



Annual Report 2012





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C&K acknowledges and pays its respects to the traditional custodians of the lands on which our central office and services across Queensland and Australia are placed, and their continuing connection to land, sea and community. C&K also acknowledges and pay respects to all Elders - past and present.

Chair's Report

It has been more than 30 years since I joined the C&K Board and it is with great pride that I write my last Chair's Report as I complete my time with C&K. Therefore it is only natural that I find myself reflecting back on the journey that C&K has taken over this period and see how it has evolved into the organisation it is today – a leader in the early childhood sector in Queensland. It has been a very exciting, challenging, rewarding and successful journey.

The past 12 months have been no exception and are a clear indication of the organisation's strength, capability and commitment to overcome the challenges and accomplish the results we have today.

We increased our geographic footprint across the state, established the foundations for what will become the Centre for Excellence in Early Childhood Education, achieved positive outcomes from the first round of assessments under the National Quality Framework (NQF) and restructured the organisation into a new entity.

The results speak for themselves.

The growth that I have witnessed since my time at C&K has been extraordinary. When I joined in 1982 there were 10 branch services and 12 affiliate services. C&K now operates almost 400 early childhood education and care services across the state. In 2012 alone we added 64 new kindergarten branches to our portfolio.

In February 2012, C&K moved closer to realising our vision of establishing Australia's very first Centre for Excellence in Early Childhood when we became the proud owners of the decommissioned Ithaca TAFE site at Ashgrove and work began in earnest on plans to develop the Centre.

This Centre's vision is to showcase innovation and best practice in the Early Childhood Education and Care (ECEC) sector while enhancing research and innovation opportunities and providing tangible benefits for educators, children and families.

The Centre will enhance, promote and develop the ECEC workforce through rigorous debate, testing, rethinking, promoting and have demonstrable examples of the NQF in action.

With the quality of early childhood education coming under the microscope even more now with the establishment of the NQF and the assessment and rating of services it is going to be even more critical for services to be able to demonstrate their ability to deliver a high standard of education, health and safety.

I am pleased to report that 70 C&K services have already undertaken the assessment and the results validate our commitment and promise of providing a range of high quality services geared for learning and optimal development.

Quality education and care shapes every child's future and lays the foundation for development and learning. It is the cornerstone for C&K and we will continue to set high standards of care within our services and hope to have all services rated by the end of 2015.

Another Australian Government initiative that C&K is contributing to is Universal Access to Early Childhood Education – a commitment that every child will have access to 15 hours a week, 40 weeks a year of affordable quality play based education programs in the year before full-time school.

C&K has played a critical role in assisting the Queensland Government to meet its targets of moving towards 95% participation by 2014 with the opening of 64 new branch kindergartens, co-located on state school sites in partnership with the Queensland Government.

As an organisation that has been operating for more than 100 years C&K will continue to identify, create and establish new opportunities that will improve early childhood education and care to the benefit of Queensland families.

Our biggest challenge will be to innovate and grow while ensuring we remain a family's natural choice for their child's early education and care. Long term sustainability of our services is essential as is continued financial support from both the State and Federal governments. C&K will continue to work closely with representatives of government, advocating for early childhood education and care, ensuring that all children have the opportunity to the very best of education and care.

In 2010, C&K started the journey of transitioning to a new corporate structure and I am delighted to report that the transition has been successful and has reaped benefits beyond what we had initially hoped for.

C&K commenced operation under this new corporate structure and governance framework on 1 July 2012. The new structure sees a pathway for Board renewal, performance assessment and oversight of the organisation. Board processes have been updated and organisation wide reporting systems streamlined.

During my time as Chair, C&K has faced many challenges and we have met these head on and I am sure we will continue to do so.

Our accomplishments and successes could not have been made possible without the support, dedication and focus of our people have been tremendous during this time and I acknowledge and appreciate their patience, resilience and persistence in ensuring our children come first.

As a people organisation we also understand that change occurs internally and externally and during 2012 we saw the retirement from our Board of Mr Bill Lowah and Dr Noelene McBride.

Originally from Thursday Island, Bill was a Torres Strait Islander commentator who brought a deep insight into the Indigenous culture, along with his vast breadth of knowledge and networks from the grassroots, people-centred organisations throughout Queensland.

Dr Noelene McBride has been involved in many aspects of early childhood education and care for the past 36 years and worked in a range of early childhood settings, on committees and reference groups. She is passionate about advocating for young children and working to provide highly qualified teachers for all children in early childhood programs.

Noelene is currently the Chair of C&K's Nominations Committee. I wish to acknowledge and thank Noelene and the elected members of the Committee for bringing their expertise and commitment to the conduct of the work of the Committee.

The Board also appointed three new directors during the year.

Bernard Curran, who had been serving as the Independent Chair of C&K's Audit Committee since 2010, joined the Board and took on the role of Deputy Chair. Bernard, a partner at BDO in Brisbane, has also previously served as the Treasurer of a community kindergarten for three years. Bernard will Chair the Board from June 2013 and brings with him a great wealth of commercial experience including assisting companies with long term growth strategies. Bernard is also the Chair of the Board of the Prince Charles Hospital Foundation.

Jo Darbyshire joined the Board in August 2012. Jo is currently a Kindergarten Teacher at Fairholme College in Toowoomba. She has been involved in the early childhood sector for almost 30 years in a range of different roles including, Kindergarten Teacher; Early Intervention Coordinator; Parent Support Worker; visiting Preschool Teacher; TAFE and University Lecturer.

John Sneddon, a long term supporter of C&K and partner at Shand Taylor Lawyers joined the Board in December 2012. He has extensive experience in the legal issues relating to Indigenous Australians and has represented Indigenous communities in far North Queensland and the Northern Territory. A father of three young children, John maintains an abiding interest in early childhood education.

Barrie Elvish, our former CEO, retired from full time work and left the organisation after 12 ½ years and we wish him all the best.

I worked closely with Barrie over that period and I want to acknowledge his efforts and contribution to the organisation, particularly his commitment to ensuring C&K played an

ongoing advocacy role in local, state and national issues for early childhood education and care.

The Board has established a CEO Recruitment Committee and appointed People for Purpose to assist with recruiting a new CEO and I anticipate that an announcement of a new appointee will be made in due course.

Since Barrie's retirement, Mel Comerford has assumed the role of Acting CEO. I want to thank her and her team for their tireless contributions to C&K and the children it serves.

I would also like to take the opportunity to thank every member of the C&K team for their efforts this year and for their commitment to delivering on the C&K philosophy and values.

C&K is an organisation I have seen grow and embrace change; an organisation that is well positioned to meet its challenges head on while always ensuring children are at the centre of everything we do.

I am honoured to have been the 20th President and to have had the opportunity to be part of the C&K journey. Also sharing that journey is a fellow Board member, Hon Professor Peter Fardoulis AM, who will be joining me in retiring from the Board in 2013. In recognition of Peter's commitment to C&K, which has spanned over 45 years, he was appointed as a Life Governor of the organisation in 1997. I wish to thank Peter for his unfailing contribution to the work of C&K.

I wish the Board, management and staff all the very best for the future and know that C&K is in good hands. I believe that the best is yet to come.

Adjunct Professor Mary Mahoney AO

MBBS Qld, Hon MD, Qld, Grad Dip Clin Ed UNSW, FRACGP, FAIM, FAMA

Chair

CEO'S Report

For C&K, 2012 was a year defined by growth, change, challenge and success.

As we have done for the past 106 years, our focus has been centred on leading and delivering the highest standards of early childhood education and care for children through the development of innovative learning practices, people development, service expansion and our community minded approach.

Our purpose is to provide the best start to a child's learning journey and with almost 400 early childhood services across Queensland – kindergarten, childcare (long day care), family day care, limited hours care and Aboriginal & Torres Strait Islander Programs – C&K reaches more than 20,000 children each year through its explore, discover and learn through play approach.

The results we have achieved across the past 12 months are a reflection of the commitment of C&K to the sector, educators, families and children.

We expanded our service offering and delivery with the addition of 64 new branch kindergarten services, 200 additional new jobs and 3000 new kindergarten places for children taking part in C&K's early childhood education.

We became the proud owners of the former Ithaca TAFE site at Ashgrove, which will be developed into the C&K Centre for Excellence. The Centre will support our growth plans, provide a rejuvenated learning and training space for specialists, regulators and professionals and expand the C&K philosophical approach of children learning through play in a natural environment.

Following a review of our internationally recognised curriculum, C&K Building waterfalls first edition, published in 2006, we were pleased to officially release the C&K Building waterfalls teaching and learning guideline for kindergarten and birth to three years (second edition) to all C&K educators.

As part of the National Quality Framework (NQF) rollout, our brand new kindergartens were the first services to have their Quality Improvement Plans written and submitted to the Office for Early Childhood Education & Care.

Expanding our footprint

The start of term one signalled the first wave of achievements for 2012 with the successful opening of 64 new branch kindergartens, co-located on state school sites, in partnership with the Queensland Government.

This was a significant milestone for C&K and a successful outcome for families, children and the community with 200 new jobs generated to cater for the additional children that started their kindergarten year.

The locations of these kindergarten services were geographically diverse, including key areas of the Gold Coast, Sunshine Coast, Townsville, Rockhampton, Mackay, Cairns, Central Queensland, Toowoomba, Bundaberg, and parts of the Brisbane metropolitan area.

A number of services transferred from affiliate membership status to new branch services throughout the year. These included Oakey, Anne Shearer (Redcliffe), Ascot, Mossman and Blackbutt. We anticipate this trend to continue over the ensuing year as we have experienced high demand from affiliate services requesting information about becoming a branch service.

C&K Maroochydore Childcare Centre was closed in December 2012, with most of the staff relocated to other existing local branch services.

A new home for learning

In March 2012 we took ownership of the decommissioned Ithaca TAFE site at Ashgrove, which will be transformed into our Centre for Excellence comprising of an Early Childhood Training Facility, Research and Innovation Unit, C&K College of Early Childhood and administration centre.

Work has already commenced on the development and building of the administration, research hub and training facility and we anticipate relocating to this site by mid-2014.

The opening of the Early Years Centre, our proposed long day care service, will be extended past the originally anticipated 2014 date. C&K is currently investigating suitable alternative site options within the C&K Centre for Excellence complex, with the full support of the Brisbane City Council.

This delay was prompted after an extensive assessment with C&K and Brisbane City Council. Based on the extreme wet weather events that have occurred across Queensland in the recent years and the Q100 flood line, it was determined that the risk to children, families and our staff is too great to proceed with the Early Years Centre in the initial proposed site location.

Improving childhood education

As a leader in the Early Childhood sector in Queensland, the C&K approach to early childhood education and development has been founded on providing a range of high quality services that reflect contemporary national and international early childhood research.

Research shows the first three years is the most crucial period in growth and development for children. These findings became the basis for the development of the new C&K Building waterfalls (second edition) guideline for educators of children aged birth to three years, which complements our kindergarten guidelines. Both were officially launched at our Annual Conference in May.

The new kindergarten and birth to three guidelines are an outcome of a review from the first edition, originally published in 2006, and were created by and for educators, parents and children. The program provides a framework of teaching practices that support intentional teaching, thinking, planning, and progressing children's learning, as well as planning learning environments.

Educators have already started implementing the program which focuses on embedding literacy and numeracy within the living and learning environment and throughout their interactions with children so that learning is occurring all of the time.

The C&K Building waterfalls curriculum complements the national Early Years Learning Framework released by the Australian Government in 2009 while meeting all requirements under the NQF.

National Quality Framework

As a part of the National Quality Framework the new National Education and Care Services Regulations and Act came into effect January 1, 2012.

Between June and December 2012, 70 C&K branch services completed the assessment and rating process. This was the first time the quality of our kindergartens had been assessed and the first time for all services to be assessed against the seven quality areas of the National Quality Standard. Considering many of the services assessed only commenced operation in 2012, the results, shown below, reinforce commitment to delivering the highest quality education and care for children. Of the 70 services assessed more than 76% were 'meeting' or 'exceeding' the national standard. The C&K Quality, Policy and Legislation team was established to support the implementation of the NQF, including developing and maintaining systems of support around Quality Improvement Plans and preparation for assessment and rating visits. All C&K services have utilised the resources developed by the team and through our continuous improvement culture we are able to monitor, refine and improve these systems and support mechanisms.

Team development

C&K results from National Quality Standard assessment

National Quality Standard Rating

| Rating Level | % of C&K branch services* |
|-----------------|---------------------------|
| Working Towards | 24% |
| Meeting | 22% |
| Exceeding | 54% |

*70 branch services assessed

C&K implemented a number of professional development programs across the state, focusing on leadership, management, service delivery and the application of the Building waterfalls curriculum.

These training sessions were delivered through workshops, online learning, professional network meetings and conferences.

A new seven week e-learning series was delivered across the year to support educators in their curriculum understandings.

Leadership and management training was offered to service Directors to support and guide them through the expansion process and operational changes and challenges, including training and reporting requirements.

The Research & Development unit, initiated and conducted research into the benefit of Information and Communication Technologies (ICTs) to the teaching practice of educators and the learning opportunities for children. This provided an opportunity to explore the perceived and real issues around ICT use in kindergarten programs, as well as identify and understand the challenges and issues around the internal infrastructure requirements for C&K.

The reports' findings focused on educator engagement, ICT knowledge, skills development and internal C&K infrastructure and policy.

Towards the end of the year the C&K Position Statement was published to encourage educator engagement through Building waterfalls and ICTs with a number of workshops held to up skill educators with these new technologies.

Internally, processes and systems were refined to ensure all relevant departments were supported with a larger scale rollout of ICTs, and a number of smaller projects initiated to ensure educators, children and families are engaging with ICTs in safe, effective and responsive ways.

To broaden our knowledge and services around our nature-based educational approach, the Early Childhood Advisory team participated in a nature pedagogy professional development seminar conducted by international Nature Kindergarten expert, Claire Warden.

C&K Annual Conference Highlights

The 2012 C&K Annual Conference was a great success with over 550 delegates attending from across Australia. The weekend conference presented a perfect platform for delegates to network, discuss and share their knowledge across a range of topics.

Some highlights from the conference included a panel discussion with Lenore Skenazy and Tim Gill, along with other panel members, who challenged delegates to consider risk taking within early childhood settings as well as within community spaces.

Helicopter parenting and the over protective nature of parenting today were discussed within the context of children's rights. Different indicators and factors impacting on children's resilience were also explored by panel members.

Lenore Skenazy emphasised the importance of 'free range kids' - a philosophy that encourages children to participate

in a physically active lifestyle by providing an environment that caters to free range play. The topic triggered discussion around connecting children to nature, exploring environments for free range play both within services and community spaces, as well as the use of media and technology.

The event program also included the official launch of C&K Building waterfalls and the first C&K Sustainability Awards.

Equity & diversity at C&K

C&K is a strong advocate of equity and social justice and is committed to strengthening our partnerships with schools and community organisations.

Across 2012, C&K has worked collaboratively with the Benevolent Society in promoting the Connect2Kindy program in Browns Plain and the Indy2Kindy program in Cairns.

In the Inala to Ipswich region, we have delivered a range of literacy and celebrating diversity sessions to support the development of young children's language and literacy skills.

Under The Ready Together - Transition to School Program, C&K has supported Mission Australia with the development and delivery of culturally specific targeted playgroups and programs across schools, early childhood services and community services to facilitate a smooth transition to school.

The C&K Aboriginal and Torres Strait Islander Programs unit, which supports Aboriginal and Torres Strait Islander children and families throughout Queensland and in Halls Creek, Western Australia, expanded its services throughout the year.

C&K was appointed by the Queensland Government as the lead agency in the Mackay Children and Family Centre (MCFC) project as part of the Queensland and Australian Governments' commitment to the "Closing the Gap" strategy.

The MCFC aims to improve outcomes for Aboriginal and Torres Strait Islander children and families by increasing access to integrated early childhood education and care, family support and child and maternal health services.

There will be two operational components to MCFC including a long day care centre prioritising places for Aboriginal and Torres Strait Islander children and a centre that will offer core services comprising a combination of centre based services, outreach programs and home visits. In late 2012, we appointed a manager and administration officer to run the Mackay program.

The Aboriginal & Torres Strait Islander unit also developed a community partnership with the Logan Children and Family Centre to provide Aboriginal and Torres Strait Islander playgroups in the Logan region.

Caboolture Family Support Program's Indigenous Parenting Service and Direct Service provided programs to 855

parents, carers and children in the Moreton region. The team delivered Indigenous playgroups at Caboolture and Clontarf; conducted home visits to provide family support and early childhood activities for children in a safe environment; held Indigenous storytelling sessions at childcare centres and kindergartens; and hosted cultural sharing days and "make and take" evenings, and managed parenting and leadership programs.

As part of the Halls Creek, Western Australia Family Support Program - Indigenous Parenting Service, the unit now has four established playgroups and by the end of 2012, 218 Aboriginal parents, children and kin had attended playgroup. A critical factor to strengthening the program was the formation of partnerships with other agencies. The unit also provides support to the Mardi Wah community by transporting the families to and from their weekly playgroup.

Acknowledgements

Our accomplishments in 2012 would not have been possible without the support, dedication and hard work of our people across the organisation.

We have built a reputation for delivering the highest standards of early childhood education and care for children and we look forward to even further success as we accelerate the execution of our business objectives to ensure we are best placed for an exciting and strong future.

I would like to take this opportunity to thank every member of the C&K team for their efforts this year and for their commitment to ensuring C&K is the thriving contemporary organisation we are today.

We farewelled a number of long term staff members throughout the year and we wish them well in their new careers or their retirement.

A special thank you to our Chair, Adjunct Professor Mary Mahoney and our Board Members that so aptly guided us through our achievements and challenges. We are very grateful for their stewardship and leadership.

Mel Comerford

Acting Chief Executive Officer

A photograph of two young children, a girl on the left and a boy on the right, playing with wooden toys. The girl is standing and looking down at a stack of wooden blocks. The boy is sitting and looking towards the camera. The background shows more wooden toys and a wooden structure. A large blue circle is overlaid on the center of the image, containing the text "Financial report".

**Financial
report**

Directors' Report

The Directors are pleased to present their report, together with the Financial Report, to the members of the Crèche and Kindergarten Association Limited (C&K). The report covers the period from the date C&K commenced operating as a company limited by guarantee on 1 July 2012, for the year ended 31 December 2012.

Directors

Current Directors



Adjunct Professor Mary Mahoney AO

MBBS Qld, Hon MD, Grad Dip Clin Ed, FRACGP, FAIM, FAMA, MRACMA, MAICD

Non-Executive Director, appointed 6 May 2011

Chair, Board of Directors; Chair, Remuneration Committee Chair; Member, Audit and Risk Committee

Adjunct Professor Mary Mahoney is a General Practitioner and was Director of the Royal Australian College of General Practitioners Training Program for 25 years. In January 2009, Dr Mahoney was appointed Adjunct Professor, School of Medicine at the University of Queensland and has been a member of the board of management of the Crèche and Kindergarten Association of Queensland for many years and President since 2000. Mary is also a Life Governor of C&K.

Adjunct Professor Mahoney is a former member of the Brisbane Kindergarten Teachers College Council. She is Deputy Chancellor of the University of Queensland Senate and Deputy Chair of the Brisbane Girls Grammar School Board of Trustees. Having four children and three grandchildren, Mary recognises the importance of early childhood education and understands how vital the first five years of a child's life are. At C&K, she believes we are privileged to have the opportunity to influence children's experiences in helping them achieve their full potential and to be happy, healthy and well adjusted.



Bernard Curran

B. Bus (Accounting), Member, Institute of Chartered Accountants Fellow, Taxation Institute of Australia

Non-Executive Director, appointed 22 August 2012

Deputy Chair, Board of Directors; Chair, Audit and Risk Committee; Member, Strategic Planning Committee

Bernard Curran is a partner at BDO and has been working in the accounting profession since 1981 where he has gained extensive experience in advising business owners on strategies to grow and manage their business. Specific skills used in providing business advice include establishment and implementation of performance measurement systems, preparation of business plans, accounting system reviews and budgeting systems. Bernard has extensive taxation experience advising clients on structures to maximise taxation opportunities with a particular interest in taxation structures for Mergers and Acquisitions. Bernard has also acted as Company Secretary for larger clients to assist them to comply with the complexities of Corporations Law, Taxation and other statutory requirements.

Bernard is also the Chair of The Prince Charles Hospital Foundation.



Joanne Darbyshire

Dip of Teaching - IECD, B. Education

Non-Executive Director, appointed 22 August 2012

Member, Strategy Committee; Member, Nominations Committee

Jo Darbyshire is currently a Kindergarten Teacher at Fairholme College in Toowoomba. She has been involved in the early childhood sector for almost 30 years in a range of different roles including Kindergarten Teacher, Early Intervention Coordinator, Parent Support Worker, visiting Preschool Teacher and a TAFE and University Lecturer.

Jo's Kindergarten at Fairholme College was involved in the trial of the Queensland Kindergarten Learning Guidelines during 2010 and is also a pilot centre for the Kids Matter mental health program. Jo attended an International Study Tour of Reggio Emilia in April 2010. Jo was President of the Queensland Branch of Early Childhood Australia for four years and has been on the executive committee for nine years. She is also a past President of Chiselhurst, a C&K kindergarten service in Toowoomba. She has a strong belief in the importance of the early years and a passion for working with young children and supporting their families. Early Childhood Australia offers many opportunities to extend this advocacy role beyond the Fairholme Kindergarten group as does her involvement with C&K. Jo has a weekly 'radio chat' on 4GR during the Midday Show that covers topics relevant to young children and families.



Hon Prof Peter Fardoulis

AM, LFAIB, Dip Mech & Elec Eng, JP

Non-Executive Director, appointed 6 May 2011

Peter Fardoulis' interest in C&K dates back more than four decades when he first held a position on the Crèche and Kindergarten Association of Queensland Board of Management in 1967. Peter is also a Life Governor of C&K. As managing director of Peter Fardoulis Constructions, Peter is heavily involved in the building industry in Queensland. He is an active community member and is a member of the Royal Brisbane & Women's Hospital Research Foundation and Opera Queensland Board. He is also a past National President of the Australian Institute of Building. In October 2007 he was appointed Honorary Professor (Building & Construction) at Central Queensland University.

In his youth, Peter was an accomplished athlete, winning 29 Queensland distance running championships (which included holding all Queensland State Records from 2 miles to 15 miles for track, cross country and road racing). He was captain of the Queensland Track and Field Team (1952), recipient of the Queensland Sportsman of the Year Award (1954) and Olympic Torch Relay Runner at the 1956 Olympic Games in Melbourne and the 2000 Olympic Games in Sydney.

In recognition of his services to the building industry and fundraising in the community, Peter has been the recipient of the Queen Jubilee Medal (1977), Centenary Medal (2003) and Member of the Order of Australia (2005).



Mr Tom Kettleton

JP (CDE), M Lab Studies UQ, Grad Dip Secondary Studies ACU

Non-Executive Director, appointed 6 May 2011

Member, Remuneration Committee

Tom is the Managing Company Director of a Queensland tourist transit and bus transport company. He has wide and varied community experience in industrial relations, specializing in the early childhood education field. Tom has been involved with C&K since the early 1980's when his children attended C&K services. Tom is a strong supporter of four-year, university-trained early childhood teachers, as advocated for by C&K.



Angie Russian

Non-Executive Director, appointed 6 May 2011

Member, Remuneration Committee

As the mother of three boys, Angie became involved with the C&K kindergarten in Dayboro when her first child started in 2005. From 2007 to 2009 Angie was President and after three years changed her role in 2010 to become the C&K Liaison Officer. Angie was chairperson of the C&K Management Committees' Forum for four years and was a member of the board of management of the Crèche and Kindergarten Association of Queensland for four years.

Originally from Newcastle, NSW, Angie worked in radio and advertising for eight years before being transferred to work at Triple M Radio Brisbane in 2000 as promotions manager. After meeting her husband Tony and having her first child in 2002, she left radio and is now involved with the local community in Dayboro and has taken on the role of P&C President at her children's primary school. Angie believes that C&K has been an important part of her children's lives and continues to help them and other children gain independence and self-confidence through play.



Barry Salmon

Dip T, BA, B Ed, M Ed St, FAIM

Non-Executive Director, appointed 6 May 2011

Chair, Strategy Committee; Member, Audit and Risk Committee

Barry Salmon first became involved with C&K in the early nineties when his children attended a C&K service. His involvement grew through his work with the former Children's Services Council of C&K.

Barry has 25 years of experience working in the education sector in a range of roles including teacher, curriculum developer, university lecturer and senior manager. He is currently the Acting Commissioner for Children and Young People and Child Guardian, where he advocates strongly in promoting the rights, interests and wellbeing of Queensland's children. He believes that C&K's commitment and dedication to young children is unique in today's world.



John Sneddon

LLB

Non-Executive Director, appointed 5 December 2012

John Sneddon is a partner at Shand Taylor Lawyers where he practises in the fields of commercial litigation, company law and industrial relations law. John has been representing C&K for a decade and is a past president of a C&K affiliated kindergarten in Brisbane. John 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 issues relating to indigenous Australians and has represented indigenous communities in far North Queensland and the Northern Territory. A father of three young children, John maintains an abiding interest in early childhood education.



Laurel Zaicek

BA, Grad Dip Mgt, M Mgt

**Non-Executive Director,
appointed 6 May 2011**

Member, Remuneration Committee; member, Nominations Committee

Laurel is a Project Manager and Business Analyst. She has served as Chairperson of the C&K Parents' Advisory Group Forum representing C&K branch centres on the Board of Management of the Crèche and Kindergarten Association of Queensland. As a mother of four small children, Laurel became involved with C&K when her eldest child began attending a C&K kindergarten in 2007. Laurel has worked in a variety of management roles for airlines in Brisbane, Sydney and Dubai. She is now actively involved at St Lucia Kindergarten in the inner western Brisbane suburbs. Laurel has seen the benefits a C&K early childhood education can offer young children and is passionate about C&K continuing to ensure accessibility and affordability for all children.

Retired Directors

Bill Lowah

Non-Executive Director, appointed 6 May 2011, retired 22 August 2012

Dr. Noelene McBride

Non-Executive Director, appointed 6 May 2011, retired 22 August 2012

Company Secretaries

Lisa Dalton – B. App Sc, M. App Sc, LLB (Hons), FAICD, FCIS, ACIS

Joint Company Secretary, appointed 23 May 2012

Lisa has held senior roles in mining and energy sectors, encompassing, strategic planning, performance management, merger and acquisition activities, board reporting and liaison, regulator reporting, governance, risk and compliance management and corporate communications. She is also currently a member of the Audit and Risk Committee for the Public Trustee of Queensland. Lisa has extensive experience as a Senior Executive and Company Secretary in all facets of governance, risk and compliance related functions with particular expertise in strategy development, business systems development, implementing change, human resources and culture development.

Katherine Fleming LLB (Hons), M(BusComms), GradDipACG, ACIS

Joint Company Secretary and General Counsel, appointed 24 October 2012

Katherine has held legal, governance and communications roles in the not for profit, private and international sectors, including nine years working with the United Nations in Geneva, Switzerland. Katherine is a Director of the PACT (Protection All Children Today) Foundation and has extensive experience in governance, board related activities and stakeholder management.

Committees

The Board is supported by the following Committees:

- Audit and Risk Committee
- Remuneration Committee
- Strategic Planning Committee
- Nominations Committee

Board and Committee meetings attended

| Director | Board | | Audit and Risk Committee | | Remuneration Committee | | Strategic Planning Committee | | Nominations Committee* | |
|-------------------|-------|---|--------------------------|---|------------------------|---|------------------------------|---|------------------------|----|
| | A | B | A | B | A | B | A | B | A | B |
| Mary Mahoney | 5 | 5 | 5 | 5 | 2 | 2 | | | 4 | 4 |
| Bernard Curran | 4 | 4 | 5 | 5 | | | 1 | 1 | | |
| Joanne Darbyshire | 3 | 4 | | | | | 1 | 1 | 1 | 1 |
| Peter Fardoulis | 4 | 5 | | | | | | | 3 | 4 |
| Tom Kettleton | 5 | 5 | | | 2 | 2 | | | 3 | 4 |
| Angie Russian | 4 | 5 | | | 2 | 2 | | | 4 | 4 |
| Barry Salmon | 3 | 5 | 4 | 5 | | | 1 | 1 | 2 | 4 |
| John Sneddon | - | 1 | | | | | | | | |
| Laurel Zaicek | 4 | 5 | | 2 | 2 | | | | 5 | 5 |
| Bill Lowah | 1 | 2 | | | | | | | 1 | 2 |
| Noelene McBride | 2 | 2 | | | | | | | 3** | 3* |

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 is a Committee of the Company. Pending the election of members to the Nominations Committee at the 2012 AGM held in November 2012, the Nominations Committee comprised Board members, with the exception of Bernard Curran and Joanne Darbyshire, in accordance with the C&K Constitution.

** Dr McBride attended two of the meetings in her capacity as a Director and one of the meetings as an elected member of the Committee.

Key Personnel

As at the date of the report the members of C&K's Executive Management Team are:

Melissa Comerford - Acting Chief Executive Officer
 Alexandra Allen - Chief Financial Officer
 Catherine Tisdell - Acting Chief Operations Officer
 Grant Weaver - Human Resources Manager
 Nicola Duhig - Marketing and Communications Manager
 Katherine Fleming - Company Secretary and General Counsel.

During the reporting period Barry Elvish held the position of Chief Executive Officer (retired 21 January 2013) and Ken Fuller held the position of Chief Financial Officer (resigned 24 August 2012).

Principal activities

The principal activities of C&K in 2012 included:

- Providing the highest standard of early childhood education and care
- Providing support and advocacy for affiliated, community managed early childhood services, administering public funds and operating its own branch services
- Advocating for and promoting the interests of children

Short and long term objectives and strategy

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) to carry out such other functions and purposes which are necessary or incidental to the other objects of the company.

In order to attain these objectives C&K's Board has approved the following four strategic goals.

Strategic Goals

Innovation

Participation

Leadership

Sustainability

The strategic goals are supported by nine accompanying core strategies.

Performance measures

C&K has established performance targets and key performance indicators for each strategic goal. The targets focus the efforts of the Board, management and staff members, and assist in measuring success in meeting the strategic goals.

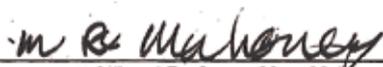
Member liability

C&K is incorporated under the Corporations Act 2001 as a company limited by guarantee. If C&K is wound up, the Constitution provides that each member is required to contribute a maximum of \$20.00 each towards meeting any outstanding obligations of C&K. As at 31 December 2012 the number of members was 72.

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration required under section 307C of the Corporations Act 2001 is attached.

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



Adjunct Professor Mary Maloney, AO, Chair



Mr Bernard Curran, Director

Dated this 17 day of April 2013

The Creche and Kindergarten Association Limited

**Auditor's Independence Declaration under s.307C of the
Corporations Act 2001 to the Directors of The Creche and
Kindergarten Association Limited**

I declare that, to the best of my knowledge and belief, during the year ended 31 December 2012 there has been:

- (i) No contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (ii) No contraventions of any applicable code of professional conduct in relation to the audit.

HLB Mann Judd.

HLB MANN JUDD
Chartered Accountants



C J M King
Partner

Date: 17 April 2013

Brisbane, Queensland

Statement of Comprehensive Income

For the year ended 31 December 2012

| | Note | Dec 2012 \$ | Jun 2012 \$ |
|---|------|------------------|----------------|
| Revenues from operating activities | 2 | 33,002,300 | - |
| Employee costs | | (25,802,040) | - |
| Other expenses | 3 | (5,551,470) | - |
| Operating Surplus Before Depreciation | | 1,648,791 | - |
| - Depreciation and amortisation expenses | | (1,085,142) | - |
| Operating Surplus/(Deficit) | | 563,649 | - |
| Non Operating Income | | | |
| - Capital Grants | | 1,427,987 | 250,000 |
| - Fair value of donated assets | | 102,087 | 161 |
| - Profit / (Loss) on sale of assets | | 308 | - |
| - Fundraising | | 380,972 | - |
| - Rental Income | | 26,296 | - |
| - Interest received | | 452,662 | - |
| Total Non Operating Income | | 2,390,312 | 250,161 |
| Net Profit Attributable to the Association | | 2,953,961 | 250,161 |
| Other comprehensive income: | | | |
| Transfer from reserves | | - | - |
| Other comprehensive income for the year | | - | - |
| Total comprehensive income for the year | | 2,953,961 | 250,161 |

Statement of Financial Position

As at 31 December 2012

| | Note | Dec 2012 \$ | Jun 2012 \$ |
|--------------------------------------|------|-------------------|------------------|
| Current assets | | | |
| Cash and cash equivalents | 5 | 4,891,093 | 161 |
| Receivables | 6 | 2,256,606 | - |
| Other financial assets | 7 | 20,000,000 | - |
| Other current assets | 8 | 675,033 | - |
| Total current assets | | 27,822,732 | 161 |
| Non-current assets | | | |
| Property, plant and equipment | 9 | 16,845,951 | 1,729,558 |
| Intangible assets | 10 | 215,183 | - |
| Total non-current assets | | 17,061,134 | 1,729,558 |
| Total assets | | 44,883,866 | 1,729,719 |
| Current liabilities | | | |
| Trade and other payables | 11 | 13,897,180 | 1,479,558 |
| Income received in advance | | 1,131,707 | - |
| Provisions | 12 | 1,755,366 | - |
| Total current liabilities | | 16,784,253 | 1,479,558 |
| Non-current liabilities | | | |
| Provisions | 12 | 991,727 | - |
| Total non-current liabilities | | 991,727 | - |
| Total liabilities | | 17,775,980 | 1,479,558 |
| Net assets | | 27,107,886 | 250,161 |
| Equity | | | |
| Reserves | | 1,340,501 | 250,161 |
| Retained profits | | 25,767,385 | - |
| Total Equity | | 27,107,886 | 250,161 |

Statement of Changes in Equity

For the year ended 31 December 2012

| | Dec 2012 \$ | Jun 2012 \$ |
|--|-------------------|----------------|
| MOVEMENTS IN RETAINED EARNINGS | | |
| Retained profits at the beginning of the financial year | 250,161 | - |
| Net profit | 2,953,961 | 250,161 |
| Transfer from Association | 22,563,263 | - |
| Retained profits at the end of the financial year | 25,767,385 | 250,161 |
| Made up of: | | |
| Accumulated Funds | 3,204,122 | - |
| Transfer from Association | 22,563,263 | - |
| Retained profits at the end of the financial year | 25,767,385 | - |
| MOVEMENTS IN RESERVES | | |
| Mary Thompson Scholarship Fund | 421,145 | - |
| Jean Macmillan Development Fund | 312,926 | - |
| Special Project Reserve | 543,068 | - |
| Trusts & Legacies | 63,362 | - |
| Total movement | 1,340,501 | - |
| Balance at 1 July | - | - |
| Add transfers from Association | 1,340,501 | - |
| Balance at 31 December | 1,340,501 | - |
| Represented by: | | |
| Mary Thompson Scholarship Fund | 421,145 | - |
| Jean Macmillan Development Fund | 312,926 | - |
| Special Project Reserve | 543,068 | - |
| Trusts & Legacies | 63,362 | - |
| | 1,340,501 | - |

Statement of Cash Flows

For the year ending 31 December 2012

| | Dec 2012 \$ | Jun 2012 \$ |
|---|-------------------|--------------------|
| Cash flows from operating activities | | |
| Receipts from customers and grants | 48,645,909 | 250,000 |
| Payments to suppliers and employees | (43,673,738) | 161 |
| Net cash provided by operating activities | 4,972,171 | 250,161 |
| Cash flow from investing activities | | |
| Payments for property, plant & equipment | (2,514,067) | (1,729,558) |
| Proceeds on sale of fixed assets | 2,811,416 | - |
| Interest Received | 452,662 | - |
| Net cash used in investing activities | 750,012 | (1,729,558) |
| Cash flow from financing activities | | |
| Loans from Related Parties | - | 1,479,558 |
| Net cash used in financing activities | - | 1,479,558 |
| Net increase/(decrease) in cash held | 5,722,183 | 161 |
| Cash introduced on transition from Association | 19,168,909 | - |
| Cash and cash equivalents at the end of the year | 24,891,092 | 161 |

Notes to the Financial Statements

For the year ended 31 December 2012

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012

The financial statements cover Crèche & Kindergarten Association Limited (C&K) as an individual entity.

Note 1. Summary of Significant Accounting Policies

Basis of Preparation

The Crèche and Kindergarten Association Limited has elected to early adopt the Australian Accounting Standards - Reduced Disclosure Requirements as set out in AASB 1053: Application to Tiers of Australian Accounting Standards and AASB 2010-2: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements. As a consequence, the entity has adopted AASB 2011-2: Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project - Reduced Disclosure Requirements and AASB 2011-6: Amendments to the Australian Accounting Standards - Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation - Reduced Disclosure Requirements. This is because the reduced disclosure requirements in AASB 2011-2 and AASB 2011-6 relate to Australian Accounting Standards that mandatorily apply to annual reporting periods beginning on or after 1 July 2011.

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements of the Australian Accounting Standards Board and the Corporations Act 2001. The company 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 dollar.

The financial statements were authorised for issue on 17th April 2013 by the directors of the company.

Accounting Policies

a. Income Tax

C&K is exempt from Income Tax under section 50-5 of the Income Tax Assessment Act 1997.

b. 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.

Plant and equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses. The carrying amount of plant and equipment is reviewed annually by the Board to ensure it is not in excess of the recoverable amount from these assets.

impairment of assets

Where the future economic benefits of the asset are not primarily dependent upon on the asset's ability to generate net cash inflows and when the entity would, if deprived of the asset, replace its remaining future economic benefits, value in use is determined as the depreciated replacement cost of an asset.

Where it is not possible to estimate the recoverable amount of a class of asset, the entity estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where an impairment loss on a revalued asset is

identified, this is debited against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same class of asset.

Land and Building

It is the policy of the Board to record the value of the special use buildings at cost. The Board has adopted the Australian Accounting Standards in terms of depreciation of all its buildings. C&K does not hold title to the centres at Kingston, Kelvin Grove and North Rockhampton. These centres are conducted under a sponsorship agreement with the State Department of Communities, Child Safety and Disability Services.

Notes to the Financial Statements

For the year ended 31 December 2012

Land and Building (Cont'd)

The land for Ithaca, Woodridge and Caboolture is held under Freehold Title. The use of such land is subject to the terms of the Capital Grants Agreement between the Commonwealth Government and C&K.

The funds used to construct the buildings at Mt Gravatt West, Newmarket, Woodridge, Garden City and Caboolture were provided by the Commonwealth Government and are subject to a capital grant agreement between the Commonwealth Government and the C&K Association Limited.

Buildings on Crown Land

No value is recorded for land held under Deed of Grant upon Trust from the Crown (namely at Paddington and West End), because it can only be used for the approved purpose and reverts to the Crown in the event of C&K ceasing to use it for that purpose. Accordingly, buildings on Crown Land are shown at original cost less depreciation.

Depreciation

The depreciable amount of all fixed assets excluding freehold land, is depreciated on a straight line basis over the asset's useful life 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 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 | 20 - 40 years |
| Furniture and fittings | 5 years |
| Computer equipment and software | 3 years |
| Plant and equipment | 5 years |
| Leasehold improvements | 20 years |
| Motor vehicles | 8 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.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation relating to that asset are transferred to retained earnings.

c. Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to the association are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amount equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that C&K will obtain ownership of the asset or ownership over the term of the lease.

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

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

Notes to the Financial Statements

For the year ended 31 December 2012

d. Financial instruments

Initial recognition and measurement Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that C&K commits to either purchase or sell the asset (ie trade date accounting is adopted).

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period, which will be classified as non-current assets.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is C&K's intention to hold these investments to maturity. They are subsequently measured at amortised cost using the effective interest rate method. Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period, which will be classified as current assets.

If during the period C&K sold or reclassified more than an insignificant amount of the held-to-maturity investments before maturity, the entire category of held-to-maturity investments would be tainted and would be reclassified as available-for-sale.

Impairment

At the end of each reporting period, C&K assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognised in the statement of comprehensive income.

e. Employee Benefits

Provision is made for C&K'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.

f. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and deposits held with banks.

g. Revenue and Other Income

Parent 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. As the funds may not be utilised for any other purposes other than the purpose the funds were provided, within a specific time frame, the income is initially recognised as a current liability. When funding is received and there is a contractual or constructive obligation to refund some or all funds if C&K were unable to provide the service, or did not comply with the terms of the funding agreement, then C&K is deemed not to have obtained control of the funding, or the right to control the funding until the conditions of the contract have been met. In this circumstance, recognition can only occur for the portion of funds in which the service has been delivered. Specific purpose grants received to purchase capital items are recognised as non-operating revenue on receipt of the funds. 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. PAG donations shall not be recognised as revenue until the funds are donated for use for a specific purpose. At that point, the funds will be recognised as revenue. Interest revenue is recognised on an accrual basis. All revenue is stated net of the amount of goods and services tax (GST).

Notes to the Financial Statements

For the year ended 31 December 2012

h. Derecognition

Financial Assets are derecognised when the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity will no longer have any significant continuing involvement with the risks and benefits associated with the asset. Financial Liabilities are derecognised when the related obligations are discharged or cancelled or have expired.

i. 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. 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. The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the statement of financial position. Cash flows are included in the statement of cash flows on a gross basis, except for the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the ATO. The GST component of financing and investing activities which is recoverable from, or payable to, the ATO is classified as a part of operating cash flows. Accordingly, investing and financing cash flows are presented in the statement of cash flows net of the GST that is recoverable from, or payable to, the ATO.

j. Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year. The comparative figures presented relate to the period ended 31 December 2012.

k. Donated Assets

Land and Buildings that have been contributed to the C&K Association Limited at no cost, or for a nominal cost are valued at the fair value of the asset at the date it is acquired. The fair value of these assets has been based upon the estimated discounted cash flows to be derived by the assets over the next five years. Where the assets are not expected to generate any future positive discounted cash flows the assets are recorded at a nil value.

l. Intangibles

C&K has identified the development of a new study curriculum project as an intangible asset. All expenses associated with the development of the project are capitalised and when the project is completed, this will be amortised over its useful life. Research costs related to the project are expensed off to the Statement of Comprehensive Income.

m. Critical Accounting Estimates and Judgements

The Board evaluates estimates and judgements incorporated into the financial report on any provision and accruals 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 C&K.

Allowance for impairment of receivables

Included in trade receivables and other receivables at the end of the reporting period are amounts receivable from parents in relation to unpaid childcare fees from 2012 amounting to \$635,514. The Board has, based on prior year history, applied 30% to total amounts owing greater than 60 days and this amounted to \$190,654.

Notes to the Financial Statements

For the year ended 31 December 2012

| | Dec 2012 | Jun 2012 |
|--|-------------------|----------|
| | \$ | \$ |
| Note 2: Revenue | | |
| Operating activities | | |
| - College income | 214,264 | - |
| - Affiliation fees | 409,664 | - |
| - Children's fees | 19,793,834 | - |
| - Conference and seminars | 35,565 | - |
| - Other fees and levies | 621,706 | - |
| - Project management fees | 93,424 | - |
| - Sundry income | 880,504 | - |
| | 22,048,961 | - |
| Government subsidies and grants | | |
| - Dept of Families & Community Services (Commonwealth) | | |
| - operational | 1,646,887 | - |
| - Child Care Benefit | - | - |
| - Dept of Education, Training & Youth Affairs (Commonwealth) | | |
| - operational | 86,527 | - |
| - Dept of Education, Training and the Arts (State) - | | |
| - branch services | 1,114,609 | - |
| - 240 Funding | | |
| - Administration Funding | - | - |
| - Setup Cost Funding | 639,665 | - |
| - Kindergarten Funding Scheme Funding | 6,328,385 | - |
| - UAP Long Day Care in Kindergarten Funding | 379,112 | - |
| - Department of Communities | - | - |
| - SEIFA Funding | 611,395 | - |
| - ARIA Funding | 146,757 | - |
| | 10,953,337 | - |
| Total Operating revenue | 33,002,298 | - |
| Note 3: Profit from ordinary activities | | |
| Expenses: | | |
| Advertising and marketing | 125,108 | - |
| Audit and Accounting | 28,500 | - |
| Cleaning | 1,072,086 | - |
| Conferences and seminars | 167,925 | - |
| Equipment | 134,186 | - |
| Food and functions | 57,692 | - |
| Fringe benefits tax expense | 6,768 | - |
| Motor vehicles | 93,081 | - |
| Outsourcing/consultancy | 674,711 | - |
| Postage, printing, stationary and program materials | 482,238 | - |
| Project management expenses | 23,688 | - |
| Repairs and maintenance | 194,219 | - |
| Telephone and internet | 334,293 | - |
| Travel | 197,578 | - |
| Other expenses | 1,959,397 | - |
| Total other expenses | 5,551,470 | - |

Notes to the Financial Statements

For the year ended 31 December 2012

| Note | Dec 2012 \$ | Jun 2012 \$ |
|--|-------------------|----------------|
| Note 4: Auditor's remuneration | | |
| Audit of financial report | 28,500 | 30,400 |
| Other services | - | 5,000 |
| | 28,500 | 35,400 |
| Note 5: Cash and cash equivalents | | |
| Cash at bank | 4,891,093 | - |
| | 4,891,093 | - |
| Note 6: Trade and other receivables | | |
| Trade receivables | 1,193,861 | - |
| Children's fees receivable | 528,486 | - |
| Allowance for impaired receivables | (212,830) | - |
| Other receivables | 747,090 | - |
| | 2,256,607 | - |
| Allowance for impaired receivables | | |
| Provision for Kindergarten Doubtful Debts | (52,160) | - |
| Provision for Childcare Doubtful Debts | (138,494) | - |
| Provision for Doubtful Debts | (22,176) | - |
| | (212,830) | - |
| Note 7: Other financial assets | | |
| Current | | |
| Term deposits | 20,000,000 | - |
| Note 8: Other assets | | |
| Prepayment | 661,589 | - |
| Security bonds paid | 13,445 | - |
| | 675,034 | - |
| Note 9: Property, plant and equipment | | |
| Buildings - at cost | 8,761,190 | - |
| Less accumulated depreciation | (1,803,267) | - |
| | 6,957,923 | - |
| Freehold land - at cost | 2,217,065 | - |
| Capital works in progress | 1,279,214 | - |
| Equipment, furniture & fittings - at cost | 9,594,765 | - |
| Less accumulated depreciation | (3,575,624) | - |
| | 6,019,141 | - |
| Motor vehicles - at cost | 867,384 | - |
| Less accumulated depreciation | (494,776) | - |
| | 372,608 | - |
| Total property, plant and equipment | 16,845,951 | - |

Notes to the Financial Statements

For the year ended 31 December 2012

Note 10: Property, plant and equipment (cont.)

(a) Movements in carrying amounts

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

| | Capital Works in Progress | Land | Buildings | Furniture and Fittings | Motor Vehicles | Total |
|---|------------------------------|------------------|------------------|---------------------------|-------------------|-------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ |
| 2012 | | | | | | |
| Balance at the beginning of the year | - | - | - | - | - | - |
| Additions | (767,446) | 2,051,7 | 1,154,452 | 1,906,508 | 2,00,036 | 2,514,067 |
| Disposals | - | - | - | - | (53,275) | (53,275) |
| Transfer | 2,046,660 | 2,196,548 | 5,968,269 | 4,967,554 | 270,782 | 15,449,813 |
| Depreciation expense | - | - | (164,798) | (854,921) | (44,935) | (1,064,654) |
| Carrying amount at the end of year | 1,279,214 | 2,217,065 | 6,957,923 | 6,019,141 | 3,72,608 | 16,845,951 |
| 2011 | | | | | | |
| Balance at end of the year | - | - | - | - | - | - |

| | Note | Dec 2012 | Jun 2012 |
|--|------|------------|----------|
| | | \$ | \$ |
| Note 10: Intangibles | | | |
| Study Curriculum | | 254,378 | - |
| Less: amortisation | | (39,195) | - |
| | | 215,183 | - |
| Reconciliation of Intangibles | | | |
| Balance at 1 July 2012 | | - | - |
| Additions and transfer from association | | 254,378 | - |
| Less: amortisation | | (39,195) | - |
| | | 215,183 | - |
| Note 11: Trade and other payables | | | |
| Trade payables | | 575,763 | - |
| Employee entitlements | | 3,171,252 | - |
| Parent committee funds | | 1,959,257 | - |
| Other payables and accruals | | 8,190,907 | - |
| | | 13,897,180 | - |

Notes to the Financial Statements

For the year ended 31 December 2012

| Note | Dec 2012 \$ | Jun 2012 \$ |
|--|-------------------|----------------|
| Note 12: Provisions | | |
| Provision for employee entitlement - Current | 1,755,366 | - |
| Provision for employee entitlement - Non-Current | 991,727 | - |
| | 2,747,093 | - |
| Note 13: Cash flow information | | |
| (a) Reconciliation of cash | | |
| Cash on hand and at bank | 4,891,093 | - |
| Cash on deposit | 20,000,000 | - |
| | 24,891,093 | - |
| (b) Reconciliation of Net Cash provided by Operation | | |
| Activities to Profit from Ordinary Activities | | |
| Profit from Ordinary Activities | 2,953,961 | - |
| Non-cash flows in profit in profit from ordinary activities: | | |
| - Depreciation | 1,085,142 | - |
| - Write down of PPE | - | - |
| - Net (Gain) / Loss on disposal of plant & equipment | (308) | - |
| - Donated assets | (102,087) | - |
| - Income (Non operational) | (2,287,917) | - |
| (Increase)/decrease in assets: | | |
| - Sundry debtors, subsidies & grants | (2,256,606) | - |
| - Prepayments | (675,034) | - |
| Increase/(decrease) in liabilities: | | |
| - Trade payables and other liabilities | 6,467,849 | - |
| - Provisions | (212,830) | - |
| | 4,972,170 | - |

(c) C&K has no credit stand-by or financing facilities in place.

(d) Per the agreement between The Crèche and Kindergarten Association of Queensland and The Crèche and Kindergarten Association Limited, liabilities and receivables were transferred to The Crèche and Kindergarten Association Limited effective 1 July 2012 for matters relating to the period prior to 1 July, 2012. An intercompany loan has been set up to accommodate these transactions and will be settled upon unwinding of The Crèche and Kindergarten Association of Queensland.

Notes to the Financial Statements

For the year ended 31 December 2012

| Note | Dec 2012 \$ | Jun 2012 \$ |
|--|------------------|----------------|
| Note 14: Queensland Kindergarten Funding Scheme (QKFS) Subsidies | | |
| (a) Member Services Funding (QKFS) | | |
| Transfer from association | (878,183) | - |
| QKFS subsidies received from DETE | 24,816,715 | - |
| less QKFS subsidies paid to member services | | |
| Branch services | (9,310,517) | - |
| Affiliate services | (14,953,067) | - |
| Balance to be paid to member services | (325,052) | - |
| (b) The remaining balance and other minor adjustments will be recovered upon reconciliation with Government per the agreement between The Crèche & Kindergarten Association Limited and Department . | | |
| (c) Central Governing Body Administrative Funding | | |
| Total funding received from DETE | 1,076,406 | - |
| less funds expended during the period | (1,076,406) | - |
| Balance of funds to be expended | - | - |
| (d) Interest Received (QKFS) | | |
| Interest earned on QKFS funding provided by DETE | 124,159 | - |
| Note 15: Capital and Leasing commitments | | |
| (a) Operating Lease Commitments | | |
| Being for rent of premises | | |
| Payable: | | |
| - not later than 1 year | 365,336 | - |
| - later than 1 year but not later than 5 years | 158,711 | - |
| - greater than 5 years | 13,490 | - |
| | 537,537 | - |

C&K has property leases with varying terms up to 21 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. An option exists to renew the leases at the end of the term.

Notes to the Financial Statements

For the year ended 31 December 2012

| Note | Dec 2012 \$ | Jun 2012 \$ |
|--|----------------|----------------|
| (b) Capital Expenditure Commitments | | |
| Capital Expenditure Commitments contract of: | | |
| - Plant and Equipment purchases | - | - |
| - Capital expenditure projects | 450,000 | - |
| | 450,000 | - |
| <hr/> | | |
| Payable | | |
| - not later than 1 year | 450,000 | - |
| | 450,000 | - |

Note 16: Related Parties

| | | |
|--|----------------|----------|
| Legal fees paid to Shand Taylor | 139,672 | - |
|--|----------------|----------|

John Sneddon is a partner of Shand Taylor and was a co-opted non voting member of the Board prior to his appointment as Director on 5 December 2012. His remuneration for his services to the Board is Nil (2011: Nil).

| | | |
|-----------------------|---------------|----------|
| BDO Queensland | 16,528 | - |
|-----------------------|---------------|----------|

Bernard Curran is a Partner of BDO Queensland and is a voting member of the board, as well as the Audit and Risk Committee and Strategic Planning Committee. His remuneration for his services to the Board is Nil. Bernard Curran became a Director effective 22nd August 2012.

Note 17: Key Management Personnel Compensation

| | | |
|--|----------------|----------|
| Key Management personnel compensation | 365,698 | - |
|--|----------------|----------|

The key management personnel (KMP) of C&K during the year are as follows:

- (a) Barrie Elvish (Chief Executive Officer) retired 21 January 2013
- (b) Melissa Comerford (Chief Operations Officer)
- (c) Alexandra Allen (Acting Chief Financial Officer) from September to December 2012
- (d) Ken Fuller (Chief Finance and Information Officer) ceased employment September 2012
- (e) Grant Weaver (HR Manager), commenced employment September 2012

Notes to the Financial Statements

For the year ended 31 December 2012

| | Note | Dec 2012 \$ | Jun 2012 \$ |
|---|------|-------------------|----------------|
| Note 18: Financial Risk Management | | | |
| C&K's financial instruments consist mainly of deposits with banks, short-term investments, accounts receivable and payable, and leases. The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows: | | | |
| Financial assets | | | |
| Cash and cash equivalents | 4 | 4,891,093 | - |
| Other financial assets | 7 | 20,000,000 | - |
| Trade and other receivables | 6 | 2,256,607 | - |
| Total financial assets | | 27,147,700 | - |
| Financial liabilities at amortised cost | | | |
| Trade and other payables | 11 | 7,559,562 | - |

Note 19: Reserves

General Reserve

The general reserve records funds set aside for future expansion of the association.

Note 20: Economic Dependence

The operations of all our childhood services benefit from the continued support by statutory authorities of the Federal, State and Local Governments.

Note 21: 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 Cliento Legacy.

Note 22: Events after Statement of Financial Position Date

- (a) Barrie Elvish (Chief Executive Officer) retired, effective 21 January 2013.
- (b) Melissa Comerford (Chief Operations Officer) appointed Acting Chief Executive Officer, effective 23 January 2013
- (c) Alexandra Allen (Acting Chief Financial Officer) appointed Chief Financial Officer, effective 23 January 2013
- (d) C&K received the donated assets via transition of Affiliated Member Services to Branch in January 2013.

| | |
|----------------|----------------|
| (i) Mossman | 57,282 |
| (ii) Blackbutt | 145,400 |
| | 202,682 |

Note 23: Public Company Limited Details

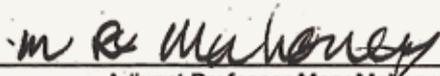
The registered office of the Crèche and Kindergarten Association Limited is:
14 Edmondstone Street Newmarket Queensland 4051

Members of the Board Declaration

For the Year Ended 31 December 2012

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

1. The financial statements and notes, as set out on pages 5 to 17, are in accordance with the Corporations Act 2001 and:
 - a. Comply with Australian Accounting Standards; and
 - b. Give a true and fair view of the financial position as at 31 December 2012 and of the performance for the year ended on that date of the entity.
2. In the directors' opinion there are reasonable grounds to believe that the entity will be able to pay its debts as and when they become due and payable.



Adjunct Professor Mary Mahoney, AO, Chair



Mr Bernard Curran, Director

Dated this 17 day of April 2013

THE CRECHE AND KINDERGARTEN ASSOCIATION LIMITED

ACN 150 737 849

INDEPENDENT AUDITOR'S REPORT

To the members of The Creche and Kindergartens Association Limited

We have audited the accompanying financial report of The Creche and Kindergartens Association Limited ("the company"), which comprises the statement of financial position as at 31 December 2012, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the period then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the company.

Directors' Responsibility 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 the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

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

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

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

HLB Mann Judd (SE Qld Partnership) ABN 68 920 406 716

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Liability limited by a scheme approved under Professional Standards Legislation.

THE CRECHE AND KINDERGARTEN ASSOCIATION LIMITED

ABN 59 150 737 849

INDEPENDENT AUDITOR'S REPORT (continued)

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's Opinion

In our opinion, the financial report of Creche and Kindergartens Association Limited is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the company's financial position as at 31 December 2012 and of its performance for the period ended on that date; and
- (b) complying with Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Regulations 2001*.

HLB Mann Judd.

HLB MANN JUDD
Chartered Accountants



C J M King
Partner
Date: 17 April 2013
Brisbane, Queensland





The Creche and Kindergarten Association Limited

14 Edmondstone Street, Newmarket Qld 4051

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ABN: 59 150 737 849

Where children come first