

Family Day Care Association Queensland Ltd. and Controlled Entity

Financial Statements

For the Year Ended 30 June 2018

Family Day Care Association Queensland Ltd. and Controlled Entity

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Family Day Care Association Queensland Ltd. and Controlled Entity

Directors' Report 30 June 2018

The directors present their report, together with the financial statements of the Group, being Family Day Care Association Queensland Ltd. and Controlled Entity (the Group) and its controlled entities, for the financial year ended 30 June 2018.

1 General information

Information on directors

The names, qualifications, experience and special responsibilities of each person who has been a director during the year and to the date of this report are:

Mary Elizabeth Wiedman
Elaine Maree Hardwick
Andrew Karl Rolfe
Sharyn Walker (Resigned 06/12/2017)
Tanya Holliday (Resigned 15/10/2017)
Jenny Lobdell
Michelle Eather (Resigned 27/01/2017)
Rosaleen Anderson

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

Principal activities and significant changes in nature of activities

The principal activities of the Group during the financial year were:

- Early childhood education
- Accredited and non-accredited training in early childhood education

There were no significant changes in the nature of the Group's principal activities during the financial year.

2 Operating results and review of operations for the year

Operating results

The consolidated profit of the Group amounted to \$ 201,405, after providing for income tax. This represented a 147% increase on the results reported for the year ended 30 June 2017. The significant change was as a result of the group winning the In Home Care Support Agency Program and uptake in new educators due to services closing down.

3 Financial review

Financial position

The net assets of the Group have increased by \$ 201,405 from 30 June 2017 to \$ 1,594,470 at 30 June 2018. This increase is largely due to the following factors:

- Increase in cash, due to new In-Home Care Program, cash was used to purchase capital items;

Family Day Care Association Queensland Ltd. and Controlled Entity

Directors' Report 30 June 2018

3 Financial review

Financial position

- Decrease in Enrolments in advance liability, repayments made of \$167,601;
- The RTO business ceased to offer 2 main courses Certificate III and Diploma in training.

4 Other items

Significant changes in state of affairs

The Group is investigating the potential sale of the Source Education & Training Limited - the Group's registered training organisation. There have been no other significant changes in the state of affairs of entities in the Group during the year.

Events after the reporting date

None.

Future developments and results

None.

Environmental issues

The Group's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a state or territory of Australia.

Company secretary

The following person held the position of Group secretary at the end of the financial year:

Peta McNellie ((Diploma in Early Childhood Education and Advanced Diploma in Children Services)) has been the company secretary since 11 November 2015. Prior to this, no one was the secretary.

Family Day Care Association Queensland Ltd. and Controlled Entity

Directors' Report

30 June 2018

Meetings of directors

During the financial year, six meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

	Directors' Meetings	
	Number eligible to attend	Number attended
Mary Elizabeth Wiedman	3	3
Elaine Maree Hardwick	3	2
Andrew Karl Rolfe	3	3
Sharyn Walker (Resigned 06/12/2017)	2	2
Tanya Holliday (Resigned 15/10/2017)	1	1
Jenny Lobdell	1	1
Rosaleen Anderson	1	1

Indemnification and insurance of officers and auditors

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of Family Day Care Association Queensland Ltd. and Controlled Entity.

Members guarantee

Family Day Care Association Queensland Ltd. and Controlled Entity is a company limited by guarantee. In the event of, and for the purpose of winding up of the company, the amount capable of being called up from each members and any person or association who ceased to be a member in the year prior to the winding up, is limited to \$ 10 for members that are corporations and \$ 10 for all other members, subject to the provisions of the company's constitution.

For the year ended 30 June 2018 the collective liability of members was \$ 740 (2017: \$550)

Auditor's independence declaration

The auditor's independence declaration in accordance with section 60-40 of the *Australian Charities and Non-for-profits Commission Act 2012* for the year ended 30 June 2018 has been received and can be found on page 4 of the financial report.

This director's report is signed in accordance with a resolution of the Board of Directors.

Director: 

Brisbane, 19th October 2018

Family Day Care Association Queensland Ltd. and Controlled Entity

Auditor's Independence Declaration to the Directors of Family Day Care Association Queensland Ltd. and Controlled Entity

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2018, there have been:

- (i) no contraventions of the auditor independence requirements as set out in the *Australian Charities and Non-for-profits Commission Act 2012* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Hanrick Curran Audit Pty Ltd

Hanrick Curran Audit Pty Ltd
Authorised Audit Company: 338 599



Michael Georghiou
Director

Brisbane, 19 October 2018

Family Day Care Association Queensland Ltd. and Controlled Entity

Statement of Comprehensive Income

For the Year Ended 30 June 2018

	Note	2018 \$	2017 \$
Revenue - trading	2	13,607,380	13,438,642
Depreciation and amortisation expense		(161,961)	(230,012)
Motor vehicle expenses		(47,188)	(75,034)
Child care benefits paid		(9,053,046)	(9,443,441)
Employee entitlements		(2,475,230)	(3,201,047)
Administration and office expenses		(1,386,422)	(573,330)
Property expenses		(246,040)	(305,468)
Resources and consumables		(8,262)	(6,367)
Insurances		(27,104)	(28,644)
Other expenses		(721)	-
Profit before income tax		201,406	(424,701)
Income tax expense		-	-
Profit from continuing operations		201,406	(424,701)
Profit for the year		201,406	(424,701)
Total comprehensive income for the year		201,406	(424,701)

The accompanying notes form part of these financial statements.

Family Day Care Association Queensland Ltd. and Controlled Entity

Statement of Financial Position

As At 30 June 2018

	Note	2018 \$	2017 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		695,833	684,051
Trade and other receivables	4	17,555	46,025
Inventories	5	5,399	6,127
Other assets	6	20,840	281,047
TOTAL CURRENT ASSETS		739,627	1,017,250
NON-CURRENT ASSETS			
Property, plant and equipment	7	1,662,807	1,748,729
Intangible assets	8	44,257	47,996
TOTAL NON-CURRENT ASSETS		1,707,064	1,796,725
TOTAL ASSETS		2,446,691	2,813,975
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	9	117,779	402,795
Borrowings	10	12,916	13,803
Employee benefits	11	304,631	409,637
Other liabilities	12	200,430	334,576
TOTAL CURRENT LIABILITIES		635,756	1,160,811
NON-CURRENT LIABILITIES			
Borrowings	10	195,677	210,897
Employee benefits	11	20,788	49,202
TOTAL NON-CURRENT LIABILITIES		216,465	260,099
TOTAL LIABILITIES		852,221	1,420,910
NET ASSETS		1,594,470	1,393,065
EQUITY			
Reserves		28,667	28,667
Retained earnings		1,565,803	1,364,398
TOTAL EQUITY		1,594,470	1,393,065

The accompanying notes form part of these financial statements.

Family Day Care Association Queensland Ltd. and Controlled Entity

Statement of Changes in Equity

For the Year Ended 30 June 2018

2018

	Asset Revaluation Reserve	Accumulated Surplus	Total
	\$	\$	\$
Balance at 1 July 2017	28,667	1,364,398	1,393,065
Profit attributable to members of the entity	-	201,405	201,405
Balance at 30 June 2018	28,667	1,565,803	1,594,470

2017

	Asset Revaluation Reserve	Accumulated Surplus	Total
	\$	\$	\$
Balance at 1 July 2016	28,667	1,789,099	1,817,766
Profit attributable to members of the entity	-	(424,701)	(424,701)
Balance at 30 June 2017	28,667	1,364,398	1,393,065

The accompanying notes form part of these financial statements.

Family Day Care Association Queensland Ltd. and Controlled Entity

Statement of Cash Flows For the Year Ended 30 June 2018

	2018	2017
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	12,725,014	11,728,034
Payments to suppliers and employees	(13,640,633)	(14,007,094)
Interest received	1,119	17,829
Interest paid	(12,398)	-
Receipt from grants	1,027,089	1,083,818
Net cash provided by (used in) operating activities	100,191	(1,177,413)
21(b)		
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of plant and equipment	-	24,734
Purchase from sale of Intangible assets	(27,875)	-
Purchase of property, plant and equipment	(44,426)	(908)
Net cash used by investing activities	(72,301)	23,826
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds/(repayments) of borrowings	(16,108)	(18,208)
Net cash used by financing activities	(16,108)	(18,208)
Net increase (decrease) in cash and cash equivalents held	11,782	(1,171,795)
Cash and cash equivalents at beginning of year	684,051	1,064,890
Cash and cash equivalents at end of financial year	695,833	(106,905)
21(a)		

The accompanying notes form part of these financial statements.

Family Day Care Association Queensland Ltd. and Controlled Entity

Notes to the Financial Statements

For the Year Ended 30 June 2018

1 Summary of Significant Accounting Policies

(a) Basis of Preparation

The financial statements are special purpose financial statements prepared in order to satisfy the financial reporting requirements of the *Australian Charities and Not-for-profits Commission Act 2012*. The directors have determined that the company is not a reporting entity.

The financial statements have been prepared on an accruals basis and are based on historic costs and do not take into account changing money values or, except where stated specifically, current valuations of non-current assets.

The following significant accounting policies, which are consistent with the previous period unless stated otherwise, have been adopted in the preparation of these financial statements.

(b) Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(c) Principles of consolidation

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by Family Day Care Association Ltd. ("Parent") at the end of the reporting period. A controlled entity is any entity over which Family Day Care Association Ltd. has the power to govern the financial and operating policies so as to obtain benefits from its activities. Control will generally exist when the parent owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are also considered.

In preparing the consolidated financial statements, all inter-group balances and transactions between entities in the Group have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the parent entity.

(d) Inventories

Inventories are measured at the lower of cost and net realisable value.

(e) 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.

Property

Land and buildings are measured at cost less accumulated depreciation and impairment losses.

Freehold land and buildings that have been contributed at no cost, or for nominal cost are valued and recognised at the fair value of the asset at the date it is acquired.

Family Day Care Association Queensland Ltd. and Controlled Entity

Notes to the Financial Statements

For the Year Ended 30 June 2018

Plant and equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses. Cost includes expenditure that is directly attributable to the asset.

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

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, is depreciated on reducing balance basis and prime cost 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 or the estimated useful lives of the improvements. Land is not depreciated.

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

Buildings	5%
Plant and Equipment	10%
Furniture, Fixtures and Fittings	10%
Motor Vehicles	22.5%
Office Equipment	10%
Computer Equipment	20%

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income.

Family Day Care Association Queensland Ltd. and Controlled Entity

Notes to the Financial Statements

For the Year Ended 30 June 2018

(f) Financial instruments

Initial recognition and measurement

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

Financial instruments are initially measured at fair value plus transactions costs, except where the instrument is classified 'at fair value through profit or loss' in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at either fair value, amortised cost using the effective interest rate method, or cost. *Fair value* represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

- (a) the amount at which the financial asset or financial liability is measured at initial recognition;
- (b) less principal repayments;
- (c) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the *effective interest method*; and
- (d) less any reduction for impairment.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

The classification of financial instruments depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and at the end of each reporting period for held-to-maturity assets.

The Group does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of accounting standards specifically applicable to financial instruments.

(i) Financial assets at fair value through profit or loss

Financial assets are classified at 'fair value through profit or loss' when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

Family Day Care Association Queensland Ltd. and Controlled Entity

Notes to the Financial Statements

For the Year Ended 30 June 2018

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting year.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Group's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

Held-to-maturity investments are included in non-current assets, except for those which are expected to be realised within 12 months after the end of the reporting period, which will be classified as current assets.

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

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

Available-for-sale financial assets are included in non-current assets, except for those which are expected to be sold within 12 months after the end of the reporting period.

(v) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost. Fees payable on the establishment of loan facilities are recognised as transaction costs of the loan.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

Objective evidence that a financial asset is impaired includes default by a debtor, evidence that the debtor is likely to enter bankruptcy or adverse economic conditions in the stock exchange. At the end of each reporting period, the Group assess whether there is objective evidence that a financial asset has been impaired through the occurrence of a loss event. In the case of available-for-sale financial instruments, a significant or prolonged decline in the value of the instrument is considered to indicate that an impairment has arisen.

Family Day Care Association Queensland Ltd. and Controlled Entity

Notes to the Financial Statements

For the Year Ended 30 June 2018

Where a subsequent event causes the amount of the impairment loss to decrease (e.g. payment received), the reduction in the allowance account (provision for impairment of receivables) is taken through profit and loss.

Recognition

Financial assets are unrecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are unrecognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

When available-for-sale investments are sold, the accumulated fair value adjustments recognised in other comprehensive income are reclassified to profit or loss.

(g) Impairment of assets

At the end of each reporting year, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

(h) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less which are convertible to a known amount of cash and subject to an insignificant risk of change in value, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

(i) 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 year. Employee benefits 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 probability 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.

Contributions are made by the Group to an employee superannuating fund and are charged as expenses when incurred.

(j) Trade and other payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Group during the reporting period which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

Family Day Care Association Queensland Ltd. and Controlled Entity

Notes to the Financial Statements

For the Year Ended 30 June 2018

(k) Going concern

The directors have prepared the financial report on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

There is no going concern issue being raised.

(l) Income tax

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

(m) Leases

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

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

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

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

(n) Revenue and other income

Grant revenue

Grant revenue is recognised in the statement of comprehensive income when the Group obtains control of the grant, it is probable that the economic benefits gained from the grant will flow to the entity and the amount of the grant can be measured reliably.

When grant revenue is received whereby the entity incurs an obligation to deliver economic value directly back to the contributor, this is considered a reciprocal transaction and the grant revenue is recognised in the statement of financial position as a liability until the service has been delivered to the contributor, otherwise the grant is recognised as income on receipt.

Family Day Care Association Queensland Ltd. and Controlled Entity receives non-reciprocal contributions of assets from the government and other parties for zero or a nominal value. These assets are recognised at fair value on the date of acquisition in the statement of financial position, with a corresponding amount of income recognised in the statement of comprehensive income.

Interest revenue

Interest revenue is recognised using the effective interest rate method, which for floating rate financial assets is the rate inherent in the instrument.

Family Day Care Association Queensland Ltd. and Controlled Entity

Notes to the Financial Statements

For the Year Ended 30 June 2018

Provision of services

Revenue recognition relating to the provision of education services.

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

(o) 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 Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(p) Critical accounting estimates and judgments

The directors evaluate estimates and judgments 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.

Key estimates

The Group assesses the impairment at the end of each reporting period by evaluating conditions specific to the Group that may be indicative of impairment triggers.

Provisions

Provisions are recognised when the Association has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(q) Economic dependence

Family Day Care Association Queensland Ltd. and Controlled Entity are dependent on the State and Federal Government for the majority of its revenue used to operate the business in the form of Child Care Benefits and Grants. At the date of this report the directors have no reason to believe the State and Federal Government will not continue to support the funding programs of Family Day Care Association Queensland Ltd.

(r) Adoption of new and revised accounting standards

The Group has adopted all standards which become effective for the first time at 30 June 2018, the adoption of these standards has not caused any material adjustments to the reported financial performance of the Group.

Family Day Care Association Queensland Ltd. and Controlled Entity

Notes to the Financial Statements

For the Year Ended 30 June 2018

(s) New Accounting Standards and Interpretations

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The Group has decided against early adoption of these standards. The following table summarises those future requirements, and their impact on the Group:

Standard Name	Effective date for entity	Requirements	Impact
AASB 9 Financial Instruments and amending standards AASB 2010 7 / AASB 2012 6 /AASB 2014 7 /AASB 2014 8	30 June 2019	Significant revisions to the classification and measurement of financial assets, reducing the number of categories and simplifying the measurement choices, including the removal of impairment testing of assets measured at fair value.	The group has not yet determined the magnitude of any changes which may be needed.
AASB 15 Revenue from Contracts with Customers	30 June 2020	This standard provides guidance on the recognition of revenue from customers.	The group has not yet determined the magnitude of any changes which may be needed.
AASB 16: Leases	30 June 2020	Significant recisions to accounting for operational leases on balance sheet by Lessees of property and high value equipment. However, exemptions for short-term leases and leases of low value assets will reduce the impact.	The group has not yet determined the magnitude of any changes which may be needed.
AASB 1058 Income of Not for Profit Entities	30 June 2020	AASB 1058 replaces the income recognition requirements relating to private sector not for profit (NFP) entities, as well as the majority of income recognition requirements relating to public sector NFP entities previously reflected in AASB 1004 Contributions.	The group has not yet determined the magnitude of any changes which may be needed.

Family Day Care Association Queensland Ltd. and Controlled Entity

Notes to the Financial Statements For the Year Ended 30 June 2018

2 Revenue and Other Income

	2018	2017
	\$	\$
Sales revenue		
- Child care benefits received	9,087,343	9,648,730
Other revenue		
- Interest received	1,119	17,829
- Operating grants	1,027,089	1,083,818
- Trade and operating activities	3,456,175	2,657,364
- Fund raising and self generated	385	375
- Other income	35,269	30,526
	<u>4,520,037</u>	<u>3,789,912</u>
Total Revenue	<u>13,607,380</u>	<u>13,438,642</u>

3 Result for the Year

(a) Expenses

Depreciation - plant and machinery	130,348	173,252
Amortisation - computer software, other	31,613	56,760
	<u>161,961</u>	<u>230,012</u>
Total Depreciation and Amortisation	<u>161,961</u>	<u>230,012</u>

4 Trade and Other Receivables

CURRENT

Trade receivables	15,207	39,539
Provision for impairment	(4,024)	(9,787)
Deposits	-	(1)
Other receivables	6,372	16,274
	<u>17,555</u>	<u>46,025</u>
Total current trade and other receivables	<u>17,555</u>	<u>46,025</u>

5 Inventories

CURRENT

Merchandise	5,399	6,127
	<u>5,399</u>	<u>6,127</u>

6 Other Assets

CURRENT

Prepayments	19,786	14,415
Accrued income	1,054	266,632
	<u>20,840</u>	<u>281,047</u>
Total other assets	<u>20,840</u>	<u>281,047</u>

Family Day Care Association Queensland Ltd. and Controlled Entity

Notes to the Financial Statements For the Year Ended 30 June 2018

7 Property, Plant and Equipment

	2018 \$	2017 \$
LAND AND BUILDINGS		
Freehold land		
Land	331,000	331,000
Total land	<u>331,000</u>	<u>331,000</u>
Building		
Opening balance	1,478,123	1,478,123
Accumulated depreciation	(337,930)	(264,024)
Total buildings	<u>1,140,193</u>	<u>1,214,099</u>
Total land and buildings	<u>1,471,193</u>	<u>1,545,099</u>
PLANT AND EQUIPMENT		
Plant and equipment		
At cost	10,034	6,316
Opening balance - Owned	(3,518)	(2,809)
Total capital works in progress	<u>6,516</u>	<u>3,507</u>
Furniture, fixture and fittings		
At cost	114,487	113,327
Accumulated depreciation	(91,831)	(84,623)
Total furniture, fixture and fittings	<u>22,656</u>	<u>28,704</u>
Motor vehicles		
At cost	238,257	238,257
Accumulated depreciation	(172,780)	(153,163)
Total motor vehicles	<u>65,477</u>	<u>85,094</u>
Office equipment		
At cost	539,429	499,881
Accumulated depreciation	(442,464)	(413,556)
Total office equipment	<u>96,965</u>	<u>86,325</u>
Total property, plant and equipment	<u>1,662,807</u>	<u>1,748,729</u>

Family Day Care Association Queensland Ltd. and Controlled Entity

Notes to the Financial Statements For the Year Ended 30 June 2018

(a) Movements in Carrying Amounts

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

	Land	Buildings	Office Equipment	Furniture, Fixtures and Fittings	Motor Vehicles	Plant and Equipment	Total
	\$	\$	\$	\$	\$	\$	\$
Balance at 30 June 2017							
Balance at the beginning of year	331,000	1,214,099	86,325	28,704	85,094	3,507	1,748,729
Additions	-	-	39,547	1,160	-	3,718	44,425
Disposals - written down value	-	-	-	-	-	-	-
Depreciation expense	-	(73,906)	(28,907)	(7,208)	(19,617)	(709)	(130,347)
Balance at 30 June 2018	331,000	1,140,193	96,965	22,656	65,477	6,516	1,662,807
Balance at 30 June 2016							
Balance at the beginning of year	331,000	1,324,494	120,386	35,911	123,618	4,139	1,939,548
Additions	-	-	908	-	-	-	908
Disposals - written down value	-	-	-	-	(18,475)	-	(18,475)
Depreciation expense	-	(110,395)	(34,969)	(7,207)	(20,049)	(632)	(173,252)
Balance at 30 June 2017	331,000	1,214,099	86,325	28,704	85,094	3,507	1,748,729

Family Day Care Association Queensland Ltd. and Controlled Entity

Notes to the Financial Statements For the Year Ended 30 June 2018

8 Intangible Assets

Intellectual property

	2018	2017
	\$	\$
Development costs		
Cost	243,188	215,313
Accumulated amortisation and impairment	(214,321)	(182,707)
Net carrying value	28,867	32,606
Formation costs		
Cost	15,390	15,390
Total Intangibles	44,257	47,996

The intellectual property consists of the costs incurred for the development of training programs. These costs are amortised over a period of three years.

9 Trade and Other Payables

CURRENT

Trade payables	28,627	107,385
Accrued expense	89,152	295,410
Total trade and other payables	117,779	402,795

10 Borrowings

CURRENT

Unsecured liabilities:		
Credit cards	12,916	13,803

NON-CURRENT

Secured liabilities:		
Bank loan - secured	195,677	210,897

The bank loan amount disclosed above is classified as non-current due to the following;

- a) Facility agreement signed on 17 December 2012 and was in place for a 15 years term. No annual review clauses of the debt facility are in the facility agreements.
- b) The Group has met all covenants as at 30 June 2018 and is forecast to meet the covenants over the facility term; and
- c) In the opinion of the Committee members, no material adverse events have occurred that would cause the debt facility to be reviewed.

Family Day Care Association Queensland Ltd. and Controlled Entity

Notes to the Financial Statements For the Year Ended 30 June 2018

11 Employee Benefits

	2018	2017
	\$	\$
CURRENT		
Long service leave	101,639	143,768
Provision for annual leave	202,992	265,869
Total employee benefits	304,631	409,637
NON-CURRENT		
Long service leave	20,788	49,202

12 Other Liabilities

CURRENT		
Other liabilities	50,716	28,898
GST liability	17,344	(725)
CCB liability	78,481	246,083
Superannuation payable	53,889	60,320
Total other liabilities	200,430	334,576

13 Controlled Entity

Family Day Care Association Ltd. has 100% share holding in Source Education & Training Limited.

14 Contingencies

In the opinion of the Directors, the Group did not have any contingencies at 30 June 2018 (30 June 2017:None).

15 Leasing Commitments

(a) Operating lease commitments

Non-cancelable operating leases contracted for but not capitalised in the financial statements

Payable - minimum lease payments:

- no later than 1 year

- between 1 year and 5 years

Total operating lease commitments

132,607	129,676
89,420	23,131
222,027	152,807

Family Day Care Association Queensland Ltd. and Controlled Entity

Notes to the Financial Statements For the Year Ended 30 June 2018

16 Financial Risk Management

The main risks the Group is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk, foreign currency risk and equity price risk.

The Group's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, bank loans and overdrafts, loans to and from subsidiaries, bills, leases, preference shares, and derivatives.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

Financial Assets

Cash and cash equivalents	695,833	684,051
Trade and other receivables	17,555	46,025
Total financial assets	713,388	730,076

Financial Liabilities

Financial liabilities at amortised cost		
- Trade and other payables	117,779	402,795
- Borrowings	208,592	224,700
Total financial liabilities	326,371	627,495

Fair values are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

17 Members' Guarantee

The Group is incorporated under the *Australian Charities and Not-for-profits Commission Act 2012* and is a Group limited by guarantee. If the Group is wound up, the constitution states that each member is required to contribute a maximum of \$ 10 each towards meeting any outstandings and obligations of the Group. At 30 June 2018 the number of members was 55 (2017: 63).

18 Remuneration of Auditors

Remuneration of the auditor of the parent entity and subsidiary, Hanrick Curran Audit Pty Ltd, for:

- auditing or reviewing the financial statements	12,000	12,000
- auditing or reviewing the financial report (Source Education & Training Limited)	-	4,500

Family Day Care Association Queensland Ltd. and Controlled Entity

Notes to the Financial Statements For the Year Ended 30 June 2018

19 Events after the end of the Reporting Period

The Group is investigating the potential sale of the Source Education & Training Limited - the Group's registered training organisation. There have been no other significant changes in the state of affairs of entities in the Group during the year.

20 Related Party Transactions

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Transaction with related parties:

(a) Identification of Related Parties Ultimate Parent Entity

Family Day Care Association Ltd. is the ultimate parent company which exercises control over its subsidiary.

(b) Transactions with related parties

Family Day Care Association Ltd. has charged a management fee to Source Education & Training Limited for shared services. This amount is \$553,920 (2017: \$553,920).

Total of Intercompany loans owed to Family Day Care Association Ltd from Source Education & Training Limited is \$544,991 (2017: \$544,991).

Family Day Care Association Queensland Ltd. and Controlled Entity

Notes to the Financial Statements For the Year Ended 30 June 2018

21 Cash Flow Information

(a) Reconciliation of cash

	2018	2017
	\$	\$
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:		
Cash and cash equivalents	<u>695,833</u>	684,051
	<u>695,833</u>	<u>684,051</u>

(b) Reconciliation of result for the year to cashflows from operating activities

Reconciliation of net income to net cash provided by operating activities:		
Profit for the year	201,405	(424,701)
Non-cash flows in profit:		
- amortisation	31,613	56,760
- depreciation	130,348	173,252
- net gain on disposal of property, plant and equipment	-	(6,259)
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	290,910	(66,356)
- (increase)/decrease in inventories	728	4,081
- (increase)/decrease in other creditors	(136,377)	(219,496)
- increase/(decrease) in trade and other payables	(285,016)	149,602
- increase/(decrease) in employee provisions	(133,420)	(53,340)
Cashflow from operations	<u>100,191</u>	<u>(386,457)</u>

22 Association Details

The registered office of the company is:
Family Day Care Association Queensland Ltd. and Controlled Entity
7/20 Smallwood Place
Murarrie QLD 4172

Family Day Care Association Queensland Ltd. and Controlled Entity

Directors' Declaration

The directors of the Group declare that:

1. The financial statements and notes, as set out on page 5 - 24, are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* and:
 - a. comply with Accounting Standards - Reduced Disclosure Requirement; and
 - b. give a true and fair view of the financial position as at 30 June 2018 and of the performance for the year ended on that date of the Group.
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.

This declaration is made in accordance with subsection 60.15(2) of the Australian Charities and Not-for-profits Commission Regulation 2013, a resolution of the Board of Directors.

Director



Brisbane, 19th October 2018

Family Day Care Association Queensland Ltd. and Controlled Entity

Independent Audit Report to the members of Family Day Care Association Queensland Ltd. and Controlled Entity

Opinion

We have audited the accompanying financial report being a special purpose financial report, of Family Day Care Association Queensland Ltd. and Controlled Entity (the Group), which comprises the statement of financial position as at 30 June 2018, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group presents fairly, in all material respects, the financial position of Family Day Care Association Queensland Ltd. and Controlled Entities, as at 30 June 2018, and its financial performance for the year then ended in accordance with the accounting policies described in Note 1 to the financial statements, and the requirements of the *Australian Charities and Not-for-profits Commission Act 2012*.

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 are independent of the Group in accordance with the auditor independence requirements of the *Australian Charities and Not-for-profits Commission 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.

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

Basis of Accounting

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared to assist the Group to meet the requirements of the *Australian Charities and Not-for-profit Commission Act 2012*. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Financial Report

Management is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the *Australian Charities and Not-for-profit Commission Act 2012* and for such internal control as the Management determines is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Group's financial reporting process.

Family Day Care Association Queensland Ltd. and Controlled Entity

Independent Audit Report to the members of Family Day Care Association Queensland Ltd. and Controlled Entity

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 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.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the partnership's internal control.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Partnership's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Partnership to cease to continue as a going concern.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Hanrick Curran Audit Pty Ltd

Hanrick Curran Audit Pty Ltd
Authorised Audit Company: 338599



Michael Georghiou
Director

Brisbane, 23 October 2018