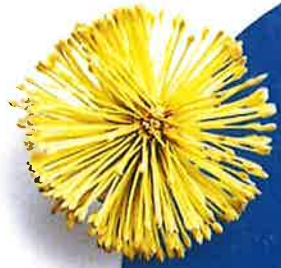
The Creche & Kindergarten Association Limited
ABN 59 150 737 849

# Annual Financial Report

## For the year ended 31 December 2023



Where children come first.

C&K
Childcare & Kindergarten
Early Learning since 1907

# The Crèche and Kindergarten Association Limited
# ABN 59 150 737 849
# Annual Report
# For the Year Ended 31 December 2023

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Your directors present this report on The Crèche and Kindergarten Association Limited ("C&K" or "the Company"), for the year ended 31 December 2023.

**Current Directors**

| | |
|---|---|
| **Therese Mulherin** | • Chair (non-executive) |
| Qualifications | • BOccThy, GAICD |
| Experience | • Appointed Chair on 27 March 2019<br>• Appointed Deputy Chair on 6 September 2017<br>• Board member since 30 May 2013<br><br>Therese Mulherin has had an extensive career as a non-executive director, executive leader, and strategic advisor to executive teams and Boards. She has a clinical allied health background in Occupational Therapy and is experienced in the effective delivery of human services including early childhood education and care, health and injury rehabilitation, aged care, disability, and employment services. Therese's experience spans large national service organisations, outsourced government contracts, strategy development, stakeholder management and change management |
| 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<br>• Board member from 13 March 2018 until her resignation on 12 February 2024<br><br>Ms Ibanez is a partner at Hamilton Locke. She has held various positions at C&K services including as the Coordinator of a Parental 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. |
| Committee Responsibilities | • People and Culture |

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

| | |
|---|---|
| Committee Responsibilities | • Early Years and Innovation (Chair)<br>• Nominations |

| | |
|---|---|
| **Geoff Hirst** | • Director (non-executive) |
| Qualifications | • B. Com (Accounting and Economics), GAICD, CIA, CCSA, PMIIA |
| Experience | • Board member since 14 July 2020<br><br>Geoff Hirst is a Director of Aurecon, specialising in infrastructure design, engineering, sustainability, resilience and ESG. An authentic executive leader with 25 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 more recently as the Managing Director and Market Leader for Protiviti. With expertise in business risk advisory, implementing complex governance programs and change, differentiated value, and business resilience, Mr Hirst has provided assurance and risk advisory outcomes on a variety of risk-based transactions, including, business performance, joint ventures, major projects, divestments, and acquisitions. 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 | • B. IntBus, B. Com, GAICD, FCA, CPA |
| Experience | • Board member since 21 June 2019<br><br>Charles Strickland is a senior director at the Queensland Audit Office where he has responsibility for audit methodology, audit and accounting advice, the quality assurance program, and data transformation projects. With 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) |

| | | |
|---|---|---|
| **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 also holds governance roles with the Community Services Industry Alliance and the Presbyterian and Methodist Schools Association, and Duchesne College. |
| Committee Responsibilities | • | People and Culture (Chair) |
| **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 employed full-time at CS Energy as Head of Commercial Partnerships working to support the transition to a low carbon economy. |
| Committee Responsibilities | • | People and Culture |
| | • | Nominations |

No directors retired during 2023.

**Company Secretary**

Katherine Fleming was appointed to the position of Company Secretary on 24 October 2012 until her resignation on 31 January 2024. Yolande Wiltshire was appointed to the position of Company Secretary on 1 February 2024.

**Meetings of Directors in 2023**

| Director | Board | | Audit Risk and Finance Committee | | Nominations Committee | | People and Culture Committee | | Early Years and Innovation Committee* | |
|---|---|---|---|---|---|---|---|---|---|---|
| | A | B | A | B | A | B | A | B | A | B |
| Therese Mulherin | 7 | 7 | 4 | 4 | - | - | - | - | - | - |
| Brit Ibanez | 7 | 7 | - | - | - | - | 4 | 4 | - | - |
| Megan Gibson | 6 | 7 | - | - | 3 | 3 | 2 | 2 | 4 | 4 |
| Geoff Hirst | 6 | 7 | 4 | 4 | - | - | - | - | - | - |
| Charles Strickland | 7 | 7 | 4 | 4 | - | - | - | - | - | - |
| Scott Carpenter | 7 | 7 | - | - | 3 | 3 | - | - | - | - |
| Christina Turner | 6 | 7 | - | - | - | - | 4 | 4 | - | - |
| Pauline Elliott | 6 | 7 | - | - | 3 | 3 | 4 | 4 | - | - |

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 up to two independent external experts

**Principal Activities**

The principal activities of C&K (a not-for-profit company) remain unchanged during the financial year and 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 has an unwavering commitment to children and its organisational purpose is 'to nurture and inspire children to succeed in an ever-changing world'. The organisation is focused on delivering excellent education and care for young children and driving positive social change for children and their families.

## Vision and Strategy

The 'C&K Strategic Plan 2022 - 2026' includes a vision for Queensland where every child flourishes.

C&K's strategy focusses on four key pillars and their associated goals:

| Pillar | Goal |
|---|---|
| **Our CHILDREN, FAMILIES AND COMMUNITIES** | C&K exceeds the National Quality Standard |
| | C&K responds to and invests in children, families, and their communities |
| **Our PEOPLE** | C&K's workforce is exceptional |
| **Our ORGANISATION** | C&K is an efficient organisation |
| **Our INFLUENCE** | C&K is the recognised leader in early childhood education and care |

C&K is committed to embedding reconciliation across the breadth of our operations and the Strategic Plan includes the significant actions to be undertaken in order to achieve the stated goals by 2026. C&K's Innovate Reconciliation Action Plan (RAP) was endorsed by Reconciliation Australia in December 2023.

## Performance Measures

C&K reviews its key performance indicators and sets targets and measures linked to its strategic objectives on an annual basis. Directors regularly review and monitor C&K's performance with the CEO and Executive Managers.

C&K measures organisational performance across five goals:

- **C&K exceeds the National Quality Standard:** The standard of our early childhood education and care services as measured against the National Quality Framework.
- **C&K responds to and invests in children, families, and their communities:** The social value returned to children, families, and communities as a not-for-profit reinvesting in the early childhood education and care sector.
- **C&K's workforce is exceptional:** The extent to which we can attract, retain, and nurture our diverse, safe, and engaged workforce.
- **C&K is an effective organisation:** The effectiveness and efficiency with which we manage our resources and operations.
- **C&K is the recognised leader in early childhood education and care:** The extent to which we are recognised by our families, government and other stakeholders as a high-quality provider and influential thought leaders and innovators in early childhood education and care.

**Review of Operations and Results**

The 2023 year started and ended with significant changes to government funding for children eligible to enrol in the kindergarten program. The changes at the beginning of the year saw new subsidies introduced to make kindergarten more affordable for families, which had a positive impact on demand for places at C&K kindergartens. By the end of 2023 C&K was gearing up for the introduction of 'Free Kindy' for four-year-olds for the 2024 year – a cost-of-living initiative by the Queensland Government to provide up to 600 hours per year of a kindergarten program free for all eligible aged children across Queensland.

C&K's growth continued in 2023 with the addition of 135 licensed places. This was achieved by the relocation of two existing childcare services to newly built and expanded premises (C&K Carseldine Community Childcare Centre in August and C&K Yuingi Community Childcare Centre in October), renovation and expansion of the C&K Caloundra Community Childcare Centre, the opening of a new specialist early years centre in Strathpine for highly disadvantaged children and families (an innovative new model of care in partnership with the Parkville Institute), and the transition of the Monto Community Kindergarten to branch status.

The centre at Carseldine attained a highly prized Five-Star Green Rating and the site also provides a great opportunity for intergenerational learning activities in partnership with the adjacent residential aged care facility.

C&K's commitment to high-quality early childhood environments continued in 2023 with significant investment in centre upgrades and refurbishments. We invested $3.7m into building and playground upgrades, re-painting, and the installation of solar systems and more efficient air-conditioning systems to support energy sustainability.

C&K's positive financial result was underpinned by strong enrolment figures throughout the year, and bolstered by the combination of better than expected performance of its investment portfolio (after incurring losses in 2022) and a beneficial non-recurrent change to kindergarten funding in the first half of the year.

### Key Operating Results

| | | |
|---|---|---|
| **Total Revenue** | **$147.8m** | Revenue increased by $15.6m (11.8%) compared to 2022. Increases to enrolments, fees, and kindergarten funding delivered $13.5m of additional revenue. Increasing cash on deposit values and interest rates contributed $1.3m of additional finance income. |
| **Total Expenses** | **$143.6m** | Total expenses increased by $13.4m (10.3%) compared to 2022, driven by increased salary and wages, additional centres, and professional development related costs. |
| **Operating surplus/(deficit)** | **$4.2m** | Operating surplus increased to $4.2m in 2023 (2.8% of total revenue) from $2.0m in 2022. |
| **Net surplus /(deficit)** | **$6.5m** | The 2023 net result was favourably impacted by the over-performance of C&K's investment portfolio and additional non-recurrent kindergarten funding. |
| **Net Assets** | **$50.9m** | Net assets increased by the net surplus in 2023, up from $44.4m in 2022 |
| **Cashflow from operations** | **$9.7m** | |

### Events since the end of the financial year

No matter or circumstance has occurred subsequent to the 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 2023 the total amount members would contribute is $880 (2022: $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.

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**Insurance of Officers**

During the financial year, the Company paid a premium of $48,795 (2022: $50,116) 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 the insurance against legal costs and those relating to other liabilities.

**Auditor's Appointment**

PricewaterhouseCoopers continue as our external auditor in 2023 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.

T. Mulherin

Therese Mulherin, Chair of the Board of Directors
24 April 2024

C. G. Strickland

Charles Strickland, Chair of the Audit, Risk and Finance Committee
24 April 2024

# Auditor's Independence Declaration

As lead auditor for the audit of The Creche and Kindergarten Association Limited for the year ended 31 December 2023, 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
24 April 2024

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# The Crèche and Kindergarten Association Limited
## ABN 59 150 737 849
## Statement of Profit or Loss and other Comprehensive Income
## As at 31 December 2023

| | Note | 2023 | 2022 |
|---|---|---|---|
| Revenue from contracts with customers | 1 | 145,019 | 131,788 |
| Finance income | 2 | 2,052 | 716 |
| Other income | | 694 | (354) |
| **Total revenue** | | **147,765** | **132,150** |
| | | | |
| Employee costs | 3 | 107,580 | 97,443 |
| Depreciation and amortisation expenses | 7,8,13 | 4,988 | 4,738 |
| Supplies and services | 4 | 26,731 | 23,897 |
| Finance costs | 13 | 4,277 | 4,064 |
| **Total expenses** | | **143,576** | **130,142** |
| | | | |
| **Operating surplus / (deficit)** | | **4,189** | **2,008** |
| | | | |
| Changes in the fair value of financial assets | | 1,929 | (3,683) |
| Gain/(loss)on sale of assets | | (17) | (45) |
| Fair value of donated assets | | 280 | 2 |
| Franking credit received | | 82 | 97 |
| **Net non-operating income / (expense)** | | **2,274** | **(3,629)** |
| | | | |
| **Net surplus / (deficit)** | | **6,463** | **(1,621)** |
| | | | |
| **Total comprehensive income / (loss)** | | **6,463** | **(1,621)** |

*All figures in thousands of AUD, unless advised otherwise.*
*The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.*

# The Crèche and Kindergarten Association Limited
# ABN 59 150 737 849
# Balance Sheet
# For the year ended 31 December 2023

| | Note | 2023 | 2022 |
|---|---|---|---|
| **Current assets** | | | |
| Cash and cash equivalents | 5 | 11,085 | 11,667 |
| Trade and other receivables | 6 | 3,360 | 2,721 |
| Other financial assets | 5 | 36,086 | 30,613 |
| Prepayments and security bonds | | 1,894 | 1,345 |
| **Total current assets** | | **52,425** | **46,346** |
| **Non-current assets** | | | |
| Property, plant and equipment | 7 | 21,281 | 18,040 |
| Intangible assets | 8 | 3,739 | 3,790 |
| Non-current investments | 17 | 22,049 | 19,551 |
| Right-of-use assets | 13 | 72,125 | 68,274 |
| **Total non-current assets** | | **119,194** | **109,655** |
| **Total assets** | | **171,619** | **156,001** |
| **Current liabilities** | | | |
| Trade and other payables | 9 | 16,315 | 16,716 |
| Contract liabilities | 1b | 8,589 | 6,816 |
| Provisions | 10 | 5,085 | 4,575 |
| Lease liabilities | 13 | 681 | 621 |
| **Total current liabilities** | | **30,670** | **28,728** |
| **Non-current liabilities** | | | |
| Provisions | 10 | 5,384 | 4,654 |
| Lease liabilities | 13 | 84,691 | 78,208 |
| **Total non-current liabilities** | | **90,075** | **82,862** |
| **Total liabilities** | | **120,745** | **111,590** |
| **Net assets** | | **50,874** | **44,411** |
| **Funds** | | | |
| Accumulated funds | | 50,874 | 44,411 |
| **Total funds** | | **50,874** | **44,411** |

*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 2023

| | Accumulated Funds | Total |
|---|---|---|
| **Balance at 31 December 2021** | 46,032 | 46,032 |
| Net loss | (1,621) | (1,621) |
| Total comprehensive income | (1,621) | (1,621) |
| **Balance at 31 December 2022** | **44,411** | **44,411** |
| | | |
| Net surplus | 6,463 | 6,463 |
| Total comprehensive income | 6,463 | 6,463 |
| **Balance at 31 December 2023** | **50,874** | **50,874** |

*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 2023

| | Note | 2023 | 2022 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Receipts from customers and grants | | 145,204 | 133,782 |
| Finance income received | | 1,909 | 443 |
| Payments to suppliers and employees | | (133,371) | (118,107) |
| Interest paid on lease liabilities | | (4,043) | (3,797) |
| **Net cash generated from operating activities** | | **9,699** | **12,321** |
| | | | |
| **Cash flow from investing activities** | | | |
| Proceeds from sale of fixed assets | | - | 25 |
| Franking credit received/receivable | | 82 | 97 |
| Proceeds from/(payments to) investments in term deposits | | (5,473) | 200 |
| Payments for property, plant & equipment | | (4,259) | (2,834) |
| Proceeds from financial assets at fair value through profit or loss | | 8,050 | - |
| Payments to financial assets at fair value through profit or loss | | (8,000) | - |
| **Net cash used in investing activities** | | **(9,600)** | **(2,512)** |
| | | | |
| **Cash flow from financing activities** | | | |
| Principal paid on lease liabilities | | (681) | (527) |
| **Net cash used in financing activities** | | **(681)** | **(527)** |
| | | | |
| Net increase in cash and cash equivalents | | (582) | 9,282 |
| Cash and cash equivalents at beginning of year | | 11,667 | 2,385 |
| **Cash and cash equivalents at end of year** | 5 | **11,085** | **11,667** |

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

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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 and at a point in time across the following revenue streams:

| | 2023 | 2022 |
|---|---|---|
| Revenue from the provision of childcare & kindergarten services | 139,988 | 127,798 |
| Central Governing Body activities | 3,744 | 2,709 |
| Registered Training Organisation income | 310 | 339 |
| All other streams | 977 | 942 |
| | **145,019** | **131,788** |

### (b) Assets and liabilities related to contracts with customers

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

| | 2023 | 2022 |
|---|---|---|
| Unearned income | 8,589 | 6,816 |
| **Total current contract liabilities** | **8,589** | **6,816** |

Contract liabilities represent the fair value of that portion of the consideration received in respect of grants and funding received and in advance for which the performance obligation has not yet been satisfied.

### 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.

*All figures in thousands of AUD, unless advised otherwise.*

**1. Revenue from contracts with customers (continued)**

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 (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)** *(included in 'All other streams')*

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 by advisory groups consisting of parents, guardians, and other community members, and are spent on activities or assets based on recommendations of the CAG.

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

## 2. Finance income

| | 2023 | 2022 |
|---|---|---|
| Interest from financial assets held for cash management purposes | **2,052** | **716** |

### 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.

## 3. Employee Costs

| | 2023 | 2022 |
|---|---|---|
| **Employee Costs** | | |
| Salaries and Wages | 93,414 | 85,697 |
| Contributions to defined contribution plans | 9,787 | 8,611 |
| Professional Development Expenses | 2,320 | 1,680 |
| Other employee expenses | 2,059 | 1,455 |
| | **107,580** | **97,443** |

### ACCOUNTING POLICY

#### Contributions to defined contribution plans

The Company pays contributions to certain defined contribution plans. These contributions are recognised in profit or loss in the periods during which services are rendered by employees.

*All figures in thousands of AUD, unless advised otherwise.*

## 4. Supplies and services

| | 2023 | 2022 |
|---|---|---|
| Advertising and marketing | 933 | 784 |
| Bank charges | 417 | 380 |
| Cleaning | 4,845 | 4,547 |
| Conferences and seminars | 402 | 89 |
| Equipment | 2,308 | 2,083 |
| Medical expenses | 239 | 281 |
| Provision of food for children | 2,381 | 2,267 |
| Grants expenditure | 136 | 365 |
| Information technology | 2,732 | 2,471 |
| Motor vehicles | 246 | 190 |
| Occupancy | 5,251 | 5,314 |
| Consultancy | 759 | 790 |
| Postage, printing, stationery and program materials | 1,313 | 1,003 |
| Repairs and maintenance | 2,118 | 1,650 |
| Telephone and internet | 682 | 630 |
| Travel | 867 | 464 |
| Other expenses | 1,102 | 589 |
| | **26,731** | **23,897** |

*All figures in thousands of AUD, unless advised otherwise.*

## 5. Cash and cash equivalents and other financial assets

| | 2023 | 2022 |
|---|---|---|
| **Current** | | |
| Cash and cash equivalents | 11,085 | 11,667 |
| | | |
| **Other current financial assets** | | |
| Term deposits | 36,086 | 30,613 |

### ACCOUNTING POLICY

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

### Term deposits

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 2023 of 4.96% (2022: 3.66%). Due to their short-term nature their carrying value is assumed to approximate their fair value. The Company has $1,085,800 (in whole dollars of AUD) (2022: $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 12.

### Investments and other financial assets

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.

*All figures in thousands of AUD, unless advised otherwise.*

## 5. Cash and cash equivalents and other financial assets (continued)

Management determines the classification of its investments at initial recognition. 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.

### 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.

## 6. Trade and other receivables

| | 2023 | 2022 |
|---|---|---|
| **Current** | | |
| Trade receivables | 160 | 482 |
| Children's fees receivable | 807 | 670 |
| Goods and services tax receivable | 357 | 1,351 |
| Other receivables | 2,276 | 394 |
| Provision for expected credit loss | (240) | (176) |
| | **3,360** | **2,721** |

| | | |
|---|---|---|
| Movement in the provision for expected credit loss is as follows: | | |
| Balance at the beginning of the year | 176 | 178 |
| - Charge for the year | 102 | 58 |
| - Written off | (38) | (60) |
| Balance at the end of the year | **240** | **176** |

### 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.

*All figures in thousands of AUD, unless advised otherwise.*

## 7. Property, plant and equipment

| | 2023 | 2022 |
|---|---|---|
| Capital works in progress | 616 | 227 |
| Freehold land - at cost | 1,982 | 1,982 |
| Buildings & leasehold improvements - at cost | 30,296 | 26,826 |
| Less accumulated depreciation | (13,243) | (11,970) |
| | 17,053 | 14,856 |
| Equipment, furniture & fittings - at cost | 7,177 | 6,060 |
| Less accumulated depreciation | (5,602) | (5,140) |
| | 1,575 | 920 |
| Motor vehicles - at cost | 140 | 140 |
| Less accumulated depreciation | (85) | (85) |
| | 55 | 55 |
| **Total property, plant and equipment** | **21,281** | **18,040** |

*All figures in thousands of AUD, unless advised otherwise.*

**7. 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 |
|---|---|---|---|---|---|---|
| **2023** | | | | | | |
| **Cost** | | | | | | |
| Balance at the beginning of the year | 227 | 1,982 | 26,826 | 6,060 | 140 | 35,235 |
| Additions | 4,449 | - | 800 | - | - | 5,249 |
| Donated assets | 135 | - | - | - | - | 135 |
| Transfers and other movements | (4,195) | - | 2,740 | 1,130 | - | (325) |
| Disposals | - | - | (70) | (13) | - | (83) |
| Balance at the end of the year | 616 | 1,982 | 30,296 | 7,177 | 140 | 40,211 |
| | | | | | | |
| **Accumulated depreciation** | | | | | | |
| Balance at the beginning of the year | - | - | (11,970) | (5,140) | (85) | (17,195) |
| Donated assets | - | - | - | - | - | - |
| Charge for the year | - | - | (1,326) | (475) | - | (1,801) |
| Disposals | - | - | 53 | 13 | - | 66 |
| Balance at the end of the year | - | - | (13,243) | (5,602) | (85) | (18,930) |
| | | | | | | |
| **Net carrying amount** | | | | | | |
| At the beginning of the year | 227 | 1,982 | 14,856 | 920 | 55 | 18,040 |
| At the end of the year | **616** | **1,982** | **17,053** | **1,575** | **55** | **21,281** |

*All figures in thousands of AUD, unless advised otherwise.*

**7. 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.

**7. 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.

## 8. Intangible assets

| | **2023** | **2022** |
|---|---|---|
| Curriculum - at cost | 251 | 251 |
| Less: accumulated amortisation | (182) | (140) |
| | 69 | 111 |
| Software - at cost | 265 | 265 |
| Less: accumulated amortisation | (265) | (265) |
| | - | - |
| Goodwill - at cost | 10,212 | 10,212 |
| Less: accumulated impairment | (6,736) | (6,736) |
| | 3,476 | 3,476 |
| Lease premiums and other rights - at cost | 269 | 269 |
| Less: accumulated amortisation | (75) | (66) |
| | 194 | 203 |
| **Total intangible assets** | 3,739 | 3,790 |

*All figures in thousands of AUD, unless stated otherwise.*

**8. Intangible assets (continued)**

| | Curriculum | Software | Goodwill | Lease premiums and other rights | Total |
|---|---|---|---|---|---|
| **2023** | | | | | |
| **Cost** | | | | | |
| Balance at the beginning of the year | 251 | 265 | 10,212 | 269 | 10,997 |
| Additions | - | - | - | - | - |
| Transfers and other movements | - | - | - | - | - |
| Disposals/Write off | - | - | - | - | - |
| Balance at the end of the year | **251** | **265** | **10,212** | **269** | **10,997** |
| | | | | | |
| **Accumulated amortisation/impairment** | | | | | |
| Balance at the beginning of the year | (140) | (265) | (6,736) | (66) | (7,207) |
| Acquisition of subsidiary | - | - | - | - | - |
| Charge for the year | (42) | - | - | (9) | (51) |
| Transfers and other movements | - | - | - | - | - |
| Disposals/Write off | - | - | - | - | - |
| Balance at the end of the year | **(182)** | **(265)** | **(6,736)** | **(75)** | **(7,258)** |
| | | | | | |
| **Net carrying amount** | | | | | |
| At the beginning of the year | 111 | - | 3,476 | 203 | 3,790 |
| At the end of the year | **69** | **-** | **3,476** | **194** | **3,739** |

**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 all grouped childcare centres and originally recognised as part of a three-centre acquisition in 2016, has suffered any impairment on an annual basis. For the 2023 and 2022 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% (2022: 10.0%)
- Revenue and expense growth during forecast period of 3.0% (2022: 3.0%)
- Terminal growth rate of 1.5% (2022: 1.5%)

*All figures in thousands of AUD, unless stated otherwise.*

**8. Intangible assets (continued)**

**Impairment charge**

After applying reasonable sensitivity analysis to the impairment model assumptions, management has determined that no impairment of goodwill was required as at 2023 year-end (2022: Nil).

**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,
- 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.

**8. Intangible assets (continued)**

**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.

## 9. Trade and other payables

| | 2023 | 2022 |
|---|---|---|
| **Current** | | |
| Trade payables | 550 | 1,035 |
| Employee benefits | 8,722 | 9,358 |
| Other payables and accruals | 7,043 | 6,323 |
| | 16,315 | 16,716 |

### 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 9 include accrued salaries and wages, annual leave, and superannuation liabilities.

*All figures in thousands of AUD, unless stated otherwise.*

## 10. Provisions

| | 2023 | | | 2022 | | |
|---|---|---|---|---|---|---|
| | Current | Non-current | Total | Current | Non-current | Total |
| Employee benefits | 5,085 | 2,664 | 7,749 | 4,575 | 2,777 | 7,352 |
| Make good costs | - | 2,720 | 2,720 | - | 1,877 | 1,877 |
| **Total** | 5,085 | 5,384 | 10,469 | 4,575 | 4,654 | 9,229 |

**Movements**

| | Employee benefits | Make good provision | Total |
|---|---|---|---|
| **2023** | | | |
| Carrying amount at start of year | 7,352 | 1,877 | 9,229 |
| Charged/(credited) to profit or loss | | | |
| - additional provision recognised | 925 | 800 | 1,725 |
| - unwinding of discount | - | 73 | 73 |
| Amount used/reversed | (528) | (30) | (558) |
| Balance at the end of the year | 7,749 | 2,720 | 10,469 |

*All figures in thousands of AUD, unless stated otherwise.*

**10. Provisions (continued)**

**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.

**10. 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.

## 11. Capital commitments

| | 2023 | 2022 |
|---|---|---|
| **(a) Capital expenditure commitments** | | |
| Payable | | |
| - not later than 1 year | 41 | 305 |

## 12. Contingencies

| | 2023 | 2022 |
|---|---|---|
| **Guarantees** | | |
| Bank guarantees issued in support of rental agreements | 1,086 | 613 |

The Company did not have any other contingent liabilities or contingent assets as at 31 December 2023 (31 December 2022: Nil).

*All figures in thousands of AUD, unless stated otherwise.*

## 13. Leases

**(a) Amounts recognised in the balance sheet**

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

| | 2023 | 2022 |
|---|---|---|
| **Right-of-use assets** | | |
| Buildings | 71,579 | 67,877 |
| Vehicles | 546 | 396 |
| Printers | - | 1 |
| | 72,125 | 68,274 |
| **Lease liabilities** | | |
| Current | 681 | 621 |
| Non-Current | 84,691 | 78,208 |
| | 85,372 | 78,829 |

Additions to the right-of-use assets during the 2023 year were $6,989,563 (in whole dollars of AUD).

**(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:

| | 2023 | 2022 |
|---|---|---|
| **Depreciation charge of right-of-use assets** | | |
| Buildings | (2,909) | (2,800) |
| Vehicles | (227) | (183) |
| Printers | - | (4) |
| | (3,136) | (2,987) |
| Interest expense | (4,277) | (4,064) |
| Expense relating to short-term leases and low-value assets | (41) | (84) |
| | (4,318) | (4,148) |

**(c) Future lease payments**

Future lease payments in relation to lease liabilities as at period end are as follows:

| | 2023 | 2022 |
|---|---|---|
| Within one year | 5,732 | 4,473 |
| Later than one year but no later than five years | 24,104 | 18,416 |
| Later than five years | 146,937 | 135,489 |
| | 176,773 | 158,378 |

*All figures in thousands of AUD, unless stated otherwise.*

**13. Leases (continued)**

**Finance Costs**

The interest expense shown in note 13.(b) 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.

**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.

**13. Leases (continued)**

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.

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 147 branch centres on properties leased under 'peppercorn' arrangements, with annual lease values ranging from AUD $1 to $300 dollars. None of these properties represents a material component of the branch portfolio but the Company's financial performance is supported by, and dependent on, access to these peppercorn lease terms. 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.

**14. Events after balance sheet date**

No 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.*

## 15. 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:

| | 2023 | 2022 |
|---|---|---|
| Key management personnel compensation | 1,479 | 1,304 |

The year-on-year increase above is primarily due to an additional board director eligible for Non-Executive Director Fees, and the full year impact of the introduction of a Chief People Officer who joined in September 2022.

## 16. Auditor's remuneration

| | 2023 | 2022 |
|---|---|---|
| Audit of financial statements | 74 | 65 |
| | 74 | 65 |

No non-audit services were provided in the current or comparative period.

## 17. Financial risk management

The Company's 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:

| | | 2023 | | 2022 | |
|---|---|---|---|---|---|
| | Notes | Assets at FVPL | Assets at amortised cost | Assets at FVPL | Assets at amortised cost |
| **Financial assets** | | | | | |
| Cash and cash equivalents | 5 | - | 11,085 | - | 11,667 |
| Other financial assets | 5 | - | 36,086 | - | 30,613 |
| Trade and other receivables | | - | 3,003 | - | 1,370 |
| Managed funds at fair value through profit or loss | | 22,049 | - | 19,551 | - |
| **Total financial assets** | | 22,049 | 50,174 | 19,551 | 43,650 |

| | Liabilities at FVPL | Liabilities at amortised cost | Liabilities at FVPL | Liabilities at amortised cost |
|---|---|---|---|---|
| **Financial liabilities** | | | | |
| Trade and other payables | - | 5,651 | - | 5,757 |

FVPL = Fair value through profit or loss.

*All figures in thousands of AUD, unless stated otherwise.*

## 18. Summary of other material accounting policies

This note provides a list of the material 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.

### (a) Reporting Entity and Basis of Preparation

The Creche and Kindergarten Association Limited (the Company) is a not-for-profit company limited by guarantee. It is domiciled in Australia and its registered office is at 257 Gympie Road, Kedron, QLD.

The financial statements for the Company are a Tier 2 general purpose financial report which have been prepared in accordance with Australian Accounting Standards – Simplified Disclosures of the Australian Accounting Standards Board (AASB) and as required by the Australian Charities and Not-for-profit Commission (ACNC) Act 2012.

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 27 March 2024 by the Directors of the Company.

### (b) New and amended standards adopted by the company

The Company has applied the following standards and amendments for the first time for its annual reporting period commencing 1 January 2023:

- AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies Definition of Accounting Estimates [AASB 7, AASB 101, AASB 108, AASB 134 & AASB Practice Statement 2]

The AASB amended AASB 101 Presentation of Financial Statements to require entities to disclose their material rather than their significant accounting policies.
The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

The company has not elected to early-adopt any standard, amendment or interpretation which is not yet in effect.

### (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).

**18. 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 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.

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.

Minor reclassifications of expenses grouped with 'Other expenses' in 'Note 4. Supplies and services' have occurred in 2023; the 2022 comparative figures have been reclassified to align with 2023.

**(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 8.

**(g) Reserves policy**

To ensure the long-term viability and sustainability of the organisation, the Company aims to achieve a minimum level of available financial reserves to protect the organisation, employees' entitlements, and other committed expenditure. The reserves policy, as set by the C&K Board, targets a minimum level of reserves of approximately four months of annual budgeted operational expenditure.

**19. Economic dependence**

The operations of all our early childhood services benefit from the continued support by the federal and state governments.

## 20. Funding receipts and expenditure

### Queensland Government Department of Education Office of Early Childhood and Care

This special purpose note is included to satisfy Queensland Government requirements to show state government funding received by C&K and related expenditure/disbursements applied in 2023.

Additional expenditure and/or funding disbursements related to the Queensland Kindergarten Funding 2023, the Kindergarten Learning Progression Tool, and Transitional Funding programs have been applied subsequent to the period reporting date and will be disclosed in the 2024 Funding receipts and expenditure note.

The opening balance of undisbursed funds as at 1 January 2023 has been corrected from the closing balance of undisbursed funds as at 31 December 2022. The correction does not impact current or prior year reported receipts or expenditure values.

**20. Funding receipts and expenditure (continued)**

| Projects | Total | Central | Branch | Affiliate |
|---|---|---|---|---|
| **Balance of undisbursed funds as at 1 January 2023** | **4,268** | | | |
| **Receipts** | | | | |
| **State Government Grants for 2023** | | | | |
| QKFS Funding Semester 2 2022 | 33 | - | 33 | - |
| QKF Funding Semester 1 2023 | 39,225 | - | 18,587 | 20,638 |
| QKF Funding Semester 2 2023 | 36,902 | - | 16,968 | 19,934 |
| QKF Funding in Long Day Care | 1,644 | - | 1,644 | - |
| Great Start to Kindy Semester 2 2023 | 1,409 | - | 606 | 803 |
| Free Access to Kindy Semester 1 2022 | 306 | - | 153 | 153 |
| Free Access to Kindy Semester 2 2022 | 518 | - | 269 | 249 |
| Kindy Uplift Program 2022 | 75 | 75 | - | - |
| Kindy Uplift Program 2023 | 9,247 | 1,809 | 3,437 | 4,001 |
| Transitional & Place Base Funding | 1,000 | - | 210 | 790 |
| Kindergarten Learning Progression Tool | 25 | - | 21 | 4 |
| Kindergarten Inclusion Support Scheme (KISS) | 5,397 | - | 2,699 | 2,698 |
| Mackay Children and Family Centre | 1,363 | - | 1,363 | - |
| Limited Hours Care Programs | 385 | - | 385 | - |
| CGB Assurance & Governance Funding | 3,004 | 3,004 | - | - |
| Interest Income | 129 | - | - | 129 |
| **Total Receipts** | **100,662** | **4,888** | **46,375** | **49,399** |
| **Expenditure** | | | | |
| QKFS Funding Semester 1 2022 | (3) | - | - | (3) |
| QKFS Funding Semester 2 2022 | 717 | - | - | 717 |
| QKF Funding Semester 1 2023 | 37,545 | - | 17,908 | 19,637 |
| QKF Funding Semester 2 2023 | 38,014 | - | 19,168 | 18,846 |
| QKFS Funding in Long Day Care | 14 | - | 14 | - |
| QKF Funding in Long Day Care | 1,600 | - | 1,600 | - |
| Great Start to Kindy Semester 2 2022 | 231 | 11 | - | 220 |
| Great Start to Kindy Semester 2 2023 | 242 | - | 104 | 138 |
| Kindy Uplift Program 2022 | 11 | - | 11 | - |
| Kindy Uplift Program 2023 | 8,075 | 1,748 | 2,701 | 3,626 |
| Transitional & Place Base Funding | 477 | - | 27 | 450 |
| Kindergarten I.T. Infrastructure Grant | 1,637 | 1,637 | - | - |
| Kindergarten Inclusion Support Scheme (KISS) | 5,419 | - | 2,665 | 2,754 |
| Mackay Children and Family Centre | 1,363 | - | 1,363 | - |
| Limited Hours Care Programs | 514 | - | 514 | - |
| CGB Assurance & Governance Funding | 3,004 | 3,004 | - | - |
| Administrative Expenditure | 10,029 | - | 10,029 | - |
| Volunteer Management Committee | 3,568 | - | - | 3,568 |
| **Total Expenditure** | **112,457** | **6,400** | **56,104** | **49,953** |
| **Net grant expenditure for 2023** | **(11,795)** | **(1,512)** | **(9,729)** | **(554)** |
| **Balance contributed by C&K for the year ended 31 December 2023** | **13,550** | | | |
| **Balance of undisbursed funds as at 31 December 2023** | **6,023** | | | |

**QKF and QKFS means Queensland Kindergarten Funding.*

*All figures in thousands of AUD.*

The Crèche and Kindergarten Association Limited
ABN 59 150 737 849

# Directors' Declaration

## For the Year Ended 31 December 2023

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 43, are in accordance with the *Australian Charities and Not-for-profits Commission (ACNC) Act 2012* and:
   a. comply with Australian Accounting Standards – Simplified Disclosures 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 2023 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.

T. Mulherin

Therese Mulherin, Chair of the Board of Directors
24 April 2024

C. G. Strickland

Charles Strickland, Chair of the
Audit, Risk and Finance Committee
24 April 2024

*All figures in thousands of AUD.*

# 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 2023 and of its financial performance for the year then ended

(b) complying with Australian Accounting Standards - Simplified Disclosures and Division 60 of the *Australian Charities and Not-for-profits Commission Regulations 2022.*

### *What we have audited*

The financial report comprises:

- the balance sheet as at 31 December 2023
- the statement of changes in equity 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, including material accounting policy information 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 2023, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon through our opinion on the financial report.

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 - Simplified Disclosures 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.

pwc

## 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
24 April 2024