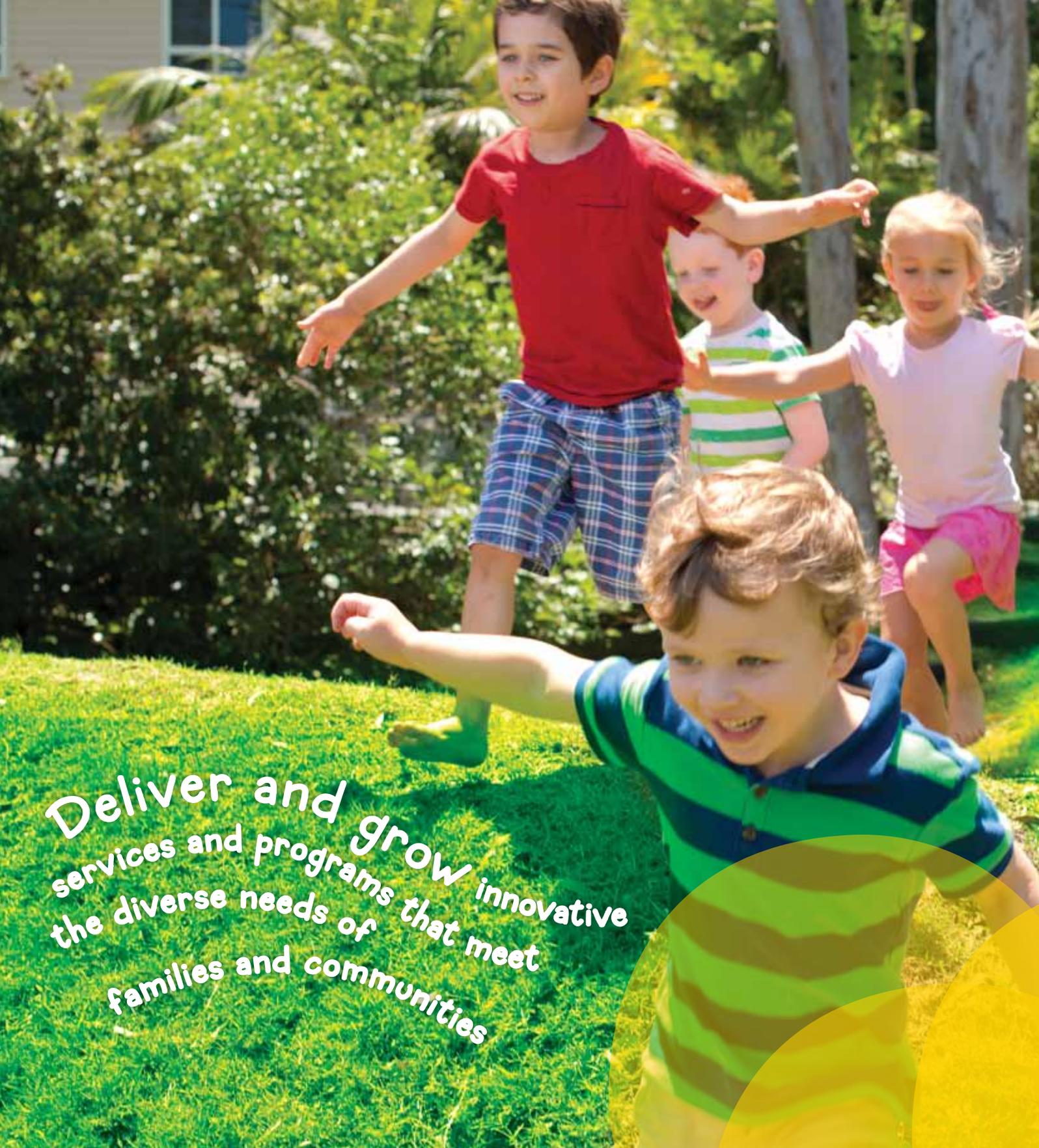




2013

ANNUAL REPORT



Deliver and grow
services and programs that meet
the diverse needs of innovative
families and communities



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C&K acknowledges the traditional owners of the land and pays its respects to all Elders, past, present and future.



**2013
at a
glance**

Founded in 1907,
106 years
educating
children



380 services in QLD,
comprising **177 branches**, **199 affiliates** and **4 associates**

325

Aboriginal adults and children participated
in playgroup programs at C&K Halls Creek Indigenous Parenting Service

C&K participates across all early childhood service types: Kindergarten **336** Long Day Care **33** Family Day Care **5** Outside School Hours Care **3** Limited Hours Care **2** In home Care **1**

313

adults and children participated in the playgroup and family support programs at C&K Caboolture Indigenous Parenting Service

Specialist support for **180+ children** with disabilities and complex needs

21,400+
children
enrolled in a
C&K service

216
small grants
received totalling
\$2,808,352

15,300+
children
participated
in a C&K
kindergarten
program

\$50 million
Queensland Kindergarten
Funding Scheme grants
funding received
and distributed



5 Community Action Grants
through Federal & State Governments' Australian Early Development Index funding program

1189

staff participated in **72** professional development events across **17** QLD regions

42
Aboriginal & Torres Strait Islander Kindergartens

2136
employees



1500+
Aboriginal & Torres Strait Islander children attending a C&K service



350,000+
people engaged with C&K through our website and social media

579 delegates
attended the C&K Queensland Early Childhood Annual Conference

Chair's report

It is with pleasure that I write my first Annual Report as Chair of the Board of C&K. I have been a member of the C&K Board since 2012 and it's been an exciting and challenging time since stepping into the role of Chair in June, 2013.

The past year has seen the commencement of a new era at C&K.

The C&K Board appointed Michael Tizard as Chief Executive Officer last August. Michael brings with him over 30 years' experience in the child and family services sector including managing diverse organisations under circumstances of growth, pressure and change. He is a passionate advocate for children, particularly through developing programs in marginalised communities and partnering with Aboriginal and Torres Strait Islander organisations and communities to support better health, education and life outcomes.

Michael's experience and attributes have helped, and will continue to help C&K build on its existing strengths and will be pivotal in driving the future direction of the organisation to ensure sustainability and growth.

The C&K Board saw significant change during the year, most notably with the retirement of former Chair, Adjunct Professor Mary Mahoney AO, after 31 years with the Board. Adjunct Professor Mahoney's leadership helped steer C&K to become the leader in early childhood education and care that it is today and her legacy will be long-lasting. I could not have thought of a better person than Mary to mentor me into this role and thank her for her support.

In 2013 Board Directors Peter Fardoulis and Barry Salmon retired after 47 years and 12 years respectively. Tom Kettleton retired in February 2014 after 10 years. I wish to thank Peter, Barry and Tom for their invaluable contribution to C&K.

It was a pleasure to welcome Linda Apelt, Therese Mulherin, Cameron Henry, and Claire Harrison as Directors to the Board. They bring a wealth of finance, business, human resources and government experience to complement the existing Board members. I would like to thank the new and existing Board members, and the volunteer members of our Nominations Committee, namely Noelene McBride (Chair), Lisa Dalton and Elizabeth Jameson, for their valuable contributions.

The new Board reviewed the governance structure and committed to following the ASX governance guidelines. I would like to thank the Chairs of those Committees: Cameron Henry, Finance & Audit Committee, Linda Apelt, Risk Committee and newly appointed Chair of the Governance & Remuneration Committee Therese Mulherin, for the support they have given to me, the Board and our leadership team.

2013 saw the establishment of the Executive Leadership Team, consisting of the Chief Executive Officer, General Manager Children's Services, General Manager People and Culture, Chief Financial Officer and General Manager Corporate Services, and Company Secretary and General Counsel. This new team is designed to provide strategic leadership in key areas essential for C&K's growth and prosperity. Supporting the Executive Leadership Team is the Senior Leadership Team, comprising managers from all central business units, who provide leadership in operational matters.

I was able to visit a number of C&K services that celebrated milestones in 2013 and it was a fantastic experience to meet staff and witness firsthand the passion and dedication that C&K staff are known for.

The C&K Board and Executive Leadership Team are excited to introduce C&K's new Strategic Plan. Extensive consultation and information gathering took place during 2013 to lead the way for the Strategic Plan to be developed, reviewed and approved early in 2014. More detail on the plan is included later in this report.

C&K relies heavily on state and federal government funding and I would like to acknowledge and thank them for the funding which has allowed us to continue to provide essential early childhood education and care services to our communities. We look forward to continuing our strong partnerships with government and working with them to improve and strengthen the sector.

I would like to thank and acknowledge our affiliate members for their valuable contribution to C&K and the important role they play in positioning our organisation as the leader in early childhood education and care.

Volunteer Parent Management Committees and Advisory Groups are essential to the operation of our services and I thank them for their incredible efforts fundraising, promoting and managing C&K services and the brand as a whole. Many members of the Board, including myself, have served on these bodies and we appreciate your time and contributions.

I was able to visit a number of C&K services that celebrated milestones in 2013 and it was a fantastic experience to witness firsthand the passion and dedication that C&K staff are known for. I would like to thank all staff for their hard work and commitment.

Thank you to all our 2013 families who helped us to continue to build our legacy.

Lastly, I would like to thank C&K members, and our auditors HLB Mann Judd, particularly our Audit Partner, Chris King, for their service to C&K over the past eight years.

Bernard Curran

Chair



CEO's report

I am pleased to be delivering my first Annual Report as CEO of C&K. Commencing in the role in early August 2013, I was delighted to join such a highly regarded and experienced organisation with an extremely committed and professional team dedicated to providing high quality early childhood education and care services. After more than 30 years as a social worker and a career dedicated to the safety and wellbeing of children, it is a privilege to now be leading an organisation that is committed to putting children first and providing the best start to a child's early learning journey.

C&K has experienced considerable change at senior management level over the past twelve months. I would like to acknowledge Barrie Elvish, former CEO, and Mel Comerford, former General Manager Children's Services and Deputy CEO, for their commitment to children and C&K, and the hard work and effort they made during a period of rapid growth. I wish them well in their future endeavours.

I feel privileged to join an organisation with such a highly committed and talented Board and would like to thank them for their guidance and support while establishing myself in the role. In particular, I'd like to thank Bernard Curran, C&K Board Chair, for his guidance and support, and for the significant time he dedicates to C&K.

One of my early priorities was to establish a strong and talented Executive Leadership Team that could guide the culture of C&K and develop, and deliver on, a new three year Strategic Plan.

In 2013 we welcomed a new General Manager People and Culture, Marina Cameron and Chief Financial Officer and General Manager Corporate Services, James Barbeler. In addition, Chris Kyranis has acted as General Manager Children's Services since Mel's departure. To complete the Executive Leadership Team we have created two new roles, General Manager Business Development and Strategy and Senior Manager Marketing and





Increased access, participation
and programs for vulnerable and
disadvantaged children and families

CEO's report continued

Communications, which are currently being recruited. I'd like to thank the Executive and Senior Leadership teams for their hard work and commitment and look forward to the finalisation of this new leadership team and the opportunities this brings to lead change across the organisation.

With a solid leadership team and a new Strategic Plan to guide us through what will undoubtedly be a period of significant change across the early childhood sector, C&K is ready to embark on a journey that will embrace the opportunities ahead. Within the Strategic Plan is a newly defined purpose "to maximise children's life outcomes and guide their learning journey" and new values of Integrity, Courage, Respect, Safety, and Collaboration, adapted from *C&K Building Waterfalls*. These provide a solid foundation to further develop high quality and innovative early childhood education and care programs.

C&K is known for its quality kindergarten programs and I was able to experience these firsthand when I visited a number of C&K services during the latter part of 2013. I witnessed quality play environments; committed, skilled and dedicated staff; and children having fun and learning through our play based curriculum, *C&K Building Waterfalls*.

Over the next three years we will be working hard to further explore more responsive kindergarten models that meet the education and care needs of modern families. A 'one size fits all' approach will no longer suffice. We need flexible models that cater for children and families living in urban, rural and remote communities; for families experiencing high levels of disadvantage; and children with disabilities. Our long day care services, family day care services, out of school hours care program, family support and playgroup programs, and the Mackay Children and Family Centre integrated approach are all essential service models that offer flexibility and quality services to children and their families.

Our vision is to strengthen and expand these services to achieve the highest level of quality, flexibility and affordability. Integrated approaches based on, and responsive to, local community needs, are essential. We recognise that affordability, accessibility and practicality are key criteria that must be met.

We currently provide services in a range of models across a large number of Aboriginal and Torres Strait Islander communities and will continue to partner with these communities to keep culture strong and meet local community needs. Children with culturally and linguistically diverse backgrounds also attend many C&K services and it is important that we provide these children with culturally sensitive services.

Just over 50% of our 380 services across Queensland are affiliate kindergartens operated by Parent Management Committees. As a Central Governing Body, C&K disburses Queensland Kindergarten Funding to these services and provides curriculum and operational support through our Business Operations Consultants, Early Childhood Advisors and other central business units. I visited a large number of these services in my first six months at C&K and continue to be impressed with the high quality of service, learning environments and the skill and dedication of the staff. These services contribute immeasurably to C&K's reputation as the leader in early childhood education excellence and I thank them for their work and ongoing commitment to, and involvement with C&K.

The National Quality Framework Assessment and Ratings for C&K services is tangible evidence of the quality of our services with our ratings exceeding state and national counterparts. 61% of C&K services achieved the 'Exceeding' rating compared with 38% of Queensland services and 26% of national services. This is an exceptional result and I congratulate all C&K services

With a solid leadership team and a new Strategic Plan to guide us through what will undoubtedly be a period of significant change across the human services sector, C&K is ready to embark on a journey that will embrace the opportunities ahead.

on their efforts. C&K Bribie Island Community Kindergarten is the first C&K service to be awarded the 'Excellent' rating which celebrates excellence in delivery of education and care. It is the first kindergarten in Queensland and one of only six services nationally to have achieved this rating. I'd like to congratulate C&K Bribie Island on their outstanding achievement.

To deliver this success and achieve our goals, we believe investment in our staff is paramount to ensure that we have the right people in the right jobs. We have an extensive professional development program that provides ongoing, high quality learning opportunities, with the Queensland Early Childhood Annual Conference as the highlight of the C&K learning calendar. As we grow and change, these programs will be further tailored to meet the demands of our workforce and the sector. Ongoing learning, skill development and retention of our committed staff are hallmarks of a high performing organisation.

It is the commitment, dedication and experience of C&K staff that has built our brand of excellence and quality services, and I would like to thank them all for the work they do to make children's early learning experiences the best on offer.

C&K is reliant on strong partnerships with the Australian and Queensland Governments and we have been working with them to provide submissions to current inquiries and to contribute to the early childhood policy debates and systems reforms. I'd like to thank the Australian and Queensland Governments for their support of C&K and look forward to a strong ongoing working relationship that helps us achieve the best early childhood education and care outcomes for Australian children.

In 2013 Queensland reached 97.4% enrolment of kindergarten age children in approved kindergarten programs. This is a major improvement from 29% in 2008 and C&K is very proud to have been a part of this journey. We believe that renewal of the Federal State Partnership Agreement on Universal Access is essential to maintain this achievement and will continue to advocate for the funding to be continued.

Enrolments of kindergarten age Aboriginal and Torres Strait Islander children in approved programs have increased significantly on previous years with current enrolments at 77.9%, which is still below the state average for enrolments. C&K looks forward to further strengthening strategies and working with government to improve these figures and assist in 'closing the gap'.

Research tells us that children from disadvantaged communities, and those who may have experienced abuse or neglect, benefit most from high quality early childhood education and care programs. C&K provides services across a number of disadvantaged communities and will focus on strengthening our

approaches and service models to deliver the best outcomes for these children and their families. To be able to maintain our commitment to services in less viable areas, such as small, rural and remote communities, we have a 'surplus for purpose' approach to our budgeting and operations. By operating value for money services we are able to reinvest any surplus into service provision in disadvantaged communities and into research about the most innovative and high quality approaches to early childhood education.

2013 was a busy year for C&K. Among our major projects was the ongoing work on the plans and approval requirements to progress work on the Centre for Excellence at Ithaca and I look forward to providing further updates on this project as we progress.

After several years of high growth, our focus in 2013 turned to consolidation, maintaining quality service delivery and continuing our efforts in sector leadership. Soon after I arrived at C&K, the federal election was called and C&K's election strategy was developed and circulated to key Government and Shadow Ministers. We commenced preparing our first submission to the Productivity Commission in late 2013 and submitted this in January 2014. In December 2013 we were invited to speak at a three day workshop held by the Department of Education, Training and Employment to develop a plan for early childhood education and care in Queensland. C&K has also been involved in the consultation process for the Queensland Social Services Investment Strategy. Through work such as this, C&K continues to help shape and strengthen the early childhood education and care sector.

Thank you for your support throughout 2013 and I look forward to reporting to you next year on the significant achievements from our new Strategic Plan.

Michael Tizard

CEO



C&K Strategic Plan

2014-2017

Where children come first

C&K's new Strategic Plan was developed to ensure the organisation achieves success and growth while the early childhood education and care sector undergoes review and potential major reform.

This process began at the end of 2013 with widespread consultation with staff and information gathering across the organisation. Further consultation and workshops were held in 2014 to continue the plan's development.

The C&K Board and Executive Leadership Team are excited to introduce C&K's new Strategic Plan which will guide the organisation's direction for the next three years.

Our Purpose:

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

Our values:

what matters to us

Respect

Integrity

Courage

Safety

Collaboration

Our key strategic directions over the next 3 years:

- 1 Deliver and grow innovative services and programs that meet the diverse needs of children, families and communities
- 2 We honour Australia's first people and work towards reconciliation
- 3 Increased access, participation and programs for vulnerable and disadvantaged children and families
- 4 Lead, influence and advocate in early childhood education and care
- 5 A capable, engaged, diverse workforce and high performance culture
- 6 A well run, sustainable organisation



We honour

Australia's first people and work
towards reconciliation

Board directors

Bernard Curran

B.Bus(Accounting), Member of Institute of Chartered Accountants Fellow, Taxation Institute of Australia, Graduate Australian Institute of Company Directors (GAICD).

Chair (non-executive)



Experience

Appointed Chair on 31 May 2013. Board member since 22 August 2012.

John Sneddon

LLB

Deputy Chair (non-executive)



Experience

Appointed Deputy Chair on 28 August 2013. Board member since 5 December 2012.

Linda Apelt

Adj Prof, MEdSt (UQ), Grad Dip Couns, BEd, DipT, GAICD

Director (non-executive)



Experience

Board member since 30 May 2013.

Joanne Darbyshire

Dip of Teaching, IECD, B. Education

Director (non-executive)



Experience

Board member since 22 August 2012.

Claire Harrison

Grad Cert App Law, B Bus Bus Admin, Dip OHS, FAHRI, FILP

Director (non-executive)



Experience

Board member since 24 October 2013.

Cameron Henry

B Bus Acc, ACA, MAICD

Director (non-executive)



Experience

Board member since 28 August 2013.

Therese Mulherin

BOccThy, GAICD

Director (non-executive)



Experience

Board member since 30 May 2013.

Angie Russian

Director (non-executive)



Experience

Board member since 6 May 2011.

Board of Management
C&K Association
2008 - 2011

Laurel Zaicek

BA, Grad Dip Mgt, M Mgt

Director (non-executive)



Experience

Board member since 6 May 2011

Board of Management
C&K Association
2010 - 2011

For details of Board directors' experience see page 30

Retired directors

Tom Kettleton

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

Director (non-executive)

Experience

Board member since 6 May 2011. Retired 14 February 2014.

Board of Management C&K Association
2004 - 2011

Mary Mahoney

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

Chair (non-executive)

Experience

Appointed as Chair of the Board on 6 May 2011. Retired 30 May 2013.

Board of Management C&K Association
1982 - 2011

Peter Fardoulis

Hon Prof, AM, LFAIB, Dip Mech & Elec Eng, JP

Director (non-executive)

Experience

Board member since 6 May 2011. Retired 30 May 2013.

Board of Management C&K Association
1967 - 2011

Barry Salmon

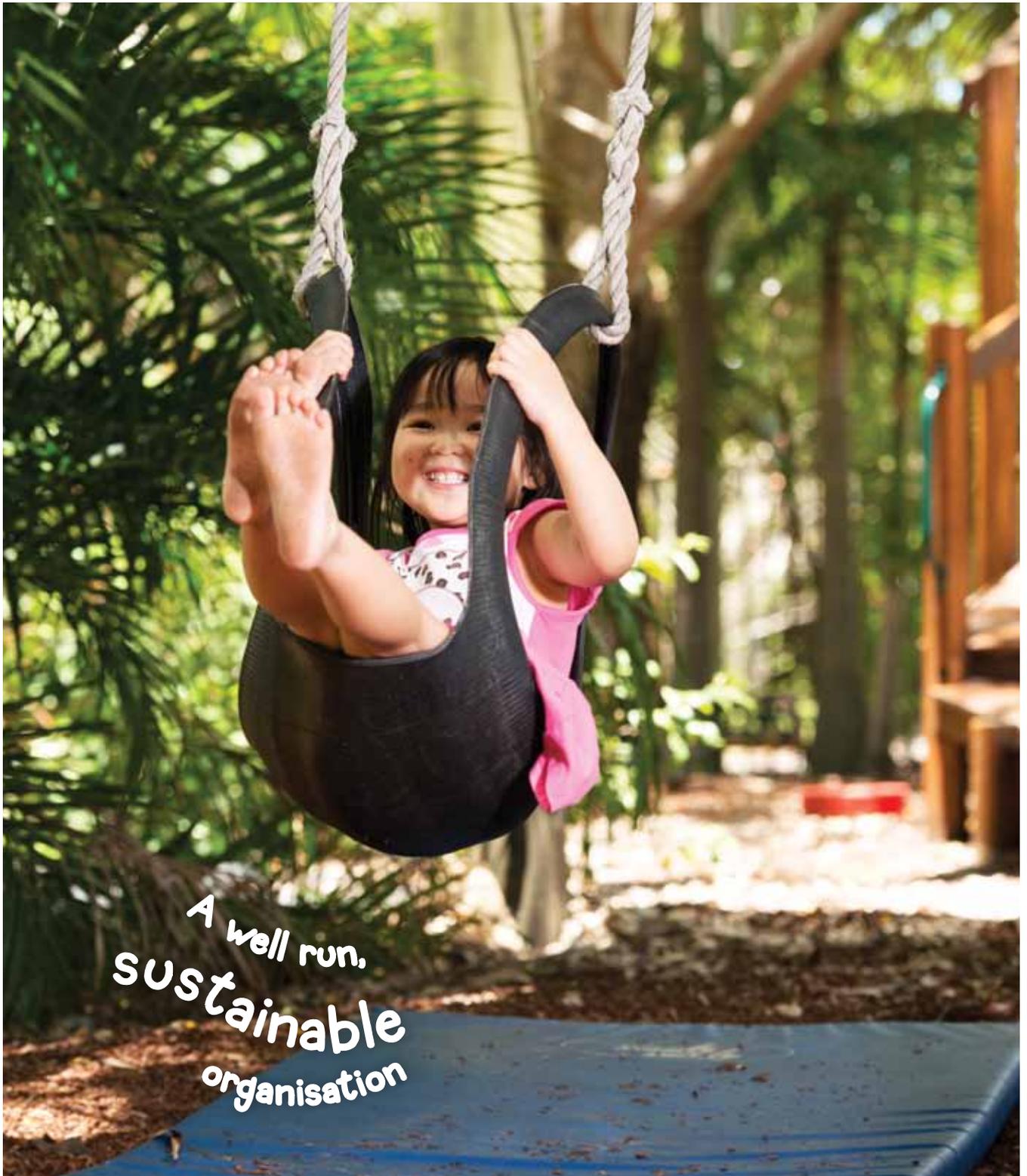
Dip T, BA, B Ed, M Ed St, FAIM

Director (non-executive)

Experience

Board member since 6 May 2011. Retired 23 October 2013.

Board of Management C&K Association
2001 - 2011



A well run,
sustainable
organisation

Executive Leadership Team

Michael Tizard

BA, BSW, GradCertArts

CEO



Michael commenced as the CEO of C&K in August 2013 after more than 30 years' experience in the child and family services sector working in

the areas of statutory child protection, disability, family support, parenting and early childhood education and care. He has worked in both government and non-government organisations including the Children's Protection Society, NSW Department of Community Services, NSW Department of Ageing, Disability and Home Care, The Benevolent Society and Uniting Care.

Michael has previously served on the Boards of the Children's Welfare Association of Victoria and PeakCare, and is a current Board member of the Child and Family Welfare Association of Australia Inc (CAFWAA) and Families Australia.

Children's wellbeing has always been Michael's highest priority and he feels a genuine alignment with C&K's commitment to putting children first.

Chris Kyranis

BCom

Acting GM Children's Services



Chris came to C&K in 2006 as Commercial Operations Officer and quickly came to admire the dedication and commitment of the early childhood

educators and C&K staff.

Chris has worked in a variety of operational and management roles at C&K and is currently the Acting General Manager Children's Services. As Business Development Manager from 2009 to 2011, Chris managed the transition of over 40 new branch services to C&K. In 2011, as 240 Kindergarten Project Manager, Chris led the opening of 81 new kindergartens on state school sites.

Chris has developed a strong sense of connection to the C&K philosophy and is passionate about delivering sustainable high quality early childhood education and care.

Chris has completed the Australian Applied Management Colloquium.

Katherine Fleming

LLB (Hons), M(BusComms), Grad Dip ACG, AGIA, ACIS

Company Secretary and General Counsel



Katherine joined C&K in October 2012 as the Company Secretary and General Counsel. She has 20 years of experience in legal, governance

and communications roles in the not for profit, private, government and international sectors, and has worked for organisations including the Royal Australasian College of Physicians, Westpac Banking Corporation, the United Nations Compensation Commission and the United Nations Conference on Trade and Development.

Katherine has extensive experience in providing in-house legal and governance advice to decision-making bodies and Boards, stakeholder management, risk and compliance. She manages C&K's legal and governance section. Katherine is a Board member of the Protect All Children Foundation.

Other Executive Leadership Team members in 2013

Marina Cameron

BBus (HRM)

GM People & Culture



Marina joined C&K in September 2013 in the role of General Manager People & Culture. With more than 15 years' experience in Human Resources,

Industrial Relations and Organisational Development, she has worked across the commercial, government and not for profit sectors in industries such as Energy, Ageing and Community Care, Retail and Agriculture. She has worked for organisations including Ergon Energy, Uniting Care Health, RSL Care and Olam International.

Marina has previously held senior leadership positions in organisations that are undergoing rapid transformation to improve service delivery and financial sustainability, and understands the distinct role of HR and 'people' in the value chain.

Mel Comerford

B Teach (EC)

Acting CEO

January - August 2013

GM Children's Services & Deputy CEO

August - November 2013

Alexandra Allen

BBus (Acc)

CFO

Until August 2013

James Barbeler

BBus (Acc), MBA

CFO & GM Corporate Services

From September 2013

Catherine Tisdell

B.Ed(ECE) Ass.Dip(CC)

Acting GM Children's Services

February - October 2013

Children's Services

C&K demonstrated its resilience and the strength of its community partnerships and connections during the start of 2013, when Queensland experienced extreme weather and two C&K services were forced to close. The willingness of the wider community to assist these services to get back up and running is a reflection of the important place these services hold in their communities. The strength of the internal C&K community was evident as children, staff and families across the state pitched in to help.

When ex-tropical Cyclone Oswald swept through Bundaberg in January, major flooding occurred and C&K Bundaberg South Community Kindergarten was completely submerged, destroying all resources and covering the grounds in rubbish.

A number of community members immediately stepped in to help the kindergarten clean up and rebuild, even though many of them had suffered personal losses of their own.

While the kindergarten was being rebuilt, C&K Bundaberg TAFE Childcare Centre was able to offer a temporary home for the children so they could continue attending an education and care facility.

Much further south, a C&K kindergarten in Brisbane's Arana Hills began collecting donations of toys and handmade gift bags. Over 50 bags of donations adorned with personal messages and drawings by the children were collected and sent in trucks to Bundaberg, to be distributed to the kindergarten and the wider Bundaberg community.

At the same time, C&K Laidley Community Kindergarten suffered a devastating start to the year, being flooded for the second time in three years. The staff and families of the kindergarten showed true courage, and with the support of the community relocated temporarily to the primary school to ensure that the kindergarten program could continue. With the help from a former parent volunteer the kindergarten was physically raised and made flood-proof and the kindergarten reopened in time for its 40th birthday celebrations.

Early Childhood Education and Care

In 2013, the Early Childhood Advisory Team developed and delivered a series of educational leadership workshops for services across the state, aimed at increasing educators' ability to incorporate *C&K Building waterfalls* and the Quality Areas of the National Quality Framework into their teaching.

The team developed a new and innovative educator planning resource the *Collaborative teaching and learning journal* and successfully trialed the resource with the final product launched in 2014.

C&K successfully applied for Pre-Kindergarten Programs & Activities Grants with the Department of Education, Training, and Employment (DETE) in the regions of Bundaberg and North Brisbane. The Pre-Kindergarten Programs & Activities Grants aim to bridge the gap between pre-kindergarten programs and kindergartens, as well as increase participation of children from Aboriginal & Torres Strait Islander and Culturally and Linguistically Diverse (CALD) backgrounds in kindergarten programs.

The program works collaboratively with playgroups, early childhood services, local elders and cultural leaders, family support services and key agencies to build partnerships and relationships.

C&K employed Kindy & Community Links Advisors in North Brisbane and Bundaberg to engage with and build connections between families, elders and cultural leaders, existing pre-kindergarten programs and support services. The advisors also assist in building kindergarten educators' knowledge and understanding of cultural competency and inclusive practises.

In 2013 C&K began the development of a Child Protection Framework. The framework brought about improvements to C&K policy and demonstrates C&K's strong commitment to children's safety and wellbeing. Based on four streams of policy the framework will provide greater guidance for educators to prevent, advocate, respond and report on child protection matters. The framework is also accompanied by the appointment of a new position, Child Protection and Safety Advisor, and a Child Protection Safety Panel made up of key internal stakeholders to oversee the framework, investigations, outcomes and reporting. The framework was launched in early 2014 with a roadshow providing training to more than 600 C&K staff.

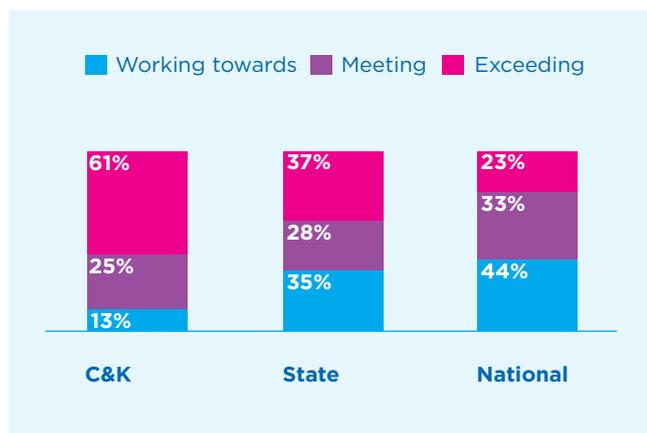
National Quality Framework

In 2013 C&K performed well above other Queensland and national services in the National Quality Framework (NQF) Assessment and Ratings results. Introduced in 2012, Assessment and Rating was ramped up throughout 2013, with a significant proportion of early childhood services being assessed, allowing results to paint a picture of the quality of services around the country.

As of 5 November 2013, 147 (40%) C&K services had been assessed with 86% of these services achieving 'Meeting' or 'Exceeding' ratings. In comparison, the state and national averages were 65% and 56% respectively.

These results reflect the significant investment C&K injected into the development of its Quality Policy and Legislation team to oversee C&K's compliance and performance with the NQF. The team focused on Quality Improvement Plans, the Assessment and Ratings process and developing and maintaining policy and up to date legislation for the organisation

C&K, state and national Assessment and Rating comparison summary



Source: NQF Snapshot Q3 2013

Affiliate members and Queensland Kindergarten Funding Scheme (QKFS)

The annual C&K Committee Governance roadshow commenced in March and saw C&K staff travel around the state meeting and presenting to affiliate volunteer parent management committee members and staff on a range of topics including strategic direction, governance, operations and C&K's support.

C&K conducted a review of its role as a Central Governing Body (CGB) and based on feedback, implemented a number of initiatives to improve services and support to affiliate members. These included reducing red tape and providing more face to face contact, a local presence and more accurate and timely customer service.

This strategic initiative led to a restructure to create a C&K Business Operations team. This team is made up of Business Operations Consultants who manage branch services and provide guidance and support to affiliate services on operations, governance, legislation and compliance. This change in operations was met with positive feedback from affiliate members and is being expanded in 2014 as part of a continuous improvement process.

At the same time C&K entered into negotiations with DETE through the Office for Early Childhood Education and Care (OECEC) to review the Queensland Kindergarten Funding Scheme (QKFS) agreement and CGB administrative agreement. The negotiations were successful and an extension of the existing agreements through a Deed of Variation was signed by both parties, securing QKFS funding and CGB support for another 12 months.

C&K welcomed back Gunalda and District Kindergarten who changed Central Governing Body (CGB) to C&K during the year.

As of 5 November 2013, 147 (40%) C&K services had been assessed with 86% of these services achieving 'Meeting' or 'Exceeding' ratings.

Children's Services continued

Aboriginal and Torres Strait Islander Programs

Mackay Children and Family Centre

It was an exciting year for the Aboriginal and Torres Strait Islander unit with the Mackay Children and Family Centre (MCFC) growing and establishing itself as an important part of the Mackay community.

In 2012 C&K was selected by the Queensland Government as the lead agent in developing a Children and Family Centre in Mackay as part of the Queensland and Australian Governments' commitment to the "Closing the Gap" strategy. The MCFC's focus is to provide integrated services and support to Aboriginal and Torres Strait Islander families, while keeping families and culture strong.

Although the physical premises were still under construction in 2013, the staff delivered services at temporary premises including a Homework Club, Playgroup, health checks, and a hub where young and Indigenous mums were able to meet.

A highly successful 'back to culture' camp was also held in the September school holidays with nine boys and five male leaders, including an MCFC staff member, camping for four days.

One of the key factors in the MCFC's success is the strong links it has forged with the community. An example of this was when the MCFC engaged the community to create artwork and design for the centre that would create a sense of belonging and ownership and reflect local issues and identity.

MCFC



MCFC



Halls Creek



Halls Creek



Halls Creek, Western Australia Family Support Program

The Halls Creek, Western Australia Family Support Program – Indigenous Parenting Service went from strength to strength in 2013. The program has grown and evolved throughout the year, from providing Playgroup and support services to families, to actively participating in community improvement and capacity building. The Lundja Community Children's Garden Project was one such initiative.

Lundja was a community with few resources for children to access. The environment was sparse, playground equipment unsafe and there was little shade. The Coordinator approached the community informally and held yarning circles and informal BBQ get-togethers to find out whether community wanted a playgroup and what their expectations would be for the program. An effort was made to include everyone in these conversations.

Community expressed a desire to improve the communal area children played in and to beautify the surroundings.

Playgroup families got involved in the project, with adults and children planting and caring for gardens and developing ideas to make their environment more child-friendly. The Coordinator worked with the community Chairperson, talking through ideas and coming up with ways to make them a reality.

The Chairperson found funds to purchase palms, mulberry trees and native banana trees. He rallied the community and engaged the youth involved in the Remote Jobs Community Program (RJCP). Tractor and car tyres were painted white, placed around the edge of the children's garden area and the plants were installed inside them.

Acknowledgement of C&K's leadership role

In 2013 C&K Aboriginal & Torres Strait Islander Programs Manager Sarah Callinan was appointed to the Board of the Queensland Indigenous Education Consultative Committee (QIECC). The QIECC is a body of prominent Aboriginal and Torres Strait Islander experts in education and training that act as an advisory committee to state and federal governments on Indigenous education.

Image on right hand page: C&K Gundoo Mirra Community Kindergarten



Partnerships

C&K is committed to establishing and maintaining strong partnerships with government and other organisations to further its strategic goals and enhance outcomes for children, families and communities.

C&K's partnership with The Benevolent Society continued in 2013 through the CGB member agreement for Cairns and Acacia Ridge, and promoting the Connect2Kindy program in Browns Plains and the Indy2Kindy program in Cairns.

C&K began a new partnership with the Salvation Army, aimed at creating a new Family Support Community Centre, *The Family Place*, in an area of high need, central Woodridge. This project is focused on creating a safe space for families to access support, connect with health and early education services, develop social networks and learn positive parenting skills in a friendly, welcoming environment.

The year also saw an exciting development in the creation of new resources to assist families with children starting school. In partnership with Mission Australia's Inala to Ipswich Communities for Children, the second edition of the *Starting School* resources was launched as part of the Ready Together-Transition to School Program, an Australian Government funded partnership program.

New services

C&K renewed its association with Queensland University of Technology (QUT) in successfully tendering to continue service provision at C&K Kelvin Grove Community Childcare Centre (Herston Road) and commence provision at the QUT Gardens Point Childcare Centre that had been closed for a number of years.

Proud to continue its commitment to rural and remote services, C&K welcomed Charters Towers Kindergarten as it transitioned from affiliate to branch.

2013 saw two new C&K kindergartens open, co-located on state school sites as part of DETE's program to establish a number of new kindergartens around the state. One of these was established at Mt Gravatt East, and an additional unit was built at C&K Mareeba Community Kindergarten. The new unit in Mareeba was enthusiastically received and supported by the school and community and has allowed further access and participation for children, especially in the local Aboriginal and Torres Strait Islander community.

Achievements and celebrations

C&K would like to pay special tribute to Barb Marshall who at the end of 2013 completed 50 years' service at C&K Chiselhurst Preschool and Kindergarten. Barb's service was recognised at a garden party held at the kindergarten.

Some services celebrated significant milestones this year:

C&K West End Community Kindergarten and Preschool - 100 years

C&K Red Hill Kindergarten and Preschool - 60 years

C&K Broadbeach Community Kindergarten - 60 years

C&K Lowood and District Community Kindergarten - 50 years

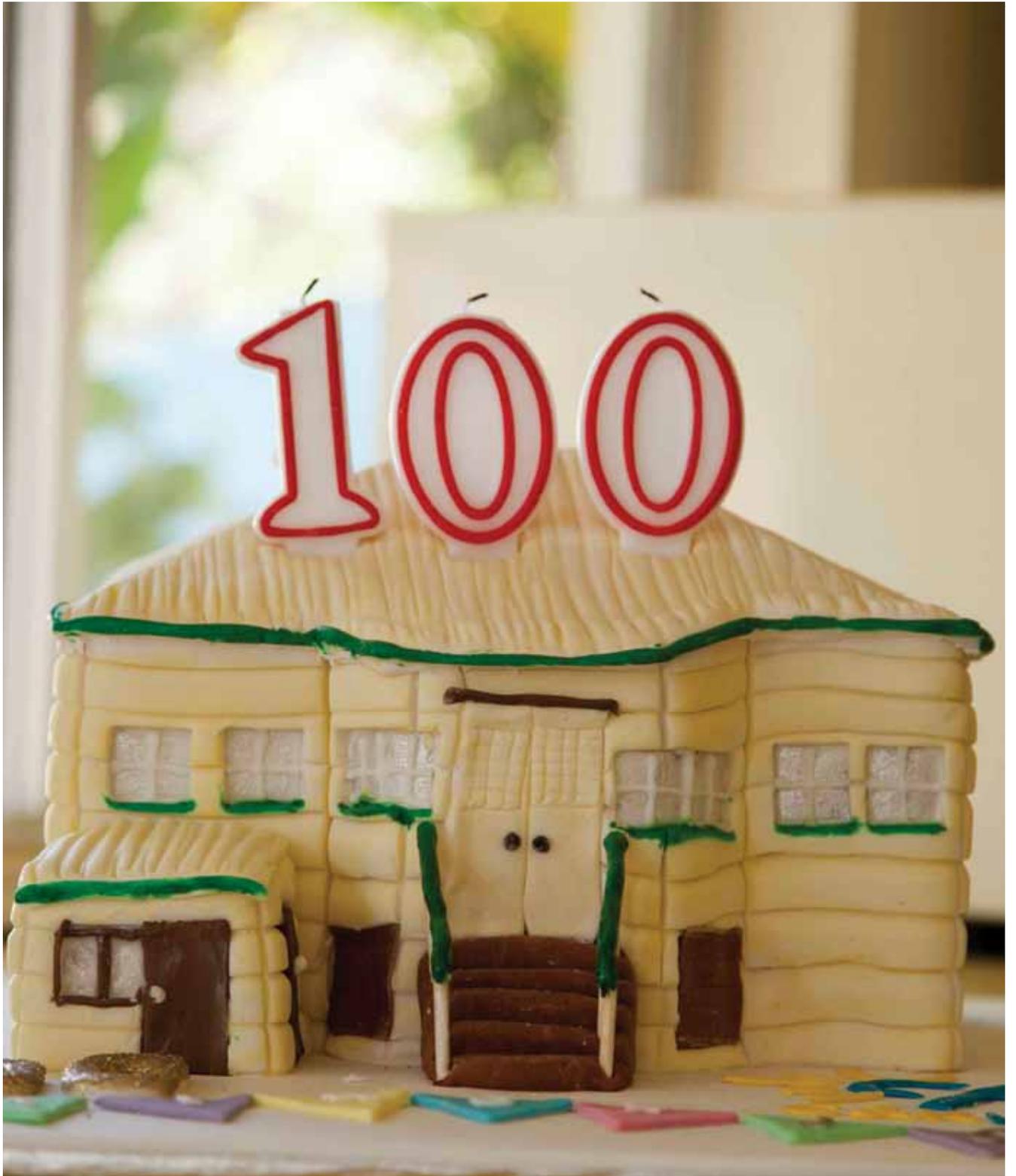
C&K Rosewood & District Community Kindergarten - 50 years

C&K Rowes Bay Community Kindergarten - 50 years

C&K Upper Mt Gravatt Community Kindergarten - 50 years

C&K Kedron Heights Community Kindergarten - 50 years

Image on right hand page: C&K West End Community Kindergarten & Preschool turns 100



Learning Campus

The C&K Learning Campus was established in June 2013, amalgamating the C&K College of Early Childhood, Learning and Development, and Events Management business units.

The purpose of the amalgamation was to consolidate all training, professional development and events delivery and coordination into one new unit.

The principal activities of the Learning Campus include:

- a) Vocational education and training through the C&K College of Early Childhood
- b) Mandatory training
- c) Professional development, including the Queensland Early Childhood Annual Conference.

C&K College of Early Childhood

2013 was a year of consolidation to allow the College to focus on the delivery of vocational education and training services and to become more competitive in an increasingly contestable market.

The College's User Choice 2010-2015 contract and User Choice Continuing Students contract were renewed for the training of apprenticeship and traineeship students.

The College was successful in obtaining Pre-qualified Supplier Status under the Certificate 3 Guarantee program administered by the Department of Education, Training and Employment, (DETE) effective 15 July 2013 to 30 June 2014.

Two government contracts expired on 30 September 2013 - the 2011-2013 Strategic Investment Fund and the 2012-2013 Skilling Solutions Qld Program contract for the provision of Recognition of Prior Learning (RPL) Assessment Services. Both programs were phased out by DETE.

In order to mitigate risk and to diversify College revenue streams, the College was successful in its application to the Commonwealth Department of Education (DET) for VET FEE-HELP provider accreditation. Students enrolling into the Diploma qualification are now eligible to apply for the Australian Government's VET FEE-HELP loan scheme. VET FEE-HELP is a loan given to eligible fee-paying students to help pay for part, or all, of their tuition fees. Students repay the loan to the Australian Government through the tax system once a student reaches the minimum income threshold level for repayment set by the Australian Taxation Office.

As an approved VET FEE-HELP provider, DET advances payment to the College for its VET FEE-HELP enabled Diploma qualification.

The 2013 Queensland Early Childhood Annual Conference

The 2013 Queensland Early Childhood Annual Conference presented by C&K, "Romanticism vs. Reality - Visions of a 21st Century childhood", commenced with the conference dinner, where the 2013 Sustainability Awards acknowledged the innovative and remarkable work of C&K educators, children and communities. These awards underpinned C&K's ongoing commitment to sustainability and connected with several conference strands, including 'Creating and Sustaining Communities for Children', and 'Community and Country'. The other two conference strands, 'Curriculum and Excellence within the National Early Childhood Agenda', and 'Commercialisation of Children' broadened the scope of the conference with the result that it was widely appealing and well attended.

The W Keith Hayes Memorial Lecture delivered by Colin Pidd, reminded delegates that through collaborative thinking and actions great things can be achieved for children, families, professionals and organisations. This session set an optimistic tone that resonated through the conference across the following two days.

A cautionary note was struck, however, through the enlightening presentation by Melinda Tankard Reist. Melinda, co-founder of the campaigning movement, 'Collective Shout', shared her belief that childhood has been increasingly commercialised and commodified. This position was clearly supported by the wealth of advertising and other images that Melinda shared throughout her session.

The conference offered two days of inspiring and thought provoking presentations, discussions, workshops and passionate debate covering a variety of topics on the early childhood education and care agenda. Of course, the conference was also a great opportunity to network, entertain new ideas and to re-focus.



Learning Campus continued

Regional professional development days

C&K continued its commitment to support and guide regionally placed educators by staging professional development days across the state. These events, coordinated in cooperation with our Early Childhood Advisors, Business Operations Consultants and local educators, directly addressed the interests and professional needs unique to each community. Each program offered a range of speakers including, when appropriate, some of our own experts. Topics included working effectively with the national quality agenda, supporting children and families, inclusive practice, emergent curriculum, environments for teaching and learning, behaviour guidance, technology, and community engagement.

Workshop program

The C&K workshop program offered face to face short courses for educators across the state. These were often presented on week day evenings, allowing for long day care and family day care educators to attend. Children's health and safety, and diversity and sensory processing were addressed at these sessions.

Transition to School forums

'Transition to School' forums were presented by C&K to parents and educators across the south east region of the state in August and September. These very popular sessions were delivered by Associate Professor Kay Margetts and C&K's Michelle Binstadt, who provided an overview of the 'Ready Together-Transition to School Program'. This program was developed in cooperation with Mission Australia. Due to the continuing interest and popularity of these sessions, they have been scheduled for delivery in other parts of Queensland in the 2014 C&K professional development program.

Sustainability Awards



Child Initiated Sustainability Project Award

This award recognises a child or group of children who have demonstrated significant interest and understanding of sustainability issues. Henry's teacher Chenjie collected the award on his behalf.

Winner: 3 year old Henry Devine from C&K Wilston Childcare Centre



Education for Sustainability Award

This award is designed to recognise an early year educator or education team who demonstrates the philosophy and pedagogy associated with education for sustainability at an excellent standard.

Winner: C&K Chiselhurst Preschool and Kindergarten

Winner: C&K Napranum Community Preschool and Kindergarten



C&K Early Childhood Service Sustainability Excellence Award

This award recognises a C&K Early Childhood service which has achieved a high level of sustainability practice

Winner: C&K Arana Hills Community Kindergarten



Sustainability Eco-Efficiency Award

This award recognises a person or early childhood service who has implemented outstanding eco-efficiency measures into their service

Winner: C&K Redlands Community Kindergarten

A capable, engaged, diverse
workforce and high
performance culture



Funding and grants

C&K relies on government funding and grants to continue to provide quality early childhood education and care and maintain and improve services and programs.

In addition to government funding, C&K was highly successful in its applications and success rate for grants in 2013.

A total of 297 grant applications were submitted with 216 being successful, totalling \$2,808,352.

The grant funding received was used for a variety of purposes including resources, toys and equipment, playground upgrades and landscaping, building extensions, multi-cultural resources and programs, and professional development.

C&K would like to acknowledge and thank all the funding bodies in 2013.

Government funding

Australian Government

- Department of Education
- Department of Employment
- Department of the Prime Minister and Cabinet
- Department of Social Services

Queensland Government

- The Department of Education, Training and Employment

Government grants

The Commonwealth Government Department of Education and the Queensland Government Department of Education, Training and Employment - Essential Upgrades Grant, Renovation and Refurbishment Grant Program and Universal Access to Kindergarten Programs

Queensland Government Department of Education, Training and Employment - Supporting diversity in kindergarten community engagement grants, Supporting diversity in kindergarten professional development grants, Pre-Kindergarten Grant, Limited Hours Centre (LHC) Enhancement Grant, Australian Early Development Index (AEDI) Community Action

Department of Communities, Child Safety and Disability Services - Caring for our Community

Other grants

Anglo American Social Investment & Donations Program
Arrow Energy Brighter Futures
Balonne Shire Council
BHP Billiton Mitsubishi Alliance (BMA)
Breakwater Island Casino Community Benefit Fund
Bundaberg Regional Council
Coles Junior Landcare
Foundation for Rural & Regional Renewal (FRRR) - Reaping Rewards
Gambling Community Benefit Fund
Gold Coast City Council
Lions Clubs
Logan City Council
Lord Mayor Suburban Initiative Fund- Brisbane City Council
Macrossan & Amiet
McDonalds Flood Grant
Mission Australia
New Hope Acland Mine
Scenic Rim Council
Telstra Kids Fund
The Benevolent Society

C&K Caboolture Community Kindergarten's yarnning circle.



C&K Marian Community Kindergarten's indoor play and learning area.



C&K Moorooka Community Kindergarten's beautiful natural outdoor play area.



C&K Oakey Community Kindergarten made the most of their new nature trail.





The Crèche & Kindergarten Association Limited
ABN 59 150 737 849

Financial Report

For the year ended 31 December 2013

Where children come first

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Directors' Report

Your directors present this report on the Company for the financial year ended 31 December 2013.

Directors

Bernard Curran

John Sneddon

Linda Apelt (Appointed 30 May 2013)

Joanne Darbyshire

Claire Harrison (Appointed 24 October 2013)

Cameron Henry (Appointed 28 August 2013)

Therese Mulherin (Appointed 30 May 2013)

Angie Russian

Laurel Zaicek

Tom Kettleton (Retired 14 February 2014)

Mary Mahoney (Retired 30 May 2013)

Peter Fardoulis (Retired 30 May 2013)

Barry Salmon (Retired 23 October 2013)

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Principal activities

The principal activities of the Company 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.

Short-term and long-term objectives

The Company 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 objects of the Company.

Strategies

The Board has approved strategies in line with its short and long-term objectives as detailed above.

Performance measures

The Company has established performance targets and key performance indicators linking to its budget objectives. The targets focus the efforts of the Board, management and staff members, and assist in measuring success in meeting the strategic goals.

Directors' Report (continued)

Information on Directors

Bernard Curran • Chair (non-executive)

Qualifications • B.Bus(Accounting), Member of Institute of Chartered Accountants Fellow, Taxation Institute of Australia, Graduate Australian Institute of Company Directors (GAICD).

Experience • Appointed Chair on 31 May 2013. Board member since 22 August 2012.

Mr 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 businesses. 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. Mr Curran has extensive taxation experience advising clients on structures to maximise taxation opportunities with a particular interest in taxation structures for Mergers and Acquisitions. He is also the Chair of The Prince Charles Hospital Foundation. His interest in early childhood education links back to roles as Treasurer of a C&K affiliate attended by his two children.

Committee responsibilities • Mr Curran is Chair of the Governance & Remuneration Committee and an ex-officio member of the Finance & Audit Committee and the Risk Committee.

John Sneddon • Deputy Chair (non-executive)

Qualifications • LLB

Experience • Appointed Deputy Chair on 28 August 2013. Board member since 5 December 2012.

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

Committee responsibilities • Mr Sneddon is a member of the Risk Committee.

Linda Apelt • Director (non-executive)

Qualifications • Adj Prof, MEdSt (UQ), Grad Dip Couns, BEd, DipT, GAICD

Experience • Board member since 30 May 2013.

Ms Apelt is an experienced Chief Executive Officer with over thirty years of progressive experience in government environments, including fourteen years as a Director-General of large, complex human services organisations. She has particular expertise in leading large scale organisational and policy changes and reforms; developing and implementing complex social policy initiatives; managing internal and external service delivery systems; managing and balancing multimillion and multibillion dollar budgets including contracts with non-government service providers, capital works and achieving efficiencies without compromising services.

Directors' Report (continued)

Ms Apelt has served as a non-Executive Director on a range of Boards including QSuper Board of Trustees; Australian Institute of Health and Welfare and Australian Housing and Urban Research Institute. She has also chaired a range of national and state based Committees and Boards of Management as an Executive Director. Ms Apelt is a PhD candidate at The University of Queensland where she has been an Adjunct Professor in the Faculty of Social and Behavioural Sciences since 2003.

Committee responsibilities

- Ms Apelt is the Chair of the Risk Committee.

Joanne Darbyshire

- Director (non-executive)

Qualifications

- Dip of Teaching, IECD, B. Education

Experience

- Board member since 22 August 2012.

Ms 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; TAFE and University Lecturer.

Ms Darbyshire'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. She 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.

Ms Darbyshire has a weekly 'radio chat' on 4GR during the Midday Show that covers topics relevant to young children and families.

Committee responsibilities

- Ms Darbyshire is a member of the Risk Committee and the Nominations Committee.

Claire Harrison

- Director (non-executive)

Qualifications

- Grad Cert App Law, B Bus Admin, Dip OHS, FAHRI, FILP

Experience

- Board member since 24 October 2013.

Ms Harrison is the Managing Director of Harrison Human Resources. Her career spans 20 years in the HR arena, which commenced with BHP. She has held senior HR positions as part of the leadership teams of Mayne Nickless, Fonterra, Foodland Associated Limited and the Redland City Council. Her last corporate position was as the National Human Resources Manager for a large, nationally-based early childhood education and care provider where she managed a team of 50 HR and payroll staff who delivered services for a workforce of 15,000 employees.

Ms Harrison started her own company, Harrison Human Resources in 2009, which provides Human Resources, Workplace Relations, E-Learning and Recruitment services. Over her career she has gained experience in a variety of complex business issues including merger and acquisition, negotiating national employment

Directors' Report (continued)

agreements, change management, managing multi-million dollar budgets, policy development, and stakeholder engagement.

Ms Harrison is a mother to two young children. The eldest attended a C&K service in 2013. She has nothing but admiration for the way that C&K has cared for and educated her daughter, and is especially impressed with the organisation's professionalism, inclusiveness, environmental sustainability focus, and Aboriginal and Torres Strait Islander programs.

Committee responsibilities

- Ms Harrison is a member of the Governance & Remuneration Committee

Cameron Henry

- Director (non-executive)

Qualifications

- B Bus Acc, ACA, MAICD

Experience

- Board member since 28 August 2013.

Mr Henry is a chartered accountant, registered company auditor and consultant. He is a former partner of PricewaterhouseCoopers ("PwC") where he practiced for 21 years, predominantly in Brisbane, but including long term secondments to PwC's London and Hong Kong offices. He worked with many of PwC's most important clients, including publicly listed, private and not-for-profit organisations. He has considerable board room experience, predominantly dealing with board audit committees. His expertise covers external audit, internal audit, accounting advice, financial reporting, corporate governance, risk management and due diligence. His clients and experience have spanned most industries including education, health, manufacturing, mining and retail. Whilst his experience in Australia, Europe and Asia has typically been with large, complex, multi-location organisations, he is equally comfortable with small private family companies and not-for-profit entities. His experience includes managing and directing the audits and providing advice to a number of schools and child care services.

Committee responsibilities

- Mr Henry is Chair of the Finance & Audit Committee

Therese Mulherin

- Director (non-executive)

Qualifications

- BOccThy, GAICD

Experience

- Board member since 30 May 2013.

Ms Mulherin started her career as an Occupational Therapist, assisting people with injuries and disabilities to maximize their independence and participate in their chosen career or lifestyle to their fullest potential. Today she is a seasoned leader, manager and board director with over 20 years of experience in the employment services and workplace rehabilitation industries.

During her 15 years at Ingeus, Ms Mulherin was instrumental in the business achieving rapid organic growth and financial success in both Australia and Europe. In more recent times she has been directly involved in several acquisitions and their successful integration into a consolidated business. She has experience in large service organizations, working in highly regulated industries, government contracts, strategy development, stakeholder management and managing change. Ms Mulherin is performance, growth and efficiency orientated. She is married with two children and lives in Brisbane.

Committee responsibilities

- Ms Mulherin is a member of the Governance & Remuneration Committee.
-

Directors' Report (continued)

Angie Russian

- Director (non-executive)

Qualifications

- N/A

Experience

- Board member since 6 May 2011.

As the mother of three boys, Ms Russian became involved with the C&K kindergarten in Dayboro when her first child started in 2005. From 2007 to 2009 she was President and after three years changed her role in 2010 to become the C&K Liaison Officer. She was chairperson of the C&K Management Committees' Forum for four years and has been a member of the Board of Management of the Crèche and Kindergarten Association of Queensland since 2008.

Originally from Newcastle, NSW, Ms Russian 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. Ms Russian 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.

Committee responsibilities

- Ms Russian is a member of the Finance & Audit Committee.

Laurel Zaicek

- Director (non-executive)

Qualifications

- BA, Grad Dip Mgt, M Mgt

Experience

- Board member since 6 May 2011.

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 Creche and Kindergarten Association of Queensland since 2010.

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 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.

Committee responsibilities

- Ms Zaicek is a member of the Finance & Audit Committee and the Nominations Committee..

Directors' Report (continued)

Retired Directors

Tom Kettleton

- Director (non-executive)

Qualifications

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

Experience

- Board member since 6 May 2011. Retired 14 February 2014.

Mr Kettleton is the Managing Company Director of a Queensland tourist transit & 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 early 1980's when his children attended C&K services. Tom is a strong supporter of 4-year university trained early childhood teachers advocated for by C&K.

Mr Kettleton had been a member of the Board of Management of the Crèche and Kindergarten Association of Queensland since 2004.

Committee responsibilities

- Mr Kettleton was a member of the Remuneration Committee.

Mary Mahoney

- Chair (non-executive)

Qualifications

- Adj Prof, AO, MBBS Qld, Hon MD, Grad Dip Clin Ed, FRACGP, FAIM, FAMA, MRACMA, MAICD

Experience

- Appointed as Chair of the Board on 6 May 2011. Retired 30 May 2013.

Adj Prof Mahoney is a General Practitioner and was Director of the Royal Australian College of General Practitioners Training Program for 25 years. In January 2009, she was appointed Adjunct Professor, School of Medicine at the University of Queensland.

Adj Prof 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, Adjunct Professor Mahoney 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.

Adj Prof Mahoney had been a member of the Board of Management of the Crèche and Kindergarten Association of Queensland since 1982 and President since 2000. Mary is also a Life Governor of C&K.

Committee responsibilities

- Adj Prof Mahoney was Chair of Remuneration Committee and a member of the Audit and Risk Committee

Peter Fardoulis

- Director (non-executive)

Qualifications

- Hon Prof, AM, LFAIB, Dip Mech & Elec Eng, JP

Experience

- Board member since 6 May 2011. Retired 30 May 2013.

Mr 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. He is also a Life Governor of C&K.

Directors' Report (continued)

As managing director of Peter Fardoulys Constructions, Mr Fardoulys 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, Mr Fardoulys 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, Mr Fardoulys has been the recipient of the Queen Jubilee Medal (1977), Centenary Medal (2003) and Member of the Order of Australia (2005).

Barry Salmon

- Director (non-executive)

Qualifications

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

Experience

- Board member since 6 May 2011. Retired 23 October 2013.

Mr 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.

Mr Salmon 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.

Mr Salmon had been a member of the Board of Management of the Crèche and Kindergarten Association of Queensland since 2001

Committee responsibilities

- Mr Salmon was Chair of the Strategic Planning Committee and a member of the Audit and Risk Committee.

Directors' Report (continued)

Director	Board		Audit and Risk Committee ¹		Strategic Planning Committee ²		Nominations Committee ³		Risk Committee ⁴		Finance & Audit Committee ¹	
	A	B	A	B	A	B	A	B	A	B	A	B
Bernard Curran	10	10	5	5	1	1						
John Sneddon	7	10							1	1		
Linda Apelt	4	5							1	1		
Joanne Darbyshire	10	10			1	1	4	4	1	1		
Claire Harrison	1	1										
Cameron Henry	3	3	1	1							1	1
Tom Kettleton	7	10										
Therese Mulherin	5	5										
Angie Russian	9	10									1	1
Laurel Zaicek	9	10	2	3			3	4			1	1
Mary Mahoney	5	5	2	2								
Peter Fardoulis	5	5										
Barry Salmon	8	9	5	5	1	1						

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

¹ The structure of the Audit & Risk Committee was amended on 23 October 2013. The functions of the previous Audit & Risk Committee were separated to become the Finance & Audit Committee and the Risk Committee.

² The Strategic Planning Committee has been subsumed into the Board.

³ The Nominations Committee is a Committee of the organisation pursuant to clause 9 of the Constitution.

⁴ The Risk Committee was formed on 23 October 2013.

⁵ The Remuneration Committee has been subsumed into the Governance & Remuneration Committee which was formed on 23 October 2013. Neither committee met in 2013.

Directors' Report (continued)

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. The total amount members would contribute is \$1,120 (2012: \$1,440).

Auditor's independence

The auditor's independence declaration required under section 307c of the Corporation Act 2001 appears on page 13.

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



Mr Bernard Curran, Chair



Mr Cameron Henry, Director

Dated this 26 day of March 2014

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of The Creche and Kindergartens Association Limited for the year ended 31 December 2013, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (a) the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (b) any applicable code of professional conduct in relation to the audit.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

Brisbane, Queensland
Date: 26 March 2014



C J M King
Partner

Statement of Comprehensive Income

For the Year Ended 31 December 2013

	Note	Year ended 31 Dec 2013 \$	6 months ended 31 Dec 2012 \$
Revenues from operating activities	2	67,067,509	33,002,300
Employee costs		(51,788,642)	(25,802,039)
Other expenses	3	(12,933,201)	(5,551,470)
Operating surplus before depreciation		2,345,666	1,648,791
Depreciation and amortisation expenses		(2,547,114)	(1,085,142)
Operating (deficit)/surplus		(201,448)	563,649
Non operating income:			
Capital grants, net of expenses		2,688,698	1,427,987
Fair value of donated assets		251,470	102,087
(Loss)/Profit on sale of assets		(98,968)	308
Fundraising, net of expenses		424,092	380,972
Rental income		34,743	26,296
Interest revenue		1,319,573	452,662
Total non-operating income		4,619,608	2,390,312
Net surplus for the year/period		4,418,160	2,953,961
Other comprehensive income for the year/period		-	-
Total comprehensive income for the year/period		4,418,160	2,953,961

The accompanying notes form part of these financial statements

Statement of Financial Position

As at 31 December 2013

	Note	2013 \$	2012 \$
Current assets			
Cash and cash equivalents	4	3,439,898	4,891,093
Trade and other receivables	5	4,151,003	2,256,606
Other financial assets	6	23,563,254	20,000,000
Other current assets	7	678,612	675,033
Total current assets		31,832,767	27,822,732
Non-current assets			
Property, plant and equipment	8	18,900,369	16,845,951
Intangible assets	9	167,282	215,183
Total non-current assets		19,067,651	17,061,134
Total assets		50,900,418	44,883,866
Current liabilities			
Trade and other payables	10	9,415,834	8,531,352
Income received in advance		1,380,265	1,131,707
Provisions	11	1,411,684	1,755,366
Total current liabilities		12,207,783	11,418,425
Non-current liabilities			
Trade and other payables	10	-	5,710,667
Provisions	11	1,455,922	646,888
Total non-current liabilities		1,455,922	6,357,555
Total liabilities		13,663,705	17,775,980
Net assets		37,236,713	27,107,886
Funds			
Reserves		1,340,501	1,340,501
Accumulated funds		35,896,212	25,767,385
Total funds		37,236,713	27,107,886

The accompanying notes form part of these financial statements

Statement of Changes in Funds For the Year Ended 31 December 2013

	Accumulated funds	Reserves	Total
Balance at 1 July 2012	250,161	-	250,161
Net surplus for the period	2,953,961	-	2,953,961
Other comprehensive income for the period	-	-	-
Total comprehensive income for the period	2,953,961	-	2,953,961
Transfer from association	22,563,263	1,340,501	23,903,764
Balance at 31 December 2012	25,767,385	1,340,501	27,107,886
Net surplus for the year	4,418,160	-	4,418,160
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	4,418,160	-	4,418,160
Transfer from association	5,710,667	-	5,710,667
Balance at 31 December 2013	35,896,212	1,340,501	37,236,713

The accompanying notes form part of these financial statements

Statement of Cash Flows

For the Year Ended 31 December 2013

	Note	Year ended 31 Dec 2013 \$	6 months ended 31 Dec 2012 \$
Cash flows from operating activities			
Receipts from customers and grants		70,933,406	48,645,909
Payments to suppliers and employees		(65,664,607)	(43,673,737)
Net cash generated by operating activities			
		5,268,799	4,972,172
Cash flow from investing activities			
Payments for property, plant & equipment		(4,508,669)	(2,514,067)
Proceeds on sale of fixed assets		70,706	2,811,417
Interest received		1,281,223	452,662
Net cash (used in)/generated by investing activities			
		(3,156,740)	750,012
Net increase in cash and cash equivalents			
		2,112,059	5,722,184
Cash introduced on transition from Association			
		-	19,168,909
Cash and cash equivalents at beginning of year/period			
		24,891,093	-
Cash and cash equivalents at the end of year/period			
	4,6	27,003,152	24,891,093

The accompanying notes form part of these financial statements

Notes to the Financial Statements

31 December 2013

1. Summary of significant accounting policies

Basis of Preparation

The Crèche and Kindergarten Association Limited (the Company) has elected to early adopt the Australian Accounting Standards - Reduced Disclosure Requirements as set out in AASB 1053: *Application of Tiers of Australian Accounting Standards* and AASB 2010-2: *Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements*. Accordingly, the Company has also early adopted AASB 2011-2: *Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project - Reduced Disclosure Requirements* and AASB 2012-7: *Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements* in respect of AASB 2010-6: *Amendments to Australian Accounting Standards - Disclosures on Transfers of Financial Assets* and AASB 2011-9: *Amendments to Australian Accounting Standards - Presentation of Items of Other Comprehensive Income*.

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 (AASB) 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 26 March 2014 by the directors of the Company.

Accounting Policies

a. 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 the Company was unable to provide the service, or did not comply with the terms of the funding agreement, then the Company 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. Parent Advisory Group (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 (continued)

31 December 2013

1. Summary of significant accounting policies (continued)

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.

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

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 the Company ceasing to use it for that purpose. Accordingly, buildings on Crown Land are shown at original cost less depreciation.

Plant and equipment

Plant and equipment are measured on the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of plant and equipment is greater than its estimated recoverable amount, the carrying amount is written down immediately to its estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(e) for details of impairment).

Plant and equipment that have been contributed 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

The depreciable amount of all fixed assets, including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a straight line basis over the asset's useful life to the Company 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.

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 accumulated funds.

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 the Company, are classified as finance leases.

Finance leases are capitalised, recognising an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values.

Notes to the Financial Statements (continued)

31 December 2013

1. Summary of significant accounting policies (continued)

c. Leases (continued)

Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that the Company 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.

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

d. Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Company commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted).

(i) 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. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

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.

(ii) 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 the Company'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.

Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(iii) Financial liabilities

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

Notes to the Financial Statements (continued)

31 December 2013

1. Summary of significant accounting policies (continued)

d. Financial instruments (continued)

Impairment

At the end of each reporting period, the Company assesses whether there is objective evidence that a financial asset has been impaired. A financial asset (or a group of financial assets) is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance accounts.

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 Company no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised when the related obligations are discharged or cancelled, or have expired. The difference between the carrying amount of the financial liability, which is extinguished or transferred to another party, and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

e. Impairment of assets

At the end of each reporting period, the Company assesses whether there is any indication that an asset may be impaired. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (e.g. in accordance with the revaluation model in AASB 116). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

f. Employee benefits

Provision is made for the Company'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.

g. Cash and cash equivalents

Cash and cash equivalents include cash on hand and deposits held with banks with a maturity of less than 3 months.

h. 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.

Notes to the Financial Statements (continued)

31 December 2013

1. Summary of significant accounting policies (continued)

h. Goods and services tax (GST) (continued)

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 statement of financial position.

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.

i. Income tax

No provision for income tax has been raised as the Company is exempt from income tax under Div 50 of the Income Tax Assessment Act 1997.

j. Intangible assets

The Company 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.

k. Trade and other payables

Trade and other payables represent the liabilities for goods and services provided to the Company 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.

l. Provisions

Provisions are recognised 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 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.

m. 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 6 month period ended 31 December 2012.

n. Donated assets

Land and Buildings that have been contributed to the Company 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.

o. 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 Company.

Key estimates

Impairment

At 31 December 2013, the management performed review of long outstanding receivables on a debtor by debtor basis and provided for impaired receivables amounting to \$304,717.

p. Economic dependence

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

Notes to the Financial Statements (continued)

31 December 2013

	Year ended 31 Dec 2013 \$	6 months ended 31 Dec 2012 \$
2. Revenue		
Operating activities		
- College income	277,029	214,264
- Affiliation fees	841,577	409,664
- Children's fees	40,313,771	19,793,836
- Conference and seminars	328,246	35,565
- Other fees and levies	874,173	621,706
- Project management fees	-	93,424
- Sundry income	1,425,906	844,406
	44,060,702	22,012,865
Government subsidies and grants		
- Department of Social Services (Commonwealth)		
• operational	2,897,834	1,646,887
- Department of Employment (Commonwealth)		
• operational	36,616	36,098
- Department of Education (Commonwealth)		
• operational	187,678	86,527
- Department of Education, Training and Employment (State)		
• operational	2,224,405	1,114,609
• 240 set up cost funding	72,625	639,665
• UAP Queensland Kindergarten Funding Scheme	16,634,599	7,086,537
• UAP Queensland Kindergarten Funding in Long Day Care	953,050	379,112
	23,006,807	10,989,435
Total revenue from operating activities	67,067,509	33,002,300
3. Profit for the year		
Other expenses:		
Advertising and marketing	294,090	125,108
Audit and Accounting	55,963	28,500
Cleaning	2,410,196	1,072,086
Conferences and seminars	585,025	167,925
Equipment	336,827	134,186
Food and functions	78,248	57,692
Fringe benefits tax	35,592	6,768
Motor vehicles	193,417	93,081
Outsourcing/consultancy	1,426,752	674,711
Postage, printing, stationary and program materials	650,144	482,238
Project management	-	23,688
Repairs and maintenance	427,741	194,219
Telephone and internet	780,516	334,293
Travel	517,183	197,578
Occupancy	3,014,115	1,124,962
Information technology	729,123	471,026
Bank charges	384,476	154,327
Other expenses	1,013,793	209,082
Total other expenses	12,933,201	5,551,470

Notes to the Financial Statements (continued)

31 December 2013

	2013 \$	2012 \$
4. Cash and cash equivalents		
Current		
Cash at bank	3,439,898	4,891,093
5. Trade and other receivables		
Current		
Trade receivables	776,515	262,541
Children's fees receivable	370,031	528,486
Allowance for impaired receivables	(304,717)	(212,830)
Other receivables	3,309,174	1,678,409
	4,151,003	2,256,606
(a) Provision for impairment of receivables		
Movement in the provision of impairment of receivables is as follows:		
Balance at the beginning of the year/period	212,830	-
- Charge for the year	223,258	248,606
- Written off	(131,371)	(35,776)
Balance at the end of the year/period	304,717	212,830
6. Other financial assets		
Current		
Term deposits	23,563,254	20,000,000
7. Other assets		
Current		
Prepayment	655,410	661,588
Security bonds paid	23,202	13,445
	678,612	675,033
8. Property, plant and equipment		
Freehold land - at cost	2,217,065	2,217,065
Buildings - at cost	11,298,848	8,761,190
Less accumulated depreciation	(2,193,606)	(1,803,267)
	9,105,242	6,957,923
Capital works in progress	2,118,124	1,279,214
Equipment, furniture & fittings - at cost	10,592,287	9,594,765
Less accumulated depreciation	(5,510,523)	(3,575,624)
	5,081,764	6,019,141
Motor vehicles - at cost	966,019	867,384
Less accumulated depreciation	(587,845)	(494,776)
	378,174	372,608
Total property, plant and equipment	18,900,369	16,845,951

Notes to the Financial Statements (continued)

31 December 2013

8. Property, plant and equipment (continued)

Movements in carrying amounts

Movement in the 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	Freehold land	Buildings	Equipment, furniture and fittings	Motor Vehicles	Total
	\$	\$	\$	\$	\$	\$
2013						
Costs						
Balance at the beginning of the year	1,279,214	2,217,065	8,761,190	9,594,765	867,384	22,719,618
Additions	861,277	-	2,677,083	1,042,156	142,789	4,723,305
Disposals	(22,367)	-	(138,870)	(44,197)	(44,154)	(249,588)
Balance at end of the year	2,118,124	2,217,065	11,299,403	10,592,724	966,019	27,193,335
Accumulated Depreciation						
Balance at the beginning of the year	-	-	(1,803,267)	(3,575,624)	(494,776)	(5,873,667)
Charge for the year	-	-	(434,762)	(1,969,953)	(94,498)	(2,499,213)
Disposals	-	-	43,868	34,617	1,429	79,914
Balance at the end of the year	-	-	(2,194,161)	(5,510,960)	(587,845)	(8,292,966)
Net Carrying Amount						
At the beginning of the year	1,279,214	2,217,065	6,957,923	6,019,141	372,608	16,845,951
At the end of the year	2,118,124	2,217,065	9,105,242	5,081,764	378,174	18,900,369

2013
\$

2012
\$

9. Intangible assets

Study curriculum

At cost	254,378	254,378
Less: amortisation	(87,096)	(39,195)
	167,282	215,183

Reconciliation of intangibles

2013

Balance at the beginning of the year	215,183
Amortisation charge	(47,901)
Balance at the end of the year	167,282

Study curriculum

Notes to the Financial Statements (continued)

31 December 2013

	2013 \$	2012 \$
10. Trade and other payables		
Current		
Trade payables	762,493	575,763
Employee benefits	2,358,451	3,516,091
Parent committee funds	1,861,800	1,959,257
Other payables and accruals	4,433,090	2,480,241
	9,415,834	8,531,352
Non Current		
Other payables	-	5,710,667

In the prior year, the other payables non-current, related to a loan balance payable to C&K Association of Queensland as a result of change in legal structure on 1 July 2012 to a Public Company Limited by Guarantee. The amount was extinguished according to the terms of the Deed of Transition. There was no interest charged on the outstanding amount.

11. Provisions

Provision for employee benefits

Current	1,411,684	1,755,366
Non-current	1,455,922	646,888
	2,867,606	2,402,254

Analysis of total provisions

	Employee benefits \$
2013	
Balance at the beginning of the year	2,402,254
Additional provisions raised during the year	644,662
Amount used	(179,310)
Balance at the end of the year	2,867,606

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 Company 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 Company 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 1(f).

Notes to the Financial Statements (continued)

31 December 2013

	Year ended 31 Dec 2013 \$	6 months ended 31 Dec 2012 \$
12. Cash flow information		
(a) Reconciliation of cash		
Cash on hand and at bank	3,439,898	4,891,093
Cash on deposit	23,563,254	20,000,000
	27,003,152	24,891,093
(b) Reconciliation of net surplus to net cash generated by operating activities		
Net surplus for the year/period	4,418,160	2,953,961
Non-cash flows in net surplus from operating activities:		
- Depreciation & amortisation	2,547,114	1,085,142
- Net loss/(gain) on disposal of plant & equipment	98,968	(308)
- Donated assets	(214,636)	(102,087)
- Income (Non operational)	(1,319,573)	(2,287,917)
(Increase)/decrease in assets:		
- Sundry debtors, subsidies & grants	(1,856,047)	(2,256,604)
- Prepayments	(3,579)	(675,034)
Increase/(decrease) in liabilities:		
- Trade payables and other liabilities	1,133,040	6,467,849
- Provisions	465,352	(212,830)
Net cash provided by operating activities	5,268,799	4,972,172
13. Capital and leasing commitments		
(a) Operating Lease Commitments		
Being for rent of premises	2013 \$	2012 \$
Payable:		
- not later than 1 year	178,110	365,336
- later than 1 year but not later than 5 years	100,744	158,711
- greater than 5 years	65,349	13,490
	344,203	537,537
C & K Association of Queensland 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.		
(b) Capital Expenditure Commitments		
Capital Expenditure Commitments contract of:		
- Capital expenditure projects	269,706	450,000
Payable		
- not later than 1 year	269,706	-
	269,706	-

Notes to the Financial Statements (continued)

31 December 2013

14. Contingent liabilities and contingent assets

The Company did not have any contingent liabilities or contingent assets as at 31 December 2013 (31 December 2012: Nil).

15. Events after statement of financial position date

- (a) Tom Kettleton (a member of the Board) retired on 14 February 2014.
- (b) Two Affiliate Member Service commenced transitioning to Branch status in January 2014. The value of donated assets is not considered material and will be finalised once the due diligence process has been completed.

16. Key management personnel compensation

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

- (a) Michael Tizard, Chief Executive Officer, commenced employment in August 2013
- (b) Melissa Comerford, Acting Chief Executive Officer (from January to August 2013), General Manager, Children's Services (September to December 2013)
- (c) Barrie Elvish, Chief Executive Officer (retired January 2013)
- (d) James Barbeler, Chief Financial Officer (commenced employment September 2013)
- (e) Alexandra Allen, Chief Financial Officer (ceased employment August 2013)
- (f) Chris Kyranis, Acting General Manager, Children's Services (from November to December 2013)
- (g) Catherine Tisdell, Acting Chief Operating Officer (from February to August 2013)
- (h) Marina Cameron, General Manager of People & Culture (commenced employment October 2013)
- (i) Grant Weaver, HR Manager (ceased employment June 2013)
- (j) Katherine Fleming, Company Secretary and General Counsel

	Note	Year ended 31 Dec 2013 \$	6 months ended 31 Dec 2012 \$
Key Management personnel compensation		1,242,054	404,248
17. Auditor's remuneration			
Audit of financial report		35,000	28,500
Other services		5,575	5,000
		40,575	33,500
18. 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.			
Legal fees paid to Shand Taylor John Sneddon is a partner of Shand Taylor and is a Director on the Board. His remuneration for his services to the Board is Nil (2012: Nil).		51,068	139,672
BDO Queensland Bernard Curran is a Partner of BDO Queensland and Chair of the Board. His remuneration for his services to the Board is Nil (2012: Nil).		7,540	16,528
Loan payable to C&K Association	10	-	5,710,667

Notes to the Financial Statements (continued)

31 December 2013

	Note	Year ended 31 Dec 2013 \$	6 months ended 31 Dec 2012 \$
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19. Financial risk management

The Company'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	3,439,898	4,891,093
Other financial assets	6	23,563,254	20,000,000
Trade and other receivables	5	1,827,241	1,325,287
Total financial assets		28,830,393	26,216,380

Financial liabilities at amortised cost

Trade and other payables	10	3,385,707	3,192,265
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20. Reserves

General reserve

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

21. Economic dependence

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

22. 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.

23. Public company limited details

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

C & K Association Limited
14 Edmondstone Street
Newmarket
Queensland 4051

Directors' Declaration

31 December 2013

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

1. The financial statements and notes, as set out on pages 14 to 37, are in accordance with the *Corporations Act 2001* and:
 - a. comply with Australian Accounting Standards – Reduced Disclosure Requirements; and
 - b. give a true and fair view of the financial position of the Company as at 31 December 2013 and of its performance for the year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.



Mr Bernard Curran, Chair



Mr Cameron Henry, Director

Dated this 26 day of March 2014



Accountants | Business and Financial Advisers

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 2013, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration, for 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 gives a true and fair view and 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 about 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 of the financial report that gives a true and fair view 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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INDEPENDENT AUDITOR'S REPORT (continued)

Independence

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

Opinion

In our opinion, the financial report of The 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 2013 and its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Regulations 2001*.



HLB Mann Judd
Chartered Accountants



C J M King
Partner

Brisbane, Queensland
Date: 26 March 2014







The Creche and Kindergarten Association Limited

14 Edmondstone Street, Newmarket Qld 4051

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Where children come first