

KidsXpress Limited

ABN 65 117 488 570

Financial report

For the year ended 30 June 2017

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KIDSPRESS LIMITED
ABN 65 117 488 570

DIRECTORS' REPORT

The directors present their report together with the financial report of KidsXpress Limited for the year ended 30 June 2017 and auditor's report thereon.

Directors names

The names of the directors in office at any time during or since the end of the year are:

John Hewson (Chairman)

Margo Ward (Chief Executive Officer)

Paul Hines

Peter Hogan

Robert Kelly

Shannon Richards (Company Secretary)

Jacquelyn Vanzella

Margaret Abbott (Appointed 15 June 2017)

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

Results

The loss of the company for the year amounted to \$20,631 (2016: loss of \$293,548).

Review of operations

The company continued to engage in its principal activity, the results of which are disclosed in the attached financial statements.

Significant changes in state of affairs

There were no significant changes in the company's state of affairs that occurred during the financial year, other than those referred to elsewhere in this report.

DIRECTORS' REPORT

Principal activities

A traumatic experience has a profoundly adverse impact on a child's still developing brain - disrupting the development of neurological networks so severely that the emotional, social, behavioural, cognitive and physical functioning of a child might be permanently impaired if left unresolved.

Tragically, stories of childhood trauma are disturbingly far too common in Australia. 1 in 7 children are being exposed to toxic levels of stress relating to trauma such as abuse, neglect or physical and sexual violence. In an average Australian classroom of 25 students, there will be at least 5 children experiencing unhealthy levels of stress due to a childhood trauma. If unresolved, this can lead to significant challenges later in life such as mental illness, drug and alcohol abuse, unemployment, violence, relationship breakdowns and physical health issues.

As a result, this places an enormous \$9 billion burden on Australia's economy due to increased costs in healthcare, education, public housing, justice systems and childcare protection. (Ref: BlueKnot & Pegasus Report 2015). The 2015 Deloitte Access Economics cost-benefit analysis of KidsXpress found that our early intervention and group therapy program improved the quality of life in each child by an average of almost 50 per cent, significantly reducing the burden of diseases such as anxiety, depression and many others which develop due to childhood trauma. Based on DAE's economic modelling, KidsXpress was able to improve the quality of life in all children participating in our program by a total social value of \$2.9 million in 2015.

KidsXpress was established in 2005 in response to the lack of early-intervention services addressing childhood trauma in Australia and is committed to creating generational change by inspiring children to thrive through sharing our knowledge of trauma-informed care to support families, schools and communities in managing and minimising the impact of childhood trauma.

Despite the complex theory and rationale which has gone into developing KidsXpress' program, the reason it's effective is simple – we embrace children's natural sense of playfulness, curiosity and their desire to connect with others and to be loved, inspiring them to imagine a better future for themselves, one in which they are able to thrive.

Short-term and long-term objectives and strategies

Development Plan 2017 - 2020:

After ten years of successful therapy delivery, during which KidsXpress repeatedly enhanced and refined our leading approach to therapy provision, the time has come to transition the organisation into a new phase. KidsXpress seeks to further develop our therapy offerings, realise greater security in our funding sources, and capitalise upon our recognised expertise and outstanding reputation (AMR, 2015) by translating the rich history of service delivery excellence into a professional training offering.

Completing the International Learning and Development (Ian Potter Foundation, 2017) review of both KidsXpress as an organisation and its evidence of impact highlighted numerous opportunities to achieve greater success for our clients, communities, staff, and supporters.

The compilation of those learnings and advisories indicates a future for KidsXpress that is rich in collaboration and partnership. KidsXpress is now committed to ensuring concurrent service provision to children and their care networks; and this approach will ensure long-term impact is realised through any short-term therapy provision. The commitment also serves to enhance the capacity of the caregiving networks to support children on an on-going basis and address the underlying support structures

DIRECTORS' REPORT

Short-term and long-term objectives and strategies (Continued)

surrounding children in Australia.

This update in program design brings KidsXpress in line with leading experts' assertions on what constitutes most effective trauma reparation.

Practically, this looks like KidsXpress situating our programs in schools for complete days, delivering two group therapy programs that are allied alongside supplementary therapeutic engagements catering to each school's and its children's needs. It also sees opportunity for formal training of school staff in accordance with the Trauma Informed Practices and Systems (TIPS) in Schools Framework (Montgomery, 2015) that is imperative for whole-school approaches to supporting children dealing with trauma. This will occur in addition to our established centre-based therapy programs, which themselves will acquire family therapy extensions.

Financially, KidsXpress will reduce our dependence upon insecure funding streams and develop a diversified revenue line in accordance with our key strengths, principally relationship development and professional training. The prioritised revenue line is predicated upon KidsXpress' dissemination of knowledge and professional practice through training provision relating to Trauma Informed Care and Expressive Therapy Principles. KidsXpress holds a very strong reputation for excellence and expertise in these spheres (AMR, 2016), and training provision in the targeted areas represents a prescient opportunity for KidsXpress.

Accordingly, the ensuing strategic plan outlines the genesis of KidsXpress in the next phase of the organisation's existence. Three years hence (2020), KidsXpress will have reduced our dependence upon insecure funding streams, extended our current key relationships, as well as developed a thriving community and events-based fundraising revenue line. We will operate a successful for-profit training department, providing professional learning opportunities that disseminate our Expressive Therapy and Trauma Informed Care expertise to a range of professionals supporting children.

Throughout, KidsXpress will continue to be a leading player in the field of expressive therapy delivery and will positively influence the lives of children, families, and communities impacted by trauma.

Program Goal

1. Deliver the most appropriate short-term therapy intervention to facilitate long-term impact; and
2. Situate KidsXpress school-outreach therapy within TIPS frameworks.

Success Indicators

- Conduct efficacy-based research investigations each year for all service provisions;
- Increased engagement with parents/carers and schools;
- Measurable alleviation of each community's challenges; and
- Tracked referral of children to appropriate onward services post program completion.

DIRECTORS' REPORT

Short-term and long-term objectives and strategies (Continued)

Training Goal

1. Increase capacity of caregiving networks to understand the challenges, recognise the symptoms/signs, and enlist/provide appropriate support; and
2. Generate autonomous funding for KidsXpress through Fee for Service training & professional learning arrangements.

Success Indicators

- Expand professionals' awareness of expressive therapy with concurrent demand for the service (measured by bookings made & evaluation frameworks);
- Delivery of school-focused trauma informed education with concurrent demand for the service (measured by bookings made); and
- Reported increased school capacity & efficacy to support children impacted by trauma.

People Goal

1. Employ outstanding and multidisciplinary staff who are recognised as experts in the sector; and
2. Ensure all staff (board, management, therapists, office, volunteers, and temps) can effectively represent the organisation to external stakeholders.

Success Indicators

- CPD portfolios completed by all staff commensurate with experience and role;
- Professional dissemination of therapists' practice (measured through number of engagements);
- Provide in house & bought-in training / education to all staff members; and
- Recruit and develop ambassadors to communicate about KidsXpress and our work.

Communications Goal

1. Increase understanding of Childhood Trauma & Toxic Stress and the associated costs to children, families, and communities;
2. Communicate the role KidsXpress plays in addressing those challenges at each level; and
3. Establish regular Multi-stakeholder communications.

Success Indicators

- Number of people talking/engaging with us (advocates) measured online & through CRM; and
- Contribution to public event/ publications / conferences

DIRECTORS' REPORT

Short-term and long-term objectives and strategies (Continued)

Finance Goal

1. Build our financial capacity so that we can respond to opportunities and threats while maintaining general operations.

Success Indicators

- Increase net assets year on year; and
- Demonstrable financial resilience to withstand any unforeseen financial uncertainty.

After balance date events

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

Likely developments

The company expects to maintain the present status and level of operations.

Environmental regulation

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

Information on directors

John Hewson

Non-Executive Chairman

Appointed - 8 December 2005

John has worked as an economist for the Australian Treasury (Census and Statistics), the Reserve Bank, the International Monetary Fund and as an advisor to two successive Federal Treasurers and the Prime Minister. His academic career included eleven years as the Professor of Economics, four years as Head of the School of Economics at the University of New South Wales, Dean, Macquarie Graduate School of Management and is currently Professor in the Crawford School ANU. John's business career has included as a Founding Director of Macquarie Bank, Chair, ABN Amro Australia, and GSA, as a Trustee of the IBM Superannuation Fund, and Chair/Director of a host of public and private companies and not-for-profits. John's political career spanned eight years as the member for Wentworth in the Federal Parliament. He was Shadow Finance Minister, Shadow Treasurer and Shadow Minister for Industry and Commerce and Leader of the Liberal Party and the Coalition in opposition for four years. He also writes a couple of newspaper columns per week and speaks and comments widely to various audiences and across the media.

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DIRECTORS' REPORT

Information on directors (Continued)

Margo Ward

Chief Executive Office and Executive Director

Appointed - 8 December 2005

Margo is the visionary and founder of KidsXpress and is committed to connecting communities to keep our children safe, influencing the emotional wellbeing of our children and creating generational change by inspiring children to thrive. Margo's career extends over multiple areas of child and youth related industries including Manager of the Recreation and Play Therapy Department at Sydney Children's Hospital, Executive Member on the Paediatric Oncology Unit, clinical expertise in paediatric chronic illness groups, adolescents, trauma and bereavement. For three years, Margo was the Centre Manager of LifeForce (a national suicide prevention program). With qualifications and experience in early childhood teaching and family/child therapy spanning over more than twenty five years, Margo has pioneered a number of therapeutic interventions across Australia, lecturing and presenting both locally and abroad. Margo has won numerous awards including the Stanford Executive Leadership Scholarship in 2011 and was a finalist in the Ernst & Young Entrepreneur of the year in 2014. In addition to her directorship on the KidsXpress Board, Margo is also a director on the Un LTD board and Chubb Insurance Australia.

Paul Hines

Non-Executive Director

Appointed - 8 December 2005

Paul is the owner and CEO of GSA Insurance Brokers Pty Ltd and has worked within the Insurance Industry for over 25 years. Paul commenced his career with Commercial Union (now CGU) working in various Management positions, before leaving to join GSA as an equity partner in 1995. Paul has been CEO for over 15 years and became sole owner in 2007. Paul has sat on the board of The Property Funds Association (PFA) and is also an active member of the International Young Presidents Organisation (YPO). At the 2008 (NIBA) National Insurance Brokers Association's annual Gala Ball, Paul Hines was awarded NSW QPIB Broker of the year. GSA has won "Medium Broker of the Year" award 2 of the last 3 years. Paul co-founded KidsXpress and continues to provide significant support both through monetary contributions and allocation of staff resources.

Peter Hogan

Non-Executive Director

Appointed - 8 December 2005

Peter is currently the Finance Director of GSA and is a qualified Accountant with over 35 years accounting and management experience within several public and private companies as Company Secretary and/or Chief Financial Officer. Peter holds a Bachelor of Commerce degree from the University of New South Wales and is a member of the following organisations - Australian Society of Certified Practising Accountants (CPA Status) and a Member of The Governance Institute of Australia Ltd.

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DIRECTORS' REPORT

Information on directors (Continued)

Robert Kelly

Appointed - 18 March 2014

Non-Executive Director

Robert is the Managing Director & CEO of Steadfast, the largest distributor of general insurance in Australasia with growing operations in Asia and Europe. He has more than 45 years' experience in the insurance industry. In April 1996, Robert co-founded Steadfast Group Limited (Steadfast), with a vision to band together non-aligned insurance brokerages and adopt a unified approach to the market. In 2013, he led the company to a successful listing on the Australian Securities Exchange (ASX). Steadfast is now an ASX 200 company with a market capitalisation of over \$2 billion. Robert is also a director of various subsidiaries of Steadfast, the Steadfast Foundation and ACORD International as well as other international organisations. Robert has been recognised as a leader in the insurance industry in Australia and internationally. He was the Insurance Industry Leader of the Year at the 2011 Annual Australian Insurance Industry Awards and named the second Most Influential Person in the Insurance Industry in 2014, by Insurance News magazine. Robert was one of the finalists in the CEO Magazine's 2015 CEO of the Year Awards and a national finalist for the Eastern Region in the 2016 EY Entrepreneur of the Year program. In March 2014, Robert was awarded the prestigious ACORD Rainmaker Award. In 2016 Robert won the prestigious Lex McKeown Trophy by NIBA. In 2017, Steadfast won 5 awards at the East Coles Corporate Performance Awards for ASX listed companies, Best Company, Best CEO, Best CFO, Best Investment Desirability and Best Growth Prospects.

Shannon Richards

Appointed - 3 October 2006
(Company Secretary) and 3
May 2011 (Director)

Non-Executive Director, Company Secretary and Legal Counsel

Shannon is a criminal prosecutor within the Office of the Director of Public Prosecutions (DPP) in Sydney. Prior to the DPP, Shannon served in the Royal Australian Navy for over eight years as a legal officer. Shannon remains in the Royal Australian Navy Reserves and holds the rank of Lieutenant Commander. In the Navy, Shannon served as the Deputy Fleet Legal Officer and as a prosecutor in the Office of the Director of Military Prosecutions and has deployed on operations overseas. Before taking a full-time posting in the Navy, Shannon was legal counsel at various investment banks and was in private practice at Minter Ellison. Shannon has been practicing as a solicitor in New South Wales since 2002, is admitted in the High Court of Australia and the Supreme Court of New South Wales and holds a BSc(Hon), LLB(Hon) and LLM from Sydney University. Shannon, along with his partner, is also the co-owner of a dental practice in Sydney.

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DIRECTORS' REPORT**Information on directors (Continued)****Jacquelyn Vanzella**

Non-Executive Director

Appointed - 8 March 2016

Jacqui is an Executive Director of the Macquarie Group in the Equity Capital Markets team. She joined Macquarie in 1996. Jacqui advises Australian companies listed on the ASX in relation to equity raisings, capital management and hybrid capital issuance. Prior to her time at Macquarie Jacqui was a tax adviser at KPMG. Jacqui holds Bachelors of Commerce and Law (Hons) from the Australian National University and a Masters of Law from the University of Melbourne. She is a Chartered Accountant and a member of the Australian Institute of Company Directors.

Margaret Abbott

Non-Executive Director

Appointed - 15 June 2017

Margie has worked in the field of education for most of her working life from early education through to Secondary level. For the past 15 years Margie has worked in early education supporting young children and their families at this most important time of learning and development. In various capacities over many years Margie has worked with a number of charities and organisations endeavouring to support children and families that face many challenges in their day to day life.

Meetings of directors

Directors	Directors' meetings	
	Number eligible to attend	Number attended
John Hewson	4	4
Margo Ward	4	4
Paul Hines	4	3
Peter Hogan	4	4
Robert Kelly	4	3
Shannon Richards	4	1
Jacquelyn Vanzella	4	4
Margaret Abbott	1	1

Members guarantee

The company is incorporated under the *Corporations Act 2001* and is a company limited by guarantee. If the company is wound up, the Constitution states that each member is required to contribute to a maximum of \$10 each towards meeting any outstandings and obligations of the company. At 30 June 2017 the number of members was 4. The combined total amount that members of the company are liable to contribute if the company is wound up is \$40.

KIDSXPRESS LIMITED
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DIRECTORS' REPORT

Indemnification of officers

No indemnities have been given or insurance premiums paid, during or since the end of the year, for any person who is or has been an officer of the company.

Indemnification of auditors

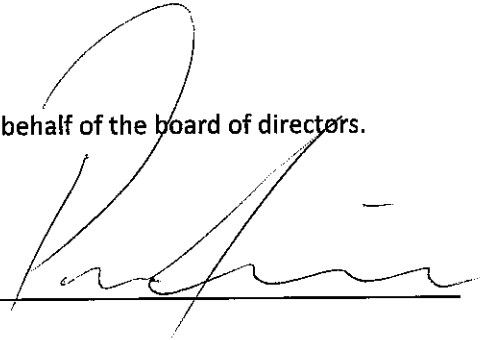
No indemnities have been given or insurance premiums paid, during or since the end of the year, for any person who is or has been an auditor of the company.

Auditor's independence declaration

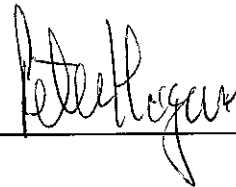
A copy of the auditor's independence declaration under section 307C of the *Corporations Act 2001* in relation to the audit for the financial year is provided with this report.

Signed on behalf of the board of directors.

Director:



Director:



Dated this 16th day of November 2017



PITCHER PARTNERS

ACCOUNTANTS • AUDITORS • ADVISORS

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NORMAN THURECHT
BRETT HEADRICK
WARWICK FACE
NIGEL BATTERS
COLE WILKINSON
SIMON CHUN
JEREMY JONES

The Directors

KidsXpress Limited

Entertainment Quarter

The Sound Stage

122 Lang Road

MOORE PARK NSW 2021

Auditor's Independence Declaration

As lead auditor for the audit of KidsXpress Limited for the year ended 30 June 2017, I declare that, to the best of my knowledge and belief, there have been no contraventions of *APES 110 Code of Ethics for Professional Accountants* in relation to the audit.

PITCHER PARTNERS

WARWICK FACE

Partner

Brisbane, Queensland

16 November 2017

KIDSXPRESS LIMITED
ABN 65 117 488 570

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017 \$	2016 \$
Revenue	2	1,806,358	1,438,550
Less: expenses			
Employee benefits and related expense	3	(1,357,057)	(1,192,813)
Occupancy expense		(116,358)	(111,692)
Advertising, marketing and event expenses		(100,512)	(80,038)
Depreciation and amortisation expense		(53,578)	(48,370)
Professional fees		(43,014)	(16,722)
Travel expenses		(25,710)	(11,929)
Programs and projects		(7,764)	(156,793)
Other expenses		<u>(122,996)</u>	<u>(113,741)</u>
		<u>(1,826,989)</u>	<u>(1,732,098)</u>
Loss for the year		<u>(20,631)</u>	<u>(293,548)</u>
Other comprehensive income for the year		<u>-</u>	<u>-</u>
Total comprehensive income		<u><u>(20,631)</u></u>	<u><u>(293,548)</u></u>

The accompanying notes form part of these financial statements.

KIDSXPRESS LIMITED
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STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017

	Note	2017 \$	2016 \$
Current assets			
Cash and cash equivalents	5	335,134	385,436
Trade receivables		16,951	20,652
Prepayments		<u>26,021</u>	<u>29,719</u>
Total current assets		<u>378,106</u>	<u>435,807</u>
Non-current assets			
Property, plant and equipment	6	116,808	89,803
Intangible assets	7	<u>3,275</u>	<u>6,560</u>
Total non-current assets		<u>120,083</u>	<u>96,363</u>
Total assets		<u>498,189</u>	<u>532,170</u>
Current liabilities			
Payables	8	36,016	74,160
Provision for employee benefits		<u>151,739</u>	<u>128,167</u>
Total current liabilities		<u>187,755</u>	<u>202,327</u>
Non-current liabilities			
Provision for employee benefits		<u>8,194</u>	<u>6,972</u>
Total non-current liabilities		<u>8,194</u>	<u>6,972</u>
Total liabilities		<u>195,949</u>	<u>209,299</u>
Net assets		<u>302,240</u>	<u>322,871</u>
Equity			
Retained earnings		<u>302,240</u>	<u>322,871</u>
Total equity		<u>302,240</u>	<u>322,871</u>

The accompanying notes form part of these financial statements.

KIDSXPRESS LIMITED
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STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2017

	Retained earnings \$	Total equity \$
Balance as at 1 July 2015	616,419	616,419
Loss for the year	<u>(293,548)</u>	<u>(293,548)</u>
Balance as at 30 June 2016	<u><u>322,871</u></u>	<u><u>322,871</u></u>
Balance as at 1 July 2016	322,871	322,871
Loss for the year	<u>(20,631)</u>	<u>(20,631)</u>
Balance as at 30 June 2017	<u><u>302,240</u></u>	<u><u>302,240</u></u>

The accompanying notes form part of these financial statements.

KIDSXPRESS LIMITED
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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017 \$	2016 \$
Cash flow from operating activities			
Receipts during course of operations		1,779,929	1,495,506
Payments during course of operations		(1,834,024)	(1,784,355)
Interest received		<u>5,572</u>	<u>9,659</u>
Net cash used in operating activities	9	<u>(48,523)</u>	<u>(279,190)</u>
Cash flow from investing activities			
Payment for property, plant and equipment		<u>(1,779)</u>	<u>(22,251)</u>
Net cash used in investing activities		<u>(1,779)</u>	<u>(22,251)</u>
Reconciliation of cash			
Cash at beginning of the financial year		385,436	686,877
Net decrease in cash held		<u>(50,302)</u>	<u>(301,441)</u>
Cash at end of financial year	5	<u><u>335,134</u></u>	<u><u>385,436</u></u>

The accompanying notes form part of these financial statements.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements, Interpretations and other applicable authoritative pronouncements of the Australian Accounting Standards Board and the *Australian Charities and Not-for-profits Commission Act 2012*.

The financial report covers KidsXpress Limited as an individual entity. KidsXpress Limited is a company limited by guarantee, incorporated and domiciled in Australia. KidsXpress Limited is a not-for-profit entity for the purpose of preparing the financial statements.

The financial report was approved by the directors as at the date of the directors' report.

The following are the significant accounting policies adopted by the company in the preparation and presentation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(a) Basis of preparation of the financial report

Historical Cost Convention

The financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets and liabilities as described in the accounting policies.

(b) Revenue

Revenue from auctions, sponsorships, events, fee for service activities and rental income is recognised when it is received or receivable.

Interest revenue is recognised on an accruals basis.

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

(c) Contributions - Grants and Donations

A non-reciprocal contribution or grant is recognised when the entity obtains control of the contribution or grant and it is probable that the economic benefits will flow to the entity, and the amount of the contribution or grant can be measured reliably.

If conditions attached to the contribution or grant that must be satisfied before the entity is eligible to receive the contribution, recognition of contribution or income is deferred until those conditions are met.

A non-reciprocal donation is recognised when the right to receive a donation has been established.

When the entity receives grants but is obliged to give directly approximately equal value to the contributor, recognition of grant income will be deferred until the delivery of service.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Donations in-kind

Assets that have been donated are recognised at fair value as revenue and capitalised as property, plant and equipment and depreciated over their useful lives.

Services that have been received in kind have not been recognised in the Statement of Profit or Loss and Other Comprehensive Income.

(e) Property, plant and equipment

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

Plant and equipment

Plant and equipment is measured on the cost basis.

Depreciation

Land is not depreciated. The depreciable amount of all property, plant and equipment is depreciated over their estimated useful lives commencing from the time the asset is held available for use, consistent with the estimated consumption of the economic benefits embodied in the asset.

Class of fixed asset	Useful lives	Depreciation basis
Music equipment at cost	3 - 15 years	Straight line
Leasehold improvements at cost	1.5 - 3.5 years	Straight line
Motor vehicles at cost	4 years	Straight line
Office furniture and equipment at cost	3 years	Straight line
Computer equipment at cost	3 years	Straight line

(f) Intangibles

Except for indefinite useful life intangible assets, which are not amortised but are tested annually for impairment, intangible assets are amortised over their estimated useful lives commencing from the time the asset is available for use. The amortisation method applied to an intangible asset is consistent with the estimated consumption of economic benefits of the asset. Software is amortised over a period of 3 years.

(g) Income tax

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

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Financial instruments

Loans and receivables

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

Financial liabilities

Financial liabilities include trade payables, other creditors and loans from third parties.

Non-derivative financial liabilities are subsequently measured at amortised cost, comprising original debt less principal payments and amortisation.

Financial liabilities are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

(i) Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

Operating leases

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

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

(j) Employee benefits

(i) Short-term employee benefit obligations

Liabilities arising in respect of wages and salaries, annual leave and any other employee benefits (other than termination benefits) expected to be settled wholly before twelve months after the end of the annual reporting period are measured at the (undiscounted) amounts based on remuneration rates which are expected to be paid when the liability is settled. The expected cost of short-term employee benefits in the form of compensated absences such as annual leave and accumulated sick leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables in the statement of financial position.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Employee benefits (Continued)

(ii) Long-term employee benefit obligations

The provision for other long-term employee benefits, including obligations for long service leave and annual leave, which are not expected to be settled wholly before twelve months after the end of the reporting period, are measured at the present value of the estimated future cash outflow to be made in respect of the services provided by employees up to the reporting date. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee turnover, and are discounted at rates determined by reference to market yields at the end of the reporting period on high quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation. For currencies in which there is no deep market in such high quality corporate bonds, the market yields (at the end of the reporting period) on government bonds denominated in that currency are used. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the change occurs.

Other long-term employee benefit obligations are presented as current liabilities in the statement of financial position if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur. All other long-term employee benefit obligations are presented as non-current liabilities in the statement of financial position.

(k) Goods and services tax (GST)

Revenues, expenses and purchased assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the 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.

(l) Comparatives

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

(m) Rounding of amounts

In accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, the amounts in the directors' report and in the financial report have been rounded to the nearest dollar.

KIDSXPRESS LIMITED
ABN 65 117 488 570

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

	2017	2016
	\$	\$
NOTE 2: REVENUE AND OTHER INCOME		
Interest income	5,572	9,659
Donations - cash	214,177	222,166
Grants	862,510	784,970
Benefits received from fundraising events and auctions	547,380	312,597
Donations - in-kind	75,520	-
Rental revenue	63,780	57,993
Other revenue	<u>37,419</u>	<u>51,165</u>
	<u><u>1,806,358</u></u>	<u><u>1,438,550</u></u>

NOTE 3: OPERATING PROFIT

Profit / (losses) before income tax has been determined after:

Bad and doubtful debts	1,727	1,364
Employee benefits:		
- Salary and wages	1,188,243	1,053,671
- Superannuation	111,728	101,784
- Other employee benefits	<u>57,086</u>	<u>37,358</u>
	1,357,057	1,192,813

NOTE 4: KEY MANAGEMENT PERSONNEL COMPENSATION

Compensation received by key management personnel of the company

- short-term employee benefits	138,004	139,946
- post-employment benefits	13,110	13,295
- other long-term benefits	<u>2,465</u>	<u>2,462</u>
	<u><u>153,579</u></u>	<u><u>155,703</u></u>

No director other than the Chief Executive Officer received any remuneration during the 2017 and 2016 financial years.

NOTE 5: CASH AND CASH EQUIVALENTS

Cash on hand	183	2,459
Cash at bank	308,530	356,556
Cash on deposit	<u>26,421</u>	<u>26,421</u>
	<u><u>335,134</u></u>	<u><u>385,436</u></u>

KIDSXPRESS LIMITED
ABN 65 117 488 570

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

	2017	2016
	\$	\$
NOTE 6: PROPERTY, PLANT AND EQUIPMENT		
Music equipment at cost	18,551	18,551
Accumulated depreciation	<u>(15,527)</u>	<u>(15,134)</u>
	3,024	3,417
Leasehold improvements at cost	33,004	33,004
Accumulated depreciation	<u>(31,335)</u>	<u>(26,326)</u>
	1,669	6,678
Motor vehicles at cost	176,200	100,680
Accumulated depreciation	<u>(72,283)</u>	<u>(41,851)</u>
	103,917	58,829
Office furniture and equipment at cost	11,100	11,100
Accumulated depreciation	<u>(10,927)</u>	<u>(9,648)</u>
	173	1,452
Computer equipment at cost	56,571	54,792
Accumulated depreciation	<u>(48,546)</u>	<u>(35,365)</u>
	<u>8,025</u>	<u>19,427</u>
Total property, plant and equipment	<u><u>116,808</u></u>	<u><u>89,803</u></u>

Reconciliations

Reconciliation of the carrying amounts of property, plant and equipment at the beginning and end of the current financial year

Music equipment

Opening carrying amount	3,417	3,514
Additions	-	288
Depreciation expense	<u>(393)</u>	<u>(385)</u>
Closing carrying amount	<u><u>3,024</u></u>	<u><u>3,417</u></u>

Leasehold improvements

Opening carrying amount	6,678	10,160
Additions	-	1,200
Depreciation expense	<u>(5,009)</u>	<u>(4,682)</u>
Closing carrying amount	<u><u>1,669</u></u>	<u><u>6,678</u></u>

KIDSPRESS LIMITED
ABN 65 117 488 570

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

	2017	2016
	\$	\$
NOTE 6: PROPERTY, PLANT AND EQUIPMENT (CONTINUED)		
Reconciliations (Continued)		
<i>Motor vehicles</i>		
Opening carrying amount	58,829	83,999
Additions via donations in-kind	75,520	-
Depreciation expense	<u>(30,432)</u>	<u>(25,170)</u>
Closing carrying amount	<u><u>103,917</u></u>	<u><u>58,829</u></u>
<i>Office furniture and equipment</i>		
Opening carrying amount	1,452	2,977
Depreciation expense	<u>(1,279)</u>	<u>(1,525)</u>
Closing carrying amount	<u><u>173</u></u>	<u><u>1,452</u></u>
<i>Computer equipment</i>		
Opening carrying amount	19,427	21,832
Additions	1,779	10,918
Depreciation expense	<u>(13,181)</u>	<u>(13,323)</u>
Closing carrying amount	<u><u>8,025</u></u>	<u><u>19,427</u></u>
NOTE 7: INTANGIBLE ASSETS		
Software at cost	9,845	9,845
Accumulated amortisation and impairment	<u>(6,570)</u>	<u>(3,285)</u>
	<u><u>3,275</u></u>	<u><u>6,560</u></u>
Reconciliations		
Reconciliation of the carrying amounts of intangible assets at the beginning and end of the current financial year		
<i>Software</i>		
Opening balance	6,560	-
Additions	-	9,845
Amortisation expense	<u>(3,285)</u>	<u>(3,285)</u>
Closing balance	<u><u>3,275</u></u>	<u><u>6,560</u></u>

KIDSXPRESS LIMITED
ABN 65 117 488 570

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

	2017	2016
	\$	\$
NOTE 8: PAYABLES		
CURRENT		
<i>Unsecured liabilities</i>		
Trade creditors	22,090	26,443
Sundry creditors and accruals	<u>13,926</u>	<u>47,717</u>
	<u>36,016</u>	<u>74,160</u>
NOTE 9: CASH FLOW INFORMATION		
Reconciliation of cash flow from operations with loss		
Profit / (loss) from ordinary activities after income tax	(20,631)	(293,548)
Adjustments and non-cash items		
Depreciation and amortisation	53,578	48,370
Donations in-kind	(75,520)	-
Changes in operating assets and liabilities		
(Increase) / decrease in receivables	3,701	(16,763)
(Increase) / decrease in other assets	3,698	-
Increase / (decrease) in payables	(38,143)	(17,249)
Increase / (decrease) in provisions	<u>24,794</u>	<u>-</u>
Cash flows from operating activities	<u>(48,523)</u>	<u>(279,190)</u>

NOTE 10: RELATED PARTY TRANSACTIONS

Macquarie Group Limited, a director related entity, through the Macquarie Group Foundation have donated to KidsXpress in order to fund specific programs during the year.

GSA Insurance Brokers Pty Ltd, a director related entity, have made donations and have provided insurance broking services at no charge to KidsXpress during the year.

Steadfast Group Limited, a director related entity, through the Steadfast Foundation have donated to KidsXpress during the year.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

	2017	2016
	\$	\$

NOTE 11: CAPITAL AND LEASING COMMITMENTS

Operating lease commitments

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

Payable

- not later than one year	33,028	104,200
- later than one year and not later than five years	-	32,538
- later than five years	-	-
	<u>33,028</u>	<u>136,738</u>

The company leases its premises at 122 Lang Road, Moore Park NSW 2021, under a non-cancellable operating lease which expired 22 October 2017. The company entered into a new lease agreement after this date, as such, the lease commitment is not included in the above year end disclosure.

NOTE 12: AUDITOR'S REMUNERATION

During the year the following fees were paid or payable for services provided by the auditor of the company, its related practices and non-related audit firms:

Pitcher Partners

- Audit of financial statements	-	-
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PricewaterhouseCoopers

- Audit of financial statements	<u>-</u>	<u>27,500</u>
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NOTE 13: MEMBERS' GUARANTEE

The company is incorporated under the *Corporations Act 2001* and is a company limited by guarantee. If the company is wound up, the Constitution states that each member is required to contribute to a maximum of \$10 each towards meeting any outstandings and obligations of the company. At 30 June 2017 the number of members was 4. The combined total amount that members of the company are liable to contribute if the company is wound up is \$40.

NOTE 14: EVENTS SUBSEQUENT TO REPORTING DATE

There has been no matter or circumstance, which has arisen since 30 June 2017 that has significantly affected or may significantly affect:

- the operations, in financial years subsequent to 30 June 2017, of the company, or
- the results of those operations, or
- the state of affairs, in financial years subsequent to 30 June 2017, of the company.

KIDSPRESS LIMITED
ABN 65 117 488 570

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

	2017	2016
	\$	\$
NOTE 15: INCOME AND EXPENDITURE - FUNDRAISING APPEALS		
This disclosure is made under the <i>Charitable Fundraising Act 1991 (NSW)</i> ("the Act").		
Details of aggregate gross income and total expenses of Fundraising Appeals		
Gross proceeds of Fundraising Appeals (as defined in the Act)	1,699,587	1,319,732
Costs of Fundraising Appeals	<u>(103,033)</u>	<u>(93,170)</u>
Net surplus obtained from Fundraising Appeals	<u>1,596,554</u>	<u>1,226,562</u>
Statement showing how funds received were applied to charitable purposes		
Net surplus obtained from Fundraising Appeals	1,596,554	1,226,562
This was applied to the charitable purposes in the following manner:		
Expressive therapy program to clients	<u>(1,723,956)</u>	<u>(1,638,924)</u>
Balance available to be applied for charitable purposes	<u>(127,402)</u>	<u>(412,362)</u>
Fundraising Appeals conducted during the financial year		
Donations	1,152,207	1,007,136
Benefits received from fundraising events and auctions	<u>547,380</u>	<u>312,596</u>
	<u>1,699,587</u>	<u>1,319,732</u>
Comparisons of certain monetary figures and percentages		
The following figures and percentages exclude sales revenue and expenditure on commercial activities.		
(Total cost of fundraising appeals)	(103,033)	(93,170)
Gross income from fundraising appeals	1,699,587	1,319,732
as a %	(6.1%)	(7.1%)
Net surplus from fundraising appeals	1,596,554	1,226,562
Gross income from fundraising appeals	1,699,587	1,319,732
as a %	93.9%	92.9%
Total cost of assistance to clients	1,482,849	1,460,249
Total expenditure	1,826,989	1,732,098
as a %	81.2%	84.3%
Total cost of assistance to clients	1,482,849	1,460,249
Total revenue received	1,806,358	1,438,550
as a %	<u>82.1%</u>	<u>101.5%</u>

KIDSXPRESS LIMITED
ABN 65 117 488 570

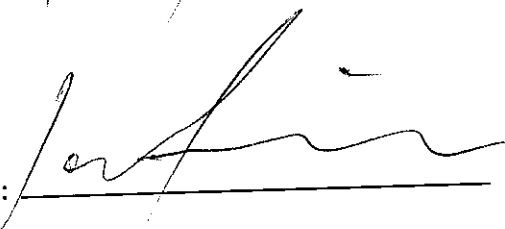
DIRECTORS' DECLARATION

The directors declare that:

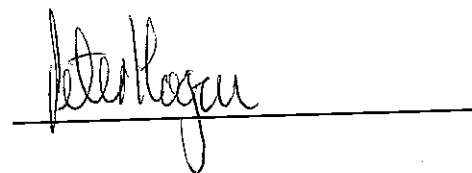
1. there are reasonable grounds to believe that the registered entity is able to pay all of its debts, as and when they become due and payable; and
2. the financial statements and notes satisfy the requirements of the *Australian Charities and Not-for-profits Commission Act 2012*.

Signed in accordance with subsection 60.15(2) of the *Australian Charities and Not-for-profit Commission Regulation 2013*.

Director:



Director:



Dated this 16th day of November 2017



PITCHER PARTNERS

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KYLIE LAMPRECHT
NORMAN THURECHT
BRETT HEADRICK
WARWICK FACE
NIGEL BATTERS
COLE WILKINSON
SIMON CHUN
JEREMY JONES

Independent Auditor's Report to the Members of KidsXpress Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of KidsXpress Limited, "the Company", which comprises the statement of financial position as at 30 June 2017, the statement of comprehensive income, statement of changes in equity and 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, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial report of the Company is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- (a) giving a true and fair view of the Company's financial position as at 30 June 2017 and of its financial performance for the year then ended; and
- (b) complying with Australian Accounting Standards and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Basis for Qualified Opinion

Cash from donations and other fundraising activities are a significant source of revenue for the Company. The Company's directors have determined that it is important to establish control over the collection of cash donations and other fundraising activities prior to entry into its financial records. Accordingly, as the evidence available to us regarding revenue from cash donations and other fundraising activities was limited, our audit procedures with respect to revenue from these sources had to be restricted to the amounts recorded in the Company's financial records. As a result, we are unable to express an opinion as to whether revenue from cash donations and other fundraising activities is complete.

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 Company 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 confirm that the independence declaration required by the *Australian Charities and Not-for-profits Commission Act 2012*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Other Information

Those charged with governance are responsible for the other information. The other information comprises the information included in the director's report for the year ended 30 June 2017.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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-profits Commission Act 2012*, and for such internal control as management determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, management is responsible for assessing the Company'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 management either intends to liquidate the Company's or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

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 the 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 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 Company'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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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.

Report on Other Legal and Regulatory Requirements *Charitable Fundraising Act 1991 (NSW)* and *Charitable Fundraising Regulations 2008 (NSW)*

We have audited the financial report as required by Section 24(2) of the *Charitable Fundraising Act 1991 (NSW)*. The directors of the Company are responsible for the preparation and presentation of the financial report in accordance with the *Charitable Fundraising Act 1991 (NSW)* and the *Charitable Fundraising Regulations 2008 (NSW)*. Our responsibility is to express an opinion on the financial report in accordance with the *Charitable Fundraising Act 1991 (NSW)* and the *Charitable Fundraising Regulations 2008 (NSW)* based on our audit.

Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report:

- (a) the financial report of the Company has been properly drawn up and associated records have been properly kept during the year ended 30 June 2017 in accordance with:
 - i. sections 20(1), 22(1-2), 24(1-3) of the *Charitable Fundraising Act 1991 (NSW)*; and
 - ii. sections 9(6) and 10 of the *Charitable Fundraising Regulations 2008 (NSW)*; and
- (b) the money received as a result of fundraising appeals conducted by the company during the financial year ended 30 June 2017 has been properly accounted for and applied in accordance with the *Charitable Fundraising Act 1991 (NSW)* and *Charitable Fundraising Regulations 2008 (NSW)*.



PITCHER PARTNERS



WARWICK FACE
Partner

Brisbane, Queensland
16 November 2017