

Annual Report 2021



Acknowledgement of Country



*C&K acknowledges and pays
its respects to the Traditional
Custodians of the lands on which
our offices and centres are
located across Queensland and
their continuing connection to
land, sea and Community.*

*C&K also pays respects
to all Elders past,
present and emerging.*



Honouring First Nations Peoples

C&K early childhood centres are located on lands that stretch from Cape York Peninsula in the north of Queensland, down to the NSW border, and from the Simpson Desert across to the Great Barrier Reef. On these lands, Australia's First Nations Peoples have been teaching and learning ways of belonging, being and becoming for more than 65,000 years.

C&K learning communities have been shaped, and will continue to be shaped, by the influences of Aboriginal and Torres Strait Islander cultures, wisdoms, and knowledge. Honouring First Nations Peoples' histories, perspectives and continuing connections to land, sea and sky in all early childhood programs deepens everyone's learning. It is a great privilege to learn from and with the oldest living and thriving cultures on earth and walk together for a better future for all.

C&K early childhood centres recognise that innovative early childhood curriculum is richest when it connects past, present and future. The C&K Curriculum Approach, *Listening and Learning Together*, draws on our 115-year history of commitment to community early childhood education, reflects current research and policy, and enables scope for embracing the future.

“Honouring our past,
to teach our present,
to create our future”

Trisha Schuh:
Napranum early childhood centre

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A message from our Chair

I am delighted to share with you our 2021 Annual Report.

For 115 years, C&K has provided high quality early childhood education and care to children and families in Queensland. Since 1907, children have come first in everything we do, with over one million children having experienced the benefits of a C&K early childhood education program. Today we proudly operate 338 kindergartens and childcare centres across the length and breadth of Queensland.

As a not-for-profit organisation, C&K reinvests its funds to strengthen and grow the organisation to better serve the needs of children and families. The 2021 year was undoubtedly further proof of how vital the early childhood education and care sector is in providing stability and nurturing to children and their families. Navigating the challenges and uncertainties of 2021 required us to respond in new ways to our purpose; to nurture and inspire children to succeed in an ever-changing world.

C&K, led by its incredible people, rose to the challenge to provide every C&K child with a great early learning experience.

I would like to take this opportunity to reflect on a few of the remarkable achievements of our organisation and its people. It also presents an opportunity to identify the organisation's challenges and identify best practices and opportunities for growth.

During 2021, C&K continued to expand its childcare portfolio with the opening of a new purpose-built, architecturally designed centre at Robinson Road, Geebung and the acquisition of the Birralelee Childcare Centre, which was previously operated by the Moreton Bay Regional Council.

C&K welcomed Springwood Community Kindergarten as an affiliated kindergarten, and the management committees of three existing affiliated kindergartens - Mackay Kindergarten, South Mackay Kindergarten and Charleville Kindergarten - voted to transition their kindergartens to become C&K operated branch centres.

C&K has a deep understanding of the ever-evolving needs of Queensland families for high-quality early childhood education and care. During 2021, we successfully partnered with the Queensland Government to pilot several new programs aimed at encouraging more children to attend a kindergarten program before commencing school.

Our 2019-2021 Strategic Plan and vision to be 'Queensland's pre-eminent provider of early education and care' has shaped our practice and decisions over the last three years.

C&K's new Strategic Plan takes an expanded 5 year view with a refreshed Vision statement: 'Where every child flourishes'. We will achieve this vision by focusing on five key goals:

- 1 C&K exceeds the National Quality Standard
- 2 C&K responds to and invests in children, families, and their communities
- 3 C&K's workforce is exceptional
- 4 C&K is an effective organisation
- 5 C&K is the recognised leader in early childhood education and care



Without great leadership, no organisation can run effectively.

In 2021 we were deeply saddened by the passing of Emeritus Professor Mary Mahoney AO. Mary was a highly respected and passionate advocate for children and served on C&K's governing body from 1982 until her retirement from the Board in 2013, including 13 years as the Chair. In 2014, C&K recognised Mary's contributions by establishing the Emeritus Professor Mary Mahoney AO Award for Excellence in Early Childhood Education and Care, which is awarded annually to a high achieving C&K individual or centre. C&K would not be the organisation it is today without the years of dedication, leadership and guidance provided by Mary. C&K will continue to honour her contributions to our organisation and to the early childhood education and care sector.

I also wish to extend my gratitude to Jane Bourne for her exceptional service as Chief Executive Officer for the past three years before her well-earned retirement in October 2021. Jane navigated C&K through significant organisational change and the immense challenges of the COVID pandemic. Jane's warmth and positivity permeated throughout the organisation. Her significant contribution to C&K and the sector will be felt for many years to come.

The Board was delighted to appoint Dr Sandra Cheeseman in December 2021 to lead C&K into its next chapter. The broad experience, knowledge and insights that Sandra brings to the position of CEO provides an exceptionally strong platform for the future of the organisation.

To each and every staff member at C&K, an enormous thank you. Thank you for your passion, your joy, and your energy. The role you each play in children's lives is paramount, and the dedication you bring every day to ensure every child feels nurtured and included is uplifting. Time and again you have stepped up and pushed onward and kept the wellbeing of the children at the forefront of everything you do.

To our affiliated kindergartens and volunteer management committees, thank you for choosing to partner with C&K to provide your support services. The unique relationships each of you hold with your community contributes to the success of C&K in reaching more children in more communities. Your dedication to your local community, children and families makes an important contribution to placed based initiatives, enabling children to flourish.

I would also like to thank our many wonderful C&K families. You have trusted C&K with your children in uncertain and often uneasy times. Thank you for allowing C&K to part be of the critical early years of your child's development.

Finally, I wish to thank my fellow 2021 Board Directors - Brit Ibanez, Charles Strickland, Dr Christina Turner, Geoff Hirst, Dr Megan Gibson, Pauline Elliott, and Scott Carpenter. Together you bring a wealth of experience, a breadth of knowledge, and provide thoughtful guidance for which I am most grateful.



Therese Mulherin

Therese Mulherin
Chair

A message from our CEO

As 2021 unfolded, it was clear that the ever-evolving COVID-19 pandemic would continue to be a key challenge for our organisation, our people, and our families. We once again adapted our business, as we navigated the emerging challenges. I am proud to say we continued to deliver high-quality early childhood education and care for over 18,490 children.

C&K would not be anything without our talented and dedicated directors, teachers, educators and support staff. You are the very core of C&K and the role you play in our children's lives is invaluable. I could not be prouder of your response and resilience during this challenging year. Our central and regional teams have also demonstrated flexibility, willingness, and great commitment to their profession. It is an honour to work alongside you each day.

In October Jane Bourne, our former CEO, retired after three years of exceptional leadership of C&K and over 40 years of influence in the early childhood sector. It was a privilege to work with and learn from her. Jane's energy, enthusiasm and dedication to early childhood will leave an indelible mark on our organisation. C&K is in a strong position because of her valuable contribution.

I was honoured to have been appointed Chief Executive Officer in December 2021. The stewardship of C&K is both a great responsibility and a tremendous opportunity. Having proudly served as C&K's Chief Operating Officer since 2019, I look forward to building on the existing strength of C&K to take it into a bright new future. I want to thank the members of our executive team, Mark Stones, Chief Financial Officer and Executive Manager Corporate Services, and Jane Harpley and Zalee Turner, Acting Chief Operating Officers, for their exceptional knowledge and resolute support as I have taken up the CEO role.

To our Board of Directors, thank you for your continued guidance and leadership throughout an arduous year. A special thank you to our Chair, Therese Mulherin, for your leadership over the transition to a new CEO. I look forward to working closely with the Board to achieve the ambitious vision that C&K has for early childhood education and care in Queensland.

Despite the challenges of COVID, we were able to connect, celebrate and continue to strengthen our organisation. 2021 allowed for the return of our C&K conferences, and we were delighted to host our Innovation & Curriculum Conference and Awards throughout the year. After over twelve months of separation, it was refreshing to connect with everyone in person and reward our centres' incredible efforts and achievements. A special mention must go to C&K Thornlands Childcare Centre for their tremendous achievement in being awarded the Emeritus Professor Mary Mahoney AO Award for Excellence and Innovation and Curriculum - congratulations!

I had the pleasure of touring many of our affiliated kindergartens this year. It was wonderful to meet and connect with the many committee members. Thank you for choosing C&K to support you, and I look forward to strengthening our connections.

This year created a further opportunity to develop and refine strategies to improve the connection with Aboriginal and Torres Strait Islander people and communities.

C&K has been reviewing the ways in which we demonstrate our commitment to reconciliation and planning for a future statement and commitment that is responsive to our changing organisation.

We are engaging with community members and elders across our network so that C&K remains responsive and grows in our knowledge of Aboriginal and Torres Strait Islander influences.

C&K continued our advocacy work with government to positively influence policy decisions that affect our sector. We continue to work in partnership with government to improve access to early childhood programs for all children and ensure that we are building and strengthening the early childhood workforce.

C&K was the recipient of several Government-funded projects in 2021, to enable more children to access high-quality kindergarten programs. C&K piloted innovative models to enable three-year old children to have a transition to kindergarten.

We also piloted free kindergarten across certain rural and remote areas of Queensland, resulting in more children accessing a high-quality kindergarten program before starting school. C&K was successful in a joint tender with fellow not for profit provider, Lady Gowrie Queensland, to provide Kindy Uplift advice to over 100 Queensland early childhood education and care centres across the sector in the 2022 Kindy Uplift Pilot.



We continue to seek opportunities to expand our reach and influence in the early childhood sector.

To close, I wish to give a final and sincere thank you to all of the people in the C&K family. Our branch teams, affiliate committees, central and remote workers, members and life members, and our Boards Directors - thank you for everything you do for C&K.

I am incredibly proud to lead C&K through its next chapter and oversee our 2022 vision:



Sandra Cheeseman
Dr Sandra Cheeseman
CEO



About C&K

With 115 years in early childhood education and care, The Creche and Kindergarten Association is regarded as one of Australia's leading providers of childcare and kindergarten.

We have 338 kindergarten and childcare centres across Queensland, and as a not-for-profit, children come first in everything we do.

We respect each other, work with integrity, and strive for excellence.

C&K's early childhood curriculum approach, *Learning and Listening Together* recognises the unique potential of each child and guides the learning experiences offered across our kindergarten and childcare centres.

The learning outcomes in our curriculum approach align with the Early Years Learning Framework for Australia (EYLF), the Queensland Kindergarten Learning Guideline (QKLG), and contemporary practices and understandings of the early years.

C&K educators skilfully partner with all children and families to create caring and vibrant learning communities.

We carefully work with an anti-bias curriculum to promote fairness, empowerment and respect, and role-model equity and inclusion.

We honour every child's right to play, build on their existing learning from home, and provide foundations to be a life-long learner.



C&K Centres Across Queensland

Despite the many challenges faced in 2021, we continued to grow our footprint and respond to the increased need for quality early learning and care.

In June we opened the doors to C&K Robinson Road, Geebung, Childcare Centre. Designed in collaboration with teachers, educators, and architects, the Hampton inspired centre offers an expansive natural outdoor play area and indoor playspaces that are well-equipped, with open-ended resources promoting rich opportunities for play-based learning.

We were delighted to have been successful in a tender submission to acquire Birralee Childcare Centre.

Previously owned by the Moreton Bay Regional Council, this 65 place childcare centre is a valuable addition to our childcare portfolio.



 Branch Centres
 Affiliated Kindergarten

181 Branch Centres
157 Affiliated Kindergartens

New Build
 C&K Robinson Road
 Childcare Centre

New Affiliated Kindergarten
 Springwood
 Community
 Kindergarten

New Sites
 C&K confirmed the relocation of C&K Carseldine Community Childcare Centre and C&K Yuingi Childcare Centre.
 Both centres are expected to open in 2023

Transitions from Affiliated Kindergartens to Branch Kindergartens
 C&K South Mackay Community Kindergarten
 C&K Charleville Community Kindergarten
 C&K Mackay Community Kindergarten

New Acquisition
 C&K Birralee
 Childcare Centre



Children of C&K

18,940

children attended C&K centres (total)

6,212

children attended branch kindergarten

847

children attended extended hours kindergarten

155

children attended Outside School Hours Care

7,007

children attended affiliated kindergarten

4,719

children attended childcare



Quality

In 2021, C&K focused on continuous quality improvement and delivering high-quality education and care to its many families.

A total of 61 centres were assessed and rated under the National Quality Standard (NQS) in 2021. C&K continues to achieve significantly higher results than state and national averages with 99% of C&K centres rating Meeting or Exceeding the NQS.

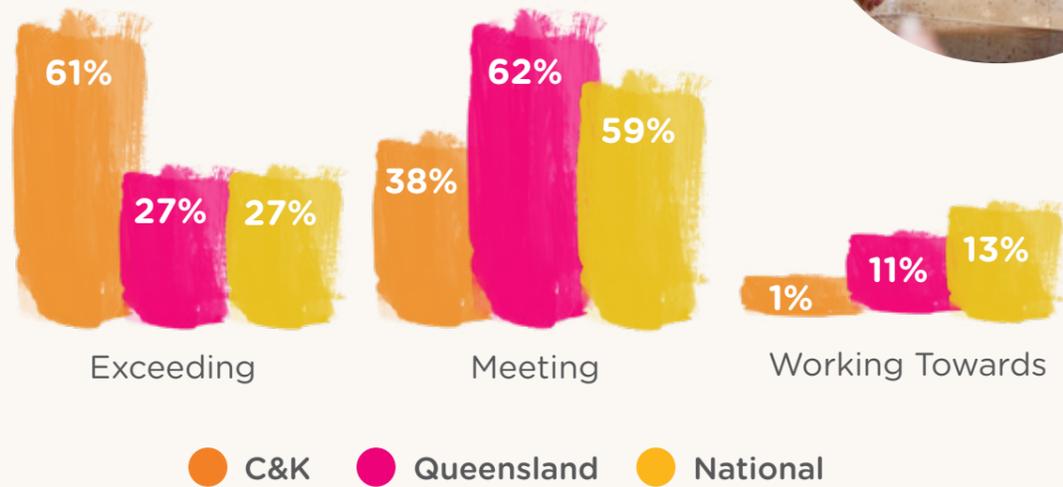
Congratulations to C&K Oxley Childcare Centre and C&K Thornlands Childcare Centre for achieving an Exceeding in their first year of operation.



Our strongest quality areas are in partnerships with families and community and relationships with children



% of services 'Meeting', 'Exceeding' and 'Working Towards' the National Quality Standards



*source ACECQA NQF Snapshot Q4 2021

“ To build confidence and learn new things along with the importance of developing respect for friends and teachers. ”
Faraz, C&K Kuluin Community Kindergarten

Develop social skills and other skills in readiness for school next year. It gives him a sense of independence and an opportunity to learn in a structured environment.
Danielle, C&K Tieri Community Kindergarten

We asked our families, why did you choose C&K?

“ It allows them to integrate with many people at a young age, hopefully leading to understanding structure and making many friends along the way. ”
Alan, C&K Highland Reserve Community Kindergarten

“ Great educators for my child. Great learning programs to help build all developmental needs and helpful resources for home. Great communication with Teachers and myself. Love the StoryPark app too! ”
Family member at C&K Crestmead Community Kindergarten

“ The caring, thoughtful, kind and caring educators. Their nature-inspired approach, child-led, play-based way of running the program. It has given our son so much confidence, and nurtured his love of nature and the outdoors, and he has such good foundations for starting school next year. ”
Family member at C&K Canungra Community Kindergarten

Family Satisfaction

“ We saw kindy as the perfect stepping stone in readiness for school, also giving our child a routine and social network ”
Angela, C&K The Gap Community Kindergarten

“ The quality of care is so high. All educators clearly have a strong understanding and belief in the curriculum, particularly the attachment informed approach to emotional support/ learning. It shows: the children are so supported and content in their environment. We feel so happy with our centre. ”
Family member at C&K Yuingi Community Childcare Centre

Kindergarten helps develop social skills, routines, emotional resilience, independence, and a love of learning. My son and daughter both thrived at kindy, and it helped their personalities shine through and set them up well to begin Prep.
Melissa, C&K Murgon Community Kindergarten



C&K measures family satisfaction through an annual Net Promotor Score survey. The NPS is an index used to measure a customer's willingness to promote our organisation's service to others.

Our 2021 scores remained consistently high at 77, well above the Education sector average of 34.

77
for C&K Overall

Our People

TOTAL NUMBER OF EMPLOYEES
2,241

FULL-TIME & PART-TIME EMPLOYEES
1,227

TOTAL NUMBER OF CASUAL/RELIEF EMPLOYEES
1,014

EMPLOYEE TURNOVER*: OVERALL
17.5%

*12-month average

C&K is proud of our exceptional workforce. Throughout 2021 our staff provided frontline support to families and children during rolling lockdowns, COVID-19 outbreaks and critical staff shortages across the early childhood sector.

The importance of nurturing our workforce was a key priority for C&K. We continue to ensure that our remuneration and benefits attract and retain the most talented workforce.

Over the past year we invited staff to participate in a COVID-19 check-in survey. Information provided through this survey enabled C&K to target a number of support programs and professional learning opportunities in recognition of the increased demands on our workforce.

We acknowledge and applaud the significant contribution that C&K teachers, educators and support staff play, in the national COVID-19 recovery agenda.



Looking Forward

C&K people are at the heart of our organisation and will continue to be a focus beyond 2021.

C&K will continue to:

1 join with Early Learning and Care Council of Australia and Early Childhood Australia to advocate for sector wide workforce reform by implementing the Australian Children's Education and Care Quality Authority Workforce Strategy

2 work to transform the perception of careers in early childhood education and care, including through ELACCA's Big Roles in Little Lives campaign

3 continue to offer market-leading remuneration and benefits to attract qualified and exceptional staff

4 listen to and understand the experience of C&K staff, including the influence of COVID-19, and implement wellbeing initiatives



Awards

C&K has a proud history of recognising and supporting individuals and services who champion children, families, and the community.

The C&K Excellence and Innovation Awards form part of the 2021 Innovation and Curriculum Conferences. The awards recognise C&K people and services who work collaboratively, and who are innovative and creative with their programs. Each of the winners embodies the values of C&K and we're excited to showcase and celebrate their great work.

Our 2021 Winners

Metro North Coast

- Authentic Partnerships:
Carramar Community Kindergarten
- Rich Relationships and Connections:
East St Kindy
- Diversity and Interconnectedness: Wynnum Manly
Community Kindergarten

South Coast & West

- Professional Inquiry and Reflective Practice:
C&K Thornlands Childcare Centre
- Rich Relationships and Connections:
C&K Gabbinbar Community Kindergarten
- Diversity and Interconnectedness:
C&K Oakey Community Kindergarten
- Collaborative Partnerships:
C&K Ripley Childcare and Kindergarten

North Queensland

- Authentic Collaborative Partnerships:
C&K Magnetic Island Early Childhood Centre
and C&K Rockhampton South Kindergarten
- Rich Relationships and Connections:
C&K Port Douglas Community Kindergarten
- Professional Inquiry & Reflective Practice:
C&K Walkerston Community Kindergarten

Congratulations

**Emeritus Professor
Mary Mahoney AO
Award for Excellence
in Early Childhood
Education and Care:
C&K Thornlands
Childcare Centre**



C&K College



Since 1988, the C&K College of Early Childhood has been a respected Registered Training Organisation (RTO) that delivers qualifications for C&K staff and the early childhood sector.

The C&K College focuses on Certificate III and Diploma qualifications and a bridging program, enabling primary teachers to upgrade their qualifications to become specialist early childhood teachers. These programs offer qualifications that are critically important to building our pipeline of talented staff.

Our strength is providing industry-relevant training, assessment, and vocational placement, and our graduates have employment outcomes that exceed many other providers.

During 2021, the C&K College developed a suite of units to meet the requirements of the newly approved Certificate III and Diploma programs. Refreshing our programs ensures that C&K College students access the most current learning content, building the capability and confidence of our workforce. We warmly congratulate 90 students who graduated from their programs in 2021.

2021 Enrolments

79	Diploma of Early Childhood
125	Certificate III
22	Bridging Course
4	Skill Set

Key Achievements

- 59 students graduated with a Certificate III in Early Childhood Education and Care
- Completion of Skilling Queenslanders for Work (SQW) grant funded project providing study opportunities for 21 students in remote communities
- 18 Students graduated from the bridging course program
- 13 students graduated with a Diploma of Early Childhood Education and Care

Education, Learning and Research

In 2021, C&K continued to build capability through professional learning initiatives to support high-quality practice in our early childhood centres.

The C&K Educational Leadership Framework was developed as a co-designed project highlighting five guiding principles for pedagogical excellence:

- supporting strong pedagogical practice,
- leading from within,
- respectful leadership,
- creating a culture of learning, and
- making quality visible.

Designed in collaboration with C&K childcare educational leaders, the framework strengthens pedagogical leadership across our organisation and our commitment to continuous improvement.

Pedagogical documentation is pivotal to delivering our high-quality early childhood programs. In 2021, C&K engaged Queensland University of Technology to conduct an external review of our documentation practices, including a literature review of Australian and international early childhood evidence and a survey of teachers and educators. The aim of the review was to inform C&K's approach to documentation outlining broad principles that will provide guidance and direction to this important aspect of teaching practice.

C&K's commitment to the youngest children was reflected in our review of our Birth to Three Approach. Inviting distinguished researchers and experts in the field of infant/toddler education and care to contribute to a professional conversation, has provided a platform to strengthen C&K's expertise and leadership in the sector.



“ I enjoyed every minute of your training, thank you for being a truly outstanding trainer. Your passion for teaching and your dedication to your students is obvious in everything you do. ”

Keerthika Akilan, Student



Inclusion for Children

Kindergarten Inclusion Support Scheme (KISS)

KISS funding continues to be a crucial resource for our centres as they strengthen their approach to inclusion and to ensure all children can access and participate in a quality kindergarten program.

In 2021, KISS funding was provided to 203 C&K centres to support the inclusion of children. KISS funding has enabled a range of inclusion strategies, including:

- employing an additional educator to support the planning and implementation of inclusive strategies or provide intensive support during transitions, routines, and ritual times
- engaging an external consultant to provide targeted or intensive support to the kindergarten program
- building educator capability with targeted professional development specific to each child's individual needs and diagnosis
- ongoing collaboration with external consultants (such as speech and language and occupational therapists) to build educator knowledge and understanding of inclusive teaching practices
- modifying learning areas to facilitate children's access and independence, such as creating sensory spaces for children to retreat to when they are feeling overwhelmed.

Hanan Learning Language & Loving it (HLLLI)

In 2021, 147 C&K Branch teachers and educators completed the HLLLI training program. The program provides practical strategies for helping all children build language and social skills, no matter what their learning and communication styles.

The overwhelming majority of participants felt positive and more confident implementing the strategies they learned, to support a child with a speech and language delay, impairment or disorder.

“ It's been a journey of discovery. I have relearned previous strategies and added skills to my teaching toolkit. ”

Hanan student feedback

147
educators
completed
HLLLI training
in 2021



Wellbeing Resources for Educators

In 2021, C&K made supporting the educators, teachers and directors who support our children and families a priority.

We developed and implemented a range of wellbeing resources to foster emotional agility and build resilience across our teams.

C&K leaders were upskilled to be able to provide mental health support to the people they manage and work with every day.

The Psychological First Aid (PFA) training gave C&K leaders an overview of PFA principles, psycho education on trauma, micro-counselling skills (including de-escalation strategies), and self-care strategies. Following the training, participants reported feeling better equipped to respond to a potentially traumatic event and advised that the micro-counselling skills were transferable to other aspects of their role.

We know that behaviour guidance is an area in which our teachers and educators regularly request support.

We are expanding our resources to support staff in guiding children's behaviour. In 2021, there was a focus on reflective conversations and research with teachers and educators, to inform resources that support children through practical strategies for positive behaviour guidance, understanding the levels of responses to particular behaviours, and ideas for unpacking behaviour scenarios in centre teams.



Events

After a year of virtual events and disappointing cancellations, we sought ways to reengage and bring everyone together to celebrate the spirit of C&K. Throughout 2021 we found opportunities to reconnect with our communities, staff, and external stakeholders.

We continued our partnership with the Queensland Museum Network for the World Science Festival, with events held in Brisbane, Ipswich and Toowoomba. At the Brisbane event, C&K provided a space for under 5s, which hosted various STEM activities where children and families could learn and play and discuss C&K's philosophy and curriculum with our team.

Our Bundaberg centres exhibited their artworks at the Bundaberg Art Show in October. Guided by the Bundaberg Regional Art Gallery's Artist in Residence and students from the East Coast TAFE Bundaberg, the children put their big ideas and dreams onto canvas and were delighted to showcase their work to the local community.

Our thirteen Toowoomba centres nurtured their community relationships by once again partnering with the Empire Theatre to copresent the Thrive on Arts as part of the Toowoomba Carnival of Flowers. C&K hosted a vibrant and engaging interactive display on the beautiful lawns of the Empire Theatre across four exciting days.



C&K Innovation in Curriculum Conferences (INC)

C&K invests in the professional development of our workforce. After taking a break in 2020, we were overjoyed to bring our educators and teachers together for learning, conversation, and connectedness.

Held over four locations, over 500 delegates gathered for this unique opportunity to hear the latest from the early education care sector and be exposed to new ways of thinking and learning.

The keynote speakers included Early Childhood Australia's Dr Kate Highfield and early childhood specialist Catharine Hydon. Their keynote presentations focused on two main areas - being intentional, and how to bring technology into the early learning space.

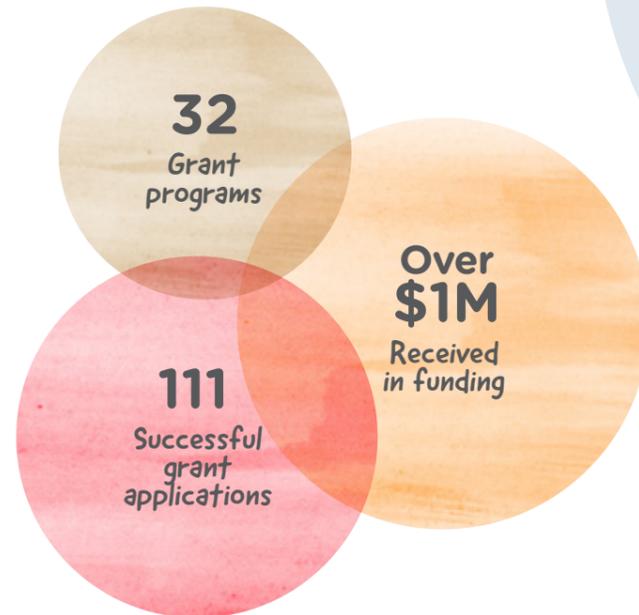


Grants and Funding

Grants

In 2021, C&K was awarded funding across 32 different grant programs, receiving a total of \$1,006,260 for 111 successful applications.

Grant funding assisted us with a variety of projects including improving our facilities through lighting upgrades, installing solar panels and additional shade, enhancing our learning programs by providing new equipment and resources, and supporting our workforce through additional study support and professional development.



Community Child Care Fund (CCCF) Open Competitive Round 3

Three of our childcare centres were successful, receiving a total of \$992,940 in funding through the Commonwealth Government's Community Child Care Fund.

This funding will support the centres to service rural and remote Queensland communities for the next three years.

Great Start to Kindergarten

The Great Start to Kindergarten pilot was a strategic initiative proposed by the Department of Education to deliver and evaluate flexible and innovative pre-kindergarten programs to three-year-old children.

The pilot was designed to deliver low or no cost access to a pre-kindergarten program which would ultimately support a successful transition to an approved kindergarten program in 2022.

The evaluation of the program highlights the success of the initiative, with 417 children enrolling in the pilot and 374 (89.6%) ultimately enrolling in an approved kindergarten program in 2022.

C&K would like to acknowledge and thank the following funding bodies for their support in 2021:

Australian Government

Department of Education, Skills and Employment
Department of Industry, Science, Energy and Resources
Department of Infrastructure and Regional Development

Queensland Government

Department of Communities, Housing and Digital Economy
Department of Education
Department of Environment and Science
Department of Justice and Attorney-General
Department of Transport and Main Roads

Thank you

Anglo American
Banana Shire Council
Bank of Queensland
Bendigo Bank
BHP Group Limited
Brisbane City Council
Bundaberg Regional Council
Children's Rights Queensland
City of Gold Coast
Commonwealth Bank
Dale Last MP
Drivas Moorooka Pty Ltd
Foundation for Rural and Regional Renewal
Hutton & Hutton Real Estate
Inger Rice Foundation
Lions Club of Biloela

Logan City Council
Mackay Regional Council
Matthews Real Estate
Mission Australia
Moreton Bay Regional Council
NAB Foundation
Peter Russo MP
QGC Pty Ltd
Qld Child Protection
Week Committee
Ray White
Rockhampton Regional Council
Rotary Club - Rotary Art Union
Sunshine Coast Council
The Smith Family
Tim Nicholls MP
Woolworths & Landcare Australia

for your
generous support

14 Branch Kindergarten and 16 Affiliated Kindergartens were awarded \$1.5m of funding under Great Start to Kindergarten.

Your directors present this report on The Crèche and Kindergarten Association Limited ("C&K" or "the Company"), for the year ended 31 December 2021.

Current Directors

Therese Mulherin • Chair (non-executive)

Qualifications • BOccThy, GAICD

Experience • Appointed Chair on 27 March 2019
• Appointed Deputy Chair on 6 September 2017, retired on 27 March 2019
• Board member since 30 May 2013



Ms Mulherin has carved a career as an allied health professional, executive leader, management consultant and board director. She has over 30 years' experience in the delivery of human services across sectors encompassing health, aged care, disability, employment services, community services and workplace rehabilitation. Ms Mulherin has experience in large national service organisations, delivering outsourced government contracts, strategy development, and change management. Ms Mulherin is interested in best practice, social impact, and building the capacity of organisations and their people.

Committee Responsibilities • Audit, Risk and Finance

Brit Ibanez • Director (non-executive)

Qualifications • B IntBus, LLB, LLM, GAICD

Experience • Appointed Deputy Chair on 27 March 2019
• Board member since 13 March 2018



Ms Ibanez is a partner at Hamilton Locke. She has held various positions at C&K services including as the Coordinator of a Parent Advisory Committee at a branch service and as president of an affiliated service. A lawyer with 20 years' experience, Brit's expertise spans corporate governance, risk management and compliance, commercial disputes, and directors' duties. Brit is a mother of three children and has a longstanding interest in developing best practice for early childhood education and care.

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The Crèche and Kindergarten Association Limited
ABN 59 150 737 849
Directors' Report (continued)
For the Year Ended 31 December 2021

Scott Carpenter

- Director (non-executive)

Qualifications

- M.Business Process Management, Prince 2 Practitioner, GAICD, Cert. IV TAE

Experience

- Board member since 26 June 2019



Mr. Carpenter works to bridge the gap between technical and business and improve organisational performance by aligning IT solutions to business needs. He applies appropriate best practice methodologies, frameworks and models coupled with technology solutions to achieve long term business objectives. Mr. Carpenter strongly believes in the ability of education to positively change someone's life and to support young people to achieve.

Committee Responsibilities

- Nominations (Chair)

Megan Gibson

- Director (non-executive)

Qualifications

- PhD, MEd, BEd (EC), DipT (EC)

Experience

- Board member since 19 May 2016



An Associate Professor in the School of Early Childhood and Inclusive Education at Queensland University of Technology, Dr Megan Gibson is also a respected researcher in her field. Her background as an early childhood educator with experience in teaching and leadership positions, culminated in her role as Director of an industry-leading childcare centre in Brisbane. Her award-winning doctoral research examined the professional identities of early childhood educators. This work combined with her extensive professional experience have laid the foundations for her program of research on early childhood workforce. In her current role at QUT, Dr Gibson coordinates the Master of Teaching (Early Childhood) course and responsible for teacher education units on leadership, professionalism and health and wellbeing. Dr Megan Gibson is Chair of the C & K Board Early Years and Innovation committee.

Committee Responsibilities

- Early Years and Innovation (Chair)
- Nominations

The Crèche and Kindergarten Association Limited
ABN 59 150 737 849
Directors' Report (continued)
For the Year Ended 31 December 2021

Geoff Hirst

- Director (non-executive)

Qualifications

- B. Com (Accounting and Economics), GAICD, CIA, CCSA, PMIIA

Experience

- Board member since 14 July 2020



Geoff Hirst is a Director at Aurecon, specialising in infrastructure risk advisory, design, engineering and sustainability. An authentic executive leader with over 27 years of professional finance, audit and risk advisory experience, Mr Hirst also has extensive global experience, particularly in the Education sector and professional services industry, with two Big-4 consulting firms, and now the Aurecon Group. Geoff is a strategic leader for complex environments, he champions the critical role risk plays in achieving strategic objectives, focusing decision making, pursuing opportunities, and improving performance and resilience. He has also had executive leadership roles within industries including, Queensland Health, major infrastructure development, and transport.

Committee Responsibilities

- Audit, Risk and Finance

Charles Strickland

- Director (non-executive)

Qualifications

- CA, B. IntBus, B. Com, GAICD

Experience

- Board member since 21 June 2019



Charles Strickland is a Chartered Accountant, and senior director at the Queensland Audit Office where he has responsibility for leading the accounting and auditing advice, and learning and development. He has broad experience across general government administration, and more recently the health and local government sectors. He brings a commitment to improving the lives of Queenslanders through his financial and performance audit work. He has a strong background in audit, risk, and governance. Mr. Strickland is a firm believer in quality education and giving young people every opportunity to succeed, in the past serving on his local school P&C as treasurer, and coaching junior hockey teams.

Committee Responsibilities

- Audit, Risk and Finance (Chair)
- Nominations

- Christina Turner**
- Director (non-executive)
- Qualifications
- PhD (HRM), MAppLaw, MBusCoach, GCMgt, GAICD, FGIA, FIML, FAHRI, FAIM
- Experience
- Board member since 23 June 2021



Dr Turner is a HRM & governance specialist. Her career has included heading up HR functions in national and multi-national, public and private sector organisations including ABC Learning Centres, the University of the Sunshine Coast, and QSuper Ltd. A past president of the Australian Human Resources Institute, Christina has also held a number of non-executive director roles on public, private and not-for-profit boards, as well as government and Governor-in-Council appointments to panels, commissions of inquiry, and tribunals. Christina has a passion for education delivery at all levels, and through specialist consultancy, Board Matters, she provides HR governance consulting services particularly in the area of School Principal performance reviews.

- Committee Responsibilities
- N/A

- Pauline Elliott**
- Director (non-executive)

- Qualifications
- BA, MProfEc

- Experience
- Board member since 23 June 2021



Pauline Elliott enjoyed a successful career in the Queensland public sector holding senior executive roles in Queensland Treasury, Department of Energy and Water Supply and Queensland Treasury Corporation. Pauline has extensive experience in financial and commercial matters, a deep understanding of government processes and public policy development, and has worked across multiple industry sectors including energy, transport and telecommunications. Pauline is now a consultant providing services to organisations seeking support in business strategy, commercial transactions, and complex stakeholder engagement.

- Committee Responsibilities
- N/A

Directors (retired during 2021)

- Genevieve Atkinson**
- Director (non-executive)
- Qualifications
- BBus, AssocDipBusMktg

- Experience
- Board member from 13 March 2018 to 14 January 2021



Ms Atkinson is an experienced marketing, communications and stakeholder engagement manager. With experience in the Federal, Queensland and Victorian Governments, Brisbane Marketing, South Bank Corporation and charities, Youngcare and Edmund Rice Foundation, and recently managing the Mater Foundation's Community Relations Program, she has also been a consultant and held advisory board roles with the Young People in Nursing Home Alliance and Good Samaritan Foundation. Ms Atkinson, a mother of three daughters, has a strong interest in early childhood education and the role it plays in allowing women to remain in the workplace.

- Committee Responsibilities
- N/A

Company Secretary

Katherine Fleming was appointed to the position of Company Secretary on 24 October 2012.

Meetings of Directors in 2021

Director	Board		Audit Risk and Finance Committee		Nominations Committee		Early Years and Innovation Committee*	
	A	B	A	B	A	B	A	B
Therese Mulherin	6	6	3	4	-	-	-	-
Brit Ibanez	6	6	-	-	-	-	-	-
Megan Gibson	6	6	-	-	2	2	2	2
Geoff Hirst	5	6	4	4	-	-	-	-
Charles Strickland	6	6	4	4	2	2	-	-
Scott Carpenter	6	6	-	-	2	2	-	-
Christina Turner	4	4	-	-	-	-	-	-
Pauline Elliott	3	4	-	-	-	-	-	-
Genevieve Atkinson	-	-	-	-	-	-	-	-

A – Indicates the number of meetings attended during the period in which the Director was a member of the Board or Committee

B – Indicates the number of meetings held during the period in which the Director was a member of the Board or Committee

*This Committee comprises a Board Director and two independent external experts

Principal activities

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

- providing the highest standard of early childhood education and care;
- operating its own early childhood branch services;
- administering public funds as a central governing body;
- providing business operations and curriculum support to affiliated community managed early childhood services; and
- advocating for and promoting the interests of children and the sector.

Purpose

- C&K is a not-for-profit organisation with an unwavering commitment to children. It is focused on delivering excellent education and care for young children and driving positive social change for children and families. It achieves this through its organisational purpose “To nurture and inspire children to succeed in an ever-changing world”.

Vision and strategy

2021 was the final year of the 2019 – 2021 Strategic Plan, which underpins C&K’s vision “To be Queensland’s pre-eminent provider of early education and care”.

C&K’s strategy is shaped around three areas:

Areas	Goal
Our Children and Families	C&K leads early education and care with innovation, advocacy and quality for all children. C&K listens to children and families and meets their needs. C&K strengthens, grows and diversifies to respond to the needs of communities.
Our People	C&K nurtures our highly skilled and agile workforce that reflects our values.
Our Organisation	C&K is an efficient organisation that invests in children and communities.

Performance measures

C&K reviews its key performance indicators and sets targets linked to its strategic objectives on an annual basis. The Board and Executive Management Group regularly review C&K's performance and monitor C&K's performance.

C&K assesses its organisational performance across five categories:

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

Review of operations and results

The 2021 year commenced with overall utilisation of our centres at a higher level than in 2020, and that trend continued throughout the year. COVID-19 impacts were mainly limited to our centres near the border with New South Wales, where strict Queensland border control measures were particularly challenging for families that lived and worked in different states.

2021 saw the successful opening of a newly built childcare centre in Geebung, and the continued ramp-up of utilisation at the Upper Kedron childcare centre which opened in late 2020. The performance of the new childcare centres which have been leased and opened as part of our growth strategy has been very encouraging, with almost all centres exceeding their modelled enrolment assumptions.

During the course of the year, three community kindergartens affiliated with C&K requested approval to transition to become C&K branch centres. They were the Charleville, South Mackay, and Mackay community kindergartens. The transition of these three kindergartens resulted in \$1m in donated cash and assets to C&K being recognised. In addition, further growth was achieved when C&K was the successful tenderer to take over the operational management of the Birralee Community Childcare from the Moreton Bay Regional Council.

The commitment to upgrade facilities at our early childhood centres continued in 2021, with \$2.8m invested in items including new nature based outdoor areas and playground structures, kitchen and bathroom refurbishments, repainting, and installation of shade structures.

In December 2021, Dr Sandra Cheeseman (formerly C&K's Chief Operating Officer) was appointed as CEO following the retirement of former CEO Jane Bourne after 3 years in the role.

Review of operations and results (continued)

At the end of 2021, due to very low numbers of children in the town, C&K took the decision to permanently close the C&K Glenden Community Kindergarten. The children were transitioned to another local kindergarten. Operations at C&K Charters Towers Community Kindergarten and C&K Stepping Stones Community Kindergarten were temporarily suspended from the end of Dec 2021 due to unbalanced supply and demand in those areas. These children were also able to be transitioned to other local kindergartens. These temporarily suspended sites continue to be used for local community groups and administrative purposes, with the intention that they can be reopened for kindergarten enrolments in the future.

Key Operating Results

Total Revenue	\$119.3m	Revenue decreased \$6.8m (5.4%) compared to 2020. Revenue in 2020 included COVID relief packages. 2021 revenue is a result of those relief packages winding down and normal operations resuming.
Total Expenses	\$121.6m	Total expenses increased by \$5.5m (4.7%) compared to 2020. This is due to increases in staff costs, increases in lease depreciation and finance costs related to new centres and adjustments to the accounting treatment of configuration and implementation costs for cloud computing software.
Operating surplus/(deficit)	(\$2.3m)	Additional non-cash lease costs and the cloud computing adjustments contributed to the operating deficit in 2021.
Net surplus/(deficit)	(\$0.3m)	The net deficit improved compared to the operating deficit due to the impact of donated assets from the transitioned centres mentioned above, and performance of financial investments.
Net Assets	\$46.0m	Net assets decreased by the impact of the net deficit in 2021 from \$46.4m in 2020.
Cashflow from operations	\$6.8m	Cash flow was \$8.9m lower than 2020 but still represents a positive cash flow of \$6.8m. The decrease is mainly due to the reduction in Covid relief packages in 2021.

Events since the end of the financial year

In the interval between the end of the financial year and the date of this report, the COVID-19 pandemic, specifically the Omicron variant wave of positive community transmission cases, resulted in a Queensland Government mandated two-week delay to the start of the 2022 school year (including community kindergartens), where only at-risk children or children of essential workers were encouraged to attend a school or kindergarten. To support community kindergartens through this period, the Queensland Government Department of Education provided additional funding. A small number of C&K early childhood centres have required short-term closure (or partial closure) as the result of positive covid cases amongst enrolled children or staff.

Implementation of C&K's Strategic Plan 2022 – 2026 has commenced and includes an updated Vision – "Where every child flourishes".



Events since the end of the financial year (continued)

At the end of February and into early March, south-east Queensland experienced a significant flood event, with many roads cut and significant damage caused to a large number of properties. Whilst some C&K centres were closed for up to a week, we were fortunate to have no significant damage to any property and all our centres have resumed normal operations.

The state government announced significant funding reforms commencing from 2023. C&K is assessing the impact of these reforms on our centres and overall strategic plan.

No other matter or circumstance that has occurred subsequent to period end that has significantly affected, or may significantly affect, the operations or the Company, the results of those operations or the state of affairs of the Company in subsequent financial periods.

Members' guarantee

In accordance with the Company's constitution, each member is liable to contribute a maximum of \$20 in the event that the Company is wound up. As at 31 December 2021 the total amount members would contribute is \$880 (2020: \$880).

Significant changes in the state of affairs

There were no significant changes to the state of affairs of the Company that occurred in the financial year.

Likely developments and expected results of operations

In the foreseeable future it is expected that the Company will continue its principal activities as described in this report.

Environmental regulation

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

Insurance of officers

During the financial year, the Company paid a premium of \$46,391 (2020: \$31,106) to insure the directors and officers of the Company.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Company, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the



improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

Proceedings on behalf of the Company

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

Auditor's appointment

PricewaterhouseCoopers continues as our external auditor in accordance with section 327 of the Corporations Act 2001.

Auditor's independence

A copy of the auditor's independence declaration as required under section 60-40 of the Australian Charities and Not-for-Profit (ACNC) Act 2012 is set out on page 14 and forms part of the Directors' Report.

Rounding off

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

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

Therese Mulherin, Chair
30 March 2022

Charles Strickland, Chair of the Audit, Risk and Finance Committee
30 March 2022

Auditor's Independence Declaration

As lead auditor for the audit of The Crèche and Kindergarten Association Limited for the year ended 31 December 2021, I declare that to the best of my knowledge and belief, there have been no contraventions of any applicable code of professional conduct in relation to the audit.



Andrew Weeden
 Partner
 PricewaterhouseCoopers

Brisbane
 30 March 2022

	Note	2021	2020
Revenue from contracts with customers	1	118,868	103,014
Finance income	2(a)	157	447
Other income	2(b)	304	22,734
Total revenue		<u>119,329</u>	<u>126,195</u>
Employee costs		91,032	89,397
Depreciation and amortisation expenses	9,10,17	4,638	4,028
Other expenses, supplies and services	3	21,882	19,040
Finance costs	17	4,033	3,651
Total expenses		<u>121,585</u>	<u>116,116</u>
Operating surplus / (deficit)		<u>(2,256)</u>	<u>10,079</u>
Changes in the fair value of financial assets		651	(247)
Impairment charges	10	-	(6,736)
Gain/(loss) on sale of assets	4	200	(782)
Fair value of donated assets		1,012	2
Franking credit received		48	63
Surplus before income tax		<u>(345)</u>	<u>2,379</u>
Income tax expense		-	-
Net surplus / (deficit)		<u>(345)</u>	<u>2,379</u>
Total comprehensive income / (loss)		<u>(345)</u>	<u>2,379</u>

The Crèche and Kindergarten Association Limited
ABN 59 150 737 849
Balance Sheet
For the year ended 31 December 2021

	Note	2021	2020
Current assets			
Cash and cash equivalents	5	2,385	1,894
Trade and other receivables	6	2,263	2,889
Other financial assets	7	30,813	37,413
Other current assets	8	944	1,200
Total current assets		<u>36,405</u>	<u>43,396</u>
Non-current assets			
Property, plant and equipment	9	17,311	15,637
Intangible assets	10	3,841	3,950
Financial assets at fair value through profit or loss	11	23,790	12,469
Right-of-use assets	17	70,897	66,700
Total non-current assets		<u>115,839</u>	<u>98,756</u>
Total assets		<u>152,244</u>	<u>142,152</u>
Current liabilities			
Trade and other payables	12	12,674	12,344
Contract liabilities	1b	5,114	3,110
Provisions	13	3,442	3,117
Lease liabilities	17	487	411
Total current liabilities		<u>21,717</u>	<u>18,982</u>
Non-current liabilities			
Provisions	13	6,235	5,555
Lease liabilities	17	78,260	71,238
Total non-current liabilities		<u>84,495</u>	<u>76,793</u>
Total liabilities		<u>106,212</u>	<u>95,775</u>
Net assets		<u>46,032</u>	<u>46,377</u>
Funds			
Accumulated funds		46,032	46,377
Total funds		<u>46,032</u>	<u>46,377</u>

All figures in thousands of AUD, unless advised otherwise.
The balance sheet should be read in conjunction with the accompanying notes.

The Crèche and Kindergarten Association Limited
ABN 59 150 737 849
Statement of Changes in Funds
For the Year Ended 31 December 2021

	Accumulated Funds	Total
Balance at 31 December 2019	43,998	43,998
Net surplus	2,379	2,379
Total comprehensive income	2,379	2,379
Balance at 31 December 2020	<u>46,377</u>	<u>46,377</u>
Net surplus	(345)	(345)
Total comprehensive income	(345)	(345)
Balance at 31 December 2021	<u>46,032</u>	<u>46,032</u>

All figures in thousands of AUD, unless advised otherwise.
The above statement of changes in funds should be read in conjunction with the accompanying notes

The Crèche and Kindergarten Association Limited
ABN 59 150 737 849
Statement of Cash Flows
For the Year Ended 31 December 2021

	Note	2021	2020
Cash flows from operating activities			
Receipts from customers and grants		122,472	124,292
Finance income received		208	447
Payments to suppliers and employees		(112,445)	(106,417)
Interest paid on lease liabilities		(3,474)	(2,690)
Net cash generated from operating activities	14b	<u>6,761</u>	<u>15,632</u>
Cash flow from investing activities			
Proceeds from sale of fixed assets		420	5
Franking credit receivable		48	-
Proceeds from/(payments to) investments in term deposits		6,600	(11,545)
Payments for property, plant & equipment		(2,514)	(3,401)
Payments for intangibles		-	(13)
Proceeds from financial assets at fair value through profit or loss		5,634	-
Payments to financial assets at fair value through profit or loss		(16,000)	-
Net cash used in investing activities		<u>(5,812)</u>	<u>(14,954)</u>
Cash flow from financing activities			
Principal paid on lease liabilities		(458)	(429)
Net cash used in financing activities		<u>(458)</u>	<u>(429)</u>
Net increase in cash and cash equivalents		491	249
Cash and cash equivalents at beginning of year		1,894	1,645
Cash and cash equivalents at end of year	5,14a	<u>2,385</u>	<u>1,894</u>

All figures in thousands of AUD, unless advised otherwise.
The above statement of cash flows should be read in conjunction with the accompanying notes.

The Crèche and Kindergarten Association Limited
ABN 59 150 737 849
Notes to the Financial Statements
For the Year Ended 31 December 2021

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1. Revenue from contracts with customers

(a) Disaggregation of revenue from contracts with customers

The Company recognises revenue from the transfer of services over time as key performance obligations are met across the following revenue streams:

	Provision of childcare & kindergarten Services	Central Governing Body activities	Registered Training Organisation income	All other streams	Care relief subsidies	Total
2021						
Revenue from external customers	114,812	2,591	558	907	-	118,868
Timing of revenue recognition						
At a point in time	-	-	-	-	-	-
Over time	114,812	2,591	558	907	-	118,868
	114,812	2,591	558	907	-	118,868

	Provision of childcare & kindergarten Services	Central Governing Body activities	Registered Training Organisation income	All other streams	Care relief subsidies	Total
2020						
Revenue from external customers	84,393	2,574	578	754	14,715	103,014
Timing of revenue recognition						
At a point in time	-	-	-	-	-	-
Over time	84,393	2,574	578	754	14,715	103,014
	84,393	2,574	578	754	14,715	103,014

(b) Assets and liabilities related to contracts with customers

The Company has recognised the following assets and liabilities related to contracts with customers.

	2021	2020
Unearned income	5,114	3,110
Total current contract liabilities	5,114	3,110

All figures in thousands of AUD, unless advised otherwise.

1. Revenue from contracts with customers (continued)

ACCOUNTING POLICY

Revenue and other income

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of discounts and refunds.

Provision of childcare and kindergarten services

Parent and other fees are recognised in the period in which the service was provided. Fees are charged on an equivalent daily basis and any monies received in advance of the actual booking days are recognised as an unearned revenue liability.

Grants and Government funding are recognised at fair value when the right to receive the funding has been established (when specific performance obligations or services have been met). When funding is received and there is a contractual or constructive obligation to refund some or all funds if the Company was unable to provide the service or did not comply with the terms of the funding agreement, then the grant is recognised as unearned income until the service has been delivered.

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

Central Governing Body activities

C&K acts as a Central Governing Body (CGB) for the distribution of the Queensland Kindergarten Funding Scheme (and others) to not-for-profit community kindergartens (branches – owned, and independent affiliated centres). This is recognised over the time the services are provided. Affiliated kindergartens, which are managed by Volunteer Management Committees, enter into an agreement to be affiliated with C&K and are charged membership fees to receive a range of support services over the agreement period. Membership fees are recognised over time.

Registered Training Organisation (RTO) income

C&K operates an RTO and receives income from students and various government bodies. Income from government bodies (primary income source) is recognised when the required performance obligation to be eligible for the income has been achieved. Student fees are recognised based on the course units completed in the period.

Community Advisory Group (CAG)

CAG funds are recognised as income when funds are used which is considered to be the point in time of which the performance obligation has been completed. These funds are raised from parents/guardians and are spent on activities or assets based on recommendations of the CAG, which is a parent/guardian body.

All figures in thousands of AUD, unless advised otherwise.

Care relief subsidies

Care relief subsidies include the Federal Business Continuity Payments (BCP) and Transitional Payments provided in childcare centres. The BCP payments required no childcare fees to be charged during the funding period. Also included is additional kindergarten funding provided by the State government to enable the provision of fee free kindergarten for term two 2020. These funding streams were recognised over the period they related to. The Company did not receive any of these subsidies in 2021.

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

2. Finance income and other income

	2021	2020
(a) Finance income		
Interest from financial assets held for cash management purposes	<u>157</u>	<u>447</u>
(b) Other income		
Realised gains on financial assets	304	664
JobKeeper Funding	-	22,062
Other income	-	8
	<u>304</u>	<u>22,734</u>

ACCOUNTING POLICY

Interest

Interest revenue is recognised on an accrual basis. For fixed term deposits the accrual is based on the actual fixed rate secured for each of the individual deposits.

JobKeeper Funding

The JobKeeper Payment scheme is a subsidy for businesses significantly affected by coronavirus (COVID-19). The Company qualified for the funding support for the initial 13-fortnight period of 2020 (employees principally working in or supporting childcare centres were only eligible for the first eight fortnights). JobKeeper revenue was recognised once there was reasonable assurance that the qualifying conditions would be met, and the funding received.

Other income

Other income is recognised when the right to receive the income is established.

3. Other Expenses

	2021	2020
Other expenses:		
Advertising and marketing	750	1,211
Audit and accounting	99	79
Bank charges	385	278
Cleaning	3,888	3,461
Conferences and seminars	203	63
Equipment	1,813	1,754
Provision of food for children	2,095	1,828
Grants expenditure	178	125
Information technology	2,594	1,079
Motor vehicles	174	162
Occupancy	4,711	4,739
Consultancy	729	507
Postage, printing, stationery and program materials	879	820
Repairs and maintenance	1,545	1,428
Telephone and internet	649	681
Travel	419	303
Other expenses	771	522
	<u>21,882</u>	<u>19,040</u>

The increase in information technology expenses in 2021 compared to 2020 relates primarily to configuration and implementation costs for various cloud computing systems which are required to be expensed as although they are intended to be used over multiple periods, C&K does not control the cloud-based software.

4. Gain/(loss) on sale of assets

	2021	2020
Net gain/(loss) on disposal of assets	<u>200</u>	<u>(782)</u>

5. Cash and cash equivalents

	2021	2020
Current		
Cash and cash equivalents	2,385	1,894

ACCOUNTING POLICY

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

6. Trade and other receivables

	2021	2020
Current		
Trade receivables	184	552
Children's fees receivable	684	712
Goods and services tax receivable	1,259	1,317
Other receivables	314	456
Provision for expected credit loss	(178)	(148)
	<u>2,263</u>	<u>2,889</u>

Movement in the provision for expected credit loss is as follows:

Balance at the beginning of the year	148	157
- Charge for the year	115	35
- Written off	(85)	(44)
Balance at the end of the year	<u>178</u>	<u>148</u>

ACCOUNTING POLICY

Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost less provision for expected credit loss. The Company applies the simplified approach to providing for expected credit losses prescribed by AASB 9, which requires the use of the lifetime expected loss provision for all trade receivables.

7. Other financial assets

	2021	2020
Current		
Term deposits	<u>30,813</u>	<u>37,413</u>

The term deposits are held to maturity of terms between three and twelve months. They carry a weighted average fixed interest rate as at 31 December 2021 of 0.36% (2020: 0.72%). Due to their short-term nature their carrying value is assumed to approximate their fair value. The Company has \$613,160 (2020: \$613,160) in term deposits that have been pledged as security for the Company's guarantees provided by Westpac Banking Corporation and Commonwealth Bank of Australia as set out in note 16.

ACCOUNTING POLICY

Investments and other financial assets

Classification

The Company classifies its financial assets in the following categories:

i. Financial assets at amortised cost

The Company classifies its financial assets at amortised cost only if both of the following criteria are met:

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

ii. Financial assets at fair value through profit or loss

The Company classifies the following financial assets at fair value through profit or loss:

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

Management determines the classification of its investments at initial recognition. See notes 7, 11 for details about each type of financial assets. The financial assets are presented as non-current assets unless they mature, or management intends to dispose of them within 12 months of the end of the reporting period.

7. Other financial assets (continued)

Recognition and derecognition

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

Measurement

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

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

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

Impairment

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

8. Other assets

	2021	2020
Current		
Prepayments	942	1,199
Security bonds	2	1
	<u>944</u>	<u>1,200</u>

9. Property, plant and equipment

	2021	2020
Capital works in progress	<u>98</u>	<u>960</u>
Freehold land - at cost	<u>1,982</u>	<u>1,982</u>
Buildings & leasehold improvements - at cost	24,639	21,040
Less accumulated depreciation	<u>(10,817)</u>	<u>(9,850)</u>
	<u>13,822</u>	<u>11,190</u>
Equipment, furniture & fittings - at cost	6,023	10,174
Less accumulated depreciation	<u>(4,669)</u>	<u>(8,724)</u>
	<u>1,354</u>	<u>1,450</u>
Motor vehicles - at cost	173	173
Less accumulated depreciation	<u>(118)</u>	<u>(118)</u>
	<u>55</u>	<u>55</u>
Total property, plant and equipment	<u><u>17,311</u></u>	<u><u>15,637</u></u>

9. Property, plant and equipment (continued)

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

	Capital works in progress	Freehold land	Buildings & leasehold improvements	Equipment, furniture & fittings	Motor vehicles	Total
2021						
Cost						
Balance at the beginning of the year	960	1,982	21,040	10,174	173	34,329
Additions	2,501	-	8	5	-	2,514
Donated assets	-	-	882	-	-	882
Increase in make good asset	-	-	371	-	-	371
Transfers and other movements	(3,363)	-	2,945	418	-	-
Disposals	-	-	(607)	(4,574)	-	(5,181)
Balance at the end of the year	98	1,982	24,639	6,023	173	32,915
Accumulated depreciation						
Balance at the beginning of the year	-	-	(9,850)	(8,724)	(118)	(18,692)
Donated assets	-	-	(179)	-	-	(179)
Charge for the year	-	-	(1,217)	(514)	-	(1,731)
Disposals	-	-	429	4,569	-	4,998
Balance at the end of the year	-	-	(10,817)	(4,669)	(118)	(15,604)
Net carrying amount						
At the beginning of the year	960	1,982	11,190	1,450	55	15,637
At the end of the year	98	1,982	13,822	1,354	55	17,311

All figures in thousands of AUD.

9. Property, plant and equipment (continued)

ACCOUNTING POLICY

Property, Plant and Equipment

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

Land and buildings

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

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

Buildings on crown land

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

All other property, plant and equipment

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

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

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

Depreciation

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

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

9. Property, plant and equipment (continued)

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

Class of fixed asset	Useful life
Buildings and leasehold improvements	3 - 40 years
Equipment, furniture and fittings	3 - 5 years
Motor vehicles	4 years

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

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in profit or loss.

10. Intangible assets

	2021	2020
Capital works in progress	-	-
Curriculum - at cost	251	282
Less: accumulated amortisation	(98)	(75)
	<u>153</u>	<u>207</u>
Software - at cost	265	413
Less: accumulated amortisation	(265)	(367)
	<u>-</u>	<u>46</u>
Goodwill - at cost	3,476	3,476
Less: Impairment (loss) / recovery	-	-
	<u>3,476</u>	<u>3,476</u>
Lease premiums and other rights - at cost	269	269
Less: accumulated amortisation	(57)	(48)
	<u>212</u>	<u>221</u>
Total intangible assets	<u><u>3,841</u></u>	<u><u>3,950</u></u>

All figures in thousands of AUD, unless stated otherwise.

10. Intangible assets (continued)

	Capital works in progress	Curriculum	Software	Goodwill	Lease premiums and other rights	Total
2021						
Cost						
Balance at the beginning of the year	-	282	413	3,476	269	4,440
Additions	-	-	-	-	-	-
Acquisition of subsidiary	-	-	-	-	-	-
Transfers and other movements	-	-	-	-	-	-
Disposals/Write off	-	(31)	(148)	-	-	(179)
Impairment charges	-	-	-	-	-	-
Balance at the end of the year	-	251	265	3,476	269	4,261
Accumulated amortisation						
Balance at the beginning of the year	-	(75)	(367)	-	(48)	(490)
Acquisition of subsidiary	-	-	-	-	-	-
Charge for the year	-	(52)	(12)	-	(9)	(73)
Transfers and other movements	-	-	-	-	-	-
Disposals/Write off	-	29	114	-	-	143
Balance at the end of the year	-	(98)	(265)	-	(57)	(420)
Net carrying amount						
At the beginning of the year	-	207	46	3,476	221	3,950
At the end of the year	-	153	-	3,476	212	3,841

10. Intangible assets (continued)

Key assumptions used for value-in-use calculation

The Company tests whether the goodwill shown above, which is attributed to a cash generating unit (CGU) containing three childcare centres acquired as part of the 2016 FMJ Childcare Pty Ltd acquisition and transitioned to the parent entity in 2018, has suffered any impairment on an annual basis. For the 2021 and 2020 reporting periods, the recoverable amount of the CGU was determined based on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets and forecasts approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using estimated growth rates.

The impairment model uses the following key attributes:

- Discount rate of 10.0% (2020: 10.0%)
- Revenue and expense growth during forecast period of 3.0% (2020: 3.0%)
- Terminal growth rate of 1.5% (2020: 1.5%)

Impairment charge

After applying reasonable sensitivity analysis to the impairment model assumptions, management has determined that no impairment of goodwill was required as at 2021 year-end (2020: \$6.7m).

ACCOUNTING POLICY

Business combinations

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

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

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

Acquisition-related costs are expensed as incurred.

The excess of the:

- consideration transferred,

All figures in thousands of AUD, unless stated otherwise.

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

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

Impairment of assets

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

Lease premiums and other rights

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

Amortisation of lease premiums is calculated using a straight-line basis to allocate costs over the period of the lease term

All figures in thousands of AUD, unless stated otherwise.

11. Financial assets at fair value through profit or loss

	2021	2020
Non-current assets		
Managed fund	<u>23,790</u>	<u>12,469</u>

12. Trade and other payables

	2021	2020
Current		
Trade payables	1,003	2,233
Employee benefits	7,676	6,598
Other payables and accruals	<u>3,995</u>	<u>3,513</u>
	<u>12,674</u>	<u>12,344</u>

ACCOUNTING POLICY

Trade and other payables

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

Employee benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Balances in note 12 include accrued salaries and wages, annual leave, and superannuation liabilities.

All figures in thousands of AUD, unless stated otherwise.

13. Provisions

Provisions

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

Provision for employee benefits

Provision for employee benefits represents amounts accrued for long service leave.

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

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

In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based upon historical data. In determining the liability, consideration is given to employee wage increases and the probability that the employee may not satisfy vesting requirements. Those cash outflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

All figures in thousands of AUD, unless stated otherwise.

13. Provisions (continued)

Make good provision

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

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

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

All figures in thousands of AUD, unless stated otherwise.

13. Provisions (continued)

	2021			2020		
	Current	Non-current	Total	Current	Non-current	Total
Employee benefits	3,442	3,901	7,343	3,117	3,598	6,715
Make good costs	-	2,334	2,334	-	1,957	1,957
Total	3,442	6,235	9,677	3,117	5,555	8,672
Movements						
	Employee benefits	Make good provision	Total			
2021						
Carrying amount at start of year	6,715	1,957	8,672			
Charged/(credited) to profit or loss						
- additional provision recognised	882	344	1,226			
- unwinding of discount	-	33	33			
Amount used/reversed	(254)	-	(254)			
Balance at the end of the year	<u>7,343</u>	<u>2,334</u>	<u>9,677</u>			

All figures in thousands of AUD, unless stated otherwise.

14. Cash flow information

	Note	2021	2020
(a) Reconciliation of cash			
Cash and cash equivalents	5	2,385	1,894
Cash on deposit	7	30,813	37,413
		<u>33,198</u>	<u>39,307</u>
(b) Reconciliation of net surplus to net cash generated from operating activities			
Net surplus/(deficit) for the year		(345)	2,379
Adjustments for:			
Depreciation & amortisation		4,638	4,028
Donated assets		(1,012)	-
Franking credit (received)/receivable		48	(63)
Principal elements of lease liability		458	429
Write off prior year capital works in progress		(782)	(47)
(Gain)/loss on sale of assets		220	787
Impairment charges		-	6,736
Fair value loss/(gain) on financial assets at fair value through profit or loss		(651)	247
Change in operating assets and liabilities			
Decrease/(increase) in trade and other receivables		626	(915)
Decrease in other current assets		256	3
Increase in trade payables and other liabilities		330	1,273
Increase in income received in advance		2,004	55
Increase in provisions		971	719
Net cash generated from operating activities		<u>6,761</u>	<u>15,632</u>

All figures in thousands of AUD, unless stated otherwise.

15. Capital commitments

	2021	2020
(a) Capital expenditure commitments		
Payable		
- not later than 1 year	<u>361</u>	<u>342</u>

16. Contingencies

	2021	2020
Guarantees		
Bank guarantees issued in support of rental agreements	<u>613</u>	<u>613</u>

The Company did not have any other contingent liabilities or contingent assets as at 31 December 2021 (31 December 2020: Nil).

All figures in thousands of AUD, unless stated otherwise.

17. Leases

(a) Amounts recognised in the balance sheet

The following right-of-use assets have been capitalised:

	2021	2020
Right-of-use assets		
Buildings	70,445	66,060
Vehicles	447	631
Printers	5	9
	<u>70,897</u>	<u>66,700</u>
Lease liabilities		
Current	487	411
Non-Current	78,260	71,238
	<u>78,747</u>	<u>71,649</u>

Additions to the right-of-use assets during the 2021 year were \$7,065,984

(b) Amounts recognised in the statement of profit or loss and other comprehensive income

The statement of profit or loss and other comprehensive income shows the following amounts related to leases:

	2021	2020
Depreciation charge of right-of-use assets		
Buildings	(2,647)	(2,221)
Vehicles	(184)	(196)
Printers	(4)	(4)
	<u>(2,835)</u>	<u>(2,421)</u>
Interest expense	(4,033)	(3,651)
Expense relating to short-term leases and low-value assets	(2)	(103)
	<u>(4,035)</u>	<u>(3,754)</u>

Finance Costs

The interest expense shown above relating to right-of-use assets represents the total value of finance costs as reported in the Statement of profit or loss and other comprehensive income.

All figures in thousands of AUD, unless stated otherwise.

17. Leases (continued)

ACCOUNTING POLICY

The Company's leasing activities and how these are accounted for

The Company leases various childcare and kindergarten centre properties, offices, motor vehicles and equipment. Rental contracts are typically made for fixed periods of 3 to 30 years but may have extension options.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the company.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- a) fixed payments (including in-substance fixed payments), less any lease incentives receivable
- b) variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- c) amounts expected to be payable by the company under residual value guarantees
- d) payments of penalties for terminating the lease, if the lease term reflects the company exercising that option.

Lease payments to be made under extension options are also included in the measurement of the liability unless it is certain that these options will not be exercised.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the company:

- a) where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- b) uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by C&K, which does not have recent third-party financing, and
- c) makes adjustments specific to the lease, e.g. term and security

The company is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset. Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The value of right-of-use assets comprising the following:

- a) the amount of the initial measurement of lease liability;
- b) any lease payments made at or before the commencement date less any lease incentives received; and
- c) any initial direct costs.

All figures in thousands of AUD, unless stated otherwise.

17. Leases (continued)

Expected costs for restoration clauses where included in lease agreements are provided for separately to right-of-use assets in PP&E as 'Make Good Provision' (leasehold improvement) assets.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. The company has chosen not to revalue the right-of-use buildings held by the company.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets (deemed to be less than AUD \$5,000) are recognised as incurred as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less, low-value assets comprise of IT equipment.

Peppercorn Leases

The Company operates a number of branch centres on properties leased under 'peppercorn' arrangements, with annual lease values ranging from AUD \$1 to \$300 dollars. Due to the challenges for not-for-profits in determining fair value for specific purpose leases (e.g. community kindergartens), peppercorn leases are measured at cost and are therefore determined to be low-value for AASB 16 purposes.

18. Events after balance sheet date

In the interval between the end of the financial year and the date of this report, an increase in the number of positive COVID-19 cases resulted in a two-week delay to the start of school/kindergarten in Queensland. Kindergarten fee relief support was provided by the Queensland Government for this period to reduce the impact on providers.

At the end of February and into early March, south-east Queensland experienced the worst flood event since 2011, with roads cut and significant damage caused to a large number of. Whilst some C&K centres were closed for up to a week, we were fortunate to have no significant damage to any property and all our centres returned to operation.

There are no other matter or circumstance has occurred subsequent to period end that has significantly affected, or may significantly affect, the operations or the Company, the results of those operations or the state of affairs of the Company in subsequent financial periods.

All figures in thousands of AUD, unless stated otherwise.

19. Key management personnel compensation

Compensation for those having authority and responsibility for planning, directing and controlling the Company's activities, directly or indirectly (including directors, where applicable), is:

	2021	2020
Key management personnel compensation	<u>1,062</u>	<u>861</u>

The year-on-year increase above is primarily due to the introduction of Non-Executive Director fee payments from July 2021, which have been benchmarked against other not-for-profit organisations. Fees were introduced to support the attraction and retention of highly skilled board members and recognise the time and effort invested.

20. Auditor's remuneration

	2021	2020
Audit of financial Statements	<u>75</u>	<u>71</u>
	<u>75</u>	<u>71</u>

No non-audit services were provided in the current or previous years.

21. Other related party transactions

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

There are no related party transactions during 2021 (2020: Nil)

All figures in thousands of AUD, unless stated otherwise.

22. Financial risk management

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

		2021		2020	
	Notes	Assets at FVPL	Assets at amortised cost	Assets at FVPL	Assets at amortised cost
Financial assets					
Cash and cash equivalents	5	-	2,385	-	1,894
Other financial assets	7	-	30,813	-	37,413
Trade and other receivables		-	1,004	-	1,572
Managed funds at fair value through profit or loss	11	23,790	-	12,469	-
Total financial assets		<u>23,790</u>	<u>34,202</u>	<u>12,469</u>	<u>40,879</u>
Financial liabilities					
Trade and other payables		-	3,422	-	4,151

FVPL = Fair value through profit or loss

All figures in thousands of AUD, unless stated otherwise.

23. Summary of other significant accounting policies

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

(a) Basis of Preparation

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

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

The financial statements were authorised for issue on 30 March 2022 by the Directors of the Company.

(b) New and amended standards adopted by the company

The company has not applied any new standards or amendments for the first time for their annual reporting period commencing 1 January 2021.

The company has elected not to early-adopt the following standard:

- General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities (which provides for a reduction of, or simplified versions of notes and disclosures and will not have a material impact).

(c) Income tax

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

23. Summary of other significant accounting policies (continued)

(d) 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 ATO. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

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

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

(e) Comparative figures

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

(f) Critical accounting estimates and judgements

The Board evaluates estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company. Critical accounting estimates and judgements regarding impairment charges and provisions for impairment of receivables are disclosed in Note 6 and Note 10.

24. Economic dependence

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

25. Funding receipts and expenditure

Queensland Government Department of Education Office of Early Childhood and Care

This note is included to satisfy Queensland Government requirements to show state government funding received by C&K and related expenditure.

25. Funding receipts and expenditure (continued)

Projects	Total	Central	Branch	Affiliate
Balance of undisbursed funds as at 1 January 2021	(427)			
Receipts				
State Government Grants for 2021 (including supplementation)				
QKFS Funding Semester 1 2020	903	-	14	889
QKFS Funding Semester 2 2020 (returned funds)	(58)	-	-	(58)
QKFS Funding Semester 1 2021	27,164	-	13,591	13,573
QKFS Funding Semester 2 2021	28,400	-	13,582	14,818
QKFS Funding in Childcare Centres	1,458	-	1,458	-
Great Start to Kindy Semester 2 2021	1,486	-	806	680
Free Access to Kindy Semester 2 2021	2,917	-	1,033	1,884
COVID Support Funding for Border Services	10	-	8	2
Refugee and Asylum Seeker Early Childhood Pilot 2021	100	-	85	15
Kindergarten Inclusion Support Scheme (KISS)	4,133	413	1,860	1,860
Mackay Children and Family Centre	1,253	-	1,253	-
Limited Hours Care Programs	410	-	410	-
Administrative Support Funding	72	-	72	-
Volunteer Management Committee	1,862	-	-	1,862
Interest Income	8	-	-	8
Total Receipts	70,118	413	34,172	35,533
Expenditure				
QKFS Funding Semester 1 2020	59	-	5	54
QKFS Funding Semester 2 2020	72	-	1	71
QKFS Funding Semester 1 2021	27,119	-	12,899	14,220
QKFS Funding Semester 2 2021	27,451	-	12,932	14,519
QKFS Funding in Childcare Centres	1,549	-	1,549	-
Great Start to Kindy Semester 2 2021	1,212	71	479	662
Free Access to Kindy Semester 2 2021	2,718	139	898	1,681
COVID Support Funding for Border Services	9	-	8	1
Refugee and Asylum Seeker Early Childhood Pilot 2021	97	-	88	9
Kindergarten Inclusion Support Scheme (KISS)	4,784	416	2,606	1,762
Mackay Children and Family Centre	2,239	-	2,239	-
Limited Hours Care Programs	474	-	474	-
Administrative Expenditure	7,993	-	7,993	-
Volunteer Management Committee	3,228	-	-	3,228
Total Expenditure	79,004	626	42,171	36,207
Net grant expenditure for 2021	(8,886)	(213)	(7,999)	(674)
Balance contributed by C&K for the year ended 31 December 2021	10,659			
Balance of undisbursed funds as at 31 December 2021	1,346			

*QKFS means the Queensland Kindergarten Funding Scheme.

26. COVID-19 Pandemic

After the World Health Organisation declared COVID-19 a global pandemic in March 2020, the Australian Government, along with State Governments, enacted a range of restrictions on businesses and population movements in order to limit the spread and severity of COVID-19 in the Australian community. These restrictions significantly impacted enrolments and attendances across C&K childcare centres and kindergartens in 2020. To support the country through these restrictions a range of relief packages were implemented. On 6 April a provisional Early Childhood Education and Care Relief Package was implemented by the Australian Government which resulted in families not being charged fees in childcare centres until 12 July, while providers received Business Continuity Payments. From 13 July to 27 September 2020, childcare providers moved to a transitional funding package and recommenced charging fees. The Queensland State Government also provided additional COVID relief funding support during term two of the academic year to enable fee free kindergarten. Refer to note 1(a).

The company also qualified for and received support for salary and wages payments for eligible employees through the JobKeeper Payment Scheme. Refer to note 2(b).

The impacts of the COVID-19 pandemic during 2020 have been included in the amounts disclosed throughout these financial statements and accompanying notes as the prior year comparatives. Although the pandemic continued throughout 2021, the impacts to operations were much more localised to instances of positive or suspected positive cases/close contacts within individual centres rather than all of State.

In relation to the Company's liquidity position, the directors anticipate having sufficient liquidity to make all required payments during the pandemic and to continue as a going concern. The directors do not foresee a significant impact on the Company's liquidity position as a result of the pandemic.

27. Public company limited details

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

C & K Association Limited
257 Gympie Road
Kedron
Queensland 4031

Independent auditor's report

To the members of The Creche and Kindergarten Association Limited

Our opinion

In our opinion:

The accompanying financial report of The Creche and Kindergarten Association Limited (the Company) is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission (ACNC) Act 2012*, including:

- (a) giving a true and fair view of the Company's financial position as at 31 December 2021 and of its financial performance for the year then ended
- (b) complying with Australian Accounting Standards - Reduced Disclosure Requirements and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

What we have audited

The financial report comprises:

- the balance sheet as at 31 December 2021
- the statement of changes in funds for the year then ended
- the statement of cash flows for the year then ended
- the statement of profit or loss and other comprehensive income for the year then ended
- the notes to the financial statements, which include significant accounting policies and other explanatory information
- the directors' declaration.

Basis for opinion

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

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

Independence

We are independent of the Company in accordance with the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (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.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 31 December 2021, but does not include the financial report and our auditor's report thereon.

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

Liability limited by a scheme approved under Professional Standards Legislation.

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

1. The financial statements and notes, as set out on pages 15 to 49, are in accordance with the *Australian Charities and Not-for-profits Commission (ACNC) Act 2012* and:
 - a. comply with Australian Accounting Standards – Reduced Disclosure Requirements and Australian Charities and Not-for-profits Commission Regulations 2013; and
 - b. give a true and fair view of the financial position of the Company as at 31 December 2021 and of its performance for the year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.



Therese Mulherin, Chair
30 March 2022



Charles Strickland, Chair of the
Audit, Risk and Finance Committee
30 March 2022

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 on the other information that we obtained prior to the date of this auditor's report, 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 the directors for the financial report

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

In preparing the financial report, Management is responsible for assessing the ability of the Company 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 intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The directors 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 the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.

PricewaterhouseCoopers

PricewaterhouseCoopers



Andrew Weeden
Partner

Brisbane
30 March 2022





 **C&K** Childcare &
Kindergarten
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