Annual Report 2022

C&K Childcare & Kindergarten
Early Learning since 1907

Where children come first.

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.

C&K - Where every child flourishes

As a not-for-profit organisation, children are at the centre of everything we do. The core purpose of our work is to create learning environments that allow children to flourish. For C&K, flourishing means that children are confident, secure, courageous, engaged, empowered, empathetic and resilient.

Creating these environments requires highly-qualified people, delivering quality education programs, that respond to today's children and empower them for the world of tomorrow. We achieve this through our dedicated workforce, that provides outstanding educational experiences for children and families every day.

Across our network of 330 centres, we focus on quality and recognise that improvement is an ongoing, reflective and essential process. We are proud to be an inclusive organisation, where religion, culture and abilities are not a barrier to participation.

We grow our reputation as thought leaders, by actively engaging in advocacy and consultation, delivering professional learning opportunities to influence the future direction of early childhood education and care.

At C&K, we are proud of our 115-year history of creating generations of life-long learners. The secret to our longevity is simple – we keep children at the centre of everything we do, we adapt to changing environments and we innovate to ensure we remain leaders in high-quality early childhood education and care.

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A message from our Chair

On behalf of the Board, I am pleased to present C&K's 2022 Annual Report.

C&K's vision is to create environments and communities "where every child flourishes" and I'm proud to say that in 2022, we moved closer to achieving this, by providing exceptional early childhood education and care to more than 18,900 children across metropolitan, regional and remote Queensland communities.

2022 was also the first year of C&K's current five-year Strategic Plan. The Plan clearly sets out the direction for C&K to continue to put children first and deliver evidence-based, high-quality education and care, as we have since 1907.

In early 2022, the resilience of our workforce was evident again, when flooding across Southeast Queensland damaged 102 kindergartens and childcare centres. Our teams worked tirelessly to reopen 83 of these centres in just two days while our teachers and educators supported impacted children and families. It was heart-warming to see children raise money and donate items to support these families and be motivated to write a letter to the Prime Minister about climate change. Children continue to be active and vocal citizens which we will always embrace and encourage.

The early part of the year was also significantly impacted by another wave of COVID-19 cases, along with changes in government guidance and policy across the early childhood sector. We are very thankful to our staff for their support through these difficult times.

Our CEO Dr Sandra Cheeseman and the executive team responded well to emerging events in 2022, while keeping their focus and efforts on our strategic direction. I thank them for their leadership of the organisation across the year. The executive team was expanded in 2022 with the very welcome addition of Kim Davis as Chief Operating Officer and Paula Holden as Chief People Officer.

We were delighted to welcome our new Patron, Her Excellency the Honourable Dr Jeannette Young, Governor of Queensland. The Governor has close ties to C&K, as a former committee President of the (now) C&K Arnwood Place Community Childcare Centre, 20 years ago when her daughter attended. The staff and children at Arnwood Place hosted the Governor for morning tea, where long-term staff shared memories of Her Excellency's contributions to this community program.

A significant highlight of 2022 was the strong support and acknowledgement from both state and federal governments of the importance of early childhood education and care in the first five years of life. The Queensland Government's announcement of the new $1 billion Kindergarten Funding Program was warmly welcomed by C&K.

This five-year investment will improve affordability for thousands of families, increase accessibility for children with inclusion needs, support regional, rural and remote communities and provide greater stability to the sector. We welcome the opportunity to work in partnership with the government to provide more Queensland children with a high-quality kindergarten experience.

We were also encouraged to see the significant public spotlight on early childhood education and care at the federal level. The newly elected Albanese Government announced the Productivity Commission and Australian Competition and Consumer Commission inquiries, the Jobs and Skills Summit, the National Early Years Summit and changes to the Child Care Subsidy. C&K intends to contribute our voice to these important activities and I look forward to seeing the new opportunities 2023 will bring.

I would like to thank the outstanding efforts and contribution of the entire C&K workforce, including our casual and relief pool, and our affiliated centres and their volunteer management committees. Every day you support, guide and develop the youngest members of our community, enabling them to flourish.

To our C&K families, thank you for your ongoing trust in us to nurture, educate and care for your children. The relationships we form with you are deep and strong and I believe this connection is truly something special.

Finally, I would like to acknowledge my fellow Board members for your ongoing guidance, support and commitment to furthering the important work we do.

Therese Mulherin

Therese Mulherin
Chair

C&K Executive Management Team. From L to R: Kim Davis, Chief Operating Officer, Paula Holden, Chief People Officer, Dr Sandra Cheeseman, CEO, Mark Stones, Chief Financial Officer

A message from our CEO

While this year presented many challenges for C&K, it also delivered significant opportunities. We were pleased to work in partnership with the Queensland Government to introduce kindergarten funding reforms to make kindy more affordable for families.

This included supporting our branch and affiliated kindergartens to adopt new technologies to streamline enrolments, attendances and fee calculations from 2023. We also grew our programs by implementing the Queensland Government's Kindy Uplift Program, which provides participating centres with professional learning, building capability across our network. We partnered with Lady Gowrie Queensland to deliver the program to non-affiliated centres across Queensland, helping to grow the sector. This was an important opportunity to share C&K's commitment to quality beyond our branded footprint.

The Australian Government election provided a platform for C&K to join other like-minded organisations to lobby for key initiatives in a period of significant early childhood education and care reform. We welcomed the appointment of Dr Anne Aly, as Minister for Early Childhood Education and Minister for Youth, and the announcement of the Australian Competition and Consumer Commission's and Productivity Commission's inquiries. We will play a significant role in these inquiries, which, along with the National Early Years Strategy and Vision, provide C&K platforms to advocate for and influence future policy.

Our remarkable workforce remains our point of difference and showed their resilience against workforce challenges, responding to staff shortages by covering vacant shifts, working additional hours and encouraging their friends to join C&K. Our ongoing commitment to being an employer of choice was highlighted through our successful negotiations, with staff and unions, to renew our enterprise bargaining agreements. This allows us to provide staff with higher wages and better conditions and respond to feedback from our Staff Engagement Survey. We remain dedicated to ensuring C&K is a place where everyone can flourish.

Across 2022, we took the opportunity to reflect on and refresh our commitment to reconciliation. C&K's Reconciliation Action Plan Working Party worked tirelessly to consult, research and inspire others to refresh our understanding of Aboriginal and Torres Strait Islander knowledge and ways of being and doing. This foundational work included two Elders morning teas, where our generous Elders and community representatives shared their truth, wisdom and history, to inform our progress. As an organisation, we acknowledge the significant responsibility we have in working closely with children and families and incorporating opportunities to shape their understanding of First Nations' influences on our future.

As Queensland's oldest, and one of the largest providers of early childhood education and care, we have a responsibility to share our knowledge to help grow and build the sector.

We collaborated with Early Childhood Australia to review and streamline the Australian Institute for Teaching and School Leadership's Professional Standards for Teachers and partnered with the Australian Education Research Organisation to inform the creation of best practice guides on belonging and connectedness in children aged birth to five years. C&K particularly values our research partnerships, contributing to three Australian Research Council projects, including the final year of the Exemplary Early Childhood Educators Research study. This project informs the approach we take to support our workforce to realise the impacts they can have on the lives and futures of young children.

We were fortunate to receive 75 funding grants this year, which allowed us to undertake a range of activities and facility upgrades. These included playground upgrades, installation of solar panels, sustainability projects, purchasing First Nations resources, flood clean up and community events. We sincerely thank our funding partners for their generous and vital support.

In such a busy and fulfilling year, I am indebted to our executive and senior leadership teams for their expertise, wisdom and collegiality. Our Annual Report showcases the many and varied achievements of 2022 and the diversity of our impact in the early childhood sector. I appreciate the support provided by such a united leadership team and extend my thanks to the Board for their considered governance in leading an organisation with such a long and proud history.

Finally, I thank our C&K children who bring joy to us all. Working with young children can be complex, but it is enormously rewarding to watch these young minds become the next generation of thinkers and theorisers. We know we are in good hands when we see the energy and vitality our children bring to us each day.

S Cheeseman

Dr Sandra Cheeseman
CEO

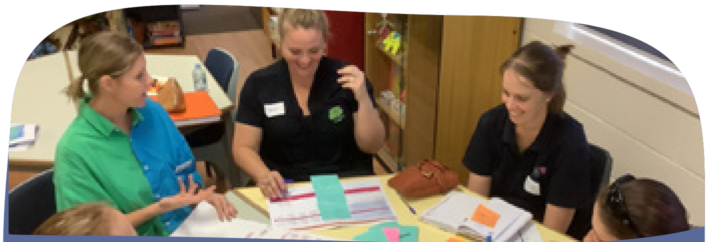
Achievements we're proud of in 2022

Supported the Queensland Government's new kindergarten funding initiative to make participation more affordable and enable more children to have a C&K kindergarten experience in 2023.

Supported 458 3-year-old children, to participate in kindergarten programs as part of the Great Start to Kindy program.

Finalised the tender to deliver Queensland's first Early Years Centre to support children experiencing vulnerability, with an evidence-based early years and care program to enhance learning and development outcomes.

Reignited the Reconciliation Action Plan process to remain informed about and responsive to Aboriginal and Torres Strait Islander influences, interests, and issues and strengthen vital relationships.



Delivered Kindy Uplift professional learning and support to a record number of centres – 223 C&K centres and 103 non-aligned centres.

Finalised two enterprise bargaining agreements to deliver our workforce better pay conditions and remain an employer of choice.

Recognised the outstanding achievements of our dedicated and passionate workforce with 103 Living Professional Excellence Awards, 10 C&K Awards, three finalists in the HESTA Early Childhood Education and Care Awards, one finalist in the Australian Catholic University's Alumni Aboriginal and Torres Strait Islander Community Award and one finalist in the Queensland College of Teachers' TEACHX Awards for the Professor Betty Watts OBE Memorial Award for Outstanding Contribution to Teaching.

Supported 7 Aboriginal and Torres Strait Islander students, living in remote communities, to complete early childhood education and care qualifications.

Launched the Infant and Toddler Pedagogy Professional Learning Program, which delivers online learning modules to introduce best-practice pedagogies for working with our youngest children.

Demonstrated our ongoing commitment to quality improvement with 39 centres assessed against the National Quality Standard - 7 improved their overall rating, 16 achieved an overall rating of Exceeding and we achieved well above state and national averages.

Our vision: Where every child flourishes

C&K was established in Queensland in 1907 to provide creche and kindergarten for the children of poor and working-class families and to develop early childhood teachers and educators. From our humble beginnings in an old, renovated factory, we have been driven to provide children with equal opportunity to access quality early education.

We recognised the importance of teachers and educators, establishing the Brisbane Kindergarten Training College in 1911, four years before a general teacher training college was established in Queensland.

Our founding philosophy was to create educational learning environments for children. We have never wavered from that goal, so providing high-quality education has been at the heart of what we do for the past 115 years.

“Where every child flourishes” is our new vision. This vision drives our work to ensure children are central to our decision-making and we identify opportunities for them to learn, grow and develop in the important early years.

C&K's new **Strategic Plan 2022-2026** outlines the goals to achieve this vision and sets the strategic direction for us to remain a growing, learning and progressive organisation.

Our children, families and communities

We will **respond to and invest in the needs of Queensland children, families and communities** by providing educational environments, developing targeted services, models and programs, supporting those experiencing vulnerability, progressing reconciliation and identifying and implementing the changes required for every centre to exceed the National Quality Standard.

Our people

We will **foster and grow a talented workforce** by ensuring C&K remains an employer of choice, supporting staff with above-award wages, professional learning and wellbeing and increasing our diversity to reflect the communities we work in.

Our organisation

We will **invest in our organisational effectiveness** by identifying and implementing improvements in everything we do. We will increase efficiencies by adopting best-practice processes, technologies and standards to ensure we remain resilient, agile and financially and environmentally sustainable.

Our influence

We will **heighten our role as advocates and partners** to deliver our promise to provide high-quality early childhood education and care and engage in research and evidence to be leaders and shapers of future early childhood policy.

About C&K

For the past 115 years, C&K has developed, nurtured and educated generations of Queensland children. We are experts in supporting learning, wellbeing and resilience by providing environments that help children become confident, creative and persistent learners.

As a not-for-profit organisation, children come first in everything we do. We embrace the diversity of children, families and communities and are committed to reconciliation with children from Aboriginal and Torres Strait Islander communities.

We re-invest our profits to ensure our longevity so we can continue to support thousands of Queensland families each year. With 330 C&K centres across the state, we support urban, regional and remote communities to provide the necessary foundations for children to become lifelong learners.

C&K delivers a range of early childhood education and care services, including kindergarten, extended hours kindergarten, childcare and out-of-hours school care. We aim to respond to changing social circumstances and opportunities, such as implementing the new Early Years Centre to support vulnerable children.

In 1911, we expanded our services by developing an affiliate model. Affiliated centres are run by voluntary management committees and supported by C&K. We have now grown to 153 affiliated centres and share the commitment to be innovators and leaders in delivering early childhood education and care. This relationship allows us to learn from each other and is an important part of C&K's history and future.

C&K centres

178 Branch centres

153 Affiliated centres

Transitions

Mackay Kindergarten and Preschool became a branch.

Springwood Community Kindergarten became an affiliated centre.

Children of C&K

18,920 attended C&K centres

1,315 extended hours kindergarten

191 OSHC

5,698 branch kindergarten

4,586 branch childcares

7,130 affiliate kindergartens

Investing in children, families and communities

C&K has always focused on meeting the unique early childhood education needs of Queensland's diverse communities. For some communities, we are the only early childhood care provider, so understand the importance of our role in strengthening communities, supporting local economies and developing relationships.

We invest time to understand each child to support their learning and well-being and provide opportunities for their voices to be recognised, heard and valued.

Making a difference to the everyday lives of children

C&K implements various programs to promote equal access to quality early childhood education and care for all children. Our Wellbeing and Inclusion team help to identify and respond to children's diverse skills and abilities, and provide engaging resources and learning environments. They also support staff to promote cultural safety and guide children's physical, intellectual, social and emotional development.

We deliver the Kindergarten Inclusion Support Scheme (KISS) to provide educational support for children with disability or experiencing learning and development challenges. This funding enables additional staff and provides teachers and educators with a skills development program to enhance their work with children of all abilities.

In 2022, C&K delivered the Great Start to Kindy program at 22 affiliated and 19 branch kindergartens. Queensland Government funding enabled 458 children to have a pre-kindergarten experience, with the majority transitioning to a C&K kindergarten program in 2023. We know that two years of kindergarten can provide a sound foundation for many children before they begin school.

Our learning environments are an important component of helping children to flourish. This year our property upgrade program refreshed and revitalised physical learning environments with new playgrounds, painting, shade structures, fencing, solar power systems, kitchens and bathrooms.

Strengthening families

C&K is proud of the longstanding relationships we develop with families, with generations often returning to our centres. We see the importance of these relationships when parents re-live their own C&K experience as their children start with us. We strive to provide high-quality programs at affordable costs and remove barriers so families can access our centres.

We are committed to removing barriers that prevent the most vulnerable children from receiving vital education and care. This year, we successfully tendered to establish an Early Years Centre, in partnership with the Parkville Institute. The project will be the first of its kind in Queensland to better support children experiencing high levels of vulnerability to realise their potential.

Helping communities thrive

Engaging with our local communities provides children with the social, emotional and relationship skills needed to succeed.

We constantly see the impacts of our work ripple across on local communities and always look at ways to build these valuable connections.

C&K started construction on our new Carseldine Community Childcare Centre, which will be co-located with Rockpool Residential Aged Care. This will be Queensland's first early childhood centre co-located to deliver an intergenerational program. The program provides opportunities for the children and aged care residents to interact, reduce social isolation and loneliness, allows different generations to form relationships and helps children develop emotional, cognitive and social skills.

While the new centre won't open until mid-2023, we ran a 10-week, community-based research project with families, children and educators, to plan the intergenerational program.

This helped identify the centre's and community's needs and understand participants' feelings and perceptions about the project. Initial results were positive and we will continue to work with the community to develop an intergenerational strategy, and program resources, that recognise and embed the community's voices and beliefs about the program.

Our centres embraced, recognised and celebrated the diversity of their local communities by participating in a range of national and culturally-significant weeks and events. From Ramadan, Harmony Week and National Reconciliation Week, to Clean Up Australia Day, ANZAC Day and Grandparents' Day, participating in these events provides children with the opportunity to learn about, respect and appreciate different cultures, history, sustainability and relationships.

By helping children understand the experiences of others, we can help them learn the importance of empathy for others. This was demonstrated when children at several centres across south east Queensland asked to raise money and donate items to families impacted by the February floods. The children at Salisbury Community Kindergarten were so motivated, they created a climate change action book, wrote a letter to the Prime Minister and held a climate change protest in front of their centre.

Commitment to quality

C&K is committed to delivering high-quality education programs that children need to flourish. Quality has many components, Including the educational programs, our learning environments, the skills and qualifications of our staff, and our relationships with each other, our children and their families.

Our teachers and educators recognise that quality improvement is an ongoing and reflective process.

99%
of centres rated Meeting or above

We encourage and support them to look beyond what they already know and be open to contemporary practice. Teachers and educators engage in regular self-assessments and critical reflection to inform decisions, implement change and improve outcomes for children and families. Our centres' Quality Improvement Plans document practice strengths, achievements and goals to improve their practice.

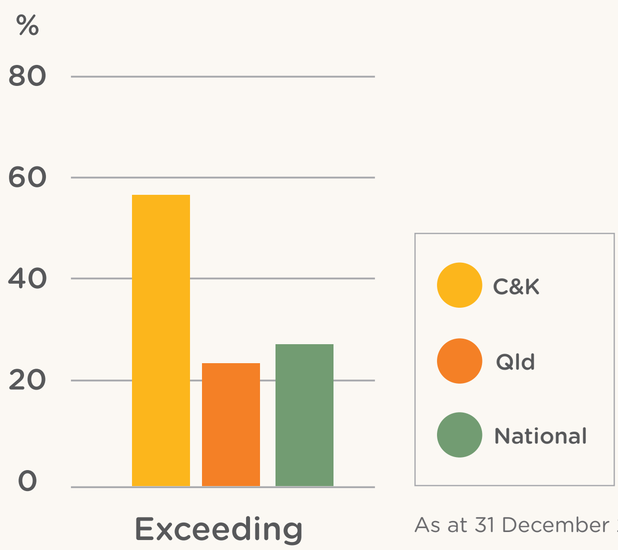
As part of the National Quality Standards, individual centres are awarded a rating for each of the 7 quality areas and an overall rating. There are 5 overall ratings, ranging from Significant Improvement Required to Excellent.

In 2022, 39 (22 branches and 17 affiliated) C&K centres were assessed, with C&K Kingston Community Kindergarten, C&K Cotton Tree Community Childcare Centre, Tewantin Kindergarten and Chapel Hill Kindergarten achieving Exceeding across every standard and quality area.

Our strongest quality areas are Collaborative partnerships with families and communities (63% rated Exceeding) and Relationships with children (59% rated Exceeding). C&K's teachers and educators understand that building relationships with children, families and local communities is fundamental to achieving quality educational outcomes.

To further support our journey to quality, we released a new National Quality Framework Intranet Hub with dedicated resources and implemented a Peer Quality Review Program.

Total number of C&K centres Exceeding quality rating compared to Queensland and National averages



As at 31 December 2022

Commitment to Reconciliation

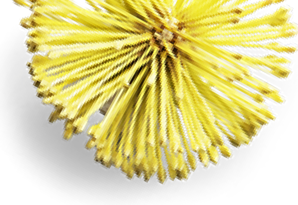
C&K is proud of our long history of supporting and contributing to reconciliation and is committed to creating inclusive environments and strengthening relationships with the Aboriginal and Torres Strait Islander children, families and Elders in our local communities.

We recognise that an innovative early childhood curriculum is richest when it connects past, present and future. *Listening and Learning Together: C&K Curriculum Approach*, reflects our deep commitment to include Aboriginal and Torres Strait Islander ways of knowing and being. It incorporates every child's right to play, building on their existing learning from home and providing foundations to be life-long learners.

C&K identifies opportunities to develop and refine strategies to improve connections with Aboriginal and Torres Strait Islander people and communities. We are reviewing how we demonstrate this commitment and planning for a future statement that responds to our changing organisation.

We engage with community members and Elders across our networks, to ensure we remain informed and responsive to Aboriginal and Torres Strait Islander's influences, interests, and issues.

These vital relationships will inform our advocacy work with a range of stakeholders, positively influence policy decisions and improve access to early childhood programs for all children.



Reconciliation initiatives recognised

Harriet Star, Director at C&K Carseldine Community Childcare Centre, was nominated for the Australian Catholic University's Alumni Aboriginal and Torres Strait Islander Community Award for her outstanding contributions to empowering Aboriginal and Torres Strait Islander communities.

Harriet taught at Mornington Island State School, helped plan a community ball and worked with local Elders and families to deliver a traditional culture and language program.

Sue Taylor, Director at C&K Flagstone Community Kindergarten was a finalist in the HESTA Early Childhood Education and Care Awards for creating a culturally safe and connected space for First Nations and other culturally diverse children and families.

Sue started a 'stay and play' program for families to connect with the centre before starting kindergarten and the 'Yugambeh' language program to translate words into the traditional language.

> "It's not just the children that have benefited from this program, with a grandparent sharing that her granddaughter knew more Yugambeh words than she did. She had recently found out she was part of the Stolen Generation and was able to learn her traditional language through her granddaughter, which was really powerful."

Sue Taylor, Director, C&K Flagstone Community Kindergarten

> Reconciliation is obviously a core part of the ethos as it is incorporated throughout the program. The principles of yarning circles are followed and revered. It gives me hope for the future to see this framework in action.

Katherine, C&K Koolkuna Community Kindergarten

Exceptional workforce

C&K understands that having qualified, skilled and passionate teachers and educators is one of the greatest contributors to children's developmental and educational outcomes. Our focus remains on attracting and retaining quality people that not only share our values, but are the best fit for our centres and communities.

> *"I love working at C&K as it fosters a supportive and inclusive culture where employees can thrive and grow, while also maintaining a healthy work-life balance. C&K prioritise open communication, provide opportunities for learning and development, and recognition for their employees."*

Lochlan, Helpdesk Administration Officer

We pride ourselves on continuing to be an employer of choice by providing above-award wages and work entitlements. This year, we engaged in negotiations to update both our Childcare and Kindergarten enterprise bargaining agreements, which were both supported by a majority of employees.

Both agreements include wage increases and more non-contact time and our long-term kindergarten teachers will be recognised with the new Experienced Senior Teacher allowance.

2022 proved to be another challenging year, as the entire early childhood education and care sector faced workforce shortages. C&K was not immune to the impacts of COVID-19 and other illnesses, sector issues, and natural attrition. These factors combined to increase position vacancy rates and the time to fill them. However, our reputation for the high value we place on our workforce, and our passion and commitment to providing quality early childhood education and care, helped us attract more than 760 new employees.

C&K implemented a range of initiatives to grow and retain our workforce, including:

- a Beginning to Teach at C&K Program that supports C&K teachers on their teaching career journey.
- refocusing our recruitment process to Talent Acquisition to grow our hiring expertise and identify the best candidates.
- developing an Employee Wellbeing Framework to support our frontline workforce so they feel strong and capable to perform their essential work. The Framework will be implemented in 2023 and highlight the many factors, both inside and outside the organisation, that contribute to an individual's health and wellbeing.

Workforce snapshot

Number of employees

2,098

567 full-time | **596** part-time

935 casual/relief

3.2%

identify as Aboriginal and/or Torres Strait Islander

Employee retention

79.1%

The Metro and North Coast team held "Making Connections" Days in Maroochydore and Brisbane, with 160 teachers and educators from branch and affiliated centres coming together to connect, share experiences and learn from each other.

Participants were encouraged to consider how they could honour First Nations Peoples, incorporate storytelling and learn about nature pedagogy and children as active global citizens.

> *"I have worked at C&K since 2003. I have worked with many inspiring teachers who encouraged me to further my studies, which has allowed me to work my way up to a Teacher/Director position. I love working at C&K, with other dedicated and passionate educators, to achieve the best for the children."*

Madhavi, Director,
C&K Kingston Community Kindergarten

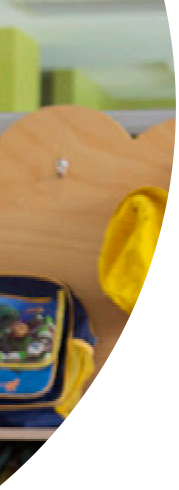
Learning and research

Providing ongoing learning, development and connection opportunities is essential to ensuring our workforce continues to grow, build capabilities and deliver high-quality practice. We expanded our Educational Leadership focus to kindergartens which focuses on leadership and cultivating strong learning cultures.

We also released a new Infant and Toddler Pedagogy Professional Learning Program to help teachers and educators understand how their work builds strong connections and safe spaces for our youngest children to learn and grow. The program is supported by evidence-based research and is underpinned by professional identity and developing secure relationships with children, families and colleagues.

C&K, in partnership with Lady Gowrie Queensland, secured a tender to provide Kindy Uplift advisory support. We supported a total of 326 centres across Queensland. The program develops participants' learning across five areas of children's learning and development, including social and emotional capability, physicality, thinking and responding, oral language and communication and access and inclusion.

We also continued our program of professional learning in Hanen – Learning Language and Loving It, which supports children with their social, literacy and communication development. This year, 163 C&K employees completed the program.



C&K awards

C&K's annual Excellence and Innovation Awards recognise central, branch and affiliated employees and centres and teams that demonstrate exceptional practice in a range of areas including pedagogy and practice, children, families and community, leadership and advocacy. The awards night is an opportunity for us to come together as an organisation and celebrate the outstanding contributions our dedicated teachers and educators make to the lives of young children.

We are enormously proud to have such passionate and dedicated people who work so tirelessly to nurture and inspire children to succeed.

MTA Emeritus Professor Mary Mahoney AO Award for Excellence in Early Childhood Education and Care

Louise Stallard from C&K Forestview Kindergarten

Our 2022 Winners

MTA Emeritus Professor Mary Mahoney AO Award for Excellence in Early Childhood Education and Care
Louise Stallard from
C&K Forestview Kindergarten

MTA Award for Pedagogy and Practice - Continuous Improvement
C&K Caboolture Community Kindergarten

Storypark Award for Pedagogy and Practice - Exceptional Practice
Jessica Sommerville and Amy Wirepa
from C&K Ripley Childcare Centre

COS Award for Children, Families and Community - Continuous Improvement
West Moreton Community Kindergarten

ChildcareNow Award for Children, Families and Community - Exceptional Practice
C&K Wilston Community Childcare Centre

MTA Award for Exceptional People - Continuous Improvement
Carly Smith from
C&K Kuluin Community Kindergarten

MTA Award for Exceptional People - Exceptional Practice
Kylie Goodwin from
C&K Marian Community Kindergarten

COS Kaizen Award – Continuous Improvement
C&K Wynnum Manly Community Kindergarten

COS Kaizen Award - Exceptional Practice
C&K Coolum Childcare Centre

HESTA Award for Leadership and Advocacy - Continuous Improvement
C&K Gabbinbar Community Kindergarten

HESTA Award for Leadership and Advocacy - Exceptional Practice
Louise Stallard from
C&K Forestview Kindergarten

C&K College

The C&K College of Early Childhood is a respected registered training organisation that grows the pipeline of talented and dedicated early childhood education and care teachers and educators. We respond to the needs of the sector, developing and providing vocational qualifications that are relevant to the workforce now and into the future.

The College focuses on Certificate III and Diploma qualifications and providing high-quality, professional development within our accredited qualifications. This enables students to graduate with recognised qualifications and the current workforce to access training and development opportunities.

The C&K College supported 7 First Nations women, living in remote communities, to complete either Certificate III or Diploma qualifications in Early Childhood Education and Care through our Cairns Residential Program, run in partnership with TAFE Queensland.

> "The C&K trainers worked very hard to understand how I learn best. They help you build your knowledge and give you an opportunity to broaden your understanding about early childhood. I think the College is fantastic because the trainers go out of their way to help you learn. They visited me in Weipa and were always in contact. I finished my Certificate III in Early Childhood with the C&K College, and now I am going on to do my Diploma with them."

Agnes Nona, C&K College student, Weipa

Agnes Nona with C&K College trainer, Sarah Hunt.

159
new enrolments

C&K students

59 new Certificate III completions	**36** Diploma of Early Childhood Education and Care completions	**15** Aboriginal and or Torres Strait Islander students
28 students employed at C&K branches	**10** students employed at C&K affiliated centres	**20** students employed at independent services

Effective organisation

While C&K delivers on our primary roles as an early childhood service provider and Central Governing Body to affiliated committees, we strive to be an innovative, agile and effective organisation, that operates in line with our values. We aspire to positively contribute to the communities we work in and demonstrate our corporate social responsibility by incorporating social, environmental and governance considerations into our decision-making.

We operate in increasingly complex policy, regulatory, financial and legal environments that impact our workforce, families, communities and stakeholders. We have operated for 115 years because we understand the key to longevity is our ability to grow, change and adapt to shifting environments.

Supporting human rights

C&K is committed to respecting human rights, including the right to be free from slavery, forced labour, domestic servitude, and, most specifically – the exploitation of children. Our Modern Slavery Statement is developed under the *Modern Slavery Act 2018* and outlines the steps we have taken to identify, manage and mitigate the specific risks of modern slavery in our operations and supply chain.

We are communicating our expectations to our suppliers, which include treating their employees with fairness, respect and dignity and following practices that protect their health and safety. In 2022, we spent more than $32 million with 1,250 direct suppliers of goods and services, who are all critical to our business. Our supply chains are diverse – ranging from small family businesses to national and international conglomerates.

Better business

Over the last three years, our digital strategy has been successful in implementing a variety of new systems and technologies to improve our digital presence and capabilities. Our future focus will be on embedding these systems and optimising our processes for greater efficiency and improved customer service and support.

C&K implemented a new time and attendance system that provides Directors, teachers and educators, with streamlined rostering and timesheet processes and strengthens payroll integrity.

We also supported the introduction of the state government's Queensland Kindergarten Funding Program, by rolling out software upgrades to over 270 centres, to provide electronic check in and accurate attendance data.

Environmental sustainability

C&K is committed to ensuring the sustainability of not just our business operations, but our local environments, and actively supports centres to deliver sustainability education to help children become active and involved citizens. We harness opportunities for children to engage with nature and explore their individual and collective responsibilities for local and global sustainability.

We deliver and promote a range of life skills, and sustainable behaviours, to help children be creative, empowered and positive about the future. Activities include growing and preparing food, caring for animals, waste reduction and recycling. Children are exposed to the concept of "reuse, recycle and reduce" through hands-on experiences including recycling paper and packaging for reuse in art and craft, sorting and recycling waste scraps after meals, cultivating worm farms and fertilising gardens with 'worm tea.'

We integrate sustainable practices across our operations, including landscape and building design principles for new centres and upgrades. Centres incorporate thoughtful use of consumables, emission-reducing appliances, solar panels and green cleaning policy by using environmentally sustainable practices and products.

In October 2022, the design for our new Carseldine centre received a 5 Star accreditation for the 'Design & As Built' category, awarded by Green Building Council Australia. When it opens in 2023, it will be the only Green Star early childhood education and care centre in Queensland.

C&K Salisbury Community Childcare Centre participated in the Brisbane City Council's Creek Neighbours' Program which provided opportunities for children, teachers, educators and families to learn how to care for our local waterways and backyards. The program included visits to the local waterway to meet and learn about wildlife, and plant trees, and the installation of a native bee hive at the centre.

Photo courtesy of Brisbane City Council

Leader in early childhood education and care

C&K utilises our expertise, knowledge and values to collaborate across the sector and is recognised as an influential leader in early childhood education and care. By partnering with government, value-aligned peak bodies, sector groups and unions, C&K can make meaningful contributions to policy and decisions that benefit children, families and the early childhood sector.

Sharing our voice

2022 was a year of significant recognition, growth and change for the early childhood education and care sector, with Australian and Queensland Governments responding to priority advocacy issues including affordability, access, and workforce.

C&K is excited to work with the Queensland Government to implement the new Kindy Funding Program, which will be the most significant change to kindergarten funding in over a decade. It will remove the financial barriers that prevent some families from participating in kindergarten programs, meaning more Queensland children will have access to quality early childhood education.

We were a key sector partner in the Queensland Government's Early Childhood Workforce Forum, leading a discussion on professional parity, recognition and value. Over 150 people participated in the forum, which will inform the development of the Queensland Early Childhood Workforce Strategy.

We also welcomed the Australian Government's commitments to increase the Child Care Subsidy, support First Nations children to access early learning and extending paid parental leave to 6 months.

Throughout the second half of 2022, we focused advocacy efforts to increase the understanding and value of the vital role teachers and educators play. We continue to lead by example, paying above-award wages, improving conditions to respond to workplace challenges and recognising outstanding contributions. We were a drafting partner and signatory to the Thrive By Five Workforce Action Plan and worked closely with the Workforce Roundtable, established by Early Childhood Australia and the United Workers Union.

Dr. Sandra Cheeseman and Dr. Anne Aly MP, Minister for Early Childhood Education and Minister for Youth at the Early Learning and Care Council of Australia Parliamentary Friends Breakfast

This year, we welcomed Her Excellency, the Honourable Dr Jeannette Young AC PSM, Governor of Queensland as our new C&K Patron. The Governor has historic ties to C&K as she was the president of the (now) C&K Arnwood Place Community Childcare Centre 20 years ago, when her daughter attended the centre. The Governor is supportive of our advocacy efforts around affordability, access to kindergarten and workforce development, saying:

> "Not only is it directly beneficial for children, but access to good quality childcare is also a critical enabler for women and single parents in the workforce. C&K plays a vital role in ensuring equal access to quality care, thereby encouraging a more diverse and representative workforce at all levels."

Dr. Jeannette Young, Governor of Queensland

The Governor visiting C&K Arnwood Place Community Childcare Centre.

Sharing our skills

C&K's training, education and research skills are helping to identify, develop and implement a range of sector improvements. We collaborated with Early Childhood Australia to review and streamline the Australian Institute for Teaching and School Leadership's Professional Standards for Teachers and participated in the Australian Research Council's Exemplary Early Childhood Educators Research project.

We also secured a tender to create Queensland's first Early Years Centre, led by the Parkville Institute. The model helps children, from birth to 3 years old, prepare for school through an evidence-based care program. The model will be run through our new Strathpine centre, which is set to open in 2023.

C&K QUT Gardens Point Community Childcare Centre hosted the Federal Treasurer, Dr Jim Chalmers, and Federal Minister for Education, Jason Clare MP, to announce the Australian Competition and Consumer Commission's $10.8 million inquiry into the cost of childcare.

Grants and funding

In 2022, C&K received $355,465 in funding, for 28 different grant programs and sponsorships, from 76 successful applications. This vital funding assisted us with flood recovery, implementing projects to improve our facilities including lighting upgrades and installing solar panels, and shade covers, enhancing our learning programs and environments by providing new equipment, playground additions and resources, and delivering First Nations cultural experiences.

C&K would like to acknowledge and thank the following governments for their support in 2022:

Australian Government

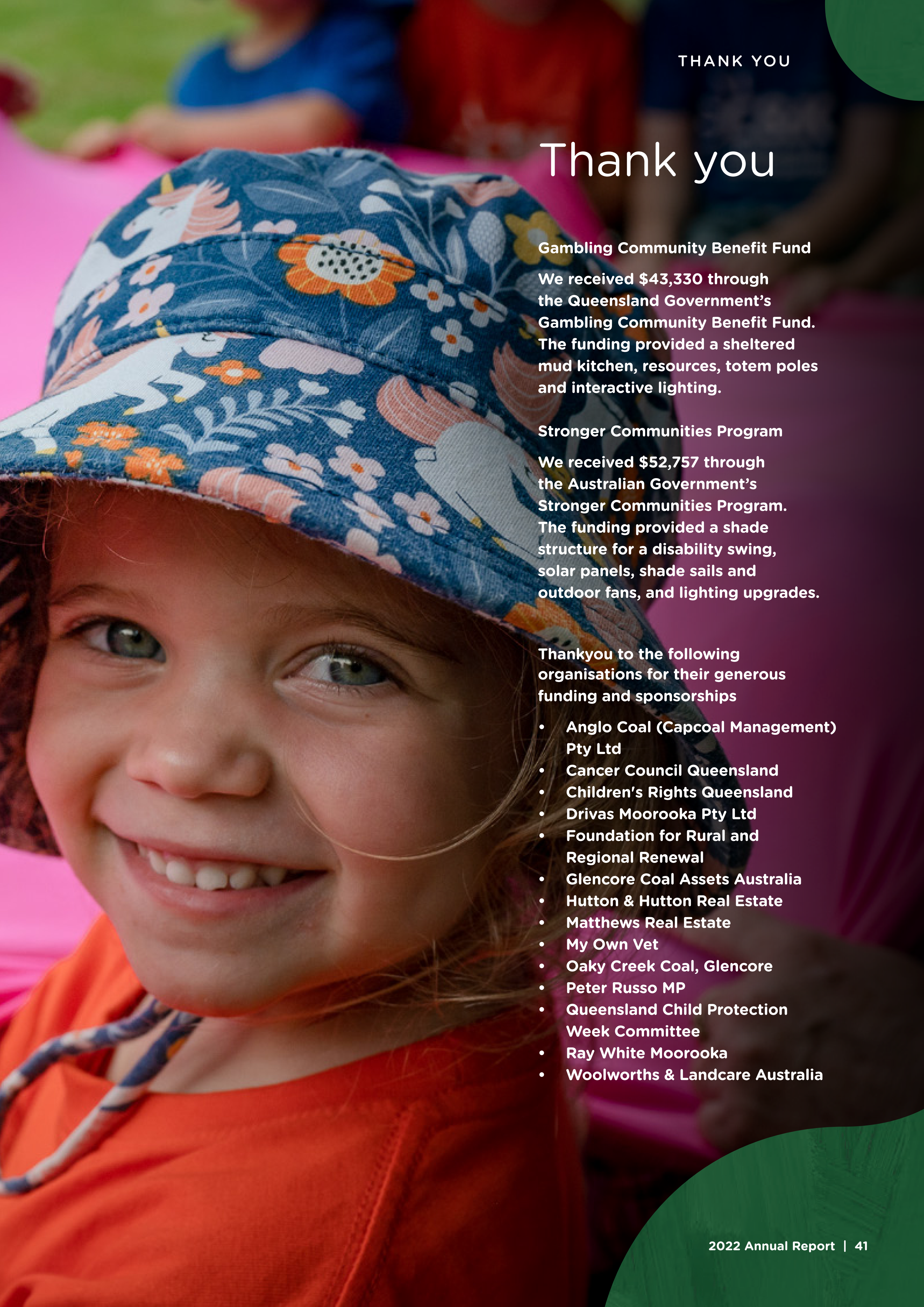
- Department of Industry, Science, Energy and Resources
- National Indigenous Australians Agency

Queensland Government

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

Local Government

- Brisbane City Council
- City of Gold Coast
- Ipswich City Council
- Moreton Bay Regional Council
- Sunshine Coast Council



Thank you

Gambling Community Benefit Fund

We received $43,330 through the Queensland Government's Gambling Community Benefit Fund. The funding provided a sheltered mud kitchen, resources, totem poles and interactive lighting.

Stronger Communities Program

We received $52,757 through the Australian Government's Stronger Communities Program. The funding provided a shade structure for a disability swing, solar panels, shade sails and outdoor fans, and lighting upgrades.

Thankyou to the following organisations for their generous funding and sponsorships

- Anglo Coal (Capcoal Management) Pty Ltd
- Cancer Council Queensland
- Children's Rights Queensland
- Drivas Moorooka Pty Ltd
- Foundation for Rural and Regional Renewal
- Glencore Coal Assets Australia
- Hutton & Hutton Real Estate
- Matthews Real Estate
- My Own Vet
- Oaky Creek Coal, Glencore
- Peter Russo MP
- Queensland Child Protection Week Committee
- Ray White Moorooka
- Woolworths & Landcare Australia

Annual financial report 2022

The Creche & Kindergarten Association Limited

ABN 59 150 737 849

Table of contents

Director's report

Your directors present this report on The Crèche and Kindergarten Association Limited ("C&K" or "the Company"), for the year ended 31 December 2022.

Therese Mulherin
CHAIR (non-executive)
BOccThy, GAICD

- Appointed Chair on 27 March 2019
- Appointed Deputy Chair on 6 September 2017
- Board member since 30 May 2013

A former Occupational Therapist, Therese Mulherin has carved a career as a leader, manager, and Board director with over 20 years' experience in the employment services and workplace rehabilitation industries. During her 15 years at Ingeus, Ms Mulherin was instrumental in achieving rapid organic growth and financial success in both Australia and Europe. In more recent times she has been involved in acquisitions and their successful integration into a consolidated business. She has experience in large service organisations, working on government contracts, strategy development, stakeholder management and change management. Ms Mulherin is performance, growth and efficiency orientated.

Committee Responsibilities:
Audit, Risk and Finance

Brit Ibanez
DIRECTOR (non-executive)
B IntBus, LLB, LLM, GAICD

- 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 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

Director's report (continued)

For the year ended 31 December 2022

Scott Carpenter
DIRECTOR (non-executive)
M.Business Process Management, Prince 2 Practitioner, GAICD, Cert. IV TAE

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

- 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
Nominations

Director's report (continued)

For the year ended 31 December 2022

Geoff Hirst

DIRECTOR (non-executive)

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

- Board member since 26 June 2019

Geoff Hirst is a Director of Aurecon, specialising in infrastructure, sustainable design, 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)

B. IntBus, B. Com, GAICD, CA, CPA

- Board member since 21 June 2019

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)

Director's report (continued)

For the year ended 31 December 2022

Christina Turner
DIRECTOR (non-executive)
PhD (HRM), MAppLaw, MBusCoach, GCMgt, GAICD, FGIA, FIML, FAHRI, FAIM

- 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.

Committee Responsibilities:
People and Culture (Chair)

Pauline Elliott
DIRECTOR (non-executive)
BA, MProfEc

- 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:
People and Culture
Nominations

No directors retired during 2022.

Director's report (continued)

For the year ended 31 December 2022

Company Secretary

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

Meetings of Directors in 2022

Director	Board		Audit Risk and Finance Committee		Nominations Committee		Early Years and Innovation Committee*		People and Culture Committee	
	A	B	A	B	A	B	A	B	A	B
Therese Mulherin	8	8	4	4	-	-	-	-		
Brit Ibanez	7	8	-	-	-	-	-	-	1	1
Megan Gibson	8	8	-	-	-	-	4	4		
Geoff Hirst	8	8	3	4	-	-	-	-		
Charles Strickland	7	8	4	4	-	-	-	-		
Scott Carpenter	8	8	-	-	-	-	-	-		
Christina Turner	8	8	-	-	-	-	-	-	1	1
Pauline Elliott	7	8	-	-	-	-	-	-	1	1

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 independent external experts

Director's report (continued)

For the year ended 31 December 2022

Key Operating Results

The principal activities of C&K (a not-for-profit company) have not significantly changed 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 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

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

C&K's strategy is focused around four key pillars and 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 everything we do. The strategic plan includes actions to be undertaken during the five-years it covers to achieve its stated goals.

Director's report (continued)

For the year ended 31 December 2022

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 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 children from 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

Queensland had a challenging start to 2022, with an increase in COVID-19 cases causing a two-week delay to the commencement of the school/kindergarten year. The Queensland government supported community kindergartens through this period to offset lost fees income from families. Floods also impacted the state in late February and early March. Fortunately, C&K experienced only limited short-term closures and damage to centres.

In early 2022 the Queensland government announced a new Queensland Kindergarten Funding program effective from 2023, which will make kindergarten more affordable (or free) for eligible families. During 2022 much work was done to ensure community kindergartens were ready to implement the new program, including the rollout of enrolment and attendance systems.

C&K invested $2.6m in our early childhood education facilities throughout 2022 as part of a continued drive to ensure our centres are modern, safe, and progressing towards a sustainable future. Projects included roofing upgrades, installation of solar systems, lighting upgrades and playground upgrades as well as more energy efficient air conditioning systems.

In 2022, the Executive Management Group consisting of CEO, CFO, and COO was expanded with the appointment of a Chief People Officer. This was a strategic decision to support the organisation in meeting the challenges being faced by C&K and the broader sector with respect to workforce shortages.

Director's report (continued)

For the year ended 31 December 2022

Key Operating Results

Total Revenue	**$132.1m**	Revenue increased by $12.8m (10.7%) compared to 2021. Increases to fees and enrolments have driven $9.2m of additional revenue. 2022 also saw the commencement of the Kindy Uplift project pilot which added $2.6m of revenue, along with $0.9m funding related to the new kindergarten funding implementation project.
Total Expenses	**$130.1m**	Total expenses increased by $8.6m (7.0%) compared to 2021, which has been driven by increased salary and wages including the impact of newly negotiated EBAs, and additional costs associated with the Kindy Uplift and funding implementation projects.
Operating surplus/(deficit)	**$2.0m**	2022 saw a return to a surplus operating result after 2021's $2.3m deficit.
Net surplus /(deficit)	**($1.6m)**	The net result was heavily impacted during 2022 by the underperformance of C&K's investment portfolios.
Net Assets	**$44.4m**	Net assets decreased by the impact of the net deficit in 2022 from $46.0m in 2021.
Cashflow from operations	**$12.3m**	Increase in cashflow includes unearned funding received in advance.

Events since the end of the financial year

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.

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 2022 the total amount members would contribute is $880 (2021: $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.

Director's report (continued)

For the year ended 31 December 2022

Insurance of officers

During the financial year, the Company paid a premium of $50,116 (2021: $46,391) 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 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 54 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
29 March 2023

Charles Strickland, Chair of the Audit, Risk and Finance Committee
29 March 2023

Director's report (continued)

For the year ended 31 December 2022

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Auditor's Independence Declaration

As lead auditor for the audit of The Creche and Kindergarten Association Limited for the year ended 31 December 2022, 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
29 March 2023

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480 Queen Street, BRISBANE QLD 4000, GPO Box 150, BRISBANE QLD 4001
T: +61 7 3257 5000, F: +61 7 3257 5999, www.pwc.com.au

Statement of Profit or Loss and other Comprehensive Income

For the year ended 31 December 2022

	Note	2022	2021
Revenue from contracts with customers	1	131,788	118,868
Finance income	2(a)	716	157
Other income	2(b)	(354)	304
Total revenue		**132,150**	**119,329**
Employee costs	3	97,443	91,032
Depreciation and amortisation expenses	7,8,13	4,738	4,638
Supplies and services	4	23,897	21,882
Finance costs	13	4,064	4,033
Total expenses		**130,142**	**121,585**
Operating surplus / (deficit)		**2,008**	**(2,256)**
Changes in the fair value of financial assets		(3,683)	651
Gain/(loss)on sale of assets		(45)	200
Fair value of donated assets		2	1,012
Franking credit received		97	48
Net non-operating income / (expense)		**(3,629)**	**1,911**
Net surplus / (deficit)		**(1,621)**	**(345)**
Total comprehensive income / (loss)		**(1,621)**	**(345)**

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.

Balance Sheet

For the Year Ended 31 December 2022

	Note	2022	2021
Current assets			
Cash and cash equivalents	5	11,667	2,385
Trade and other receivables	6	2,721	2,263
Other financial assets	5	30,613	30,813
Prepayments and security bonds		1,345	944
Total current assets		**46,346**	**36,405**
Non-current assets			
Property, plant and equipment	7	18,040	17,311
Intangible assets	8	3,790	3,841
Non-current investments	17	19,551	23,790
Right-of-use assets	13	68,274	70,897
Total non-current assets		**109,655**	**115,839**
Total assets		**156,001**	**152,244**
Current liabilities			
Trade and other payables	9	16,716	12,674
Contract liabilities	1b	6,816	5,114
Provisions	10	4,575	3,442
Lease liabilities	13	621	487
Total current liabilities		**28,728**	**21,717**
Non-current liabilities			
Provisions	10	4,654	6,235
Lease liabilities	13	78,208	78,260
Total non-current liabilities		**82,862**	**84,495**
Total liabilities		**111,590**	**106,212**
Net assets		**44,411**	**46,032**
Funds			
Accumulated funds		44,411	46,032
Total funds		**44,411**	**46,032**

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

Statement of Changes in Funds

For the Year Ended 31 December 2022

	Accumulated Funds	Total
Balance at 31 December 2020	46,377	46,377
Net surplus	(345)	(345)
Total comprehensive income	(345)	(345)
Balance at 31 December 2021	**46,032**	**46,032**
Net surplus	(1,621)	(1,621)
Total comprehensive income	(1,621)	(1,621)
Balance at 31 December 2022	**44,411**	**44,411**

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.

Statement of cash flows

For the Year Ended 31 December 2022

	Note	2022	2021
Cash flows from operating activities			
Receipts from customers and grants		133,782	122,472
Finance income received		443	208
Payments to suppliers and employees		(118,107)	(112,445)
Interest paid on lease liabilities		(3,797)	(3,474)
Net cash generated from operating activities		**12,321**	**6,761**
Cash flow from investing activities			
Proceeds from sale of fixed assets		25	420
Franking credit received/receivable		97	48
Proceeds from investments in term deposits		200	6,600
Payments for property, plant & equipment		(2,834)	(2,514)
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		**(2,512)**	**(5,812)**
Cash flow from financing activities			
Principal paid on lease liabilities		(527)	(458)
Net cash used in financing activities		**(527)**	**(458)**
Net increase in cash and cash equivalents		9,282	491
Cash and cash equivalents at beginning of year		2,385	1,894
Cash and cash equivalents at end of year	5	**11,667**	**2,385**

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

Notes to the Financial Statements

For the Year Ended 31 December 2022

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Notes to the Financial Statements (continued)

For the Year Ended 31 December 2022

Key Operating Results

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:

	2022	2021
Revenue from the provision of childcare & kindergarten services	127,798	114,812
Central Governing Body activities	2,709	2,591
Registered Training Organisation income	339	558
All other streams	942	907
	131,788	**118,868**

(b) Assets and liabilities related to contracts with customers

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

	2022	2021
Unearned income	6,816	5,114
Total current contract liabilities	**6,816**	**5,114**

Contract liabilities represents 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.

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2022

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 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) (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).

All figures in thousands of AUD, unless advised otherwise.

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2022

2. Finance income and other income

		2022	2021
(a)	**Finance income**		
	Interest from financial assets held for cash management purposes	**716**	**157**
(b)	**Other income**		
	Realised gains/(losses) on financial assets	(535)	304
	Other income	181	-
		(354)	**304**

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.

Other income

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

3. Employee Costs

	2022	2021
Employee Costs		
Salaries and Wages	85,697	81,666
Contributions to defined contribution plans	8,611	7,793
Professional Development Expenses	1,680	397
Other employee expenses	1,455	1,176
	97,443	**91,032**

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.

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2022

4. Supplies and services

	2022	2021
Advertising and marketing	784	750
Audit and accounting	35	99
Bank charges	380	385
Cleaning	4,547	3,888
Conferences and seminars	89	203
Equipment	2,083	1,813
Provision of food for children	2,267	2,095
Grants expenditure	365	178
Information technology	2,471	2,594
Motor vehicles	190	174
Occupancy	5,314	4,711
Consultancy	790	729
Postage, printing, stationery and program materials	1,003	879
Repairs and maintenance	1,650	1,545
Telephone and internet	630	649
Travel	464	419
Other expenses	835	771
	23,897	**21,882**

All figures in thousands of AUD, unless advised otherwise.

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2022

5. Cash and cash equivalents and other financial assets

	2022	2021
Current		
Cash and cash equivalents	11,667	2,385

	2022	2021
Other current financial assets		
Term deposits	30,613	30,813

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 2022 of 3.66% (2021: 0.36%). Due to their short-term nature their carrying value is assumed to approximate their fair value. The Company has $613,160 (2021: $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

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.

All figures in thousands of AUD, unless advised otherwise.

Notes to the Financial Statements (continued)
For the Year Ended 31 December 2022

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.

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2022

6. Trade and other receivables

	2022	2021
Current		
Trade receivables	482	184
Children's fees receivable	670	684
Goods and services tax receivable	1,351	1,259
Other receivables	394	314
Provision for expected credit loss	(176)	(178)
	2,721	**2,263**

Movement in the provision for expected credit loss is as follows:		
Balance at the beginning of the year	178	148
- Charge for the year	58	115
- Written off	(60)	(85)
Balance at the end of the year	**176**	**178**

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

	2022	2021
Capital works in progress	227	98
Freehold land - at cost	1,982	1,982
Buildings & leasehold improvements - at cost	26,826	24,639
Less accumulated depreciation	(11,970)	(10,817)
	14,856	13,822
Equipment, furniture & fittings - at cost	6,060	6,023
Less accumulated depreciation	(5,140)	(4,669)
	920	1,354
Motor vehicles - at cost	140	173
Less accumulated depreciation	(85)	(118)
	55	55
Total property, plant and equipment	**18,040**	**17,311**

All figures in thousands of AUD, unless advised otherwise.

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2022

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
2022						
Cost						
Balance at the beginning of the year	98	1,982	24,639	6,023	173	32,915
Additions	2,497	-	-	7	-	2,504
Donated assets	-	-	-	-	-	-
Increase in make good asset	-	-	(370)	-	-	(370)
Transfers and other movements	(2,368)	-	2,684	49	-	365
Disposals	-	-	(127)	(19)	(33)	(179)
Balance at the end of the year	227	1,982	26,826	6,060	140	35,235
Accumulated depreciation						
Balance at the beginning of the year	-	-	(10,817)	(4,669)	(118)	(15,604)
Donated assets	-	-	-	-	-	-
Charge for the year	-	-	(1,211)	(490)	-	(1,701)
Disposals	-	-	58	19	33	110
Balance at the end of the year	-	-	(11,970)	(5,140)	(85)	(17,195)
Net carrying amount						
At the beginning of the year	98	1,982	13,822	1,354	55	17,311
At the end of the year	**227**	**1,982**	**14,856**	**920**	**55**	**18,040**

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.

All figures in thousands of AUD, unless advised otherwise.

7. Property, plant and equipment (continued)

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.

All figures in thousands of AUD, unless advised otherwise.

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2022

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.

All figures in thousands of AUD, unless advised otherwise.

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2022

8. Intangible Assets

	2022	2021
Capital works in progress	-	-
Curriculum - at cost	251	251
Less: accumulated amortisation	(140)	(98)
	111	153
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	(66)	(57)
	203	212
Total intangible assets	3,790	3,841

All figures in thousands of AUD, unless advised otherwise.

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2022

8. Intangible Assets (continued)

	Capital works in progress	Curriculum	Software	Goodwill	Lease premiums and other rights	Total
2022						
Cost						
Balance at the beginning of the year	-	251	265	10,212	269	10,997
Additions	-	-	-	-	-	-
Acquisition of subsidiary	-	-	-	-	-	-
Transfers and other movements	-	-	-	-	-	-
Disposals/Write off	-	-	-	-	-	-
Impairment charges	-	-	-	-	-	-
Balance at the end of the year	**-**	**251**	**265**	**10,212**	**269**	**10,997**
Accumulated amortisation/impairment						
Balance at the beginning of the year	-	(98)	(265)	(6,736)	(57)	(7,156)
Acquisition of subsidiary	-	-	-	-	-	-
Charge for the year	-	(42)	-	-	(9)	(51)
Transfers and other movements	-	-	-	-	-	-
Disposals/Write off	-	-	-	-	-	-
Balance at the end of the year	**-**	**(140)**	**(265)**	**(6,736)**	**(66)**	**(7,207)**
Net carrying amount						
At the beginning of the year	-	153	-	3,476	212	3,841
At the end of the year	**-**	**111**	**-**	**3,476**	**203**	**3,790**

All figures in thousands of AUD, unless advised otherwise.

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2022

8. 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 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 2022 and 2021 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% (2021: 10.0%)
- Revenue and expense growth during forecast period of 3.0% (2021: 3.0%)
- Terminal growth rate of 1.5% (2021: 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 2022 year-end (2021: 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.

All figures in thousands of AUD, unless advised otherwise.

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2022

8. Intangible Assets (continued)

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.

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 advised otherwise.

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2022

9. Trade and other payables

	2022	2021
Current		
Trade payables	1,035	1,003
Employee benefits	9,358	7,676
Other payables and accruals	6,323	3,995
	16,716	12,674

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 advised otherwise.

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2022

10. Provisions

	2022			2021		
	Current	Non-current	Total	Current	Non-current	Total
Employee benefits	4,575	2,777	7,352	3,442	3,901	7,343
Make good costs	-	1,877	1,877	-	2,334	2,334
Total	4,575	4,654	9,229	3,442	6,235	9,677

Movements

	Employee benefits	Make good provision	Total
2022			
Carrying amount at start of year	7,343	2,334	9,677
Charged/(credited) to profit or loss			
- additional provision recognised	368	34	402
- decrease in provision	-	(404)	(404)
- unwinding of discount	-	94	94
Amount used/reversed	(359)	(181)	(540)
Balance at the end of the year	7,352	1,877	9,229

All figures in thousands of AUD, unless advised otherwise.

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2022

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.

All figures in thousands of AUD, unless advised otherwise.

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2022

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.

All figures in thousands of AUD, unless advised otherwise.

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2022

11. Capital commitments

	2022	2021
(a) Capital expenditure commitments		
Payable		
- not later than 1 year	305	361

12. Contingencies

	2022	2021
Guarantees		
Bank guarantees issued in support of rental agreements	613	613

The Company did not have any other contingent liabilities or contingent assets as at 31 December 2022 (31 December 2021: Nil).

All figures in thousands of AUD, unless advised otherwise.

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2022

13. Leases

(a) Amounts recognised in the balance sheet

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

	2022	2021
Right-of-use assets		
Buildings	67,877	70,445
Vehicles	396	447
Printers	1	5
	68,274	70,897
Lease liabilities		
Current	621	487
Non-Current	78,208	78,260
	78,829	78,747

Additions to the right-of-use assets during the 2022 year were $363,759.

(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:

	2022	2021
Depreciation charge of right-of-use assets		
Buildings	(2,800)	(2,647)
Vehicles	(183)	(184)
Printers	(4)	(4)
	(2,987)	(2,835)
Interest expense	(4,064)	(4,033)
Expense relating to short-term leases and low-value assets	(84)	(2)
	(4,148)	(4,035)

(c) Future lease payments

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

	2022	2021
Within one year	4,473	4,259
Later than one year but no later than five years	18,416	17,819
Later than five years	135,489	140,189
	158,378	162,267

All figures in thousands of AUD, unless advised otherwise.

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2022

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.

All figures in thousands of AUD, unless advised otherwise.

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2022

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 advised otherwise.

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2022

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:

	2022	2021
Key management personnel compensation	1,304	1,062

The year-on-year increase above is due to the full year impact of the introduction of Non-Executive Director fee payments from July 2021 (only six-months impact was seen in the 2021 reporting period), 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.

The expansion of the Executive Management Group to include a Chief People Officer along with general salary and wage inflation also contribute to the year-on-year change.

16. Auditor's remuneration

	2022	2021
Audit of financial Statements	65	75
	65	75

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

All figures in thousands of AUD, unless advised otherwise.

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2022

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:

	Notes	2022 Assets at FVPL	2022 Assets at amortised cost	2021 Assets at FVPL	2021 Assets at amortised cost
Financial assets					
Cash and cash equivalents	5	-	11,667	-	2,385
Other financial assets	5	-	30,613	-	30,813
Trade and other receivables		-	1,370	-	1,004
Managed funds at fair value through profit or loss		19,551	-	23,790	-
Total financial assets		19,551	43,650	23,790	34,202

	2022 Liabilities at FVPL	2022 Liabilities at amortised cost	2021 Liabilities at FVPL	2021 Liabilities at amortised cost
Financial liabilities				
Trade and other payables	-	5,757	-	3,422

FVPL = Fair value through profit or loss

All figures in thousands of AUD, unless advised otherwise.

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2022

18. 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.

(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 29 March 2023 by the Directors of the Company.

(b) New and amended standards adopted by the company

The 2022 financial statements are the first general purpose financial statements prepared in accordance with Australian Accounting Standards 'AASB 1060 - General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities'.

The adoption of AASB 1060 has no significant impact on the financial statements because the company previously complied with Australian Accounting Standards – Reduced Disclosure Requirements in preparing its financial statements.

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).

All figures in thousands of AUD, unless advised otherwise.

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2022

18. Summary of other significant accounting policies (continued)

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.

(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 29 March 2023 by the Directors of the Company.

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Notes to the Financial Statements (continued)

For the Year Ended 31 December 2022

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 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.

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.

No reclassifications have been required for the 2022 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 8.

19. Economic dependence

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

20. 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/disbursements applied in 2022.
Additional expenditure and/or funding disbursements related to the QKFS Funding 2022, and the Great Start to Kindy Semester 2 2022 programs have been applied subsequent to the period reporting date.

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2022

20. Funding receipts and expenditure (continued)

Projects	Total	Central	Branch	Affiliate
Balance of undisbursed funds as at 1 January 2022	**1,346**			
Receipts				
State Government Grants for 2021 (including supplementation)				
QKFS Funding Semester 1 2021	2	-	2	-
QKFS Funding Semester 2 2021 (returned funds)	(883)	-	(667)	(216)
QKFS Funding Semester 1 2022	27,197	-	12,849	14,348
QKFS Funding Semester 2 2022	27,994	-	12,981	15,013
QKFS Funding in Long Day Care	1,997	-	1,997	-
Great Start to Kindy Semester 2 2022	1,454	-	806	648
Free Access to Kindy Semester 1 2022	2,842	130	952	1,760
Free Access to Kindy Semester 2 2022	2,830	130	948	1,752
Kindy Uplift Program 2022	6,668	906	2,631	3,131
Sector Support - Sustainable Access to Kindy	64	-	-	64
Kindergarten I.T. Infrastucture Grant	3,524	3,524	-	-
Covid Relief 2022 - 1st two weeks of term 1	1,302	-	617	685
Kindergarten Inclusion Support Scheme (KISS)	4,496	420	2,088	1,988
Mackay Children and Family Centre	1,294	-	1,294	-
Limited Hours Care Programs	465	-	465	-
Administrative Support Funding	73	-	73	-
Volunteer Management Committee	1,893	-	-	1,893
Interest Income	83	-	-	83
Total Receipts	**83,295**	**5,110**	**37,036**	**41,149**
Expenditure				
QKFS Funding Semester 1 2021	2	-	2	-
QKFS Funding Semester 2 2021	55	-	3	52
QKFS Funding Semester 1 2022	27,197	-	12,849	14,348
QKFS Funding Semester 2 2022	27,309	-	12,607	14,702
QKFS Funding in Long Day Care	1,997	-	1,997	-
Great Start to Kindy Semester 2 2021	(18)	-	-	(18)
Great Start to Kindy Semester 2 2022	1,098	53	368	677
Free Access to Kindy Semester 1 2022	3,166	130	1,107	1,929
Free Access to Kindy Semester 2 2022	3,347	130	1,214	2,003
Kindy Uplift Program 2022	5,719	891	1,701	3,127
Sector Support - Sustainable Access to Kindy	64	-	-	64
Kindergarten I.T. Infrastucture Grant	1,052	670	41	341
Covid Relief 2022 - 1st 2 weeks of term 1	1,302	-	686	616
Refugee and Asylum Seeker Early Childhood Pilot 2021	22	-	22	-
Kindergarten Inclusion Support Scheme (KISS)	4,884	422	2,477	1,985
Mackay Children and Family Centre	1,294	-	1,294	-
Limited Hours Care Programs	587	-	587	-
Administrative Expenditure	8,487	-	8,487	-
Volunteer Management Committee	2,852	-	-	2,852
Total Expenditure	**90,416**	**2,296**	**45,442**	**42,678**
Net grant expenditure for 2022	**(7,121)**	**2,814**	**(8,406)**	**(1,529)**
Balance contributed by C&K for the year ended 31 December 2022	**9,709**			
Balance of undisbursed funds as at 31 December 2022	**3,934**			

**QFKS means the Queensland Kindergarten Funding Scheme*
All figures in thousands of AUD, unless advised otherwise.

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2022

21. COVID-19 Pandemic

The general impacts of the COVID-19 pandemic, which started late 2019, continue to reduce in severity. An increase in positive cases in Queensland at the start of the 2022 resulted in a two-week delayed start to the school/kindergarten year, however, since this event the impacts of COVID-19 on the Company's operations have been minimal.

Director's Declaration

For the Year Ended 31 December 2022

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 55-89, 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 2022 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
29 March 2023

Charles Strickland, Chair of the
Audit, Risk and Finance Committee
29 March 2023

Independent Auditor's Report

For the Year Ended 31 December 2022

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 2022 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 Regulation 2013*.

What we have audited

The financial report comprises:

- the balance sheet as at 31 December 2022
- 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.

PricewaterhouseCoopers, ABN 52 780 433 757
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Independent Auditor's Report (continued)

For the Year Ended 31 December 2022

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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 2022, 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.

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.

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.

Independent Auditor's Report (continued)

For the Year Ended 31 December 2022

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
29 March 2023


At
C&K
everyone
belongs

C&K Childcare & Kindergarten
Early Learning since 1907

The Creche and Kindergarten Association Limited
257 Gympie Rd Kedron, Qld 4031

candk.asn.au

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