

President's Statement

When I accepted the position of President in September 2006 it was at a turbulent time for both the organisation and family day care. Bron Lowe, the organisation's President of six years had just resigned, as had the Treasurer Lynne Tivendale, also an Executive member of five years' experience.

Following the move from an association to a company limited by guarantee in 2000 the Board had overseen major organisational change which included a major review of governance and management (2003); recruitment of a CEO and a comprehensive internal restructure (2005); and changes to the vision, mission, values, name and image of the organisation (2006). These actions resulted in an organisation able to position family day care as a stronger player within the childcare industry.

During this time the industry was working with changes to Federal policy, particularly the decrease to Network Funding and increased competition. This context led us to plan our National Advisory Meeting (NAM), held on the Gold Coast in September, around change management, scenario planning, recruitment strategies and marketing.

Immediately following the NAM, the Board met and elected its new Executive with Victorian Directors Carol Borham elected Treasurer and Margaret Nicolson elected Secretary.

The Board met again in Melbourne in November to develop a three year strategic plan with the

overarching outcome to achieve real growth for family day care in Australia. The plan's four core goals are:

- Strengthen the financial viability of FDCA through increased membership services, diversification, supply chain efficiencies and sponsorship in order to achieve more for the industry
- Build family day care brand awareness with the general public, media, government and business and maintain strong relationships with state-based family day care stakeholders
- Build the reputation of FDCA as a credible source of information, data, statistics and research to achieve recognition as an authority on childcare issues able to influence childcare debate; and form relationships with academic and professional commentators and childcare associations with similar constituencies
- Improve the governance and representative model of FDCA to more effectively consult and communicate with members and stakeholders

A key performance indicator is that industry conditions will be such that net growth of 1,000 carers in each of the next three financial years can be achieved. This is a major challenge, but one that I believe is attainable if we work together.

The 2007-10 strategic plan was endorsed at a Board meeting in Sydney in March. The plan

sets the direction for the organisation for the next three years and has been received with real enthusiasm by the national office staff team who are dedicated to achieving increased recognition for family day care. On behalf of the Board I would like to take this opportunity to thank each one for their hard work and considerable achievements over the past year, and for the leadership of CEO Linda Latham.

Thanks also to the Board for their contribution, hard work and progressive attitude. Each has recognised the changing industry landscape and is willing to move forward to position the organisation as a relevant and dynamic peak body.

I strongly believe that the key to sustainable growth is a united industry with a common goal to increase the number of children experiencing excellence in family day care. This means being unified in our use of a consistent national brand for family day care and always acting in the best interests of the industry as a whole. Through collaboration and partnership family day care can reclaim its market share of the childcare industry. The Board and staff of Family Day Care Australia are ready to take up this challenge and will work hard with the support of the family day care community to achieve it.

Anne Hoens
President, on behalf of the FDCA Board
July 2007

Directors' Report

The Directors of Family Day Care Australia Limited present their report on the consolidated financial statements of the company from 1 July 2006 to 30 June 2007.

Directors

The following individuals held office as Directors of FDCA Limited during the year ended 30 June 2007 and, with the exception of Eleni McDermott, Paula Stone, Lynne Tivendale, Bronwen Lowe, Pauline Cargill, Maureen Allert and Julie Thomas are Directors at the date of this report. The particulars of their appointment, qualifications, special responsibilities and meeting attendance are as follows:

Eleni McDermott

Director, Queensland
Qualifications: Graduate Diploma in Adult Education; Bachelor of Teaching Degree and Certificate IV Business Management
Special responsibilities: Director and Secretary
Board Meetings: Possible: 1 Attendances: 1
Appointed: 11 September 2004
Resigned: 29 July 2006

Elizabeth Anne Hoens

Director, Queensland
Qualifications: Certificate IV Workplace Training and Assessment; Registered Nurse
Special responsibilities: Director and President
Board Meetings: Possible: 5 Attendances: 5
Appointed: 10 September 2005

Jennifer Ann Mountney

Director, Tasmania
Qualifications: Certificate of Children's Services III

– Family Day Care; Diploma in Community Services (Children's Services); Diploma of Business Management; Certificate IV in Workplace Assessment and Training
Special responsibilities: Director
Board Meetings: Possible: 5 Attendances: 5
Appointed: 11 September 2000

Paula Kim Stone

Director, Tasmania
Qualifications: N/A
Special responsibilities: Director
Board Meetings: Possible: 2 Attendances: 2
Appointed: 21 October 2005
Resigned: 19 October 2006

Beverley Lynette Foden

Director, New South Wales
Qualifications: Associate Diploma in Social Welfare
Special responsibilities: Director
Board Meetings: Possible 5 Attendances: 4
Appointed: 11 September 2000

Susan Jan Perdriau

Director, New South Wales
Qualifications: Teachers College Diploma in Pre-School and Infant Education
Special responsibilities: Director
Board Meetings: Possible: 5 Attendances: 4
Appointed: 14 September 2002

Joanne Kylie Williams

Director, Australian Capital Territory
Qualifications: Diploma in Early Childhood; Bachelor of Education in Early Childhood
Special responsibilities: Director

Board Meetings: Possible: 5 Attendances: 4
Appointed: 11 September 2004

Julianne Gorell

Director, Australian Capital Territory
Qualifications: Certificate IV in Family Day Care; Diploma in Community Services (Children's Services)
Special responsibilities: Director
Board Meetings: Possible: 5 Attendances: 5
Appointed: Appointed 13 June 2005

Lynne Dorothy Tivendale

Director, Victoria
Qualifications: Training Infant Teacher Certificate
Special responsibilities: Director and Treasurer
Board Meetings: Possible: 1 Attendances: 1
Appointed: 16 September 2001
Resigned: 9 September 2006

Carol Ann Borham

Director, Victoria
Qualifications: N/A
Special responsibilities: Director and Treasurer
Board Meetings: Possible 5 Attendances: 5
Appointed: 25 July 2003

Bronwen Jillian Lowe

Director, South Australia
Qualifications: Diploma in Teaching – Secondary
Special responsibilities: Director and President
Board Meetings: Possible: 3 Attendances: 0
Appointed: 11 September 2000
Resigned: 22 January 2007

Pauline Doris May Therese Cargill

Director, South Australia
Qualifications: Certificate in Child Care

Directors' Report

Special responsibilities: Director
Board Meetings: Possible: 1 Attendances: 0
Appointed: 11 September 2000
Resigned: 9 September 2006

Maureen Allert

Director, Western Australia
Qualifications: N/A
Special responsibilities: Director
Board Meetings: Possible: 1 Attendances: 0
Appointed: 14 September 2002
Resigned: 9 September 2006

Julie Thomas

Director, Western Australia
Qualifications: Certificate in Business Studies;
Certificate of Children's Services III; Diploma in
Community Services (Children's Services)
Special responsibilities: Director
Board Meetings: Possible: 3 Attendances: 2
Appointed: 9 September 2003
Resigned: 12 February 2007

Helen Cotton

Director, Northern Territory
Qualifications: Certificate of Children's Services III
Special responsibilities: Director
Board Meetings: Possible: 5 Attendances: 5
Appointed: 7 March 2003

Amanda Salter

Director, Northern Territory
Qualifications: Diploma in Children's Services
Special responsibilities: Director
Board Meetings: Possible: 4 Attendances: 4
Appointed: 24 July 2006

Kym Groth

Director, Queensland
Qualifications: Certificate of Children's Services
III; Diploma in Children's Services; Certificate IV
in Workplace Training and Assessment
Special responsibilities: Director
Board Meetings: Possible: 4 Attendances: 4
Appointed: 17 August 2006

Margaret Nicolson

Director, Victoria
Qualifications: Registered Nurse
Special responsibilities: Director and Secretary
Board Meetings: Possible: 4 Attendances: 4
Appointed: 9 September 2006

Merrilyn Hannaford

Director, South Australia
Qualifications: N/A
Special responsibilities: Director
Board Meetings: Possible: 4 Attendances: 4
Appointed: 9 September 2006

Sandra Taylor

Director, Western Australia
Qualifications: Registered Nurse
Special responsibilities: Director
Board Meetings: Possible: 4 Attendances: 4
Appointed: 9 September 2006

Lynette Moran

Director, Tasmania
Qualifications: Certificate IV Business
Administration
Special responsibilities: Director
Board Meetings: Possible: 2 Attendances: 2
Appointed: 18 December 2006

Janice Neta McGowan

Director, Western Australia
Qualifications: Associate Diploma in Social
Science (Childcare); Certificate IV in Workplace
Assessment and Training
Special responsibilities: Director
Board Meetings: Possible: 1 Attendances: 1
Appointed: 4 March 2007

Betty Alice Hartnup

Director, South Australia
Qualifications: Bachelor of Arts; Graduate
Diploma in Education; Bachelor of Social
Administration
Special responsibilities: Director
Board Meetings: Possible: 1 Attendances: 1
Appointed: 4 March 2007

Principal Activities

The principal activities of the company in the course of the financial year ended 30 June 2007 continued to be the promotion of family day care as a quality childcare option and viable career choice.

Review of Operations and Results

The company's operating surplus for the financial year after accounting for extraordinary items amounted to \$102,114.07. There were no major changes in the operations of the company.

The company operates within four functional areas that are all focused on optimising our services to members:

- **Representation** – policy, media, marketing and communications
- **Income generation** – membership, insurance, publications and resources
- **Infrastructure/HR** – finance, facilities and human resource management
- **Governance** – board, members' forums, national advisory meeting and conference

This report covers those areas.

Representation

The 2006-07 year remained challenging for family day care as the industry worked with changes to Network Funding, uncapping of family day care places and the abolition of traditional scheme boundaries. We witnessed scheme amalgamations; the establishment of new schemes – several of which are run by former carers or coordinators; and the withdrawal of operator sponsorship in a small number of schemes. The industry continues to hold 12% of the total childcare market which is expanding in all forms, and there are signs of improved recruitment and retention of carers in many areas.

We worked with the Australian Government to improve the collection of usage data for the Childcare Access Hotline, consulted heavily on the draft Quality Assurance Accreditation Standards, and provided input to the new Child Care Management System (CCMS) due for implementation over 2008 and 2009. A major push in the lead-up to the Federal election will be arguing for equitable treatment of family day care workers who have their own children in care. CCB for carers' own children will greatly improve carer recruitment and retention. We continue to lobby for the exclusion of the four week period of low utilisation around Christmas from Network Funding calculations. Our lobbying activities have secured changes to the Inclusion Support Subsidy and family day care supported in-venue care, a fairer formula for the Rural Travel Assistance Grant, and Rural and Remote Sustainability Funding.

Closer links with State Associations have been achieved through monthly teleconferences where issues of national relevance are discussed and solutions sought. We also partnered with them to exhibit at Parenting Australia expos in most capital cities to help increase exposure to local family day care services. This collaborative approach has been well received and will continue in the coming year.

Our work included advocacy with Professional Support Coordinators to ensure that family day care specific training – especially in carer recruitment and retention and business planning – is covered. We partnered with a range of training providers, including Westpac, to offer training in financial literacy, change management, business planning, marketing and carer recruitment and retention. Our own staff have also delivered customised training on insurance, marketing and media.

We continued our program of business development for the industry through meetings with major players such as Westpac, the Department of Defence, the Municipal Association of Victoria, Local Government and Shires Association (NSW), Australasian Institute of Mining and Metallurgy, Relationships Australia and Playgroups Australia.

Following the launch of the new family day care brand and logo at Sydney's Luna Park in April 2006, a major focus of our work has been the provision of branded products for local family day care promotion. We launched our national print centre with a series of generic or optional customised brochures, flyers and bookmarks. We have since added many other branded products including customised scheme logos, polo shirts and hats, event banners, car magnets and a Marketing Kit on CD containing logos, customised stationery, posters, business cards and media templates. In June 2007 we made two television commercials for national use – one aimed at attracting families and the other aimed at recruiting carers. A media toolkit is planned to coincide with the official launch of the commercials at the National Advisory Meeting in September 2007.

A core goal of our strategic plan is to enhance the reputation of FDCA as a credible source of childcare commentary to increase media opportunities. This year we achieved television exposure for family day care on the ABC (Insight), Channel 10 (9am with David and Kim) and Channel 9 (The Today Show). A number of stations also picked up on our involvement in the successful Rotavirus (gastroenteritis) campaign. Talkback radio and print media has been successfully leveraged right across the country with the CEO discussing issues such as affordability, supply, qualifications, childcare for under-twos and the Federal Budget.

Communication with the sector continues to strengthen through a strategy that includes regular e-messages to over 6,000 members, e-bulletins to schemes and an online newsletter 'Family Day Care Matters'. A fresh approach has been applied to JiGSAW magazine which has a new design, more articles aimed at professional development and a new 36 page format published three times a year. The website was redeveloped with simplified key messages about the industry and its benefits, and tools for recruitment and marketing were included. We have exceeded our previous capacity to now provide in-depth advice to the broader membership through our diverse communication channels.

Income Generation

Through our Member Services Team FDCA continues to offer a wide range of products, services and resources to enhance family day care business and strengthen relationships with members. In 2006-07 we:

- launched Kick Start – a three month public liability and insurance package for under \$150 designed to help new carers get started

Directors' Report

- helped with carer retention by introducing Suspend for Six, a facility that enables carers to suspend their public liability insurance policy for between 6 weeks and 6 months when they go on maternity or recreational leave. The renewal date of the policy is simply moved forward by the nominated length of time
- extended carer public liability insurance policy to include 'other' carers, ie relief, back-up and co-carers who support the primary carer's work (conditions apply)
- presented the Insurance Insights training session at Members' Forums and by invitation at local events
- partnered with a range of suppliers to provide Quick Craft CDs, MyPhotoFun, the Fun Yum Friends healthy eating fundraiser and several books through Focus Publishing
- launched a range of adult polo shirts and bucket hats carrying the red star house logo to encourage brand awareness at the local level
- continued our strong association with Educational Experience who extended the Toys and More fundraiser to carers and provided all members with a CD of the large Teachers Resource Catalogue
- developed a high quality resource catalogue and launched an e-commerce (pay online) facility through our new webshop
- launched Lifestyle – an online affiliate web service that provides access to a range of discounted lifestyle products, such as cosmetics, homewares, music, travel, lingerie and beverages, and provides us with a commission on each purchase to further our work
- diversified our income sources by providing administrative services to insurance partners
- maintained the price and quality of our claims occurring public liability insurance policies so that they continue to provide comprehensive long term protection for carers and schemes
- continued to provide members with access to qualified and experienced insurance staff

Infrastructure/HR

Our staff of 17 remains stable with little turnover. In early 2007 we established a new part-time position of Finance Administration and abolished a junior Office Assistant role. The discrete roles of Media, Marketing, Policy and Communications created in the previous year are now firmly bedded down and we can see solid results from the internal restructure of late 2005.

In June 2007 the Board approved a Human Resources Classification and Wages Framework which rewards both performance and the attainment of relevant formal qualifications.

We continue to operate from the national office premises in Gosford, NSW.

Governance

A major focus of the four Board meetings held in the 2006-07 year was the development, refinement and endorsement of a new three year strategic plan (2007-10). The plan's major objective is to strengthen and grow the family day care market segment through increased public recognition of the program and the provision of business development and relations with government which services may not be able to achieve in isolation.

We hosted STAC Forums across Australia to encourage members' participation in this consultative and representational medium, and to foster better understanding of our work at the local level.

In April 2007 we asked members to vote on two constitutional changes – to rename State/Territory Advisory Committees (STACs) as Members' Forums, and to reduce the number of their meetings from a minimum of six per year to a minimum of four to encourage greater participation. These changes were endorsed by members through a postal ballot.

Significant Changes in the State of Affairs

In the opinion of the Directors, there were no other significant changes in the state of affairs of the organisation that occurred during the financial year under review, not otherwise disclosed in this report or the financial statements.

Significant Events after the Balance Date

At the date of this report, no matters or circumstances have arisen since 30 June 2007 that have significantly affected, or may significantly affect:

- the company's operation in future financial years
- the results of those operations in future financial years
- the company's state of affairs in future financial years

Likely Developments and Expected Results of Operations

The company will continue to promote family day care as a quality childcare option and viable career choice.

The expected results of these operations are that the company is likely to meet its financial obligations resulting from such activities.

Dividends

FDCA is a company limited by guarantee that has no shareholders. Under the company's constitution, no dividend can be paid.

Indemnification and Insurance of Officers

During the financial year, FDCA Limited paid premiums of \$5,650 in respect of a contract of insurance insuring all directors, secretaries, executive officers or employees of the company against certain liabilities. The insurance contract places certain prohibition on disclosure of the insurance liability and the premium.

The company has, to the extent permitted by law, indemnified its directors and officers against certain losses and liability incurred as an officer of the company unless the losses or liability arise out of conduct on the part of the directors that involves lack of good faith.

Provision of Non-Audit Services

The Board is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the Board prior to commencement to ensure they do not

adversely affect the integrity and objectivity of the auditor; and

- the nature of the services provided do not compromise the general principles relating to auditor independence as set out in the Institute of Chartered Accountants in Australian Professional Statement F1: Professional Independence.

The following fees for non-audit services were paid to the external auditors during the year ended 30 June 2007 for:

Tax Guide Review \$850

Postal Ballot Scrutineer: \$300

Grant Funds Review \$1,500

The lead auditor's independence declaration for the year ended 30 June 2007 has been received by the Board.

Directors' Benefits

No Director has received or become entitled to receive a benefit other than reimbursement of out-of-pocket expenses incurred as a result of carrying out company business.

Meetings of Directors

The number of meetings of the company's Directors held during the year was five. Face-to-face meetings were held on 11-12 September 2006, 18-19 November 2006, 3-4 March 2007 and 17-18 June 2007. A meeting via teleconference took place on 5 July 2006.

Resolution

This report is made in accordance with a resolution of the Board of Directors.



Anne Hoens
President

Carol Borham
Treasurer

Dated this 31st day of July 2007.

Declaration by Directors

The Directors of Family Day Care Australia declare that:

1. The financial statements and notes
 - a. Comply with Accounting Standards and Corporations Law; and
 - b. Give a true and fair view of the financial position of the company as at 30 June 2007 and performance of the company for the year ended on that date.
2. In the Directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board made on the 31st day of July 2007.



Anne Hoens
President

Carol Borham
Treasurer

Dated this 31st day of July 2007.

Independent Audit Report to the Members

Family Day Care Australia ABN 93 094 436 021

Scope

We have audited the financial report, being the Directors' Declaration, Statement of Financial Performance, Statement of Financial Position, Statement of Cash Flows and Notes to the Financial Statements of Family Day Care Australia Limited for the year ended 30 June 2007. The company's directors are responsible for the financial report. We have conducted an independent audit of this financial report in order to express an opinion on it to the members of the company.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements and statutory requirements so as to present a view which is consistent with our understanding of the company's financial position and performance as represented by the results of their operations and their cash flows.

Independence

In conducting the audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001. In accordance with AIC Class Order 05/83, we declare to the best of our knowledge and belief that the auditor's independence declaration as required by Section 307(c) of the Corporations Act 2001, and provided to the company, has not changed at the date of providing this audit opinion. The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In our opinion, the financial statements of Family Day Care Australia Limited are in accordance with:

- a. The Corporations Law including:
 - i. giving a true and fair view of the company's financial position as at 30 June 2007 and of their performance for the period ended on that date; and
 - ii. complying with Australian Accounting Standards and the Corporations Regulations; and
- b. Other mandatory professional reporting requirements.

Inherent Uncertainty Regarding Public Liability Insurance Liabilities

Without qualification to the opinion expressed above, attention is drawn to the following matter. The collapse of the HIH Insurance Group exposed the company to potential liabilities as Master Policy Holder of its public liability insurance product. The company has submitted claims to the HIH Claims Support Scheme in relation to this potential liability and expects to recover any amounts payable. The circumstances of the matter are such that the ultimate outcome cannot presently be determined with an acceptable degree of reliability, and accordingly, no provision for any liability that may result has been made to the financial statements.

FREEMAN KENNEDY
Chartered Accountants



LINDSAY D. FREEMAN FCA
Erina Heights 25th July 2007

Statement of Financial Performance for the year ended 30 June 2007

	Note	2007 \$	2006 \$
Classification of expenses by nature			
Revenues from ordinary activities	2	2,164,887.98	2,473,775.97
Employee benefits expense		(1,062,034.40)	(1,023,618.13)
Depreciation and amortisation expenses	3	(8,660.00)	(10,423.00)
Borrowing costs expense	3	-	-
Other expenses from ordinary activities		(992,079.51)	(1,373,694.41)
Profit from ordinary activities before income tax expense	3	102,114.07	66,040.43
Total changes in equity other than those resulting from transactions with owners as owners		102,114.07	66,040.43

Statement of Financial Position as at 30 June 2007

	Note	2007 \$	2006 \$
CURRENT ASSETS			
Cash and Cash Equivalents	6	1,123,288.62	956,030.88
Trade and Other Receivables	7	65,415.08	57,447.69
TOTAL CURRENT ASSETS		1,188,703.70	1,013,478.57
NON-CURRENT ASSETS			
Property, plant and equipment	8	39,097.93	44,855.93
TOTAL NON-CURRENT ASSETS		39,097.93	44,855.93
TOTAL ASSETS		1,227,801.63	1,058,334.50
CURRENT LIABILITIES			
Trade and Other Payables	9	83,861.92	69,573.17
Interest bearing liabilities	10	-	76.35
Provisions	11	98,000.00	74,000.00
Other	12	82,583.38	78,442.72
TOTAL CURRENT LIABILITIES		264,445.30	222,092.24
NON-CURRENT LIABILITIES			
Provisions	11	99,000.00	74,000.00
TOTAL NON-CURRENT LIABILITIES		99,000.00	74,000.00
TOTAL LIABILITIES		363,445.30	296,092.24
NET ASSETS		864,356.33	762,242.26
EQUITY			
Contributed equity	13	-	-
Retained profits	5	864,356.33	762,242.26
TOTAL EQUITY		864,356.33	762,242.26

The accompanying notes form part of these financial statements.

Statement of Cash Flows

for the year ended 30 June 2007

	2007 \$	2006 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	2,118,869.37	2,441,234.00
Payments to suppliers & employees	(1,991,792.50)	(2,410,751.19)
Interest Received	43,159.22	32,541.13
Net cash provided by (used in) operating activities	170,236.09	63,024.12
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment for property, plant & equipment	(2,902.00)	(2,778.96)
Proceeds from the sale of equipment	-	-
Net cash provided by (used in) investing activities	(2,902.00)	(2,778.96)
Net increase (decrease) in cash held	167,334.09	60,245.16
Cash at beginning of year	955,954.53	895,709.37
Cash at end of year	1,123,288.62	955,954.53

Notes to the Statement of Cash Flows

	2007 \$	2006 \$
Reconciliation of Cash		
Cash at the end of financial year as shown in the statement of cash flows is reconciled to the related items in the balance sheet as follows:		
Cash on Hand	303.90	290.45
Cash at Bank	536,418.58	405,106.69
Term Deposits	86,783.35	81,209.04
Contingency Funds	499,782.79	469,348.35
	1,123,288.62	955,954.53
Reconciliation of Net Cash provided by Operating Activities to Benefits Accrued as a Result of Operations		
Operating profit (loss) after income tax	102,114.07	66,040.43
Non-cash flows in operating profit		
Depreciation	8,660.00	10,423.00
Loss on sale of assets	-	-
Changes in assets and liabilities, net of the effects of purchase and disposals		
Increase (Decrease) in creditors	(12,782.08)	(10,786.14)
Increase (Decrease) in provisions	49,000.00	29,000.00
Increase (Decrease) in other creditors	19.38	(75,816.80)
Decrease (Increase) in receivables	(7,967.39)	58,634.24
Increase (Decrease) in GST Payable	31,192.11	(14,470.61)
Cash flows from operations	170,236.09	63,024.12

Notes to the Financial Statements

For the year ended 30 June 2007

1. Statement of Significant Accounting Policies

The financial report is a general purpose financial report that has been prepared in accordance with Accounting Standards, Urgent Issues Group Consensus Views and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has been prepared on an accrual basis and is based on historical costs. It does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

The following is a summary of the material accounting policies adopted by the economic entity in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

Income Tax

The company is exempt from income tax under S.50-5 of the Income Tax Assessment Act 1997, as amended.

Property, Plant and Equipment

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

Property

Freehold land and buildings are measured on the fair value basis, being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction. It is the policy of the company to have an independent valuation every three years, with annual appraisals being made by the directors.

The revaluation of freehold land and buildings has not taken account of the potential capital gains tax on assets acquired after the introduction of capital gains tax.

Plant and equipment

Plant and equipment are carried on a cost basis.

The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount of those assets. The recoverable amount is assessed on the basis of expected net cash flows which will be received from the assets employment and subsequent disposal. The expected net cash flows have not been discounted to present values in determining recoverable amounts.

Depreciation

The depreciable amount of all fixed assets is depreciated on a diminishing basis over their useful lives to the company commencing from the time the asset is held ready for use.

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

Class of Fixed Asset	Depreciation rate
Plant & Equipment	15-40%
Office Furniture	15%

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

Leases

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

Finance leases are capitalised recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual value. Leased assets are depreciated over their estimated useful lives where it is likely that the economic entity will obtain ownership of the asset or over the term of the lease. 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 charged as expenses in the periods in which they are incurred.

Lease incentives received under operating leases are recognised as a liability. Lease payments received reduced the liability.

Employee Benefits

Provision is made for the company's liability for employee entitlements for annual leave and long service leave at balance date. Entitlements have been measured at their nominal value. Long service leave is accrued in respect of all employees with more than 4 years service at balance date.

Contributions are made by the company to various superannuation funds and are charged as expenses when incurred.

Cash

For purposes of the statement of cash flows, cash includes cash on hand and at call deposits with banks or financial institutions, investments in money market instruments maturing within less than two months, net of bank overdrafts.

Revenue

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets. Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

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

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 assets or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Share Capital

The Company is limited by guarantee. On winding up the company, any individual members' liability is limited to such amount that shall not exceed \$2.

Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount of those assets, net of any provisions for doubtful debts, as disclosed in the statement of financial position and notes to and forming part of the financial statements.

The company does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the company.

Net Fair Values

The net fair values of listed investments have been valued at the quoted market bid price at balance date adjusted for transaction costs expected to be incurred. For other assets and other liabilities net fair value approximates their carrying value. No financial assets and financial liabilities are readily traded on organised markets in standardised form other than listed investments. Financial assets where the carrying amount exceeds net fair values have not been written down as the principal intends to hold these assets to maturity.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the statement of financial position and in the notes to the financial statements.

Contingent Liabilities

Following the failure of HIH Insurance Limited, the company may be subject to liabilities as Master Policy Holder of its public liability insurance product. The company expects to recover any amounts payable from the HIH Claims Support Scheme.

	2007 \$	2006 \$
2. Revenue		
Operating activities		
Interest	42,677.39	32,541.31
Rendering of services	2,091,776.15	2,414,327.57
Other revenue	30,434.44	26,907.09
	<u>2,164,887.98</u>	<u>2,473,775.97</u>
Interest from:		
Other Corporations	42,677.39	32,541.31
3. Profit from Ordinary Activities		
Profit from ordinary activities before income tax expense has been determined after:		
Expenses:		
Depreciation of non-current assets		
Depreciation	8,660.00	10,423.00
Total depreciation	<u>8,660.00</u>	<u>10,423.00</u>
Remuneration of auditor		
Audit Services	5,500.00	4,500.00
Other Services	2,650.00	1,500.00
Rental expense on operating leases		
Lease Payments - Computer	13,188.90	15,399.57
Lease Payments - Copier	2,415.54	4,831.08
	<u>15,604.44</u>	<u>20,230.65</u>
4. Income Tax Expense		
Income tax expense attributable to:		
Profit from ordinary activities before income tax	-	-
5. Retained Profits		
Retained profits (accumulated losses) at the beginning of the financial year	762,242.26	696,201.83
Net profit attributable to members of the company	102,114.07	66,040.43
Retrospective adjustment(s) upon introduction of accounting standard(s):		
Retained profits (accumulated losses) at the end of the financial year	<u>864,356.33</u>	<u>762,242.26</u>
6. Cash and Cash Equivalents		
Petty Cash Imprest	303.90	290.45
CBA Term Deposit	86,783.35	81,209.04
Premium Business Cheque Account	266.96	-
Cash Management Account	300,168.80	149,634.59
Project Cash Management Account	37,698.78	132,068.30
FDCA Savings	83,334.31	11,235.07
Contingency Fund	499,782.79	469,348.35
2006 Conference Cheque Account	-	12.99
CMA Legal Plan	114,949.73	112,232.09
	<u>1,123,288.62</u>	<u>956,030.88</u>
7. Trade and Other Receivables		
CURRENT		
Accounts Receivable	55,472.93	52,131.71
Sundry Debtors	9,942.15	5,315.98
	<u>65,415.08</u>	<u>57,447.69</u>

8. Property, Plant and Equipment

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

	Freehold Land \$	Buildings \$	Plant and Equipment \$	Leased Plant and Equipment \$	Total \$
Balance at beginning of year	-	-	44,856	-	44,856
Additions	-	-	2,902	-	2,902
Depreciation expense	-	-	(8,660)	-	(8,660)
Carrying amount at the end of year	-	-	39,098	-	39,098

	2007 \$	2006 \$
9. Trade and Other Payables		
CURRENT		
Accounts Payable	23,364.52	36,146.60
Sundry Creditors	13,974.33	18,095.61
Input Tax Credits	(26,440.27)	(70,335.87)
GST Collected	72,963.34	85,666.83
	<u>83,861.92</u>	<u>69,573.17</u>
10. Interest Bearing Liabilities		
CURRENT		
Bank Overdraft	-	76.35
Lease Liability	-	-
	<u>-</u>	<u>76.35</u>
11. Provisions		
CURRENT		
Provision for Annual Leave	98,000.00	74,000.00
NON-CURRENT		
Provision for Long Service Leave	99,000.00	74,000.00
Aggregate employee benefit liability	<u>197,000.00</u>	<u>148,000.00</u>
12. Other Liabilities		
CURRENT		
Income In Advance	82,583.38	78,442.72
	<u>82,583.38</u>	<u>78,442.72</u>
13. Remuneration and Retirement Benefits		
Directors' Remuneration:		
Income paid or payable to all directors of the company by the company and any related parties	<u>13,257.49</u>	<u>24,496.61</u>
Number of directors whose income from the company or any related parties was within the following bands:		
0 - \$9999	No. 20	No. 16
\$10,000 - \$19,999	-	1
Retirement and Superannuation Payments:		
Amounts of a prescribed benefit given during the year by the company or a related party to a Director or prescribed superannuation fund in connection with the retirement from a prescribed office	<u>-</u>	<u>-</u>

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