2016 ANNUAL REPORT

The C&K early childhood curriculum Building waterfalls embeds our philosophy in everything we do.

OUR PHILOSOPHY

CONTENTS

CHAIR MESSAGE

In this, our 110th year, I present to you the C&K Annual Report for 2016. C&K was established to support working mothers and today we continue to re-shape our offerings to meet the changing needs of families and society. C&K is the longest established early childhood provider in Queensland, and is the fifth largest provider in Australia. We continue to advocate for the rights of children to a quality early education and for access for all. Our work to provide early detection of special needs and for vulnerable children is now part of everyday life at C&K and I am extremely proud of the impact our staff make by 'putting children first'.

At the door of the Boopa Werem Kindergarten in Cairns, the centre's philosophy is on display and includes this powerful sentence: "We believe that partnerships with family should be nurtured and respected and understanding of cultural diversity is essential". Values such as these are at the core of what makes C&K unique and our services are a vital part of happy and prosperous communities.

We are also proud to continue to promote and advocate for educators. During a recent trip to Far North Queensland I was able to observe first-hand the dedication of our staff. Despite remoteness and obstacles, solutions are found to ensure the needs of children, families and our staff are catered for across our 361 services from far north Queensland, west to Quilpie and south to the Gold Coast. These educators are making a tangible difference in the lives of children every day and are supported by a team of dedicated professionals at C&K's Central office in Brisbane and in regional support roles across the state. The C&K Board would like to acknowledge the efforts of the whole C&K team in 2016 and thank you for striving to maintain high standards and integrity. I would like to thank our CEO Michael Tizard and his Executive Leadership Team for their energy and inspiration. We also welcomed two new directors to our Board during 2016 - Dr Megan Gibson and Emma Fynes-Clinton – thank you for joining us.

I wish to thank Minister for Education and Training, The Honourable Kate Jones and her Department for their ongoing funding and the important and vital partnership C&K has with the Queensland Government.

During our 110 years C&K has worked closely with Aboriginal and Torres Strait Islander Elders and educators to support community ownership of services. In 2016, we launched our C&K Reconciliation Action Plan (RAP) during NAIDOC week. The roll out of this plan is well underway and our strategic focus will continue to ensure that the participation of Indigenous children in early education and care continues to grow, and we look forward to continue working respectfully with our First Nations Peoples.

I will be retiring from the C&K Board following this year's Annual General Meeting. After 7 years of involvement with C&K, including 4 years as the 21st Chair of the Board, I find myself reflecting on this period. C&K is an organisation I have seen grow and embrace change; an organisation that is well positioned to meet its challenges head on while ensuring children are at the core of everything we do.

Over the past 7 years much has been achieved including: the restructure of Children's Services to better support services and staff across Queensland. We have found our marketing and brand voice and grown a leadership team that is capable and sustainable with strong governance. And we've held a number of regional Board meetings over the past 2 years – Toowoomba 2015, and Sunshine Coast 2016. We've developed C&K's growth agenda to offer working families greater access and choice to our quality education and care offerings, our social purpose agenda and actions are stronger and our systems and processes are more robust.

Following this year's Annual General Meeting former directors, Noelene McBride and Barry Salmon, both retire from our Nominations Committee. I wish to acknowledge their contribution and commitment to the many roles they have taken on at C&K and wish them a happy future.

I would like to thank my current Board and all directors I have worked with. We have achieved a lot and thank you for your contribution and support. I would like to especially thank Adjunct Professor Mary Mahoney AO, the former Chair of C&K for her kind guidance and thoughtful wisdom. Linda Apelt will chair the Board from June 2017. With Linda's background in government and social services, together with the C&K Board, Management and staff, I know C&K is in good hands.

My sense of belonging to C&K has helped shape me as a person. Thank you for the privilege of working with you all over this period.

Bernard CURRAN

CEO MESSAGE

C&K has been on a journey in 2016 to continue to build on excellence and innovation in early childhood education and care services and develop new services that meet the needs of modern families. While we continue to highly value our kindergarten model, we realise that 15 hours per week does not always meet the needs of working families and on this basis, have been moving to longer days in some kindergartens and expanding the number of high quality childcare services offering a kindergarten program. Towards the end of 2016 we acquired three new long day care services, Arlington Drive Premium Childcare, Banyo Early Learning Academy and Birkdale South Children's Centre. We have welcomed the children, families and staff of these services and are now working to fully transition the services to C&K. There have been continued excellent results for C&K with the National Quality Framework Assessments and Ratings process, where 94% of C&K services are meeting or exceeding and overall are 23% above the national average. This result in 2016 has been affirming for all of those who work hard at C&K to make a difference for children and who strive for excellence in their everyday work. Affiliate services are extremely important to the C&K brand and also represent excellence in service delivery. This was reinforced through the Excellent rating received, for the second time, by our affiliated Bribie Island Kindergarten. Services assessed for the first time and services undergoing reassessment can be equally proud with significant improvements in the number achieving exceeding.

C&K's extensive professional development program for educators continues to support these great results. In 2016 close to 700 early childhood professionals gathered for the Early Childhood Education and Care Conference in Brisbane, featuring a new partnership with QPAC's Out of the Box festival. This is an outstanding and unique children's arts event in Australia, that offers our staff additional professional learning opportunities and enables us to promote the importance of the arts to children's learning. We very much value the partnership formed with QPAC and have extended this partnership for another three years. Our research partnerships also grew and we continue to have a strong voice on advocacy for quality early childhood outcomes in an uncertain and rapidly changing environment. There were many trips to Canberra during the year to meet with Federal politicians, advisors and to participate on working groups for the proposed Childcare package and to advocate for ongoing Universal Access funding.

We have sharpened our focus in 2016 on C&K's reconciliation journey, through the launch of our Reconciliation Action Plan. This plan is a working document, helping guide our organisation to build greater cultural understanding and competence and move us into the future, with greater awareness of the impact of the past and working to expand existing partnerships with Aboriginal and Torres Strait Islander organisations and communities. Our history demonstrates C&K's commitment to vulnerable children and families, through reinvestment of our surplus, and expanding our reach to vulnerable communities and children through our social purpose strategy and new partnerships with Montrose Therapy, Kambu Health, Aboriginal and Torres Strait Islander Community Health Service in south-east Queensland, Cootharinga in North Queensland and Act for Kids in Central Queensland. (see Table p.7) These partnerships are assisting us to identify children and families who may benefit from additional help to enrol their child in a service or who may require additional assistance in areas such as hearing, vision, speech therapy, parenting and family support.

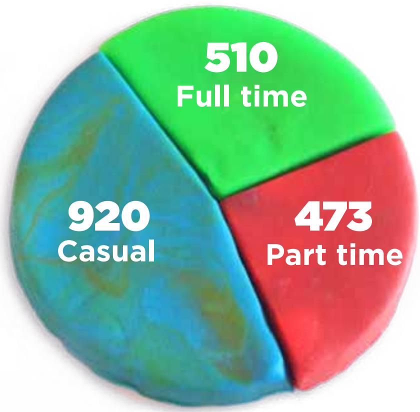
In 2016 we welcomed Rolanda Ayling to the role of General Manager People and Culture. We farewelled our General Manager Business Development and Strategy Jess Wilson to travel overseas and welcomed her replacement Matt Champion, who will continue the work on our strategy on growth, social purpose initiatives, research, policy and innovation in early childhood education and care. I want to express my thanks and appreciation to the Board for their leadership, solid governance and strategy development, the Executive Leadership Team for strong and committed leadership, our Central staff for supporting our services, our highly valued educators and our funding and service delivery partners for their commitment to children and for sharing the C&K journey throughout 2016.

Most importantly, I would like to acknowledge and thank our retiring Board Chair Bernard Curran for his commitment to children and C&K. Bernard is passionate about high quality early childhood education and a viable and well run organisation. As a highly skilled Board Chair, he has guided and supported the development of C&K to achieve our purpose and growth, through leadership and well-developed strategy.

Our work is only possible with effective governance, competent and engaged staff, our affiliate services, our volunteer management committees, a wide range of volunteers and our funding partners at Federal, State and Local Government levels. Thank you for working with C&K to put children first for making a difference in the lives of children who enjoyed the best early learning in our services in 2016.

Michael TIZARD

WHO WE ARE

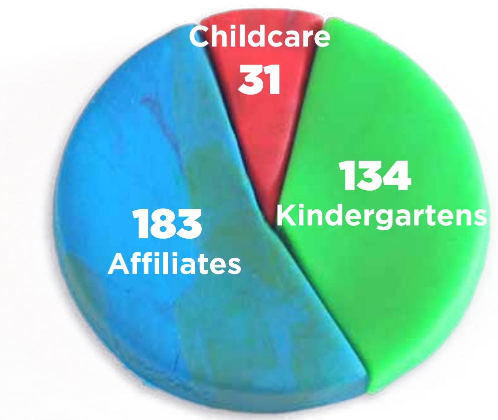


Number of
EMPLOYEES

SNAPSHOT OF C&K 2016

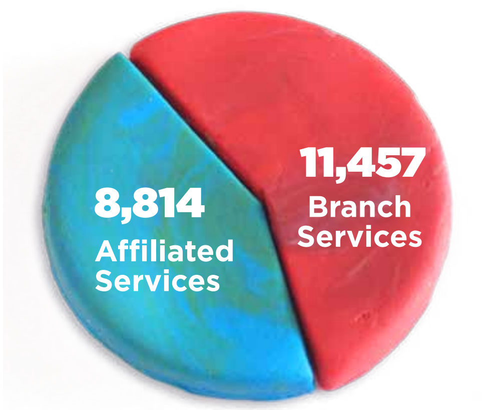
RE-INVESTMENT OF SURPLUS FUNDS IN 2016

	2016	2015
TRADING SURPLUS	**5,315**	**4,768**
(less) investments in children and our people		
Learning & development including the C&K College	(1,087)	(1,128)
Unfunded support to affiliate kindergartens	(1,085)	(567)
Social Purpose Investment		
• Disadvantaged Communities	(1,487)	(681)
• Additional needs	(890)	(737)
RESULTS FROM OPERATING ACTIVITIES	**767**	**1,655**
Operating margin	*0.9%*	*1.9%*
Other non-operating income/expense	33	3,205
NET SURPLUS/(DEFICIT)	**800**	**4,860**



(**13** OTHER)

Number of
SERVICES



Number of
CHILDREN WHO ATTEND A C&K SERVICE

Number of children with
ADDITIONAL NEEDS
we supported

BOARD OF DIRECTORS

CEO
Michael Tizard

General Manager, Children's Services
Kathryn Woods

Service Operations
Education, Wellbeing and Inclusion
Quality and Regulation
Program Leadership
Long Day Care Strategy

General Manager, Corporate Services and Chief Financial Officer ***Mark Stones***

Finance
Facilities
Information Technology
Service Support
Payroll

General Manager, Business Development and Strategy
Jessica Wilson/ Matthew Champion
(from Dec 2016)

Business Development
Strategy
Research and Evaluation
Social Policy
Projects

General Manager, People and Culture
Rolanda Ayling

HR Operations
C&K College
Workplace Health and Safety
Recruitment
Learning and Development

General Manager, Marketing and Communications
Kim Douglas

Marketing
Communications
Events
Centralised Enrolments
Design

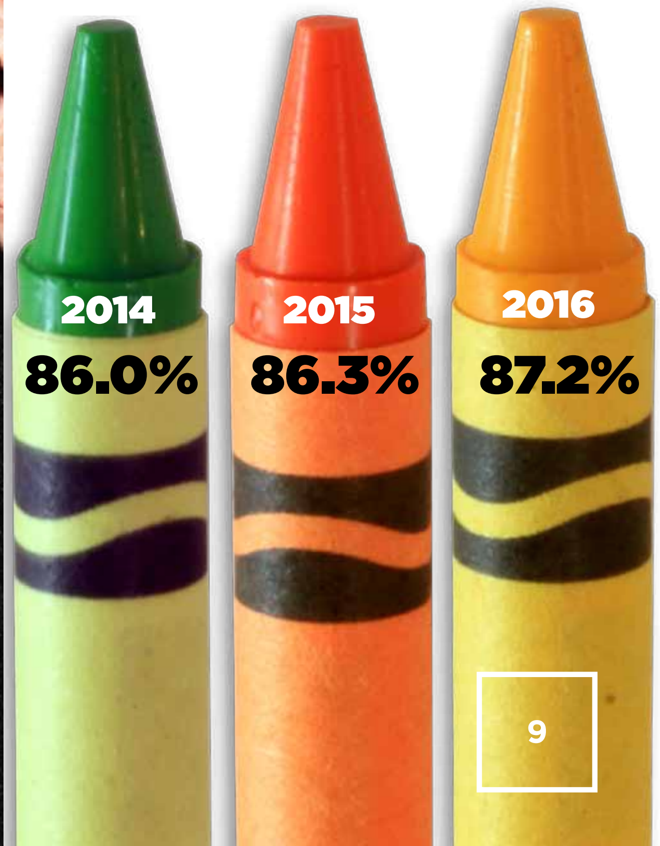
Company Secretary and General Counsel
Katherine Fleming

Legal Services
Governance
Risk and Compliance

Executive Advisor, Aboriginal and Torres Strait Islander Strategy
Leilani Pearce

At C&K, we are very fortunate to have a hardworking and passionate group of employees, who are dedicated to improving the learning outcomes and lives of the children in our care. Our high retention rates are reflective of a highly engaged workforce, who have chosen early childhood education and care as their career. This low turnover provides our children and families with a consistent and stable learning environment and allows for enhanced developmental outcomes.

STAFF RETENTION RATES



CHILDREN'S SERVICES

C&K services had a successful and productive year throughout 2016, and our enrolments are steadily on the rise. On the assessment and ratings front, the C&K star continues to shine. 94% of assessed services have achieved 'meeting' or above and we continue to rank well above the state and national averages. This is capped off by the second 'excellent' rating achieved by Bribie Island Kindergarten – what an achievement.

Helping meet the needs of working families, C&K was thrilled to welcome on board in the last quarter of 2016, three childcare centres – Banyo Early Learning Academy, Arlington Drive Premium Childcare and Birkdale South Children's Centre. We are now extending the quality programs that C&K is renowned for, to these long day care services. In 2016, C&K announced plans to phase out its Family Day Care services and we have been working closely with the FDC team to ensure a seamless transition. This process will be finalised in 2017.

From a pedagogical perspective, the latter part of 2016 brought some exciting new initiatives with a project to reimagine what educational excellence looks like. The results of this project will contribute greatly to the already high quality C&K programs in our services and will be supported by a series of practice guides and resources for our educators. Exciting times ahead as we reimagine early childhood education.

Milestone birthdays have been celebrated throughout 2016, kicking off with C&K Paddington Community Kindergarten's centenary celebrations at the beginning of the year. Silkstone Kindergarten, Collinsville & Scottville Kindergarten and C&K Oakey Community Kindergarten all notched up 50 years educating and caring for children in their local communities. And Bayview Heights Kindergarten and C&K Cotton Tree Community Childcare Centre celebrated 40 years in their local communities.

2016 **QUEENSLAND EARLY EDUCATION & CARE CONFERENCE**

A very successful conference at the Brisbane Convention and Exhibition Centre heard from keynote speakers including US Professor Anne Douglass and Paralympian Karni Liddell. The theme of the 2016 conference was 'Our Children, Our Communities, Our Future'. This annual conference is the largest gathering of early childhood professionals across Queensland attracting 700 delegates from the sector including educators, sector representatives, and resource and education partners to share knowledge, contemporary thinking and practice ideas. The 2016 conference also featured for the first time, a partnership with the Out of the Box - Festival for Children Eight Years & Under with delegates taking part in thought-provoking seminars and attending a range of shows at the Queensland Performing Arts Complex.

WINNERS 2016
C&K EXCELLENCE AND INNOVATION AWARDS

EXCELLENCE AND INNOVATION IN PEDAGOGY AND PRACTICE
C&K Bribie Island Community Kindergarten

EXCELLENCE IN CUSTOMER SERVICE
Alysha Horne – Recruitment Advisor, C&K Central

EMERGING EDUCATOR
Michelle Bower – Assistant, C&K Glennie Heights Community Kindergarten

EXCELLENCE AND INNOVATION IN SERVICE MANAGEMENT
Liz Smith - Director, C&K Weipa Community Kindergarten

EXCELLENCE IN SAFETY LEADERSHIP
C&K Atherton Community Kindergarten

EXCELLENCE IN INCLUSIVE PRACTICE
C&K Nundah Community Kindergarten

SERVICE LEADERSHIP
C&K Paddington, Rosalie and Oakleigh Community Kindergartens

EMERITUS PROFESSOR MARY MAHONEY AO AWARD FOR EXCELLENCE IN EARLY CHILDHOOD EDUCATION AND CARE
C&K Nundah Community Kindergarten

Winners Roz Davies and Peta Wright from C&K Nundah with CEO Michael Tizard

WHAT WE DO

SAFETY

The focus on improving our safety performance continued in 2016 and culminated in C&K successfully graduating from the Injury Prevention and Management (IPaM) program with encouragement from Workplace Health and Safety QLD and WorkCover on progress made to the C&K safety systems throughout the program.

This strong commitment to improving health and safety across C&K continues with the endorsement of the strategic initiative to develop and implement a Safety Management System. During 2016, the C&K Workplace Health & Safety (WHS) team worked to scope and develop a framework for the new safety management system which will begin implementation during 2017.

2016 also saw the C&K employee wellness program “Health Matters” rolled out to the wider organisation after the successful trial at Central office. This program saw C&K services implement wellbeing initiatives involving both employees and children. The program has been expanded to include holistic, proactive and preventative mental health resources offered through a new relationship with Assure as the C&K Employee Assistance Provider.

SOCIAL PURPOSE

As a not-for-profit organisation, C&K, has since its inception, been a leader in investing for broader social purpose. In 2016 we took that commitment another step forward. Social purpose is what we strive for on top of high-quality early education and care. It is how we create social change for vulnerable children, families, and communities. In 2016 C&K reinvested more than $2m in social purpose activities to help vulnerable children, families and communities. At C&K Day in 2016, we launched our new dedicated social purpose program ‘Creating Kindness’. ‘Creating’ points to our innovation, and to the scaffolding, reflecting and building we all do in our work. ‘Kindness’ supports our values of Integrity, Respect, Collaboration, and Safety. Through this program we will be supporting disadvantaged and vulnerable children and ensuring C&K services are sustained in the most disadvantaged communities, including those in rural and remote areas. Through ‘Creating Kindness’, we have created a partnership with Montrose Therapy and Respite services in south east Queensland to support positive outcomes for children and have also established partnerships in North Queensland with Cootharinga, and in Central Queensland through Act for Kids in the West.

Creating Kindness

Launch of C&K’s Social Purpose Initiative C

reating Kindness at C&K Day in 2016

LEARNING & DEVELOPMENT

As a leader in the early childhood education and care sector, C&K has undertaken a number of initiatives to ensure our employees have access to professional development opportunities which help them deliver better outcomes for children. To further C&K's knowledge base, as well as provide access to effective learning resources and tools, a comprehensive learning needs analysis was undertaken in 2016. The information gathered allowed for targeted learning and development initiatives to be identified. Our L&D team then delivered a range of e-learning, online webinars, pre-recorded videos, face-to-face sessions, self-paced learning and online resources to support different learning styles across the organisation. Key initiatives included:

- Interactive online mandatory training for initial and refresher modules
- Online 'Managing Behaviour and Emotions in Early Childcare and Education Settings' training
- Face to Face 'Cultural Awareness' training
- Online Microsoft Office training

In 2016, we focussed on embedding the key outcomes of the Reflective Practice funding from the Queensland Government for our kindergarten services. And we also continued the work of the Long Day Care Professional Development Programme (LDC PDP), funded by the Australian Government, Office of Early Childhood Education and Care. This funding has provided significant professional development opportunities for C&K employees in 2016. The suite of PD included:

- Behaviour guidance
- Movement and Sensory Learning in the Early Years
- Protective Behaviours
- Survival Skills for Service Managers
- Cultural Awareness
- Lumina Spark
- Management Skills for Leaders Program
- Care as Curriculum – Birth to 3 Years

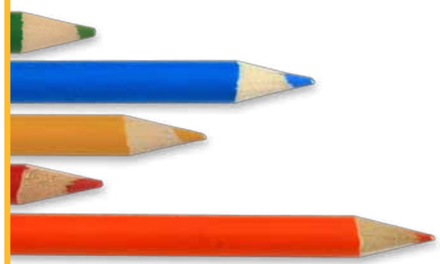
The development of these tools and resources has contributed greatly to developing quality outcomes at C&K services over 2016.


Pre-schooling

WHERE WE'RE GOING

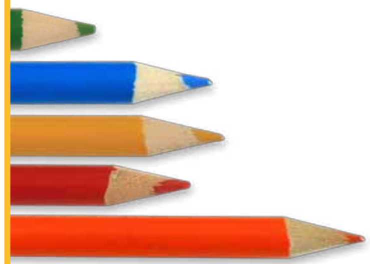
NATIONAL QUALITY STANDARDS

C&K
ALL SERVICES



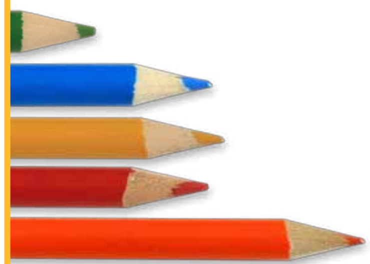
0%	Excellent (1 service)
62%	Exceeding
32%	Meeting
6%	Working Towards
94%	Meeting or above

QUEENSLAND AVERAGE
ALL SERVICES



1%	Excellent
31%	Exceeding
44%	Meeting
24%	Working Towards
76%	Meeting or above

AUSTRALIAN AVERAGE
ALL SERVICES



0%	Excellent
30%	Exceeding
41%	Meeting
28%	Working Towards
71%	Meeting or above

Monique Proud and her mother Denise Proud (former C&K employee), celebrate the launch of the C&K RAP

relationships

RECONCILIATION ACTION PLAN

In 2016 C&K was proud to unveil its Reconciliation Action Plan 2016-2018. This document will guide C&K's commitment to increase cultural awareness and integrity across our service network and communities. The RAP was endorsed by Reconciliation Australia and officially launched on 4 July during NAIDOC Week at C&K Central offices in Kedron. Through our inclusive recruitment practices, we are creating a workforce that is reflective of the diverse communities in which our services are located. To increase the representation of Aboriginal and Torres Strait Islander educators in our sector, we have introduced a scholarship program supporting three Indigenous students to pursue a qualification and career in early childhood education. In addition, 49 Indigenous students completed either a Certificate 3 or Diploma in Early Childhood Education through the C&K College.

C&K Cotton Tree Childcare

C&K QUT Kelvin Grove
Turtle dreaming with artist Dean John Tyson

Board Chair Bernard Curran presents the inaugural C&K Aboriginal and Torres Strait Islander Early Childhood Scholarship to Caboolture student Susan Gardiner

respect

The Executive Advisor, Aboriginal and Torres Strait Islander Strategy is a new role within C&K providing a dedicated focus on increasing access for Aboriginal and Torres Strait Islander children and their families to C&K early education and care services. C&K is committed to strategic partnerships with Aboriginal and Torres Strait Islander organisations to improve outcomes in Aboriginal and Torres Strait Islander early childhood. Key achievements in 2016 included the:

- development of the C&K Statement of Commitment to Aboriginal and Torres Strait Islander children and families providing a framework to guide all of C&K's Aboriginal and Torres Strait Islander early childhood education and care strategies.
- the transfer of the Amaroo Community Kindergarten back to the local community, under the umbrella of Kambu which is the lead Aboriginal and Torres Strait Islander health service in the Ipswich region. The service remains affiliated with C&K.
- establishing C&K's involvement in the Deadly Kindy program together with the Brisbane Aboriginal and Torres Strait Islander Community Health Service (ATSICHS).

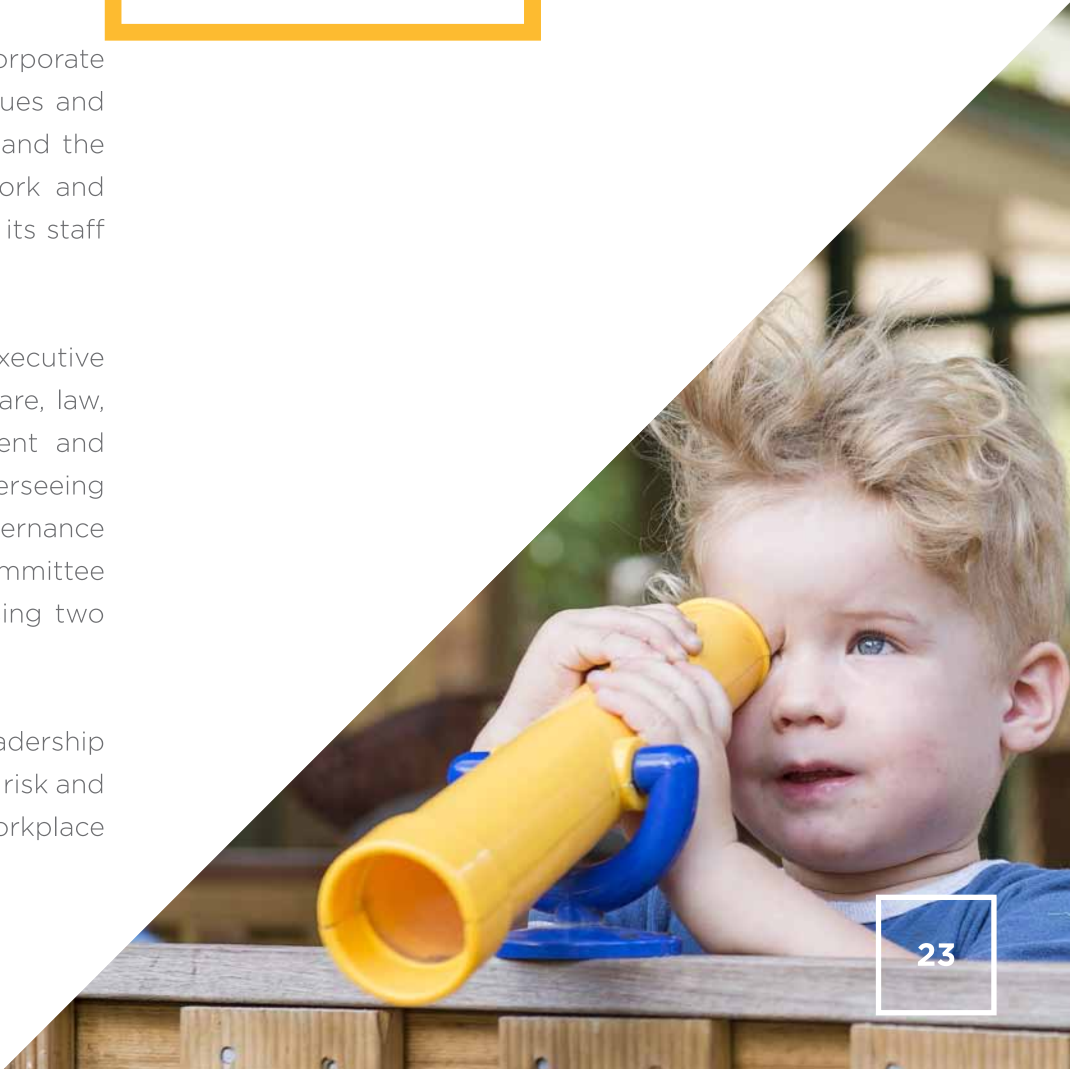
opportunities

CORPORATE GOVERNANCE

The C&K Board has adopted a best practice approach towards C&K's corporate governance. C&K's Corporate Governance Framework aligns with C&K's values and complies with the relevant ASX Principles of Good Corporate Governance and the accompanying recommendations listed under each principle. The framework and principles set out the rules, processes and systems through which C&K and its staff members are held to account.

In accordance with the principles, the Board consists of independent, non-executive directors with expertise in areas including early childhood education and care, law, finance, Aboriginal and Torres Strait Islander affairs, business development and strategy and government. The Board has three committees to assist it in overseeing the work of C&K, namely the Audit Risk and Finance Committee, the Governance and Remuneration Committee, and the Nominations Committee. Each committee comprises Board members, with the Nominations Committee also comprising two external, independent members.

Supporting the Board is the Chief Executive Officer and the Executive Leadership Team. C&K also has a number of internal committees covering areas including risk and safety, incident and complaints management, emergency management, workplace health and safety, property management, reconciliation and research.



FINANCIALS


C&K

DIRECTORS' REPORT

For the year ended 31 December 2016

Your directors present this report on the consolidated entity ("the Group") consisting of The Crèche and Kindergarten Association Limited ("C&K" or "the Company"), and the entities it controlled in the year ended 31 December 2016.

DIRECTORS

Bernard CURRAN

Chair (non-executive)
BBus (Acc), Member ICAA, FTI, GAICD

Appointed Chair 31 May 2013
Board Member since 22 August 2012

COMMITTEES
Governance and Remuneration
Ex-officio Audit, Risk and Finance

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

Linda APELT

Deputy Chair (non-executive)
MEdSt, Grad Dip Couns, BEd, DipT, GAICD

Appointed Deputy Chair 20 July 2016
Board Member since 30 May 2013

COMMITTEES
Nominations

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

Therese MULHERIN

Director (non-executive)
BOccThy, GAICD

Board Member since 30 May 2013

COMMITTEES
Governance and Remuneration, Nominations

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

Wesley AIRD

Director (non-executive)

Board Member since 12 October 2015

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

Emma FYNES-CLINTON

Director (non-executive)
MBus (Professional Accounting), BEcon Hon, GAICD, Grad Dip Applied Finance and Investment

Board Member since 7 December 2016

COMMITTEES
Audit, Risk and Finance (since April 2016)

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

John **SNEDDON**

Director (non-executive)
LLB

Board Member since 5 December 2012

COMMITTEES
Audit, Risk and Finance

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

Joanne **DARBYSHIRE**

Director (non-executive)
DipT, IECD, BEd

Board Member since 22 August 2012

COMMITTEES
Governance and Remuneration

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

Cameron **HENRY**

Director (non-executive)
BBus (Acc), ACA, MAICD

Board Member since 28 August 2013

COMMITTEES
Audit, Risk and Finance

Cameron Henry is a chartered accountant, registered company auditor and consultant and currently an audit partner with Crowe Horwath Australia. This follows 21 years culminating in his appointment as a partner with PricewaterhouseCoopers (PwC) working in the firm's Brisbane, London and Hong Kong offices. An experienced board member, Mr Henry's expertise covers external and internal auditing, accounting advice, financial reporting, corporate governance, risk management and due diligence. He has advised in the fields of education, health, manufacturing, mining and retail in both the private and not-for-profit sectors, including schools and child care services. He is also currently a director on a number of private company boards.

Megan **GIBSON**

Director (non-executive)
PhD, MEd, BEd (EC), DipT (EC)

Board Member since 19 May 2016

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

Claire **HARRISON**

Director (non-executive) (retired)
Grad Cert App Law, BBus (Bus Admin), Dip OHS, FAHRI, FILP

Board Member since 24 October 2013
Retired 19 May 2016

COMMITTEES
Governance and Remuneration

Ms Harrison has a career spanning two decades in the Human Resources sector and is currently the Managing Director of her own company, Harrison Human Resources. After starting her career with BHP, she has held senior positions as part of the leadership team of Mayne Nickless, Fonterra, Foodland and the Redland City Council. Her most recent role was HR Manager for a large national early childhood education and care provider, where she managed a team delivering services for more than 15 thousand employees. A former C&K parent, she served on the Management Committee of her child's kindergarten and has interest in early childhood issues including inclusiveness and environmental sustainability.

Laurel **ZAICEK**

Director (non-executive) (retired)
BA, Grad Dip Mgt, MMgt

Board Member since 6 May 2011
Retired 19 May 2016

COMMITTEES
Audit, Risk and Finance

Laurel Zaicek is a Project Manager and Business Analyst with a wide range of management experience working for airlines based in Brisbane, Sydney and Dubai. She became involved with C&K when her eldest child began attending kindergarten in 2007 and from 2009 she was Chairperson of the C&K Parents' Advisory Group Forum representing C&K branch services on the Board of Management at C&K. She is a strong advocate for quality early childhood education and is passionate about ensuring accessibility and affordability for all children.

MEETINGS OF DIRECTORS

DIRECTOR	BOARD A	BOARD B	AUDIT RISK AND FINANCE COMMITTEE A	AUDIT RISK AND FINANCE COMMITTEE B	NOMINATIONS COMMITTEE A	NOMINATIONS COMMITTEE B	GOVERNANCE AND REMUNERATION COMMITTEE A	GOVERNANCE AND REMUNERATION COMMITTEE B
BERNARD CURRAN[1]	11	11	6	6			2	2
LINDA APELT	9	11			3	3		
JOHN SNEDDON	9	11	6	6				
JOANNE DARBYSHIRE	8	11					1	2
CAMERON HENRY	11	11	6	6				
THERESE MULHERIN	9	11			3	3	2	2
WESLEY AIRD	9	11						
EMMA FYNNES-CLINTON	1	1	5	5				
MEGAN GIBSON	4	7						
CLAIRE HARRISON	1	4					1	1
LAUREL ZAICEK	3	4	1	2				

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] In 2016 the Chair was an ex-officio member of the Audit Risk and Finance Committee.

PRINCIPAL ACTIVITIES

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

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

PURPOSE AND OBJECTIVES

C&K is a strong advocate for children, with over 100 years' experience as a not-for-profit in the early childhood education and care sector. The Board reaffirmed the Group's continued commitment to children and families, the Group's organisational purpose.

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

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

a) Disseminate and promote knowledge of the principles of care, guidance and education of children in early childhood;
b) Establish and conduct Children's Services concerned with the care and education of young children and their families;
c) Encourage and maintain the highest standard of Children's Services;
d) Establish and conduct such educational institutions or courses for the training of staff for early childhood services and, further, to monitor and assess from time to time those courses conducted by other educational institutions;
e) Encourage and promote early childhood education in all its aspects; and
f) Carry out such other functions and purposes which are necessary or incidental to the other objectives of the Group.

STRATEGIES

C&K has developed and selected strategic and investment priorities in line with its purpose as a not-for-profit in the early childhood education and care sector. In consideration of the C&K history and provision of quality kindergarten and other service models, C&K delivered strategies to build on high quality educational and care services that result in positive outcomes for children, families and communities across Queensland.

Additionally, these strategies not only helped C&K to continue its priority to provide universal access for children but also to explore new opportunities, manage change in our current environment, and deliver with purpose across six core areas. These strategic areas of focus were innovation, reconciliation, access for all, leadership, people and sustainability.

In line with this and with a view towards sustainability, C&K purchased three long day care services and received approvals to develop two new greenfield long day care services to be launched in subsequent years. These activities were complemented by a renewed focus on improved utilisation across all service types, achieving budget, increasing brand awareness where appropriate, delivering on strategic outcomes, and managing programs of work towards a quality portfolio of well maintained, fit for service properties.

C&K continued to collaborate widely and deliver leadership to the early childhood education and care sector through involvement with strategic partnerships, research partnerships, peak bodies membership and sector wide advocacy.

PERFORMANCE MEASURES

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

C&K assesses its organisational performance across five categories:

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

C&K conducts regular reviews and annual planning to ensure continuous evolution of its educational practice and efficiency in its service operations, in line with the C&K's direction and the National Quality Framework.

DIRECTORS' REPORT (continued)

For the year ended 31 December 2016

REVIEW OF OPERATIONS AND RESULTS

C&K is a financially viable organisation with a strong balance sheet and adequate reserves.

The overall result for 2016 was a net surplus of $0.8m.

Total revenue grew by 2.1% ($1.8m) from $85.6m in 2015 to $87.4m in 2016. The acquisition of FMJ Childcare Pty Ltd (FMJ) in September 2016 contributed $1.6m additional revenue to C&K. The staff-to-child ratio change for 3-5 year old children was reduced, effective from the start of 2016 (down to 1:11 from 1:12) decreasing the number of operating places available for children across our kindergartens and long day care centres which led to a small reduction in enrolment numbers. The negative effect on revenue was offset by fee increases and indexation to the Queensland Kindergarten Funding Scheme. Family Day Care operations generated $2.3m less revenue than in 2015 due to scaling down operations, pending closure in June 2017.

Total expenses grew by 3.2% from $83.9m to 86.6m. An increase in employee costs of $4.5m was offset in part by lower depreciation and other cost savings.

C&K's net assets increased by $0.8m to $40.1m at the end of 2016. The growth was primarily due to the positive operating result and the increase of $0.3m in the value of our managed fund portfolio.

Cash and cash equivalents saw a net decrease in 2016 of $12.7m. This was primarily due to the acquisition of FMJ ($10.2m net cash) and a $5.0m investment in a long term managed fund. Net cash generated from operating activities however, was positive at $3.8m.

EVENTS SINCE THE END OF THE FINANCIAL YEAR

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

MEMBERS' GUARANTEE

In accordance with the Company's constitution, each member is liable to contribute a maximum of $20 in the event that the Company is wound up. As at 31 December 2016 the total amount members would contribute is $980 (2015: $880).

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

On 30 September 2016, C&K acquired 100% interest in FMJ Childcare Pty Ltd ("FMJ"), a childcare provider, for $10,216,000. There have been no other significant changes in the state of affais of the Group during the year.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

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

DIRECTORS' REPORT (continued)

For the year ended 31 December 2016

ENVIRONMENTAL REGULATION

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

INSURANCE OF OFFICERS

During the financial year, the Group paid a premium of $17,400 to insure the directors, officers and employees of the Group.

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

PROCEEDINGS ON BEHALF OF THE GROUP

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

AUDITOR'S APPOINTMENT

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

AUDITOR'S INDEPENDENCE

A copy of the auditor's independence declaration as required under section 60-40 of the Australian Charities and Not-for-Profit (ACNC) Act 2012 is set out on page 31 and forms part of the Directors' Report.

ROUNDING OFF

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

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

Mr Bernard Curran, Chair

Mr Cameron Henry, Director

Dated this 22nd day of March 2017

AUDITOR'S INDEPENDENCE DECLARATION

pwc

Auditor's Independence Declaration

As lead auditor for the audit of The Crèche and Kindergarten Association Limited for the year ended 31 December 2016, I declare that to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

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

Andrew Weeden
Partner
PricewaterhouseCoopers

Brisbane
22 March 2017

PricewaterhouseCoopers, ABN 52 780 433 757
480 Queen Street, BRISBANE QLD 4000, GPO Box 150, BRISBANE QLD 4001
T: +61 7 3257 5000, F: +61 7 3257 5999, www.pwc.com.au

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME

For the year ended 31 December 2016

	Note	2016	2015
Revenue from operating activities		51,464	54,391
Government subsidies and grants		32,787	27,385
Finance income		1,397	1,440
Other income		1,732	2,362
TOTAL REVENUE	**1**	**87,380**	**85,578**
Employee costs		64,928	60,426
Depreciation and amortisation expenses	9,10	2,693	2,913
Other expenses	2	18,992	20,584
TOTAL EXPENSES		**86,613**	**83,923**
INCOME FROM OPERATING ACTIVITIES		**767**	**1,655**
Changes in the fair value of financial assets		147	-
Impairment charges		-	(31)
(Loss)/Gain on sale of assets	3	(114)	3,236
NET SURPLUS		**800**	**4,860**
Income tax expense	4	-	-
TOTAL COMPREHENSIVE INCOME		**800**	**4,860**

All figures in thousands of AUD.

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

CONSOLIDATED BALANCE SHEET

As at 31 December 2016

	Note	2016	2015
CURRENT ASSETS			
Cash and cash equivalents	5	3,801	868
Trade and other receivables	6	1,956	2,167
Other financial assets	7	25,555	41,150
Other current assets	8	735	539
TOTAL CURRENT ASSETS		**32,047**	**44,724**
NON-CURRENT ASSETS			
Property, plant and equipment	9	11,035	11,449
Intangible assets	10	10,581	106
Financial assets at fair value through profit or loss	11	5,295	-
Deferred tax assets	12	91	-
TOTAL NON-CURRENT ASSETS		**27,002**	**11,555**
TOTAL ASSETS		**59,049**	**56,279**
CURRENT LIABILITIES			
Trade and other payables	13	12,268	11,850
Income received in advance		1,305	1,388
Current tax liabilities		299	-
Provisions	14	2,001	1,831
TOTAL CURRENT LIABILITIES		**15,873**	**15,069**
NON-CURRENT LIABILITIES			
Provisions	14	3,063	1,897
TOTAL NON-CURRENT LIABILITIES		**3,063**	**1,897**
TOTAL LIABILITIES		**18,936**	**16,966**
NET ASSETS		**40,113**	**39,313**
FUNDS			
Reserves		1,341	1,341
Accumulated funds	29	38,772	37,972
TOTAL FUNDS		**40,113**	**39,313**

All figures in thousands of AUD.

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN FUNDS

For the year ended 31 December 2016

	Accumulated Funds	Reserves	Total
BALANCE AT 31 DECEMBER 2014	33,112	1,341	34,453
Net surplus	4,860	-	4,860
Other comprehensive income	-	-	-
TOTAL COMPREHENSIVE INCOME	**4,860**	**-**	**4,860**
BALANCE AT 31 DECEMBER 2015	**37,972**	**1,341**	**39,313**
Net surplus	800	-	800
Other comprehensive income	-	-	-
TOTAL COMPREHENSIVE INCOME	**800**	**-**	**800**
BALANCE AT 31 DECEMBER 2016	**38,772**	**1,341**	**40,113**

All figures in thousands of AUD.

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2016

	Note	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and grants		86,125	83,675
Finance income		1,597	1,504
Payments to suppliers and employees		(83,878)	(80,169)
Income taxes paid		(38)	-
NET CASH GENERATED FROM OPERATING ACTIVITIES	**15b**	**3,806**	**5,010**
CASH FLOW FROM INVESTING ACTIVITIES			
Payments for property, plant & equipment		(1,136)	(1,248)
Proceeds on sale of fixed assets		11	5,478
Purchase of financial assets at fair value through profit or loss		(5,169)	-
Payments for acquisition of subsidiaries, net of cash acquired		(10,174)	-
NET CASH (USED IN)/GENERATED FROM INVESTING ACTIVITIES		**(16,468)**	**4,230**
Net (decrease)/increase in cash and cash equivalents		(12,662)	9,240
Cash and cash equivalents at beginning of year		42,018	32,778
CASH AND CASH EQUIVALENTS AT END OF YEAR	**5,7,15a**	**29,356**	**42,018**

All figures in thousands of AUD.

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

1 REVENUE

	2016	2015
REVENUE FROM OPERATING ACTIVITIES		
- Children's fees	48,929	51,054
- Affiliation fees	700	675
- College income	574	186
- Conference and seminars	391	377
- Other fees and levies	320	719
- Sundry income	550	1,380
	51,464	**54,391**
GOVERNMENT SUBSIDIES AND GRANTS		
- Department of Social Services (Commonwealth)		
• operational	4,709	4,935
- Department of Employment (Commonwealth)		
• operational	52	56
- Department of Education (Commonwealth)		
• operational	-	95
- Department of Education, Training and Employment (State)		
• operational	1,963	1,995
• UAP Queensland Kindergarten Funding Scheme	26,063	20,304
	32,787	**27,385**
FINANCE INCOME		
FINANCE INCOME	**1,397**	**1,440**
OTHER INCOME		
Parent committee funds recognised	889	945
Fair value of donated assets	10	105
Grants income	662	1,300
Rental income	2	12
Realised gains on financial assets	169	-
	1,732	**2,362**
TOTAL REVENUE	**87,380**	**85,578**

All figures in thousands of AUD.

2 OTHER EXPENSES

OTHER EXPENSES	2016	2015
Advertising and marketing	843	437
Audit and accounting	113	69
Bank charges	346	245
Cleaning	2,553	2,423
Conferences and seminars	558	427
Equipment	814	497
FDC educator expenses	3,260	5,419
Food and functions	253	108
Grants expenditure	328	377
Information technology	928	925
Motor vehicles	361	284
Occupancy	3,712	3,480
Outsourcing/consultancy	787	1,066
Parent committee funds spent	758	831
Postage, printing, stationary and program materials	1,163	1,294
Repairs and maintenance	806	709
Telephone and internet	673	753
Travel	483	531
Other expenses	253	709
TOTAL OTHER EXPENSES	**18,992**	**20,584**

3 (LOSS)/INCOME FROM NON-OPERATING ACTIVITIES

	2016	2015
Impairment charges	-	(31)
(Loss)/Gain on sale of assets	(114)	3,236
TOTAL	**(114)**	**3,205**

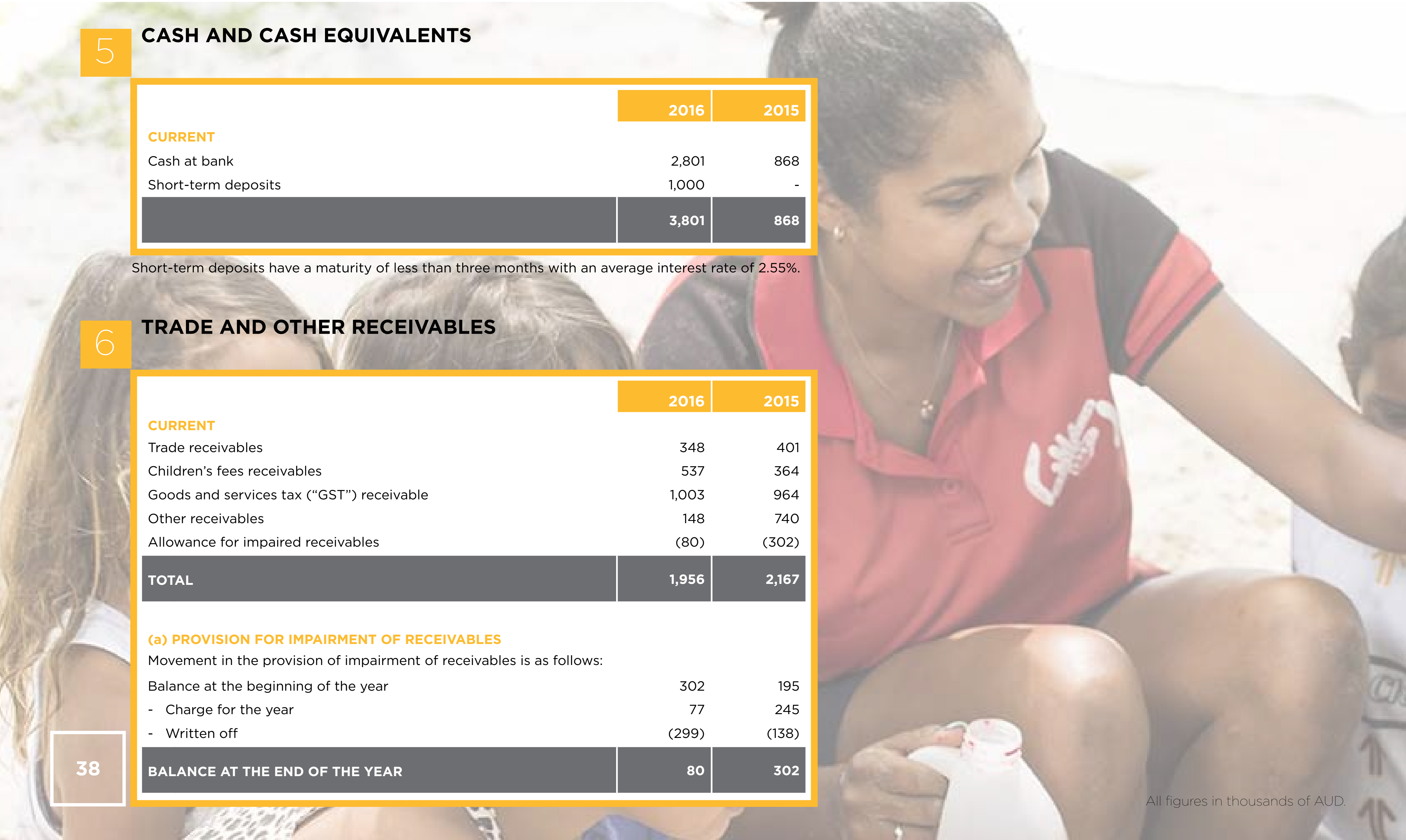
In 2014, C&K decided to cease the development of the head office and training college, known as the C&K Centre for Excellence, at the former Ithaca TAFE site in Ashgrove which resulted in $2.1m impairment charges in 2014. In 2015, C&K sold the site which resulted in a gain of $3.2m, giving an overall gain of $1.1m.

4 INCOME TAX EXPENSE

Income tax expense relates to the newly acquired subsidiary, FMJ (note 16) which is a for-profit entity.

	2016	2015
Current tax		
Current tax on taxable profits for the year	80	-
Franking credits receivable	(80)	-
INCOME TAX EXPENSE	**-**	**-**

All figures in thousands of AUD.



5 CASH AND CASH EQUIVALENTS

	2016	2015
CURRENT		
Cash at bank	2,801	868
Short-term deposits	1,000	-
	3,801	**868**

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

6 TRADE AND OTHER RECEIVABLES

	2016	2015
CURRENT		
Trade receivables	348	401
Children's fees receivables	537	364
Goods and services tax ("GST") receivable	1,003	964
Other receivables	148	740
Allowance for impaired receivables	(80)	(302)
TOTAL	**1,956**	**2,167**

(a) PROVISION FOR IMPAIRMENT OF RECEIVABLES

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

	2016	2015
Balance at the beginning of the year	302	195
- Charge for the year	77	245
- Written off	(299)	(138)
BALANCE AT THE END OF THE YEAR	**80**	**302**

All figures in thousands of AUD.

7 OTHER FINANCIAL ASSETS

	2016	2015
CURRENT		
TERM DEPOSITS	**25,555**	**41,150**

The term deposits are held to maturity of terms between three and twelve months. They carry a weighted average fixed interest rate of 2.65%. Due to their short-term nature their carrying value is assumed to approximate their fair value. The Group has $500,000 in term deposits that have been pledged as security for the Group's guarantees provided by Westpac Banking Corporation as set out in note 18.

8 OTHER ASSETS

	2016	2015
CURRENT		
Prepayments	628	535
Security bonds	107	4
Total	**735**	**539**

9 PROPERTY, PLANT AND EQUIPMENT

	2016	2015
Capital works in progress	256	271
Freehold land - at cost	472	472
Buildings & leasehold improvements - at cost	14,802	12,691
Less accumulated depreciation	(5,834)	(4,383)
	8,968	**8,308**
Equipment, furniture & fittings - at cost	10,868	10,403
Less accumulated depreciation	(9,725)	(8,247)
	1,143	**2,156**
Motor vehicles - at cost	547	548
Less accumulated depreciation	(351)	(306)
	196	**242**
TOTAL PROPERTY, PLANT AND EQUIPMENT	**11,035**	**11,449**

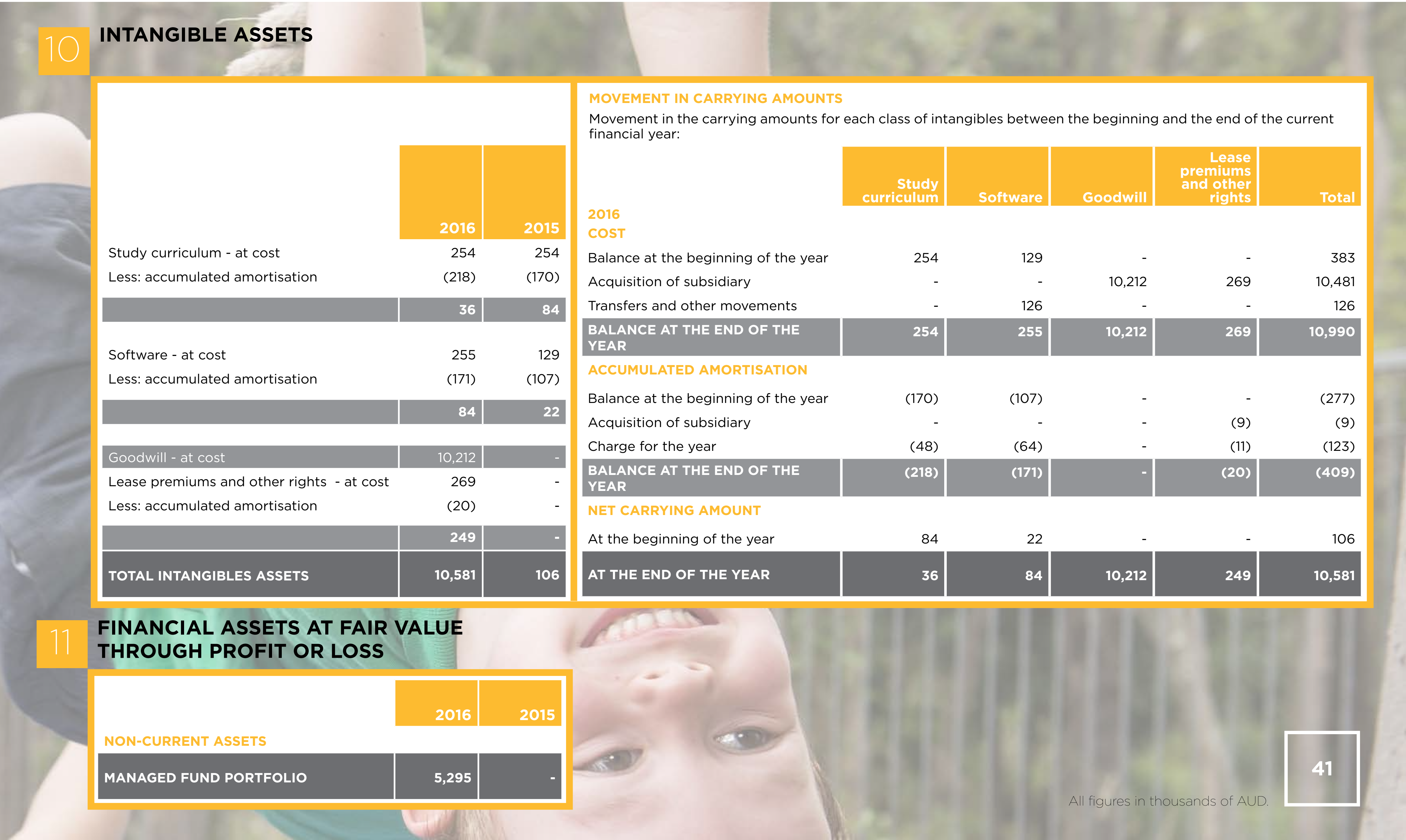
All figures in thousands of AUD.

9 PROPERTY, PLANT AND EQUIPMENT (continued)

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 & leasehold improvements	Equipment, furniture & fittings	Motor vehicles	Total
2016						
COST						
Balance at the beginning of the year	271	472	12,691	10,403	548	24,385
Additions	1,123	-	5	8	-	1,136
Increase in make good asset	-	-	117	-	-	117
Acquisition of subsidiary	-	-	1,208	468	24	1,700
Transfers and other movements	(1,095)	-	861	108	-	(126)
Disposals	(43)	-	(80)	(119)	(25)	(267)
BALANCE AT THE END OF THE YEAR	**256**	**472**	**14,802**	**10,868**	**547**	**26,945**
ACCUMULATED DEPRECIATION						
Balance at the beginning of the year	-	-	(4,383)	(8,247)	(306)	(12,936)
Acquisition of subsidiary	-	-	(311)	(222)	(13)	(546)
Charge for the year	-	-	(1,172)	(1,345)	(53)	(2,570)
Disposals	-	-	32	89	21	142
BALANCE AT THE END OF THE YEAR	**-**	**-**	**(5,834)**	**(9,725)**	**(351)**	**(15,910)**
NET CARRYING AMOUNT						
At the beginning of the year	271	472	8,308	2,156	242	11,449
AT THE END OF THE YEAR	**256**	**472**	**8,968**	**1,143**	**196**	**11,035**

All figures in thousands of AUD.



10 INTANGIBLE ASSETS

	2016	2015
Study curriculum - at cost	254	254
Less: accumulated amortisation	(218)	(170)
	36	**84**
Software - at cost	255	129
Less: accumulated amortisation	(171)	(107)
	84	**22**
Goodwill - at cost	10,212	-
Lease premiums and other rights - at cost	269	-
Less: accumulated amortisation	(20)	-
	249	**-**
TOTAL INTANGIBLES ASSETS	**10,581**	**106**

MOVEMENT IN CARRYING AMOUNTS

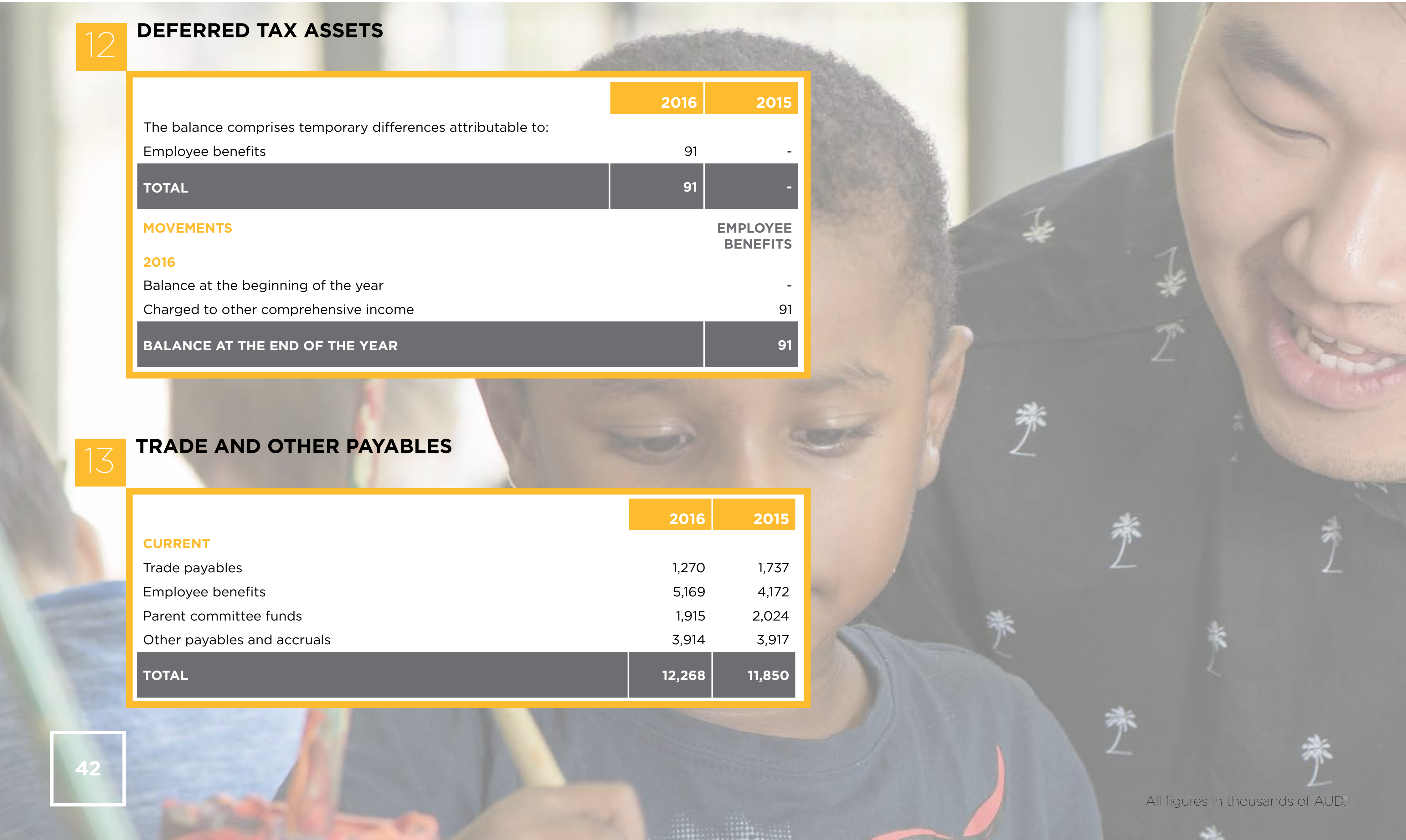
Movement in the carrying amounts for each class of intangibles between the beginning and the end of the current financial year:

	Study curriculum	Software	Goodwill	Lease premiums and other rights	Total
2016					
COST					
Balance at the beginning of the year	254	129	-	-	383
Acquisition of subsidiary	-	-	10,212	269	10,481
Transfers and other movements	-	126	-	-	126
BALANCE AT THE END OF THE YEAR	**254**	**255**	**10,212**	**269**	**10,990**
ACCUMULATED AMORTISATION					
Balance at the beginning of the year	(170)	(107)	-	-	(277)
Acquisition of subsidiary	-	-	-	(9)	(9)
Charge for the year	(48)	(64)	-	(11)	(123)
BALANCE AT THE END OF THE YEAR	**(218)**	**(171)**	**-**	**(20)**	**(409)**
NET CARRYING AMOUNT					
At the beginning of the year	84	22	-	-	106
AT THE END OF THE YEAR	**36**	**84**	**10,212**	**249**	**10,581**

11 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2016	2015
NON-CURRENT ASSETS		
MANAGED FUND PORTFOLIO	**5,295**	**-**

All figures in thousands of AUD.



12 DEFERRED TAX ASSETS

	2016	2015
The balance comprises temporary differences attributable to:		
Employee benefits	91	-
TOTAL	**91**	**-**

MOVEMENTS	**EMPLOYEE BENEFITS**
2016	
Balance at the beginning of the year	-
Charged to other comprehensive income	91
BALANCE AT THE END OF THE YEAR	**91**

13 TRADE AND OTHER PAYABLES

	2016	2015
CURRENT		
Trade payables	1,270	1,737
Employee benefits	5,169	4,172
Parent committee funds	1,915	2,024
Other payables and accruals	3,914	3,917
TOTAL	**12,268**	**11,850**

All figures in thousands of AUD.

14 PROVISIONS

PROVISION FOR EMPLOYEE BENEFITS
Provision for employee benefits represents amounts accrued for long service leave.

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

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

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

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

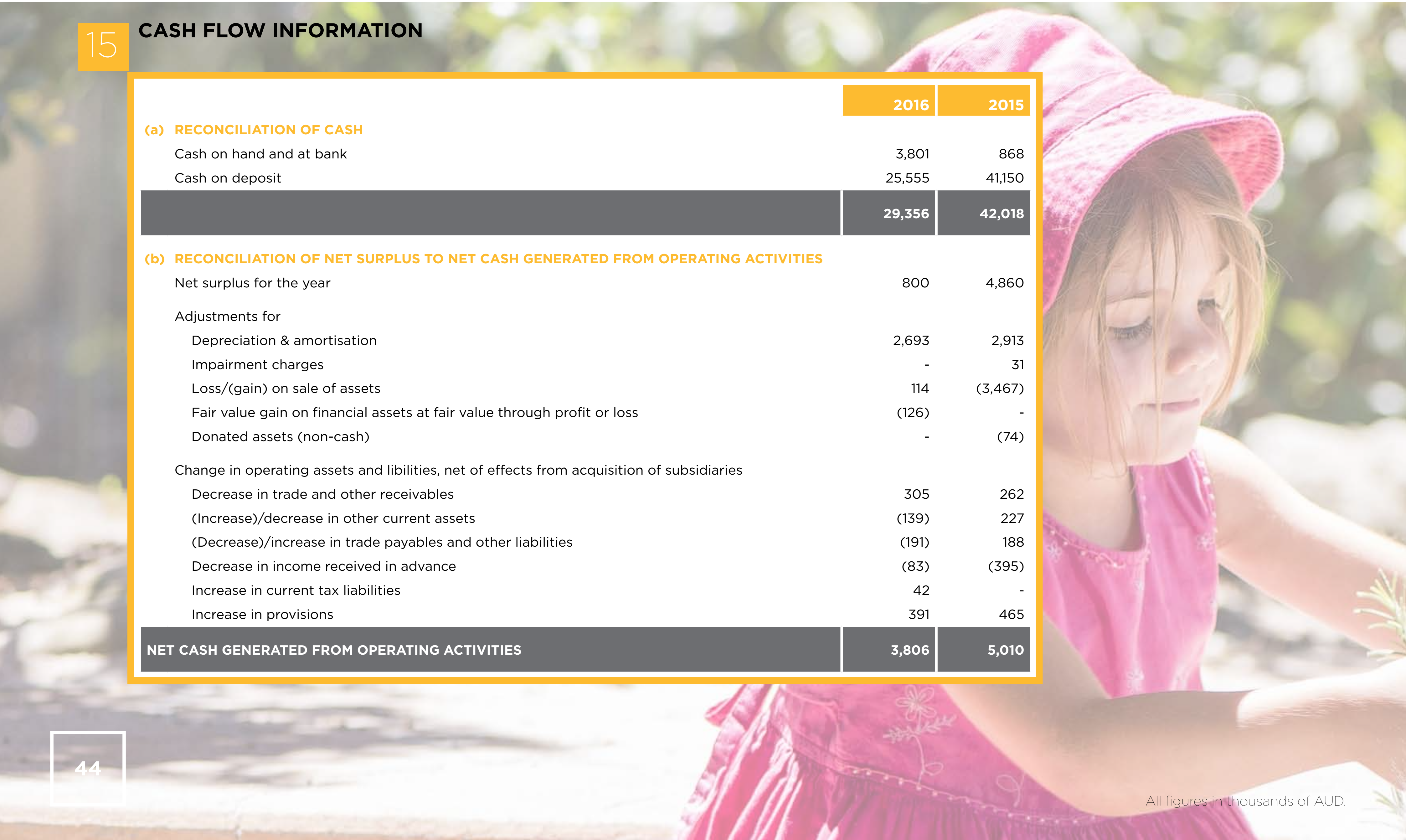
These costs have been capitalised as part of the cost of leasehold improvements and are amortised over the term of the lease unless acquired as part of a business combination. If a provision is required to be recognised as part of a business combination then it is included in goodwill on acquisition.

	2016			2015		
	Current	Non-current	Total	Current	Non-current	Total
Employee benefits	1,996	2,236	4,232	1,831	1,897	3,728
Make good costs	5	827	832	-	-	-
TOTAL	**2,001**	**3,063**	**5,064**	**1,831**	**1,897**	**3,728**

MOVEMENTS

	Employee benefits	Make good provision	Total
2016			
Carrying amount at start of year	3,728	-	3,728
Additional provisions raised during the year	719	832	1,551
Amount used/reversed	(215)	-	(215)
BALANCE AT THE END OF THE YEAR	**4,232**	**832**	**5,064**

All figures in thousands of AUD.



15 CASH FLOW INFORMATION

	2016	2015
(a) RECONCILIATION OF CASH		
Cash on hand and at bank	3,801	868
Cash on deposit	25,555	41,150
	29,356	**42,018**
(b) RECONCILIATION OF NET SURPLUS TO NET CASH GENERATED FROM OPERATING ACTIVITIES		
Net surplus for the year	800	4,860
Adjustments for		
Depreciation & amortisation	2,693	2,913
Impairment charges	-	31
Loss/(gain) on sale of assets	114	(3,467)
Fair value gain on financial assets at fair value through profit or loss	(126)	-
Donated assets (non-cash)	-	(74)
Change in operating assets and libilities, net of effects from acquisition of subsidiaries		
Decrease in trade and other receivables	305	262
(Increase)/decrease in other current assets	(139)	227
(Decrease)/increase in trade payables and other liabilities	(191)	188
Decrease in income received in advance	(83)	(395)
Increase in current tax liabilities	42	-
Increase in provisions	391	465
NET CASH GENERATED FROM OPERATING ACTIVITIES	**3,806**	**5,010**

All figures in thousands of AUD.

16 BUSINESS COMBINATION

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

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

PURCHASE CONSIDERATION - CASH PAID	**10,216**
The assets and liabilities recognised as a result of the acquisition are as follows:	
	FAIR VALUE
Cash	42
Trade and other receivables	94
Prepayments	57
Property, plant and equipment	1,154
Intangible assets	260
Trade and other payables	(866)
Provisions	(737)
NET IDENTIFIABLE ASSETS ACQUIRED	**4**
Add: goodwill	10,212
NET ASSETS ACQUIRED	**10,216**

17 LEASING AND CAPITAL COMMITMENTS

	2016	2015
(a) OPERATING LEASE COMMITMENTS		
Payable:		
- not later than 1 year	1,342	1,074
- later than 1 year but not later than 5 years	3,776	2,115
- greater than 5 years	11,827	45
	16,945	**3,234**

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

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

	2016	2015
(b) CAPITAL EXPENDITURE COMMITMENTS		
Payable:		
- NOT LATER THAN 1 YEAR	**272**	**227**

18 CONTINGENCIES

	2016	2015
GUARANTEES		
BANK GUARANTEES ISSUED IN SUPPORT OF RENTAL AGREEMENTS	**500**	**-**

The Group did not have any other contingent liabilities or contingent assets as at 31 December 2016 (31 December 2015: Nil).

All figures in thousands of AUD.

19 FRANKING BALANCE

		2016	2015
(a)	FRANKING CREDITS AVAILABLE FOR SUBSEQUENT REPORTING PERIODS BASED ON A TAX RATE OF 30%	1,523	-

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

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

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

20 EVENTS AFTER STATEMENT OF FINANCIAL POSITION DATE

There are no material events after the balance sheet date.

21 KEY MANAGEMENT PERSONNEL COMPENSATION

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

(a) Michael Tizard, Chief Executive Officer
(b) Mark Stones, Chief Financial Officer and General Manager Corporate Services
(c) Kathryn Woods, General Manager Children's Services
(d) Rolanda Ayling, General Manager People & Culture
(e) Jessica Wilson, General Manager Business Development & Strategy (ceased employment 23 December 2016)
(f) Kim Douglas, General Manager Marketing & Communications
(g) Katherine Fleming, Company Secretary and General Counsel
(h) Leilani Pearce, Executive Advisor Aboriginal and Torres Strait Islander Strategy (commenced employment 11 January 2016)

	2016	2015
KEY MANAGEMENT PERSONNEL COMPENSATION	1,560	1,412

All figures in thousands of AUD.

22 AUDITOR'S REMUNERATION

	2016	2015
Audit of financial report	44	41
Other assurance services	8	15
Other services	57	13
	109	**69**

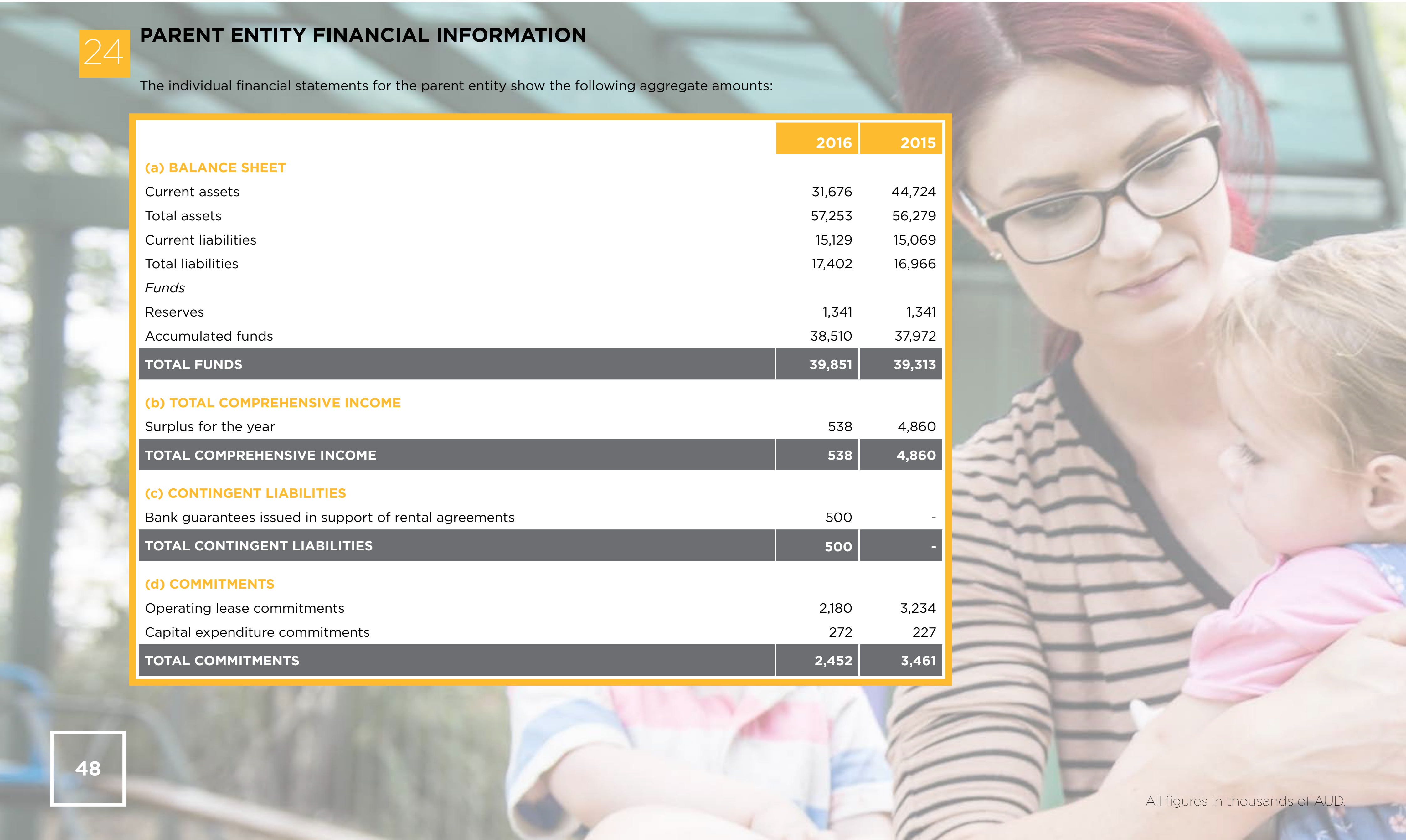
23 OTHER RELATED PARTY TRANSACTIONS

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

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

	2016	2015
LEGAL FEES PAID TO SHAND TAYLOR	**6,370**	**21,048**
John Sneddon is a partner of Shand Taylor and is a Director on the Board of C&K. His remuneration for his services to the Board is Nil (2015: Nil).		
CONSULTING FEES TO HARRISON HUMAN RESOURCES	**-**	**2,000**
Clare Harrison is the director of Harrison Human Resources and was a Director on the Board of C&K (retired 19 May 2016). Her remuneration for her services to the Board is Nil (2015: Nil)		

All figures in thousands of AUD except for note 23.



24 PARENT ENTITY FINANCIAL INFORMATION

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

	2016	2015
(a) BALANCE SHEET		
Current assets	31,676	44,724
Total assets	57,253	56,279
Current liabilities	15,129	15,069
Total liabilities	17,402	16,966
Funds		
Reserves	1,341	1,341
Accumulated funds	38,510	37,972
TOTAL FUNDS	**39,851**	**39,313**
(b) TOTAL COMPREHENSIVE INCOME		
Surplus for the year	538	4,860
TOTAL COMPREHENSIVE INCOME	**538**	**4,860**
(c) CONTINGENT LIABILITIES		
Bank guarantees issued in support of rental agreements	500	-
TOTAL CONTINGENT LIABILITIES	**500**	**-**
(d) COMMITMENTS		
Operating lease commitments	2,180	3,234
Capital expenditure commitments	272	227
TOTAL COMMITMENTS	**2,452**	**3,461**

All figures in thousands of AUD.

25 FINANCIAL RISK MANAGEMENT

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

		2016		2015	
	Notes	Assets at FVPL	Assets at amortised cost	Assets at FVPL	Assets at amortised cost
FINANCIAL ASSETS					
Cash and cash equivalents	5	-	3,801	-	868
Other financial assets	7	-	25,555	-	41,150
Trade and other receivables		-	873	-	1,204
Financial assets at fair value through profit or loss	11	5,295	-	-	-
TOTAL FINANCIAL ASSETS		**5,295**	**30,229**	**-**	**43,222**
		Liabilities at FVPL	Liabilities at amortised cost	Liabilities at FVPL	Liabilities at amortised cost
FINANCIAL LIABILITIES					
TRADE AND OTHER PAYABLES		**-**	**3,834**	**-**	**4,135**

All figures in thousands of AUD.

26 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) BASIS OF PREPARATION

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

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

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

The financial statements were authorised for issue on 22 March 2017 by the Directors of the Group.

NEW AND AMENDED STANDARDS ADOPTED BY THE GROUP

The Group has applied the following standards for the first time for their annual reporting period commencing 1 January 2016:

- *AASB 9 Financial Instruments*

The adoption of these standards did not have any impact on the current period or any prior period and is not likely to affect future periods.

NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED BY THE GROUP

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2016 reporting periods and have not been early adopted by the Group. The Group's assessment of the impact of these new standards and interpretations is set out beside.

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

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

26 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) PRINCIPLES OF CONSOLIDATION

SUBSIDIARIES

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

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

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

(c) REVENUE AND OTHER INCOME

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

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

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

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

Parent committee funds are recognised as income when funds are used.

Interest revenue is recognised on an accrual basis.

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

(d) INCOME TAX

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

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

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an

(d) INCOME TAX (continued)

asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

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

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

(e) LEASES

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

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

(f) BUSINESS COMBINATIONS

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

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

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

Acquisition-related costs are expensed as incurred.

The excess of the:

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

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

26 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) IMPAIRMENT OF ASSETS

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

(h) CASH AND CASH EQUIVALENTS

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

(i) TRADE AND OTHER RECEIVABLES

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost less provision for impairment. The Group applies the simplified approach to providing for expected credit losses prescribed by AASB 9, which requires the use of the lifetime expected loss provision for all trade receivables. The Group have assessed the provision under the expected credit loss model and no adjustment was required to restate opening retained earnings.

(j) INVESTMENTS AND OTHER FINANCIAL ASSETS

CLASSIFICATION

The Group classifies its financial assets in the following categories:

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

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

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

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

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

(j) INVESTMENTS AND OTHER FINANCIAL ASSETS (continued)

RECOGNITION AND DERECOGNITION

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

MEASUREMENT

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

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

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

IMPAIRMENT

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

(k) PROPERTY, PLANT AND EQUIPMENT

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

LAND AND BUILDING

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

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

BUILDINGS ON CROWN LAND

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

ALL OTHER PROPERTY, PLANT AND EQUIPMENT

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

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

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

DEPRECIATION

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

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

26 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) PROPERTY, PLANT AND EQUIPMENT (continued)

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

CLASS OF FIXED ASSET	USEFUL LIFE
Buildings and leasehold improvements	3 - 40 years
Equipment, furniture and fittings	3 - 5 years
Motor vehicles	4 years

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

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

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

(l) INTANGIBLE ASSETS

GOODWILL

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

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

LEASE PREMIUMS AND OTHER RIGHTS

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

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

(m) TRADE AND OTHER PAYABLES

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

(n) PROVISION

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

MAKE GOOD PROVISION

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

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

(o) EMPLOYEE BENEFITS

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

(p) GOODS AND SERVICES TAX (GST)

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

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

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

(q) COMPARATIVE FIGURES

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

(r) CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

(s) PARENT ENTITY FINANCIAL INFORMATION

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

27 ECONOMIC DEPENDENCE

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

28 FUNDING RECEIPTS AND EXPENDITURE

QUEENSLAND GOVERNMENT DEPARTMENT OF EDUCATION OFFICE OF EARLY CHILDHOOD AND CARE

PROJECTS	Total	Central	Branch	Affiliate	Associate
BALANCE OF UNDISBURSED FUNDS AS AT 1 JANUARY 2016	**342**				
RECEIPTS					
State Government Grants for 2016 (including supplementation)					
QKFS Funding Semester 1 & 2 2015	(288)	(291)	3	-	-
QKFS Funding Semester 1 2016	27,484	-	12,316	14,907	261
QKFS Funding Semester 2 2016	28,399	-	12,822	15,316	261
QKFS UA in LDC	1,055	-	1,055	-	-
Disability Inclusion Support for Queensland Kindergartens	1,829	-	1,829	-	-
Pre-kindergarten Grant - Bundaberg & Carseldine	91	-	91	-	-
Mackay Children and Family Centre	1,107	-	1,107	-	-
Limited Hours Care Programs	305	-	305	-	-
Information & Resources (Small Assets Grant)	94	-	94	-	-
Administrative Support Funding	57	-	57	-	-
Volunteer Management Committee	1,906	-	-	1,864	42
Interest Income	402	-	-	393	9
TOTAL RECEIPTS	**62,441**	**(291)**	**29,679**	**32,480**	**573**
EXPENDITURE					
QKFS Funding Semester 1 & 2 2015	10	-	3	7	-
QKFS Funding Semester 1 2016	27,484	-	12,316	14,907	261
QKFS Funding Semester 2 2016	28,245	-	12,737	15,229	279
QKFS UA in LDC	1,007	-	1,007	-	-
Disability Inclusion Support for Queensland Kindergartens	2,374	-	2,374	-	-
Pre-kindergarten Grant - Bundaberg & Carseldine	98	-	98	-	-
Mackay Children and Family Centre	2,053	-	2,053	-	-
Limited Hours Care Programs	376	-	376	-	-
Information & Resources (Small Assets Grant)	16	-	16	-	-
Administrative Expenditure	6,727	-	6,727	-	-
Volunteer Management Committee	4,055	-	-	3,966	89
TOTAL EXPENDITURE	**72,445**	**-**	**37,707**	**34,109**	**629**
NET GRANT EXPENDITURE FOR 2016	**(10,004)**	**(291)**	**(8,028)**	**(1,629)**	**(56)**
BALANCE CONTRIBUTED BY C&K FOR THE YEAR ENDED 31 DECEMBER 2016	**9,978**				
BALANCE OF UNDISBURSED FUNDS AS AT 31 DECEMBER 2016	**316**				

All figures in thousands of AUD, exclusive of GST.

29 TRUSTS AND LEGACIES

Consists of the following:

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

30 PUBLIC COMPANY LIMITED DETAILS

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

C & K Association Limited
257 Gympie Road,
Kedron Queensland 4031

DIRECTORS' DECLARATION

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

1. The financial statements and notes, as set out on pages 32 to 55, are in accordance with the Australian Charities and Not-for-profits Commission (ACNC) Act 2012 and:

    a. comply with Australian Accounting Standards – Reduced Disclosure Requirements; and
    b. give a true and fair view of the financial position of the Group as at 31 December 2016 and of its performance for the year ended on that date.

2. In the directors' opinion there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

Mr Bernard Curran, Chair

Mr Cameron Henry, Director

Dated this 22nd day of March 2017

INDEPENDENT AUDITOR'S REPORT

pwc

Independent auditor's report

To the members of The Crèche and Kindergarten Association Limited

Our opinion

In our opinion:

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

(a) giving a true and fair view of the Group's financial position as at 31 December 2016 and of its financial performance for the year then ended

(b) complying with Australian Accounting Standards - Reduced Disclosure Requirements.

What we have audited

The financial report comprises:

- the consolidated balance sheet as at 31 December 2016
- the consolidated statement of changes in funds for the year then ended
- the consolidated statement of cash flows for the year then ended
- the consolidated statement of profit or loss and other comprehensive income for the year then ended
- the notes to the consolidated financial statements, which include a summary of significant accounting policies
- the directors' declaration.

Basis for opinion

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

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

Independence

We are independent of the Group in accordance with the auditor independence requirements of the *Australian Charities and Not-for-profits Commission (ACNC) Act 2012* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

pwc

Responsibilities of the directors for the financial report

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

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_files/ar3.pdf. This description forms part of our auditor's report.

PricewaterhouseCoopers

PricewaterhouseCoopers

Andrew Weeden
Partner

Brisbane
22 March 2017

PricewaterhouseCoopers, ABN 52 780 433 757
480 Queen Street, BRISBANE QLD 4000, GPO Box 150, BRISBANE QLD 4001
T: +61 7 3257 5000, F: +61 7 3257 5999, www.pwc.com.au

FUNDING & GRANTS

C&K would like to acknowledge and thank all the funding bodies in 2016:

AUSTRALIAN *GOVERNMENT*

Department of Infrastructure and Regional Development
Department of Prime Minister and Cabinet
Department of Education and Training
Department of Foreign Affairs and Trade

QUEENSLAND *GOVERNMENT*

Department of Justice and Attorney-General
Department of Education and Training

OTHER *GRANTS*

Anglo American Metallurgical Coal Pty Ltd
Banana Shire Council
Blue Fin Fishing Club
Brisbane City Council
Bundaberg Regional Council
CAERSU ISA
Cairns Regional Council
Cancer Council Queensland
Central Highlands Regional Council
Child Protection Week Committee
DentalCare Xtra
Drivas Moorooka Pty Ltd
Early Childhood Australia
Foundation for Rural and Regional Renewal
Gold Coast City Council
Goonyella River Side Lodge
Inala Community House
Inger Rice Foundation
Ipswich City Council
Isaac Regional Council
Lions Club of Australia
Logan City Council
Mackay Regional Council
Maleny Credit Union
Mark Bailey MP
Maroochy RSL
Mission Australia
Moranbah Community Workers Club
Moranbah Early Learning Centre
Moranbah East State School
Moranbah East State School P&C
Moranbah Local Chaplaincy Committee
Moranbah State Primary School
New Hope Group
Quest Community Newspaper
Quota Moranbah
Rotary Club of Maleny
Rotary Club of Moranbah
Run for MI Life
Scenic Rim Regional Council
Simply Sunshine Childcare Centre
Stockland Property Group
Suncorp Corporate Services Pty Ltd and The Queensland Police Service
Sunshine Coast Regional Council
The Salvation Army
Townsville City Council
Uniting Care Community
Workcover Queensland
Workforce Council

C&K
Since 1907

Where children come first

The Creche and Kindergarten Association Limited
257 Gympie Rd Kedron, Qld 4031
T: 07 3552 5333 | F: 07 3356 7976
info@candk.asn.au | www.candk.asn.au
ABN: 59 150 737 849

/CandKQld @CandKQld /CandK.au /company/c&k /candkau