity as described above.

Environmental regulation

The Group is not affected by any significant environmental regulation in respect of its operations.

Insurance of officers

During the financial year, the Group paid a premium of $21,000 (2016: $17,400) to insure the directors, officers and employees of the Group.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Group. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

Proceedings on behalf of the Group

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Group, or to intervene in any proceedings to which the Group is a party, for the purpose of taking responsibility on behalf of the Group for all or part of those proceedings.

Auditor's appointment

PricewaterhouseCoopers continues in office in accordance with section 327 of the Corporations Act 2001.

Auditor's independence

A copy of the auditor's independence declaration as required under section 60-40 of the Australian Charities and Not-for-Profit (ACNC) Act 2012 is set out on page 25 and forms part of the Directors' Report.

Rounding off

The Group is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the Directors' Report. Amounts in the Financial Report and Directors' Report have been rounded off in accordance with the instrument to the nearest thousand dollars unless otherwise stated.

Signed in accordance with a resolution of the Board of Directors.

Mr Cameron Henry, Chair

Ms Emma Fynes-Clinton, Director

Dated this 28th day of March 2018

Auditor's Independence Declaration

As lead auditor for the audit of The Creche & Kindergarten Association Limited for the year ended 31 December 2017, I declare that to the best of my knowledge and belief, there have been no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of The Creche & Kindergarten Association Limited and the entities it controlled during the period.

Andrew Weeden
Partner
PricewaterhouseCoopers

Brisbane
28 March 2018

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Consolidated Statement of Profit or Loss and Comprehensive Income

For the Year Ended 31 December 2017

	Note	2017	2016
Revenue from operating activities		56,845	51,464
Government subsidies and grants		32,185	32,787
Finance Income		1,083	1,397
Other income		2,049	1,732
Total revenue	1	**92,162**	**87,380**
Employee costs		70,528	64,928
Depreciation and amortisation expenses	9,10	2,092	2,693
Other expenses	2	19,407	18,992
Total expenses		**92,027**	**86,613**
Income from operating activities		**135**	**767**
Changes in the fair value of financial assets		121	147
Loss on sale of assets	3	(37)	(114)
Surplus before income tax		**219**	**800**
Income tax expense	4	(91)	-
Net surplus		**128**	**800**
Other comprehensive income		-	-
Total comprehensive income		**128**	**800**

All figures in thousands of AUD.
The above statement of profit or loss and comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Balance Sheet

As at 31 December 2017

	Note	2017	2016
Current assets			
Cash and cash equivalents	5	3,092	3,801
Trade and other receivables	6	4,405	1,956
Other financial assets	7	25,287	25,555
Other current assets	8	993	735
Total current assets		**33,777**	**32,047**
Non-current assets			
Property, plant and equipment	9	10,419	11,035
Intangible assets	10	10,563	10,581
Financial assets at fair value through profit or loss	11	7,683	5,295
Deferred tax assets	12	-	91
Total non-current assets		**28,665**	**27,002**
Total assets		**62,442**	**59,049**
Current liabilities			
Trade and other payables	13	13,251	12,268
Income received in advance		1,007	1,305
Current tax liabilities		2,181	299
Provisions	14	2,457	2,001
Total current liabilities		**18,896**	**15,873**
Non-current liabilities			
Provisions	14	3,305	3,063
Total non-current liabilities		**3,305**	**3,063**
Total liabilities		**22,201**	**18,936**
Net assets		**40,241**	**40,113**
Funds			
Reserves		1,341	1,341
Accumulated funds		38,900	38,772
Total funds		**40,241**	**40,113**

All figures in thousands of AUD.
The above consolidated balance sheet should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Funds

For the year ended 31 December 2017

	Accumulated Funds	Reserves	Total
Balance at 31 December 2015	37,972	1,341	39,313
Net surplus	800	-	800
Other comprehensive income	-	-	-
Total comprehensive income	**800**	**-**	**800**
Balance at 31 December 2016	**38,772**	**1,341**	**40,113**
Net surplus	128	-	128
Other comprehensive income	-	-	-
Total comprehensive income	**128**	**-**	**128**
Balance at 31 December 2017	**38,900**	**1,341**	**40,241**

All figures in thousands of AUD.
The above consolidated statement of changes in funds should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

For the year ended 31 December 2017

	Note	2017	2016
Cash flows from operating activities			
Receipts from customers and grants		91,169	86,125
Finance income received		944	1,597
Payments to suppliers and employees		(89,410)	(83,878)
Income taxes paid		(229)	(38)
Net cash generated from operating activities	15b	**2,474**	**3,806**
Cash flow from investing activities			
Payments for property, plant & equipment		(1,512)	(1,136)
Proceeds from sale of fixed assets		61	11
Purchase of financial assets at fair value through profit or loss		(2,000)	(5,169)
Payments for acquisition of subsidiaries, net of cash acquired		-	(10,174)
Net cash used in investing activities		**(3,451)**	**(16,468)**
Net decrease in cash and cash equivalents		(977)	(12,662)
Cash and cash equivalents at beginning of year		29,356	42,018
Cash and cash equivalents at end of year	5,7,15a	**28,379**	**29,356**

All figures in thousands of AUD.
The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

For the year ended 31 December 2017

1. Revenue

	2017	2016
Revenue from operating activities		
- Children's fees	54,143	48,929
- Affiliation fees	688	700
- College income	685	574
- Conference and seminars	352	391
- Other fees and levies	46	320
- Sundry income	931	550
	56,845	**51,464**
Government subsidies and grants		
- Department of Social Services (Commonwealth)		
• operational	4,011	4,709
- Department of Employment (Commonwealth)		
• operational	48	52
- Department of Education, Training and Employment (State)		
• operational	1,962	1,963
• UAP Queensland Kindergarten Funding Scheme	26,164	26,063
	32,185	**32,787**
Finance income		
Finance income	**1,083**	**1,397**
Other income		
Community Advisory Group funds recognised	936	889
Fair value of donated assets	8	10
Grants income	794	662
Rental income	4	2
Realised gains on financial assets	278	169
Miscellaneous income	29	-
	2,049	**1,732**
Total revenue	**92,162**	**87,380**

All figures in thousands of AUD.

Notes to the Financial Statements (continued)

For the year ended 31 December 2017

2. Other Expenses

	2017	2016
Other expenses		
Advertising and marketing	845	843
Audit and accounting	68	113
Bank charges	375	346
Cleaning	2,583	2,553
Conferences and seminars	482	558
Equipment	1,039	814
FDC educator expenses	915	3,260
Food and functions	1,173	253
Grants expenditure	144	328
Information technology	713	928
Motor vehicles	369	361
Occupancy	5,036	3,712
Outsourcing/consultancy	798	787
Community Advisory Group funds spent	750	758
Postage, printing, stationery and program materials	977	1,163
Repairs and maintenance	1,102	806
Telephone and internet	699	673
Travel	567	483
Other expenses	772	253
Total other expenses	**19,407**	**18,992**

3. Loss from non-operating activities

	2017	2016
Loss on sale of assets	(37)	(114)
Total	**(37)**	**(114)**

All figures in thousands of AUD.

Notes to the Financial Statements (continued)

For the year ended 31 December 2017

4. Income tax expense

Income tax expense relates to C&K's for-profit subsidiary, FMJ, which was acquired on 30 September 2016.

	2017	2016
Current tax		
Current tax on taxable profits for the year	2,111	80
Franking credits receivable	(2,111)	(80)
Total current tax expense	**-**	**-**
Deferred income tax		
Decrease in deferred tax assets	(91)	-
Total deferred tax expense	**(91)**	**-**
Total income tax expense	**(91)**	**-**

Income tax expense is attributable to:

Surplus from operations	**(91)**	**-**

5. Cash and cash equivalents

	2017	2016
Current		
Cash at bank	2,492	2,801
Short-term deposits	600	1,000
	3,092	**3,801**

Short-term deposits have a maturity of less than three months with an average interest rate of 2.35% (2016: 2.55%).

All figures in thousands of AUD.

Notes to the Financial Statements (continued)

For the year ended 31 December 2017

6. Trade and other receivables

	2017	2016
Current		
Trade receivables	181	268
Children's fees receivable	515	537
Franking credits receivable	2,191	80
Goods and services tax ("GST") receivable	1,053	1,003
Other receivables	609	148
Provision for impairment of receivables	(144)	(80)
Total	**4,405**	**1,956**

The franking credit receivable was in relation to income tax expense paid by FMJ. As a not-for-profit entity, C&K is entitled to claim franking credits attached to FMJ's franked dividend.

Provision for impairment of receivables

Movement in the provision of impairment of receivables is as follows:

	2017	2016
Balance at the beginning of the year	80	302
- Charge for the year	74	77
- Written off	(10)	(299)
Balance at the end of the year	**144**	**80**

7. Other financial assets

	2017	2016
Current		
Term deposits	**25,287**	**25,555**

The term deposits are held to maturity of terms between three and twelve months. They carry a weighted average fixed interest rate of 2.59% (2016: 2.65%). Due to their short-term nature their carrying value is assumed to approximate their fair value. The Group has $601,000 in term deposits that have been pledged as security for the Group's guarantees provided by Westpac Banking Corporation as set out in note 18.

8. Other assets

	2017	2016
Current		
Prepayments	943	628
Security bonds	50	107
Total	**993**	**735**

All figures in thousands of AUD.

Notes to the Financial Statements (continued)

For the year ended 31 December 2017

9. Property, plant and equipment

	2017	2016
Capital works in progress	**169**	**256**
Freehold land - at cost	**472**	**472**
Buildings & leasehold improvements - at cost	15,943	14,802
Less accumulated depreciation	(7,095)	(5,834)
	8,848	**8,968**
Equipment, furniture & fittings - at cost	11,214	10,868
Less accumulated depreciation	(10,361)	(9,725)
	853	**1,143**
Motor vehicles - at cost	344	547
Less accumulated depreciation	(267)	(351)
	77	**196**
Total property, plant and equipment	**10,419**	**11,035**

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

2017	**Capital works in progress**	**Freehold land**	**Buildings & leasehold improvements**	**Equipment, furniture & fittings**	**Motor vehicles**	**Total**
Cost						
Balance at the beginning of the year	256	472	14,802	10,868	547	26,945
Additions	1,503	-	-	9	-	1,512
Increase in make good asset	-	-	79	-	-	79
Transfers and other movements	(1,533)	-	1,087	357	-	(89)
Disposals	(57)	-	(25)	(20)	(203)	(305)
Balance at the end of the year	**169**	**472**	**15,943**	**11,214**	**344**	**28,142**
Accumulated depreciation						
Balance at the beginning of the year	-	-	(5,834)	(9,725)	(351)	(15,910)
Charge for the year	-	-	(1,281)	(655)	(27)	(1,963)
Disposals	-	-	20	19	111	150
Balance at the end of the year	**-**	**-**	**(7,095)**	**(10,361)**	**(267)**	**(17,723)**
Net carrying amount						
At the beginning of the year	256	472	8,968	1,143	196	11,035
At the end of the year	**169**	**472**	**8,848**	**853**	**77**	**10,419**

All figures in thousands of AUD.

Notes to the Financial Statements (continued)

For the year ended 31 December 2017

10. Intangible assets

	2017	2016
Study curriculum - at cost	254	254
Less: accumulated amortisation	(254)	(218)
	-	**36**
Software - at cost	344	255
Less: accumulated amortisation	(240)	(171)
	104	**84**
Goodwill - at cost	**10,212**	**10,212**
Lease premiums and other rights - at cost	269	269
Less: accumulated amortisation	(22)	(20)
	247	**249**
Total intangibles assets	**10,563**	**10,581**

Movements in carrying amounts

Movement in the carrying amounts for each class of intangibles between the beginning and the end of the current financial year:

2017	**Study curriculum**	**Software**	**Goodwill**	**Lease premiums and other rights**	**Total**
Cost					
Balance at the beginning of the year	254	255	10,212	269	10,990
Transfers and other movements	-	89	-	-	89
Balance at the end of the year	**254**	**344**	**10,212**	**269**	**11,079**
Accumulated amortisation					
Balance at the beginning of the year	(218)	(171)	-	(20)	(409)
Charge for the year	(36)	(69)	-	(24)	(129)
Transfers and other movements	-	-	-	22	22
Balance at the end of the year	**(254)**	**(240)**	**-**	**(22)**	**(516)**
Net carrying amount					
At the beginning of the year	36	84	10,212	249	10,581
At the end of the year	**-**	**104**	**10,212**	**247**	**10,563**

All figures in thousands of AUD.

Notes to the Financial Statements (continued)

For the year ended 31 December 2017

11. Financial assets at fair value through profit or loss

	2017	2016
Non-current assets		
BT - Managed fund portfolio	**7,683**	**5,295**

12. Deferred tax assets

	2017	2016
The balance comprises temporary differences attributable to:		
Employee benefits	-	91
Total	**-**	**91**

Movements

	Employee benefits
2017	
Balance at the beginning of the year	91
Charged to profit or loss	(91)
Balance at the end of the year	**-**

13. Trade and other payables 2017

	2017	2016
Current		
Trade payables	1,964	1,270
Employee benefits	5,502	5,169
Parent committee funds	1,774	1,915
Other payables and accruals	4,011	3,914
Total	**13,251**	**12,268**

All figures in thousands of AUD.

Notes to the Financial Statements (continued)

For the year ended 31 December 2017

14. Provisions

Provision for employee benefits

Provision for employee benefits represents amounts accrued for long service leave.

The current portion for this provision includes the total amount accrued for long service leave entitlements that have vested due to employees having completed the required period of service. Based on past experience, the Group does not expect the full amount of long service leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the Group does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

The non-current portion for this provision includes amounts accrued for long service leave entitlements that have not yet vested in relation to those employees who have not yet completed the required period of service.

In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based upon historical data. The measurement and recognition criteria for employee benefits have been discussed in note 26(o).

Make good provision

The Group is required to restore its leased premises at the end of the respective lease terms. A provision has been recognised for the present value of the estimated expenditure required to remove any leasehold improvements or to redecorate the areas in accordance with the lease agreement.

These costs have been capitalised as part of the cost of leasehold improvements and are amortised over the term of the lease unless acquired as part of a business combination. If a provision is required to be recognised as part of a business combination then it is included in goodwill on acquisition.

	2017			2016		
	Current	Non-current	Total	Current	Non-current	Total
Employee benefits	2,417	2,412	4,829	1,996	2,236	4,232
Make good costs	40	893	933	5	827	832
Total	**2,457**	**3,305**	**5,762**	**2,001**	**3,063**	**5,064**

Movements

	Employee benefits	Make good provision	Total
2017			
Carrying amount at start of year	4,232	832	5,064
Additional provision charged to plant and equipment	-	79	79
Charged to profit or loss			
- additional provision recognised	787	-	787
- unwinding of discount	-	22	22
Amount used/reversed	(190)	-	(190)
Balance at the end of the year	**4,829**	**933**	**5,762**

All figures in thousands of AUD.

Notes to the Financial Statements (continued)

For the year ended 31 December 2017

15. Cash flow information

	Note	2017	2016
(a) Reconciliation of cash			
Cash on hand and at bank	5	3,092	3,801
Cash on deposit	7	25,287	25,555
		28,379	**29,356**

	2017	2016
(b) Reconciliation of net surplus to net cash generated from operating activities		
Net surplus for the year	128	800
Adjustments for		
Depreciation & amortisation	2,092	2,693
Write off of capital works in progress	35	-
Loss on sale of assets	37	114
Fair value gain on financial assets at fair value through profit or loss	(388)	(126)
Change in operating assets and liabilities, net of effects from acquisition of subsidiaries		
(Increase)/decrease in trade and other receivables	(2,449)	305
Increase in other current assets	(258)	(139)
Decrease in deferred tax assets	91	-
Increase/(decrease) in trade payables and other liabilities	983	(191)
Decrease in income received in advance	(298)	(83)
Increase in current tax liabilities	1,882	42
Increase in provisions	619	391
Net cash generated from operating activities	**2,474**	**3,806**

All figures in thousands of AUD.

Notes to the Financial Statements (continued)

For the year ended 31 December 2017

16. Business Combination

On 30 September 2016, the parent entity acquired 100% of the issued share capital of FMJ, a childcare operator. The acquisition has increased the Group's market share in the industry and complements the Group's existing long day care services.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

	2017	2016
Purchase consideration - cash paid	**-**	**10,216**

The assets and liabilities recognised as a result of the acquisition are as follows:

	2016 Fair Value
Cash	42
Trade and other receivables	94
Prepayments	57
Property, plant and equipment	1,154
Intangible assets	260
Trade and other payables	(866)
Provisions	(737)
Net identifiable assets acquired	**4**
Add: goodwill	10,212
Net assets acquired	**10,216**

On 26 May 2017, an internal reorganisation was undertaken in which the business and assets of FMJ were transferred from the legal entity FMJ to the legal entity C&K. This transaction has no effect on the consolidated balance sheet or income statement of the Group but does mean that the parent entity balance sheet now records the assets and liabilities transferred and the goodwill which arose on the original acquisition.

All figures in thousands of AUD.

Notes to the Financial Statements (continued)

For the year ended 31 December 2017

17. Leasing and Capital commitments

	2017	2016
(a) Operating lease commitments		
Payable:		
- not later than 1 year	1,912	1,342
- later than 1 year but not later than 5 years	5,849	3,776
- greater than 5 years	16,232	11,827
	23,993	**16,945**

The Group has property leases with varying terms up to 75 years. Contingent rental provisions within the lease agreement require that the minimum lease payments shall be increased in line with CPI subject to review with the landlord. Many leases have an option to renew the lease at the end of the term. Management has determined that all of the risk and rewards of ownership of these operating leases remain with the lessor and has therefore classified the leases as operating leases.

The Group leases various motor vehicles under fully maintained operating leases. All leases are for a term of 48 months from date of delivery.

	2017	2016
(b) Capital expenditure commitments		
Payable:		
- not later than 1 year	**248**	**272**

18. Contingencies

	2017	2016
Guarantees		
Bank guarantees issued in support of rental agreements	**601**	**500**

The Group did not have any other contingent liabilities or contingent assets as at 31 December 2017 (31 December 2016: Nil).

All figures in thousands of AUD.

19. Franking balance

	2017	2016
Franking credits available for subsequent reporting periods based on a tax rate of 27.5% (2016: 30%)	2,210	1,523

FMJ was acquired on 30 September 2016 and from this time the parent entity had access to the franking credits.

The above amounts are calculated from the balance of the franking account as at the end of the reporting period, adjusted for franking credits and debts that will arise from the settlement of liabilities or receivables for income tax and dividends after the end of the year.

(a) Franking credits that will arise from the payment of the amount of the provision for income tax, and
(b) Franking debits that will arise from the payment of dividends recognised as a liability at the reporting date.

20. Events after statement of financial position date

There are no material events after the balance sheet date.

21. Key management personnel compensation

The names and positions of those having authority and responsibility for planning, directing and controlling the Group's activities, directly or indirectly (other than directors), are:

(a) Michael Tizard, Chief Executive Officer

(b) Mark Stones, Chief Financial Officer and General Manager Corporate Services

(c) Kathryn Woods, General Manager Children's Services

(d) Rolanda Ayling, General Manager People & Culture

(e) Matthew Champion, General Manager Business Development & Strategy (from 23 January 2017 to 12 February 2018)

(f) Kim Douglas, General Manager Marketing & Communications (ceased employment 24 November 2017)

(g) Gabrielle Corser, Acting General Manager Marketing & Communications (from 24 November to December 2017)

(h) Katherine Fleming, Company Secretary and General Counsel

(i) Leilani Pearce, Executive Advisor Aboriginal and Torres Strait Islander Strategy (ceased employment 9 May 2017)

	2017	2016
Key management personnel compensation	1,507	1,560

All figures in thousands of AUD.

Notes to the Financial Statements (continued)

For the year ended 31 December 2017

22. Auditor's remuneration

	2017	2016
Audit of financial report	46	44
Other assurance services	8	8
Other services	-	57
	54	**109**

23. Other related party transactions

Other related parties include close family members of key management personnel and entities that are controlled or jointly controlled by those key management personnel individually or collectively with their close family members.

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other persons unless otherwise stated. Values shown below are in AUD.

	2017	2016
Legal fees paid to Shand Taylor	18,588	6,370

John Sneddon is a partner of Shand Taylor and is a Director on the Board of C&K (retired on 7 February 2018). His remuneration for his services to the Board is Nil (2016: Nil).

All figures in thousands of AUD except for note 23.

24. Parent entity financial information

The individual financial statements for the parent entity show the following aggregate amounts:

(a) Balance sheet	2017	2016
Current assets	31,562	31,676
Total assets	64,186	57,253
Current liabilities	23,067	15,129
Total liabilities	26,412	17,402
Funds		
Reserves	1,341	1,341
Accumulated funds	36,433	38,510
Total funds	**37,774**	**39,851**

(b) Total comprehensive (loss)/income	2017	2016
(Deficit)/Surplus for the year	(2,077)	538
Total comprehensive (loss)/income	**(2,077)**	**538**

The deficit for the year ended 31 December 2017 includes an impairment charge in relation to the investment in FMJ of $5.98m. The investment is related to the acquisition of FMJ in 2016. There is no effect on the consolidated balance sheet or income statement of the Group.

(c) Contingent liabilities	2017	2016
Bank guarantees issued in support of rental agreements	601	500
Total contingent liabilities	**601**	**500**

(d) Commitments	2017	2016
Operating lease commitments	23,993	2,180
Capital expenditure commitments	248	272
Total commitments	**24,241**	**2,452**

All figures in thousands of AUD.

Notes to the Financial Statements (continued)

For the year ended 31 December 2017

25. Financial risk management

The Group financial instruments consist mainly of deposits with banks, short-term investments, accounts receivable and payable, and leases. Managed funds are used for long term investment purposes where a greater risk tolerance is accepted.
The totals for each category, are as follows:

		2017		2016	
	Notes	Assets at FVPL	Assets at amortised cost	Assets at FVPL	Assets at amortised cost
Financial assets					
Cash and cash equivalents	5	-	3,092	-	3,801
Other financial assets	7	-	25,287	-	25,555
Trade and other receivables		-	1,161	-	873
Financial assets at fair value through profit or loss	11	7,683	-	5,295	-
Total financial assets		**7,683**	**29,540**	**5,295**	**30,229**

		Liabilities at FVPL	Liabilities at amortised cost	Liabilities at FVPL	Liabilities at amortised cost
Financial liabilities					
Trade and other payables		**-**	**5,164**	**-**	**3,834**

All figures in thousands of AUD.

26. Summary of significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements to the extent they have not already been disclosed in the other notes above. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the group consisting of The Crèche and Kindergarten Association Ltd and its subsidiaries.

(a) Basis of preparation

The consolidated financial statements are a Tier 2 general purpose financial report which have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements of the Australian Accounting Standards Board (AASB) and the Australian Charities and Not-for-profit Commission (ACNC) Act 2012. The Group (excluding FMJ) is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest thousand dollars unless otherwise stated.

The financial statements were authorised for issue on 28 March 2018 by the Directors of the Group.

New standards and interpretations not yet adopted by the Group

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2017 reporting periods and have not been early adopted by the Group. The Group's assessment of the impact of these new standards and interpretations is set out below.

Title of Standard	Nature of change	Impact	Mandatory application date
AASB 15 ***Revenue from Contracts with Customers***	The AASB has issued a new standard for the recognition of revenue. This will replace AASB 118 which covers contracts for goods and services and AASB 111 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer - so the notion of control replaces the existing notion of risks and rewards.	At this stage, the Group does not expect material impacts of the new rules on the Group's financial statements.	Mandatory for financial years commencing on or after 1 January 2018. Expected date of adoption by the Group: 1 January 2018.
AASB 16 ***Leases***	AASB 16 was issued in February 2016. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not significantly change.	The standard will affect primarily the accounting for the Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of $23,993,000 (2016: $16,945,000) (note 17). However, the Group has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows. Some of the commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under AASB 16.	Mandatory for financial years commencing on or after 1 January 2019. At this stage, the Group does not intend to adopt the standard before its effective date.

There are no other standards that are not yet effective and that would be expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

26. Summary of significant accounting policies (continued)

(b) Principles of consolidation

Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group (refer to note 26(f)).

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(c) Revenue and other income

Parent and other fees are recognised in the period in which the service was provided.

Grants and Government funding are recognised when the right to receive the funding has been established.

When funding is received and there is a contractual or constructive obligation to refund some or all funds if the Group was unable to provide the service, or did not comply with the terms of the funding agreement, then the grant is recognised as unearned income until the service has been delivered.

Funds received which do not impose restrictions on the use of funds, including a time restriction on when the funds can be used, are recognised as revenue on receipt of the funds.

Community Advisory Group funds are recognised as income when funds are used.

Interest revenue is recognised on an accrual basis.

All revenue is stated net of the amount of goods and services tax (GST).

(d) Income tax

The Group (excluding FMJ) is a charitable institution for the purposes of Australian Taxation Legislation and is therefore exempt from income tax. The Group as a charitable institution has access to charity concessions under the income tax, FBT and GST laws. A charitable institution is defined by the Australian Taxation Office.

FMJ is an Australian resident entity and is taxed as a single entity. The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(e) Leases

Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that the Group will obtain ownership of the asset. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as expenses on a straight-line basis over the lease term.

26. Summary of significant accounting policies (continued)

(f) Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred,
- liabilities incurred to the former owners of the acquired business,
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

The excess of the:

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

(g) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

(h) Cash and cash equivalents

For the purpose of presentation in the statement of cashflows, cash and cash equivalents include cash on hand and term deposits with financial institutions.

(i) Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost less provision for impairment. The Group applies the simplified approach to providing for expected credit losses prescribed by AASB 9, which requires the use of the lifetime expected loss provision for all trade receivables.

(j) Investments and other financial assets

Classification
The Group classifies its financial assets in the following categories:

i. Financial assets at amortised cost

The Group classifies its financial assets at amortised cost only if both of the following criteria are met:

- the assets are held within a business model with the objective of collecting the contractual cash flows, and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

ii. Financial assets at fair value through profit or loss

The Group classifies the following financial assets at fair value through profit or loss:

- equity investments that are held for trading, and
- equity investments for which the entity has not elected to recognise fair value gains and losses through other comprehensive income.

Management determines the classification of its investments at initial recognition. See note 25 for details about each type of financial assets. The financial assets are presented as non-current assets unless they mature, or management intends to dispose of them within 12 months of the end of the reporting period.

Recognition and derecognition
Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

26. Summary of significant accounting policies (continued)

(j) Investments and other financial assets (continued)

Measurement
At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Financial assets at fair value through profit or loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value are recognised through profit or loss.

Impairment
The Group assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and fair value through profit or loss. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

(k) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Land and buildings
It is the policy of the Board to record the value of buildings at cost. The Board has adopted the Australian Accounting Standards in terms of depreciation of all its buildings.

Land and Buildings that have been contributed to the Group at no cost, or for a nominal cost are valued at the fair value of the asset at the date it is acquired.

Buildings on crown land
No value is recorded for land held under Deed of Grant upon Trust from the Crown, because it can only be used for the approved purpose and reverts to the Crown in the event of the Group ceasing to use it for that purpose. Accordingly, buildings on Crown Land are shown at original cost less depreciation.

All other property, plant and equipment
All other property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Plant and equipment that have been contributed to the Group at no cost, or for nominal cost, are valued and recognised at the fair value of the asset at the date it is acquired.

Depreciation
All property, plant and equipment, excluding freehold land and leasehold improvements, are depreciated on a straight line basis over the asset's useful life to the Group commencing from the time the asset is held ready for use.

Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease taking into account renewal options or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of fixed asset	Useful life
Buildings and leasehold improvements	3 - 40 years
Equipment, furniture and fittings	3 - 5 years
Motor vehicles	4 years

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 26(g)).

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in profit or loss. When revalued assets are sold, amounts included in the revaluation relating to that asset are transferred to accumulated funds.

(l) Intangible assets

Goodwill
Goodwill is measured as described in note 26(f). Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

26. Summary of significant accounting policies (continued)

(l) Intangible assets (continued)

Lease premiums and other rights
Separately acquired lease premiums and other rights are shown at historical cost. Lease premiums and other rights acquired in a business combination are recognised at fair value at the acquisition date. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses.

Amortisation of lease premiums is calculated using a straight-line basis to allocate costs over the period of the lease term. Amortisation of trademarks is calculated using a straight-line basis to allocate costs over the period of the expected benefit which is 6 years.

(m) Trade and other payables

Trade and other payables represent the liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid. These amounts are usually settled in 30 days. The carrying amount of the trade and other payables is deemed to reflect fair value.

(n) Provisions

Provisions are made when the Company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that an outflow can be reliably measured. Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

Make good provision
Provisions for make good obligations are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

(o) Employee benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may not satisfy vesting requirements. Those cash outflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

(p) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office ("ATO"). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

(q) Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year. Comparative figures have also been reclassified when necessary to give a better presentation of financial statements.

(r) Critical accounting estimates and judgements

The Board evaluates estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group. Critical accounting estimates and judgements regarding impairment charges and provisions for impairment of receivables are disclosed in Note 3 and Note 6.

(s) Parent entity financial information

The financial information for the parent entity, Crèche and Kindergarten Association Limited, disclosed in note 24 has been prepared on the same basis as the consolidated financial statements, except for investments in subsidiaries which are accounted for at cost in the financial statements of the Company.

27. Economic dependence

The operations of all our childhood services benefit from the continued support by statutory authorities of the federal, state and local governments.

28. Funding receipts and expenditure

Queensland Government Department of Education Office of Early Childhood and Care

Projects	Total	Central	Branch	Affiliate	Associate
Balance of undisbursed funds as at 1 January 2017	**316**				
Receipts: State Government Grants for 2017 (including supplementation)					
QKFS Funding Semester 2 2016	(136)	-	(87)	(66)	17
QKFS Funding Semester 1 2017	27,374	(218)	12,466	14,864	262
QKFS Funding Semester 2 2017	28,254	-	12,833	15,152	269
QKFS UA in LDC	892	-	892	-	-
Disability Inclusion Support for Queensland Kindergartens	1,988	-	1,988	-	-
Mackay Children and Family Centre	1,136	-	1,136	-	-
Limited Hours Care Programs	299	-	299	-	-
Administrative Support Funding	59	-	59	-	-
Volunteer Management Committee	1,903	-	-	1,860	43
Interest Income	239	-	-	235	4
Total Receipts	**62,008**	**(218)**	**29,586**	**32,045**	**595**
Expenditure					
QKFS Funding Semester 2 2016	20	-	16	4	-
QKFS Funding Semester 1 2017	27,385	-	12,226	14,898	261
QKFS Funding Semester 2 2017	27,942	-	12,759	14,920	263
QKFS UA in LDC	1,104	(17)	1,121	-	-
Disability Inclusion Support for Queensland Kindergartens	2,527	-	2,527	-	-
Information & Resources (Small Assets Grant)	89	-	89	-	-
Pre-kindergarten Grant - Carseldine	25	-	25	-	-
Mackay Children and Family Centre	2,049	-	2,049	-	-
Limited Hours Care Programs	365	-	365	-	-
Administrative Expenditure	6,921	-	6,921	-	-
Volunteer Management Committee	4,391	-	-	4,293	98
Total Expenditure	**72,818**	**(17)**	**38,098**	**34,115**	**622**
Net grant expenditure for 2017	**(10,810)**	**(201)**	**(8,512)**	**(2,070)**	**(27)**
Balance contributed by C&K for the year ended 31 December 2017	**10,641**				
Balance of undisbursed funds as at 31 December 2017	**147**				

All figures in thousands of AUD, exclusive of GST.

Notes to the Financial Statements (continued)

For the year ended 31 December 2017

29. Trusts and legacies

Consists of the following:

Ann Cameron Legacy, Jessie Carter Legacy, Edith Conochie Legacy, Dr Mary Gutteridge Legacy, Holda C. Turner Legacy, Elsie Schlencker Legacy, Flora B. Harris Trust, Constance E. Lloyd Legacy, Lady Cilento Legacy.

30. Public company limited details

The registered office of the Crèche and Kindergarten Association Limited is:

C & K Association Limited
257 Gympie Road
Kedron
Queensland 4031

Directors' Declaration

For the year ended 31 December 2017

In accordance with a resolution of the directors of The Crèche and Kindergarten Association Limited, the directors of the Group declare that:

1. The financial statements and notes, as set out on pages 30 to 51, are in accordance with the Australian Charities and Not-for-profits Commission (ACNC) Act 2012 and:
   a. comply with Australian Accounting Standards – Reduced Disclosure Requirements; and
   b. give a true and fair view of the financial position of the Group as at 31 December 2017 and of its performance for the year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

Mr Cameron Henry, Chair

Ms Emma Fynes-Clinton, Director

Dated this 28th day of March 2018

Independent Auditor's Report

To the members of The Crèche and Kindergarten Association Limited

Our opinion

In our opinion:

The accompanying financial report of The Creche & Kindergarten Association Limited (the Company) and its controlled entities (together the Group) is in accordance with Division 60 of the Australian Charities and Not-for-profits Commission (ACNC) Act 2012, including:

(a) giving a true and fair view of the Group's financial position as at 31 December 2017 and of its financial performance for the year then ended

(b) complying with Australian Accounting Standards - Reduced Disclosure Requirements and Division 60 of the Australian Charities and Not-for-profits Commission Regulation 2013.

What we have audited

The Group financial report comprises:

- the consolidated balance sheet as at 31 December 2017
- the consolidated statement of changes in funds for the year then ended
- the consolidated statement of cash flows for the year then ended
- the consolidated statement of profit or loss and other comprehensive income for the year then ended
- the notes to the consolidated financial statements, which include a summary of significant accounting policies
- the directors' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

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

Independence

We are independent of the Group in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Group's Financial Report for the year ended 31 December 2017, including Directors' Report, but does not include the financial report and our auditor's report thereon.

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

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

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and *Australian Charities and Not-for-profits Commission (ACNC) Act 2012* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors 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 financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is 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 the Australian Auditing Standards 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 report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:

http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf. This description forms part of our auditor's report.

PricewaterhouseCoopers

PricewaterhouseCoopers

Andrew Weeden
Partner

Brisbane
28 March 2018

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Australian Government

Department of Education and Training
Department of Industry, Innovation and Science
Department of Infrastructure & Regional Development

Queensland Government

Department of Communities, Child Safety & Disability Services
Department of Education and Training
Department of Justice and Attorney-General

Other grants

Anglo American Metallurgical Coal Pty Ltd
Barcaldine Regional Council
Blue Fin Fishing Club
Brisbane City Council
Brothers Leagues Club
Bundaberg Regional Council
Caboolture Sports Club
Cancer Council Queensland
Canungra & District Community Bank (Branch of Bendigo Bank)
Coronis Coorparoo
Drivas Moorooka Pty Ltd
Foundation for Rural & Regional Renewal
Gold Coast City Council
IKEA
Ipswich City Council
Isaac Regional Council
Logan City Council
Mark Bailey, State Member for Yeerongpilly
Mark Ward Property
Milton Dick, Federal Member for Oxley
Mission Australia
Moreton Bay Regional Council
Mundubbera Community Bank (Branch of Bendigo Bank)
Murgon & District Services & Citizens Memorial Club Inc.
Queensland Child Protection Week Committee
Queensland Police Service & Suncorp Corporate Services Pty Ltd
Rotary Club of Currumbin-Coolangatta-Tweed Inc.
Sarina Community Bank (Branch of Bendigo Bank)
Scenic Rim Regional Council
South Burnett Regional Council
Southside Sport & Community Club
Stockland Property Group
Sunshine Coast Regional Council
Telstra Foundation
The Salvation Army
Wesfarmers Curragh Pty Ltd
Westpac Banking Corporation

C&K Childcare & Kindergarten

Early Learning since 1907

The Creche and Kindergarten Association Limited

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