C&K Childcare & Kindergarten
Early Learning since 1907

2020 Annual Report

START

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 pay respects to all Elders past, present and emerging.

Honouring First Nations Peoples

C&K premises and early childhood centres are located on lands where Australia's First Nations Peoples have been teaching and learning ways of belonging, being and becoming for more than 65,000 years.

Our learning communities have been shaped, and will continue to be shaped, by the influences of Aboriginal and Torres Strait Islander cultures, wisdoms, and knowledges.

Honouring First Nations Peoples' histories, perspectives, and continuing connections to land, sea and sky in all our programs, deepens everyone's learning. It is a great privilege to learn from, and with, the oldest living and thriving cultures on Earth and walk together to a better future for all.

We carefully work with our curriculum to promote fairness, empowerment and respect, with teachers/educators embedding First Nations Peoples perspectives throughout what we do.

"Honouring our past, to teach our present, to create our future"

Trisha Schuh: Napraum Early Childhood Centre

Chair Report

Therese Mulherin, Board Chair

Since its inception in 1907, C&K has championed the importance of providing high-quality early childhood education and care. Putting children first is at the heart of everything we do. The 2020 year was no different in this respect; the COVID-19 pandemic emphasised just how important the early childhood education and care sector is in providing support and stability to children and families in the face of a rapidly changing world.

The 2020 Annual Report reflects on several important areas - the integral role C&K played throughout the year as Queensland's pre-eminent provider of early childhood education and care, our amazing people who are leaders in their field, and the many communities and partners who worked with us, and supported our organisation, for the benefit of children.

If anything, the challenges faced due to COVID-19 in 2020 strengthened our commitment to our current strategic plan, and I'm proud of the incredible work that was done to realise and deliver on our strategic goals.

Strategic goals

Our Children and Families

- Leads early education and care with innovation, advocacy, and quality practice for all children.
- Strengthens, grows, and diversifies to respond to the needs of communities.
- Listens to children and families and meets their needs.

Our People

Nurtures our highly skilled, agile, and values orientated workforce.

Our Organisation

An efficient organisation that invests in children and communities.

At C&K, we understand the importance of learning and growth, and this includes at an organisational level. In 2020, C&K responded to the increasing need for quality birth to five years education and care by:

- opening three new purpose-built, state of the art, architecturally designed childcare centres in the greater Brisbane area at Oxley, Thornlands, and Upper Kedron.
- offering longer hours of high-quality care and education for children and their families at six of our Kindergartens via the Next Gen Extended Hours Kindergarten program.
- welcoming Deadly Kindy Waterford West and South Mackay Kindergarten to the C&K family as affiliated kindergartens.

I would like to specifically acknowledge the leadership of our Chief Executive Officer, Jane Bourne and her executive leadership team of Chief Operating Officer, Dr Sandra Cheeseman, and Chief Financial Officer & Executive Manager Corporate Services, Mark Stones during the height of the pandemic. Their combined expertise and focus on children, families, and our people, resulted in certainty and stability for families because our centres remained operational, stability for our workforce, and continued advocacy for the sustainability of the sector.

Jane Bourne's career-long commitment and significant contribution to the early years education and care sector was recognised when she was awarded the 2020 Queensland University of Technology (QUT) Faculty of Education Outstanding Alumni Award. A very well-deserved award, and public recognition of her standing in the sector.

I would also like to acknowledge the commitment and dedication of my fellow Board Directors during 2020: Brit Ibanez, Genevieve Atkinson, Scott Carpenter, Megan Gibson, Geoff Hirst, Charles Strickland, and Wesley Aird. Their dedication, breadth of knowledge, wealth of experience and positive contributions made to C&K, is a key part of our success.

To the many affiliated kindergartens and your management committees, thank you for choosing C&K to provide your support services. I consider that we are a better organisation because you are with us, and because of the strength of your connections with your local communities.

To each and every one of the staff at C&K, thank you for always putting children first in everything you do. To our teachers, educators, assistants, administrators, and central support teams, your dedication to improving learning outcomes, nurturing wellbeing, and ensuring C&K is an inclusive space where everyone belongs is at the very essence of C&K.

Finally, I would like to extend my gratitude to the families who entrust their children to us, and to the communities within which we work. Thank you for allowing C&K to be a part of those critical early years in your child's learning journey.

In 2020, despite COVID-19, our dedication to giving Queensland children access to high-quality early education and care never wavered, and we will continue to champion the importance of early years education to help children build pathways for future success.


Where Children
Come First

CEO Message

Jane Bourne, CEO

2020 was a remarkable year. COVID-19 impacted the daily lives of people all over the world. No one could have imagined the challenges the pandemic would bring to individuals and to organisations, including C&K.

As Queensland's pre-eminent provider of early childhood education and care for over 114 years, our people were at the forefront, providing safety and stability for families and communities across Queensland.

Throughout the lockdowns, our childcare and kindergarten teachers and educators opened wide the doors of their centres (both branch and affiliated) to educate and care for the children of essential workers and those families experiencing vulnerability. Our teachers and educators worked tirelessly to develop their skills to use technology in new and innovative ways, to produce online learning content for those families who could not come into the centres, and even delivered resources to families at home.

Thank you to each and every one of you - your resilience, innovation, and unwavering commitment made a difference to the lives of children and families in one of the most challenging periods in recent history!

To our central office and remote staff members, what a different year we all had. You learnt the art of working from home, communicating virtually, and working through new technology. You kept C&K operating seamlessly and supported our communities of children, families, and staff. Your care for your teams and your commitment to C&K is gratefully acknowledged, and I sincerely thank you.

To our Board, you chartered C&K through unknown and challenging territory. Thank you for your ongoing leadership, support, and commitment. To Therese Mulherin, our Chair, thank you for always being there for us, for me.

Many families and communities were affected by the events of the pandemic, and together with other key voices within the sector, C&K intensified its advocacy for increased funding and universal access to early years learning. The sector's combined efforts contributed to the Australian Government offering a free childcare subsidy scheme to childcare families and the

Queensland Government offering free community kindergarten in Term 2. I acknowledge the Federal and Queensland Governments and Minister Grace for their support of C&K and families during this time.

C&K recognised the extraordinary effort of our highly skilled teachers and educators in 2020. In September, we took the much-needed time to celebrate their achievements at the 2020 Innovation in Curriculum Virtual Awards. Five winners were selected from the Central & North, Metro North Coast, and South Coast & West regions of Queensland, with C&K Coolum Childcare Centre being awarded the Emeritus Professor Mary Mahoney AO Award for Excellence in Innovation and Curriculum - congratulations! Over 330 online attendees came together over three nights to sing, dance, interact, and celebrate C&K's achievements for 2020. The evenings were a resounding success. What a virtual party!

I am incredibly proud of the work undertaken in partnership with Multicultural Australia and ACCESS to provide learning support and resources as part of the Refugee and Asylum Seeker Early Childhood (RASEC) Pilot, in addition to our continued collaboration on important initiatives with Logan Together, the Smith Family and Mission Australia.

We continued our constructive and beneficial relationships with universities throughout the nation, particularly here at home - Queensland University of Technology, Griffith University, University of Queensland, Australian Catholic University, the Sunshine Coast University and James Cook University.

C&K values the connections and relationships with Lady Gowrie Queensland, Independent Schools Queensland, Catholic Education and Lutheran Education Queensland. We all work together to promote and advocate for our affiliated and branch kindergartens.

We work hand in hand with the Queensland Department of Education and wish to particularly acknowledge the Department's ongoing support of the early childhood education and care sector.

Our partnership with the Early Learning and Care Council of Australia (ELACCA) has given C&K unique support in communicating with the Federal Government and insight into how other organisations commit to the early years. C&K has the opportunity to collaborate with both for profit and not for profit organisations throughout Australia, all of whom are committed to providing the best quality education and care for all Australian children.

To end, I would like to thank the Board for putting their trust in me, to run an organisation dear to my heart and one of incredible history and reputation. Thank you to our Chief Operating Officer, Dr Sandra Cheeseman, and our Chief Financial Officer & Executive Manager Corporate Services, Mark Stones, who have helped me guide our decisions for our people, families, children, and communities through an incredibly challenging year. Your dedication and enthusiasm know no bounds.

Finally, to all our people, whether they be in a branch or affiliated centre, working at our central office or in remote locations, members and life members and the Directors of our Board, thank you for your ongoing dedication to supporting our children and families and one another.

To our families and to C&K partners, I am grateful for the integral part you play in our C&K community and your support throughout the past year.

At the heart of everything we have gone through together, in this year as all other years, lies the driving force to put children first, where they have better learning outcomes and are always encouraged to build a lifelong love of learning.

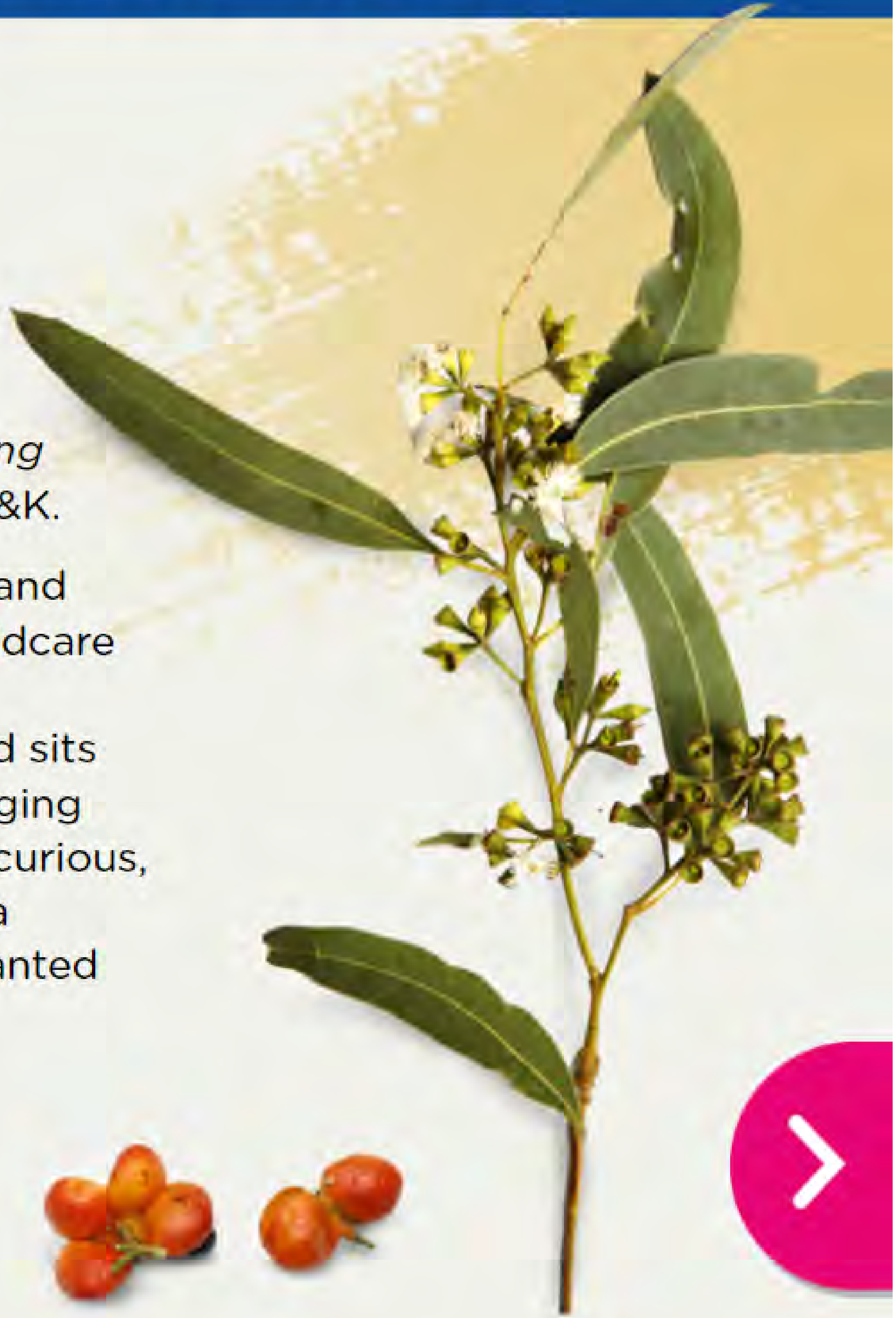
About C&K

Our Organisation

In the 114 years that C&K has been providing high-quality early education and care for the children and families of Queensland, we have never lost sight of our core vision, values and sense of purpose.

At C&K, we put children first, we respect each other, we work with integrity and we strive for excellence in everything we do. Our purpose is to nurture and inspire children to succeed in an ever-changing world, through inclusive educational practices and the C&K Curriculum Approach: *Listening and Learning Together* - which is unique to C&K.

At the heart of the 339 branch and affiliated kindergartens and childcare centres that connect with communities across Queensland sits the C&K philosophy of encouraging over one million children to be curious, capable and active citizens on a journey where the seeds are planted for a lifetime love of learning.



C&Ks Across Queensland

C&K broadened our Queensland footprint, with 339 C&K centres offering unique learning spaces designed to foster a love of learning and nurture and inspire children to succeed in an ever-changing world.

In response to the increasing need for high-quality birth to five years education and care, C&K opened three new state of the art, architecturally designed childcare centres in the greater Brisbane areas of Oxley, Thornlands, and Upper Kedron and offered longer hours of high-quality care and education for children and their families at six of our Kindergartens via the Extended Hours Kindergarten program.

C&K welcomed Deadly Kindy Waterford West and South Mackay Kindergarten to C&K as affiliated kindergartens.

C&Ks Across Queensland

6,637
children attended Kindergarten

19,229
children attended C&K centres

4,641
children attended Childcare

558
children attended Next Gen Extended Hours Kindergarten

7,272
children attended Affiliated centres

121
children attended Outside School Hours Care

C&Ks Across Queensland

176 branch centres

163 affiliated centres

Our Impact

COVID-19 Connections

Despite the complexities and challenges faced by staff, children, families and communities throughout the pandemic, C&K continued building stronger connections in new and innovative ways.

Connecting with children

C&K connected with our children and families throughout the pandemic, reflecting upon and valuing learning outcomes for children that supported belonging, connecting, wellbeing, exploring and communicating. C&K delivered its curriculum through new and adaptable delivery modes, including online learning and take-home learning materials to support each child and family. This resulted in deeper relationships with families and new ways of imagining innovation in curriculum.

Two key initiatives over this period are *Project 338 Ways* and *Pictures of the Pandemic*, which captured children's insightful perspectives and showcased the great collective skill of storytelling by C&K early childhood teachers and educators and their expertise in being adaptive and responsive across different delivery methods of education and care.

Pictures of the Pandemic is an historical record to capture our experiences and understandings during this significant time. It is a collection to acknowledge and celebrate the dedication and innovative responses from the children, families, teaching teams and the communities that centres support. Our historical record will undoubtedly be cherished by future generations as it will raise awareness and understandings of our time during COVID-19.

Our Impact

Connecting with families

C&K supported our families through regular communication, innovative ways of learning, access to support, and links to community resources. With communication and connection becoming more important than ever, our teachers and educators provided families with ways to engage their children in learning and acted as a conduit and a connection to the outside world. Maintaining contact and communication with families was vital for families to have confidence in attending C&K centres or learning at home.

Connecting with teachers and educators

C&K focused on informing, supporting, providing tools and resources, and kept in regular contact via several new and dedicated platforms during the pandemic. This includes the creation of a C&K Commitment Statement to support everyone's health and wellbeing, a COVID-19 Advice Line, dedicated internal and external webpages with the latest information and guidance, and regular communication to keep families and staff informed.

Our Impact

Kindergarten Inclusion Support Scheme (KISS)

As an efficient organisation that invests in children and communities, C&K used a range of innovative applications to ensure that available funding was distributed in equitable ways to further build the inclusive capacity and capabilities of affiliated and branch kindergartens. The funding provides responsive support to centres to include children with a disability, complex medical needs and challenging behaviour to participate in a holistic early childhood education program.

The re-development and implementation of resources for the assessment and distribution of Kindergarten Inclusion Support Scheme (KISS) funding to branch and affiliated centres was a priority for 2020 and saw C&K successfully deliver over $2 million in KISS funding to 627 children.

C&K also invested over $1 million in additional funding and support to ensure that all children requiring additional support at branch centres could access and fully participate in our kindergarten and childcare programs.

Our Impact

Hanen Learning Language and Loving it (LLLI) Program

In 2020, C&K led the sector in our approach to advocacy and quality practice for children in the areas of speech and language development by facilitating professional learning in the Hanen LLLI program - an educational approach in which teachers and educators learn how to better support language development in young children. The Hanen LLLI program was delivered to 64 teachers and educators working at branch centres on the Sunshine Coast, Brisbane, Rockhampton, Mackay, Toowoomba, and the Gold Coast.

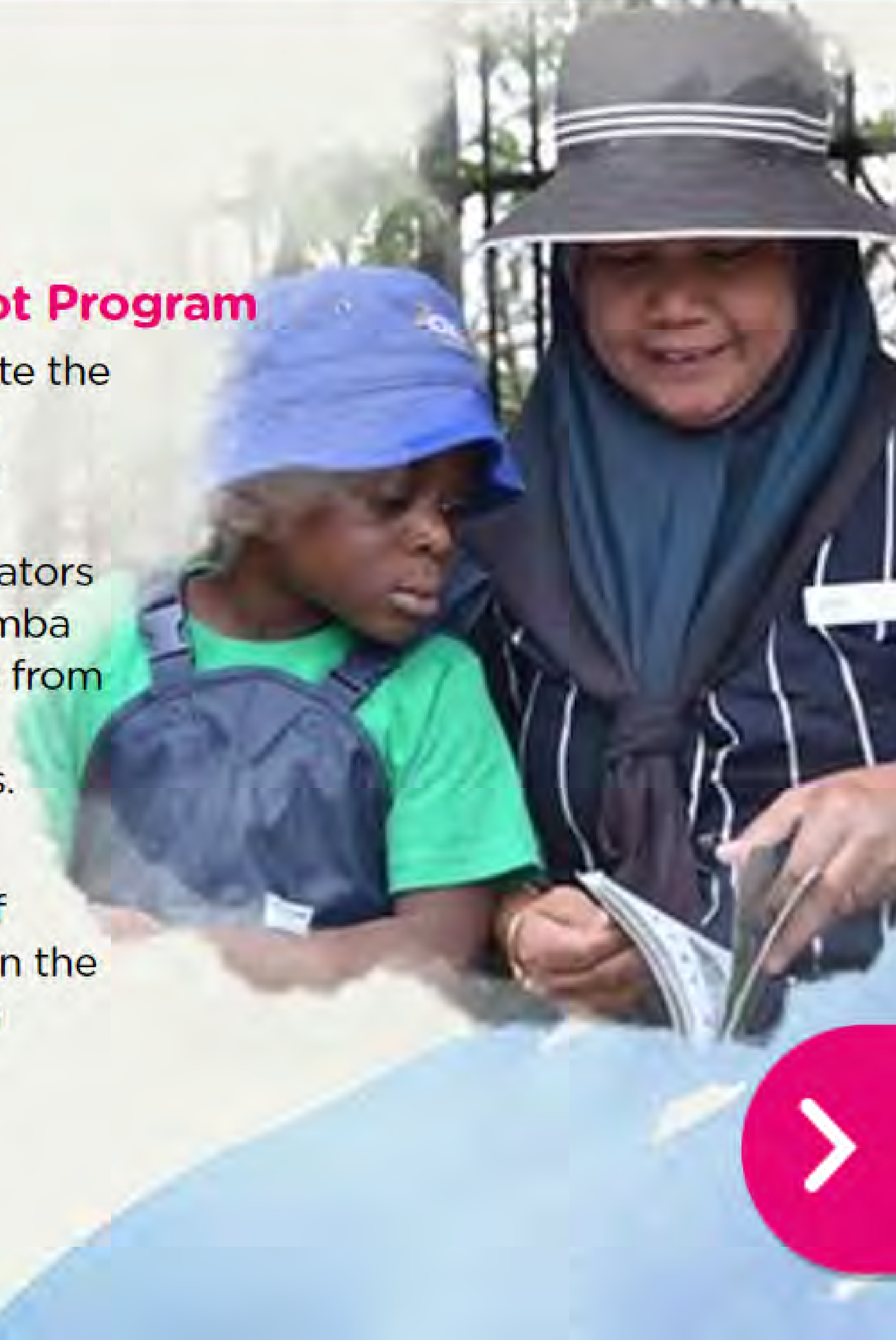
C&K worked in partnership with the Smith Family in Rockhampton as part of a Communities for Children project to improve the speech and language of all children attending a C&K centre in this region. Data gathered from this funded project showed a promising impact on the development of the 61 children who participated. Understanding sentences, understanding pronouns, descriptions of objects, use of possessives, and answers to hypothetical events all showed improvement. Overall, anecdotal evidence regarding the Hanen LLLI program demonstrates that C&K participants increased their knowledge and understanding about teaching strategies to help all children build on their language, literacy, and social skills.

Our Impact

Refugee and Asylum Seeker Early Childhood (RASEC) Pilot Program

C&K partnered with Multicultural Australia and Logan ACCESS to complete the second year of the RASEC Pilot, with the initiative supporting 92 children from a refugee and asylum seeker background across 15 centres through:

- identifying and breaking down barriers for families from a Refugee and Asylum Seeker (RAS) background to access kindergarten for their child.
- providing a long-term focus to improve outcomes for all Queensland children to transition to school and build the capacity of families to engage in the wider community.
- upskilling teachers and educators in the Brisbane and Toowoomba regions to work with families from culturally and linguistically diverse (CALD) backgrounds.
- better understanding and responding to the impacts of trauma and life experiences in the resettlement of families from refugee and asylum seeker backgrounds.



Our Impact

Refugee and Asylum Seeker Early Childhood (RASEC) Pilot Program

- professional development for teachers, educators, and C&K Central staff.
- creating print and digital resources to help build capacity, and support families during the COVID-19 pandemic.
- continuing to strengthen the C&K relationship with community hub leaders and their work to support the transition to school.

Our Impact

Inclusion Support

In collaboration with the Wellbeing & Inclusion Advisory Group members, C&K provided inclusion support across our network of centres to support children with inclusion needs. Intensive inclusion support was provided to eight centres and included ongoing professional guidance and curriculum adjustments to assist teachers and educators to support children's involvement in an inclusive program. Children's engagement in the learning program improved and provided a strong foundation for the transition to school.

Our Impact

C&K College of Early Childhood

The C&K College of Early Childhood provided high quality education and support to 199 students in 2020, providing a range of courses:

109 students studied the *Certificate III in Early Childhood Education and Care*

49 students studied the *Diploma in Early Childhood Education and Care*

33 students studied the *Early Childhood Teacher Bridging Program*

8 students studied *Building Inclusive Practices in Early Childhood Education and Care – Skill Set*

C&K prepared students with the skills and knowledge to develop their careers, with 80 students placed in C&K branch centres and 6 students in C&K affiliated centres.

"My trainer really took the time to support, encourage and teach all aspects of the training."

Connected & Engaged

C&K centres continued to build strong and meaningful connections with their communities, with a common theme of inclusion and partnerships running throughout. At C&K, this is central to maintaining and strengthening our reputation as Queensland's pre-eminent provider of early education and care.

Explore more about C&K below:

NAIDOC Week

C&K celebrated NAIDOC week with a series of virtual breakfast events and local centre events to remember, honour, and celebrate our First Nations Peoples' histories, perspectives and continuing connections to land, sea and sky. It was a week of incredible learning and a chance to embrace the true history of this country - a history which dates back thousands of generations.

1 2 3 4 5 6

Connected & Engaged

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Explore more about C&K below:

Thrive On Arts Festival

Major sponsor of the Thrive On Arts Festival in Toowoomba which provided professional development opportunities as well as an opportunity for prospective families and the broader community to engage with C&K.

1 2 3 4 5 6

Connected & Engaged

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Explore more about C&K below:

C&K Oxley Childcare Centre

C&K Oxley Childcare Centre opened in February 2020. Offering 114 places, educating and caring for children from six weeks to five years, C&K Oxley Childcare Centre is an exciting addition to C&K, featuring state of the art learning spaces across three levels.

1 2 3 4 5 6

Connected & Engaged

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Explore more about C&K below:

C&K Thornlands Childcare Centre

C&K Thornlands Childcare Centre opened in February 2020, providing extensive outdoor and indoor learning environments for children to explore, play and learn. C&K Thornlands Childcare Centre offers 131 places, caring and education for children from six weeks to five years and is an exciting addition to C&K.

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Connected & Engaged

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Explore more about C&K below:

C&K Upper Kedron Childcare Centre

C&K Upper Kedron Childcare Centre opened in December 2020. Responding to the needs of local families, C&K Upper Kedron Childcare Centre combines a bespoke design with large, outdoor playscapes for learning. Offering 125 places, caring and education for children from six weeks to five years, C&K Upper Kedron is an exciting addition to the C&K family.

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Connected & Engaged

C&K centres continued to build strong and meaningful connections with their communities, with a common theme of inclusion and partnerships running throughout. At C&K, this is central to maintaining and strengthening our reputation as Queensland's pre-eminent provider of early education and care.

Explore more about C&K below:

Kindergarten scholarships

Collaboration and partnership with Bendigo Bank, Logan Together and The Family Place (Communities for Children) to provide kindergarten scholarships for children experiencing vulnerability or disadvantage, to attend a C&K kindergarten in the Logan area.

1 2 3 4 5 6

Exceeding Quality Standards

In 2020, C&K centres continued to deliver high-quality education and care, well above the national results. With 97 percent of all centres achieving 'Meeting' or 'Exceeding' the National Quality Standard (NQS), C&K continued to lead early education and care with quality practice for all children.

Our People

C&K teachers, educators and support staff consistently put children first and strive for excellence in everything they do. This is evident in their ongoing commitment to providing a high-quality level of education and care provided at all centres.

Staff Engagement Survey

The C&K Staff Engagement survey showed a high level of engagement from staff with a result of 83 percent - a great result which is above the average for not-for-profits and the early learning and care sector. Along with our low rates of employee turnover, C&K is proud of the work done throughout the year to improve outcomes for our 2,034 dedicated staff.

2034
Total number of employees

1176
Total number of full-time and part-time employees

858
Total number of casual employees

13.6%
OVERALL EMPLOYEE TURNOVER

Outstanding Family Satisfaction

The C&K Net Promoter Score (an index used to measure a customer's willingness to promote an organisation's service to others) of 77 is considered 'excellent' and significantly higher than the sector average of 46.

C&K Innovation in Curriculum Awards

C&K was proud to hold the 2020 Innovation in Curriculum Virtual Awards, which recognised teachers and educators who have demonstrated innovation in early education and care, resulting in better learning outcomes for children.

Congratulations to C&K Coolum Community Childcare Centre for being awarded the overall Emeritus Professor Mary Mahoney AO Award for Excellence in Innovation and Curriculum.

Five winners were selected from each region, and over 330 attendees came together at our three virtual events to engage, interact, and celebrate C&K's achievements for 2020.

C&K Innovation in Curriculum Awards

CENTRAL AND NORTH QUEENSLAND REGION WINNERS

C&K Norfolk Village Community Kindergarten

C&K Flagstone Community Kindergarten

C&K Canungra Community Kindergarten

C&K Durack Community Kindergarten

C&K Highfields & District Kindergarten

C&K Innovation in Curriculum Awards

SOUTH COAST AND WEST REGION WINNERS

Happy Valley Community Kindergarten

C&K Middlemount Community Childcare Centre

C&K Mossman Community Kindergarten

C&K Oonoonba Community Kindergarten

C&K Rowes Bay Community Kindergarten

C&K Innovation in Curriculum Awards

METRO AND NORTH COAST REGION WINNERS

C&K Arana Hills Community Kindergarten

C&K QUT Kelvin Grove Community Childcare Centre

C&K Coolum Community Childcare Centre

C&K QUT Gardens Point Community Childcare Centre

C&K Banyo Station Community Childcare Centre

Early Childhood Education and Care Awards

C&K continued to be recognised for our outstanding work in the early education and care sector, including:

- 2020 Queensland University of Technology (QUT) Faculty of Education, Outstanding Alumni Award - Jane Bourne, CEO
- Australian Human Rights Commission, #HumanRightsHeroes Finalist - Beverley Wright, Director C&K Durack Community Kindergarten
- Queensland College of Teachers (QCT) TeachX Awards Finalist, Excellence in Teaching - Rebecca Stephens, Co-Director C&K Strathpine Community Kindergarten and Preschool
- 2020 Creative Futures Recognition Awards, School and Community Section - C&K Ascot Community Kindergarten

Financials/Director's Report

C&K achieved a net surplus of $2.4 million in 2020. C&K, as a not-for-profit, reinvests our surpluses back into the organisation to further our goal of being Queensland's pre-eminent provider of education and care.

C&K invested over $1.1 million directly in supporting vulnerable children and their teachers and educators in 2020.

Three new childcare centres were opened in Oxley, Thornlands and Upper Kedron over the year as part of the continuation of C&K's growth strategy, while the centres that opened in 2018 and 2019 continued to experience increasing numbers of children attending.

C&K's program of improving the indoor and outdoor spaces at centres continued, with over $2.4 million spent.

Download Full Financial Report

Our Board


Therese Mulherin


Brit Ibanez


Geoff Hirst


Genevieve Atkinson


Scott Carpenter


Megan Gibson


Charles Strickland

Therese Mulherin - Chair (non-executive)

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

Qualifications BOccThy, GAICD

Experience

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

Nominations (Chair)
Audit, Risk and Finance

Brit Ibanez - Director (non-executive)

Board member since 13 March 2018

Appointed as Deputy Chair on 27 March 2019

Qualifications B IntBus, LLB, LLM, GAICD Experience

Experience

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

Committee responsibilities - Nominations (Chair)

Geoff Hirst - Director (non-executive)

Board member since 14 July 2020

Qualifications

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

Experience

Geoff Hirst is a Partner in a small consulting firm, specialising in digital transformation, governance and risk advisory. An authentic executive leader with 24 years of professional finance, Board, audit, and risk advisory experience, Mr Hirst also brings extensive experience in the Education sector (higher and secondary education) and professional services industry, with two Big-4 consulting firms, and more recently as the Managing Director and Market Leader for Protiviti. Mr Hirst has strong Board experience with a combination of local Government, independent schools and start-up companies. With expertise in business risk advisory, technology, 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 infrastructure projects, divestments, and acquisitions. He has also had executive leadership roles within Queensland Health, major infrastructure development, and transport.

Committee responsibilities - Audit, Risk & Finance

Genevieve Atkinson - Director (non-executive)

Board member from 13 March 2018 to 14 January 2021

Qualifications BBus, AssocDipBusMktg

Experience

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

Scott Carpenter- Director (non-executive)

Board member since 26 June 2019

Qualifications

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

Experience

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.

Megan Gibson - Director (non-executive)

Board member since 19 May 2016

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

Experience

An Associate Professor in the School of Early Childhood and Inclusive Education at Queensland University of Technology (QUT), Dr Megan Gibson is 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 coordinates the Master of Teaching (Early Childhood) course and is responsible for teacher education units on leadership, professionalism and health and wellbeing.

Committee responsibilities

Early Years and Innovation (Chair)
Nominations

Charles Strickland - Director (non-executive)

Board member since 21 June 2019

Qualifications CA, B. Int Bus, B. Com, GAICD

Experience

Charles Strickland is a Chartered Accountant, and director at the Queensland Audit Office where he has responsibility for auditing many of the state's public hospitals and larger local governments. 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 (retired during 2020)

Wesley Aird

Wesley Aird -
Director (non-executive)

Board member from 12 October 2015 to 23 August 2020

Qualifications

MAICD, Grad Duntroon, Grad Aust Army, ADip Personnel Admin

Experience

A strong advocate for meaningful Indigenous participation in the real economy, Wesley Aird has been an advisor to the Australian Government as part of the Reference Group on Welfare Reform. He has also worked with the Australian Employment Covenant, Generation One and the National Indigenous Council. Apart from policy advice, Mr Aird's primary work is with resource companies as an advisor in the management of native title and cultural heritage and in developing initiatives for Indigenous employment, training and business. He has a strong commitment to his own community through both native title and cultural heritage on the Gold Coast. He has also served in the military for a decade and was the first Indigenous graduate of the Royal Military College, Duntroon.

Committee responsibilities - Audit, Risk & Finance

Grants Received

C&K would like to acknowledge and thank the following funding bodies for their support in 2020:

Australian Government Grants:

Department of Education and Training
Department of Industry, Science, Energy and Resources
Department of Infrastructure, Regional Development and Cities
Department of the Prime Minister and Cabinet
National Indigenous Australians Agency

Grants Received

C&K would like to acknowledge and thank the following funding bodies for their support in 2020:

Queensland Government Grants:

Department of Communities, Disability Services and Seniors
Department of Education
Department of Justice and Attorney-General
Department of Transport and Main Roads

Grants Received

C&K would like to acknowledge and thank the following funding bodies for their support in 2020:

Other Grants and Partnerships:

Anglo American Metallurgical Coal Pty Ltd
Australia and New Zealand Banking Group (ANZ)
Banana Shire Council
BHP MetCoal Holdings Pty Ltd
Brisbane City Council
Central Highlands Regional Council
Fitzroy Basin Association Inc.
Foundation for Rural and Regional Renewal
Gold Coast City Council
Heritage Bank

Grants Received

C&K would like to acknowledge and thank the following funding bodies for their support in 2020:

Other Grants and Partnerships:

Ipswich City Council
ISAAC Regional Council
LandCare Australia
Mackay Regional Council
Minjar Gold (Pajingo Mine)
Mission Australia
Moreton Bay Regional Council
My Own Vet
Peter Russo MP (State Member for Toohey)
Queensland Cancer Council

Grants Received

C&K would like to acknowledge and thank the following funding bodies for their support in 2020:

Other Grants and Partnerships:

Queensland Child Protection Week Committee
Queensland Nitrates Pty Ltd
Redlands RSL
Rockhampton Regional Council
Sarina Community Bendigo Bank
Scenic Rim Regional Council
Stockland
Sunshine Coast Regional Council
Telstra
The Smith Family

C&K Childcare & Kindergarten
Early Learning since 1907

The Crèche & Kindergarten Association Limited

ABN 59 150 737 849

Annual Financial Report
For the year ended 31 December 2020

The Crèche and Kindergarten Association Limited
ABN 59 150 737 849
Annual Report
For the Year Ended 31 December 2020

Table of Contents

Your directors present this report on the The Crèche and Kindergarten Association Limited ("C&K" or "the Company"), for the year ended 31 December 2020.

Current Directors

Therese Mulherin
- Chair (non-executive)

Qualifications
- BOccThy, GAICD

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

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
- Nominations (Chair)
- Audit, Risk and Finance

Brit Ibanez
- Director (non-executive)

Qualifications
- B IntBus, LLB, LLM, GAICD

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

Ms Ibanez is a partner at Hamilton Locke. She has held various positions at C&K services including as the Coordinator of a 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
- Nominations

Genevieve Atkinson	• Director (non-executive)
Qualifications	• BBus, AssocDipBusMktg
Experience	• Board member from 13 March 2018 to 14 January 2021
	Ms Atkinson is an experienced marketing, communications and stakeholder engagement manager. With experience in the Federal, Queensland and Victorian Governments, Brisbane Marketing, South Bank Corporation and charities, Youngcare and Edmund Rice Foundation, and recently managing the Mater Foundation's Community Relations Program, she has also been a consultant and held advisory board roles with the Young People in Nursing Home Alliance and Good Samaritan Foundation. Ms Atkinson, a mother of three daughters, has a strong interest in early childhood education and the role it plays in allowing women to remain in the workplace.
Committee Responsibilities	• N/A

Scott Carpenter	• Director (non-executive)
Qualifications	• M.Business Process Management, Prince 2 Practitioner, GAICD, Cert. IV TAE
Experience	• Board member since 26 June 2019
	Mr. Carpenter works to bridge the gap between technical and business and improve organisational performance by aligning IT solutions to business needs. He applies appropriate best practice methodologies, frameworks and models coupled with technology solutions to achieve long term business objectives. Mr. Carpenter strongly believes in the ability of education to positively change someone's life and to support young people to achieve.
Committee Responsibilities	• N/A
Megan Gibson	• Director (non-executive)
Qualifications	• PhD, MEd, BEd (EC), DipT (EC)
Experience	• Board member since 19 May 2016
	An Associate Professor in the School of Early Childhood and Inclusive Education at Queensland University of Technology, Dr Megan Gibson is also a respected researcher in her field. Her background as an early childhood educator with experience in teaching and leadership positions, culminated in her role as Director of an industry-leading childcare centre in Brisbane. Her award-winning doctoral research examined the professional identities of early childhood educators. This work combined with her extensive professional experience have laid the foundations for her ongoing interest in the early childhood workforce, leadership, professionalism and sustainability. In her current role at QUT, Dr Gibson coordinates the Master of Teaching (Early Childhood) course and is responsible for teacher education units on leadership, professionalism and health and wellbeing.
Committee Responsibilities	• Early Years and Innovation (Chair) • Nominations

Geoff Hirst • Director (non-executive)

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

Experience • Board member since 14 July 2020

Geoff Hirst is a Partner in a small consulting firm, specialising in digital transformation, governance and risk advisory. An authentic executive leader with 24 years of professional finance, Board, audit, and risk advisory experience, Mr Hirst also brings extensive experience in the Education sector (higher and secondary education) and professional services industry, with two Big-4 consulting firms, and more recently as the Managing Director and Market Leader for Protiviti. Mr Hirst has strong Board experience with a combination of local Government, independent schools and start-up companies. With expertise in business risk advisory, technology, 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 infrastructure projects, divestments, and acquisitions. He has also had executive leadership roles within Queensland Health, major infrastructure development, and transport.

Committee Responsibilities • Audit, Risk and Finance

Charles Strickland • Director (non-executive)

Qualifications • CA, B. IntBus, B. Com, GAICD

Experience • Board member since 21 June 2019

Charles Strickland is a Chartered Accountant, and director at the Queensland Audit Office where he has responsibility for auditing many of the state's public hospitals and larger local governments. 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)

Directors (retired during 2020)

Wesley Aird	• Director (non-executive)
Qualifications	• MAICD, Grad Duntroon, Grad Aust Army, ADip Personnel Admin
Experience	• Board member from 12 October 2015 to 23 August 2020
	A strong advocate for meaningful Indigenous participation in the real economy, Wesley Aird has been an adviser to the Australian Government as part of the Reference Group on Welfare Reform. He has also worked with the Australian Employment Covenant, GenerationOne and the National Indigenous Council. Apart from policy advice, Mr Aird's primary work is with resource companies as an advisor in the management of native title and cultural heritage and in developing initiatives for Indigenous employment, training and business. He has a strong commitment to his own community through both native title and cultural heritage on the Gold Coast. He has also served in the military for a decade and was the first Indigenous graduate of the Royal Military College, Duntroon.
Committee Responsibilities	• Audit, Risk and Finance

Company Secretary

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

Meetings of Directors in 2020

Director	Board		Audit Risk and Finance Committee		Nominations Committee		Early Years and Innovation Committee*	
	A	B	A	B	A	B	A	B
Therese Mulherin	7	7	5	5	1	1	-	-
Brit Ibanez	7	7	-	-	1	1	-	-
Wesley Aird	4	4	3	3	-	-	-	-
Genevieve Atkinson	5	7	-	-	-	-	-	-
Scott Carpenter	5	7	-	-	-	-	-	-
Megan Gibson	6	7	-	-	1	1	2	2
Geoff Hirst	4	4	2	2	-	-	-	-
Charles Strickland	7	7	5	5	-	-	-	-

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

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

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

Principal activities

The principal activities of C&K during the financial year included:
- providing the highest standard of early childhood education and care;
- operating its own early childhood branch services;
- administering public funds;
- 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

In 2019, C&K entered the first year of its new 2019 – 2021 Strategic Plan, which underpins C&K's vision:

- To be Queensland's pre-eminent provider of early education and care.

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

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

Performance measures

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

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 in line with C&K's strategic direction.
- **Sector Contribution:** The extent to which it advocates, contributes and influences the public policy debate on all matters affecting young children (birth to eight years) and their families.
- **Financial Sustainability:** The effectiveness and efficiency with which it manages its resources and operations.

Review of operations and results

Due to the global COVID-19 pandemic, 2020 was a year of significant challenges with restrictions placed upon businesses, communities and families. Stay-at-home orders and extended periods of enforced business closures brought the Queensland economy to a standstill, for all but essential services.

However, the Australian and Queensland Governments implemented policies to ensure early childhood education and care organisations remained open and financially viable so that they could support essential workers and the rebuilding of the Australian economy once COVID-19 restrictions were eased.

In the early stages of the outbreak, the Australian Government introduced the Childcare Rescue Package, providing a guaranteed level of temporary funding for C&K Childcare centres. This funding allowed all of our centres to remain open during 2020, to provide education and care services to families with no out-of-pocket expense, and for families to maintain their enrolment place. Even with this package, over fifty percent of C&K's Childcare centres experienced a significant decrease in enrolments and income in the month of April.

In addition, the Queensland Department of Education provided $10.16m of funding to C&K to support the continued operation of our branch ($4.54m) and affiliated ($5.62m) community kindergartens. This funding enabled all of our community kindergartens to remain open during 2020 and to offer fee-free kindergarten programs for eligible children for term two, and compensated C&K for foregone revenue.

Review of operations and results (continued)

C&K also qualified for the 'JobKeeper' program.

The combination of these three government relief packages with C&K's prudent safety net of financial reserves, meant that our organisation was able to retain the entirety of our skilled workforce, avoiding any temporary or permanent employee stand-downs.

When restrictions on schools and businesses eventually eased, the recovery of enrolments and centre operations occurred at a speed not expected in the early stages of the pandemic.

Our net result for the 2020 year was a $2.4m surplus ($0.6m in 2019). This is a 1.9% net margin. The result includes an impairment of goodwill of $6.7m relating to the underperformance and less favourable outlook of three acquired childcare centres.

Total revenue is $126.2m for 2020, increasing by $25.0m (24.7%) from $101.2m in 2019. Revenue growth has been driven by the COVID-19 relief packages discussed above, together with the opening of new childcare centres at Thornlands and Oxley in February 2020, Upper Kedron in December 2020, and the continuing ramp-up of enrolments at centres opened between 2017 and 2019.

Total expense is $116.1m in 2020, increasing by $13.4m (13.0%) from $102.7m in 2019. Employee costs increased $10.4m (13.2%) mainly due to the JobKeeper program, continued growth in childcare services, and annual wage increases.

Net assets in 2020 increased by $2.4m (5.4%) to $46.4m, from $44.0m in 2019.

Cashflow from operations was $15.6m positive ($1.4m in 2019). Net cash overall increased by $0.2m after a $3.4m cash outflow for capital purposes and $11.5m net cash outflows for investing purposes (term deposits).

Direct COVID-19 relief support to C&K from the Queensland and Australian governments ceased during 2020. Although we were able to end 2020 in a stronger position than we were expecting at the height of the COVID-19 crisis, we consider that the economic impacts of the pandemic and the impact on our business is not over, with expected continued impact on enrolments and utilisation into 2021.

Events since the end of the financial year

In the interval between the end of the financial year and the date of this report, the COVID-19 pandemic has continued to disrupt the local economy with short-term lockdowns impacting businesses. The Australian Government has continued to scale back COVID-19 relief support to businesses and individuals, in particular the JobKeeper program.

Reductions of support to the wider economy have the potential to impact early education and care demand should unemployment increase, or limit the speed of recovery. The risk of not achieving 2021 enrolment targets and the impact to budgeted revenue remains a concern and is a key focus for the Board and management.

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

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 2020 the total amount members would contribute is $880 (2019: $800).

Significant changes in the state of affairs

With the former sole subsidiary of the Company, 'FMJ Childcare Pty Ltd', being deregistered on 12 June 2019, the Company has reverted from consolidated reporting to reporting on a non-consolidated basis for a single reporting entity. As FMJ Childcare Pty Ltd had been dormant preceding deregistration and was without any assets or liabilities, the prior year comparative figures required no adjustment.

Likely developments and expected results of operations

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

Environmental regulation

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

Insurance of officers

During the financial year, the Company paid a premium of $31,106 (2019: $43,000) to insure the directors and officers the Company.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Company, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

Proceedings on behalf of the Company

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

Auditor's appointment

PricewaterhouseCoopers continues as external auditors in office in accordance with section 327 of the Corporations Act 2001.

Auditor's independence

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

Rounding off

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

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

T. Mulherin

Therese Mulherin, Chair
31 March 2021

C. G. Strickland

Charles Strickland, Chair of the Audit, Risk and Finance Committee
31 March 2021

pwc

Auditor's Independence Declaration

As lead auditor for the audit of The Crèche and Kindergarten Association Limited for the year ended 31 December 2020, 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
31 March 2021

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The Crèche and Kindergarten Association Limited
ABN 59 150 737 849
Statement of Profit or Loss and other Comprehensive Income
As at 31 December 2020

	Note	2020	2019
Revenue from contracts with customers	1	103,014	99,873
Finance income	2(a)	447	854
Other income	2(b)	22,734	499
Total revenue		126,195	101,226
Employee costs		89,397	78,993
Depreciation and amortisation expenses	9,10,17	4,028	3,180
Other expenses, supplies and services	3	19,040	18,428
Finance costs	17	3,651	2,130
Total expenses		116,116	102,731
Operating surplus / (deficit)		10,079	(1,505)
Changes in the fair value of financial assets		(247)	1,095
Impairment charges	10	(6,736)	-
Gain/(loss)on sale of assets	4	(782)	3
Fair value of donated assets		2	851
Franking credit received		63	153
Surplus before income tax		2,379	597
Income tax expense		-	-
Net surplus		**2,379**	**597**
Total comprehensive income		**2,379**	**597**

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

The Crèche and Kindergarten Association Limited
ABN 59 150 737 849
Balance Sheet
For the year ended 31 December 2020

	Note	2020	2019
Current assets			
Cash and cash equivalents	5	1,894	1,645
Trade and other receivables	6	2,889	1,974
Other financial assets	7	37,413	25,868
Other current assets	8	1,200	1,203
Total current assets		43,396	30,690
Non-current assets			
Property, plant and equipment	9	15,637	13,572
Intangible assets	10	3,950	10,759
Financial assets at fair value through profit or loss	11	12,469	12,052
Right-of-use assets	17	66,700	37,833
Total non-current assets		98,756	74,216
Total assets		142,152	104,906
Current liabilities			
Trade and other payables	12	12,344	11,071
Contract liabilities	1b	3,110	3,055
Provisions	13	3,117	2,863
Lease liabilities	17	411	415
Total current liabilities		18,982	17,404
Non-current liabilities			
Provisions	13	5,555	3,980
Lease liabilities	17	71,238	39,524
Total non-current liabilities		76,793	43,504
Total liabilities		95,775	60,908
Net assets		46,377	43,998
Funds			
Accumulated funds		46,377	43,998
Total funds		**46,377**	**43,998**

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

The Crèche and Kindergarten Association Limited
ABN 59 150 737 849
Statement of Changes in Funds
For the Year Ended 31 December 2020

	Accumulated Funds	Total
Balance at 31 December 2018	43,401	43,401
Net surplus	597	597
Total comprehensive income	597	597
Balance at 31 December 2019	43,998	43,998
Net surplus	2,379	2,379
Total comprehensive income	2,379	2,379
Balance at 31 December 2020	46,377	46,377

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

The Crèche and Kindergarten Association Limited
ABN 59 150 737 849
Statement of Cash Flows
For the Year Ended 31 December 2020

	Note	2020	2019
Cash flows from operating activities			
Receipts from customers and grants		124,292	100,360
Finance income received		447	952
Payments to suppliers and employees		(106,417)	(98,097)
Interest paid on lease liabilities		(2,690)	(1,844)
Net cash generated from operating activities	14b	15,632	1,371
Cash flow from investing activities			
Proceeds from sale of fixed assets		5	3
Franking credit received		-	153
Proceeds (payments) from investments in term deposits		(11,545)	947
Payments for property, plant & equipment		(3,401)	(1,846)
Payments for intangibles		(13)	-
Net cash used in investing activities		(14,954)	(743)
Cash flow from financing activities			
Principal paid on lease liabilities		(429)	(174)
Net cash used in financing activities		(429)	(174)
Net increase / (decrease) decrease in cash and cash equivalents		249	454
Cash and cash equivalents at beginning of year		1,645	1,191
Cash and cash equivalents at end of year	5,14a	1,894	1,645

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

INDEX TO NOTES TO THE FINANCIAL STATEMENTS

1. Revenue from contracts with customers

(a) Disaggregation of revenue from contracts with customers

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

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

2019	Provision of childcare & kindergarten Services	Central Governing Body activities	Registered Training Organisation income	All other streams	Care relief subsidies	Total
Revenue from external customers	95,400	2,465	641	1,367	-	99,873
Timing of revenue recognition						
At a point in time	-	-	-	-	-	-
Over time	95,400	2,465	641	1,367	-	99,873
	95,400	**2,465**	**641**	**1,367**	**-**	**99,873**

(b) Assets and liabilities related to contracts with customers

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

	2020	2019
Unearned income	3,110	3,055
Total current contract liabilities	**3,110**	**3,055**

All figures in thousands of AUD.

1. Revenue from contracts with customers (continued)

ACCOUNTING POLICY

Revenue and other income

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

Provision of childcare and kindergarten services

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

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

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

Central Governing Body activities

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

Registered Training Organisation (RTO) income

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

Community Advisory Group (CAG)

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

Care relief subsidies

Care relief subsidies include the Federal Business Continuity Payments (BCP) and Transitional Payments provided in childcare centres. The BCP payments required no childcare fees to be charged during the funding period. Also included is additional kindergarten funding provided by the State government to enable the provision of fee free kindergarten for term two. These funding streams were recognized over the period they related to.

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

2. Finance income and other income

		2020	2019
(a)	**Finance income**		
	Interest from financial assets held for cash management purposes	447	854
(b)	**Other income**		
	Realised gains on financial assets	664	486
	JobKeeper Funding	22,062	-
	Other income	8	13
		22,734	499

ACCOUNTING POLICY

Interest

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

JobKeeper Funding

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

Other income

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

All figures in thousands of AUD.

3. Other Expenses

	2020	2019
Other expenses:		
Advertising and marketing	1,211	875
Audit and accounting	79	63
Bank charges	278	398
Cleaning	3,461	3,251
Conferences and seminars	63	432
Equipment	1,754	1,718
Food and functions	1,828	1,443
Grants expenditure	125	132
Information technology	1,059	896
Motor vehicles	162	355
Occupancy	4,739	4,496
Consultancy	527	562
Postage, printing, stationery and program materials	820	757
Repairs and maintenance	1,428	1,208
Telephone and internet	681	653
Travel	303	692
Other expenses	522	497
	19,040	18,428

4. Gain/(loss) on sale of assets

	2020	2019
Net gain / (loss) on disposal of assets	(782)	3

All figures in thousands of AUD.

5. Cash and cash equivalents

	2020	2019
Current		
Cash and cash equivalents	1,894	1,645

ACCOUNTING POLICY

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

6. Trade and other receivables

	2020	2019
Current		
Trade receivables	552	118
Children's fees receivable	712	609
Goods and services tax receivable	1,317	1,001
Other receivables	456	403
Provision for expected credit loss	(148)	(157)
	2,889	1,974

	2020	2019
Movement in the provision for expected credit loss is as follows:		
Balance at the beginning of the year	157	129
- Charge for the year	35	84
- Written off	(44)	(56)
Balance at the end of the year	148	157

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.

7. Other financial assets

	2020	2019
Current		
Term deposits	37,413	25,868

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 2020 of 0.72% (2019: 1.74%). Due to their short-term nature their carrying value is assumed to approximate their fair value. The Company has $613,160 (2019: $618,000) in term deposits that have been pledged as security for the Company's guarantees provided by Westpac Banking Corporation and Commonwealth Bank of Australia as set out in note 16.

ACCOUNTING POLICY

Investments and other financial assets

Classification

The Company classifies its financial assets in the following categories:

i. Financial assets at amortised cost

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

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

ii. Financial assets at fair value through profit or loss

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

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

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

All figures in thousands of AUD.

7. Other financial assets (continued)

Recognition and derecognition

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

Measurement

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

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

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

Impairment

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

8. Other assets

	2020	2019
Current		
Prepayments	1,199	1,123
Security bonds	1	80
	1,200	1,203

9. Property, plant and equipment

	2020	2019
Capital works in progress	960	1,052
Freehold land - at cost	1,982	1,982
Buildings & leasehold improvements - at cost	21,040	19,059
Less accumulated depreciation	(9,850)	(9,551)
	11,190	9,508
Equipment, furniture & fittings - at cost	10,174	12,175
Less accumulated depreciation	(8,724)	(11,203)
	1,450	972
Motor vehicles - at cost	173	253
Less accumulated depreciation	(118)	(195)
	55	58
Total property, plant and equipment	15,637	13,572

All figures in thousands of AUD.

9. **Property, plant and equipment (continued)**

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

	Capital works in progress	Freehold land	Buildings & leasehold improvements	Equipment, furniture & fittings	Motor vehicles	Total
2020						
Cost						
Balance at the beginning of the year	1,052	1,982	19,059	12,175	253	34,521
Additions	3,214	-	44	143	-	3,401
Increase in make good asset	-	-	974	-	-	974
Transfers and other movements	(3,306)	-	2,182	1,124	-	-
Disposals	-	-	(1,219)	(3,268)	(80)	(4,567)
Balance at the end of the year	960	1,982	21,040	10,174	173	34,329
Accumulated depreciation						
Balance at the beginning of the year	-	-	(9,551)	(11,203)	(195)	(20,949)
Charge for the year	-	-	(1,031)	(490)	-	(1,521)
Disposals	-	-	732	2,969	77	3,778
Balance at the end of the year	-	-	(9,850)	(8,724)	(118)	(18,692)
Net carrying amount						
At the beginning of the year	1,052	1,982	9,508	972	58	13,572
At the end of the year	960	1,982	11,190	1,450	55	15,637

All figures in thousands of AUD.

9. **Property, plant and equipment (continued)**

ACCOUNTING POLICY

Property, Plant and Equipment

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

Land and buildings

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

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

Buildings on crown land

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

All other property, plant and equipment

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

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

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

Depreciation

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

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

9. **Property, plant and equipment (continued)**

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

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

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

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

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

10. Intangible assets

	2020	2019
Capital works in progress	-	-
Curriculum - at cost	282	282
Less: accumulated amortisation	(75)	(22)
	207	260
Software - at cost	413	400
Less: accumulated amortisation	(367)	(343)
	46	57
Goodwill - at cost	10,212	10,212
Less: Impairment (loss) / recovery	(6,736)	-
	3,476	10,212
Lease premiums and other rights - at cost	269	269
Less: accumulated amortisation	(48)	(39)
	221	230
Total intangible assets	3,950	10,759

All figures in thousands of AUD.

10. Intangible assets (continued)

	Capital works in progress	Curriculum	Software	Goodwill	Lease premiums and other rights	Total
2020						
Cost						
Balance at the beginning of the year	-	282	400	10,212	269	11,163
Additions	13	-	-	-	-	13
Transfers and other movements	(13)	-	13	-	-	-
Disposals/Write off	-	-	-	-	-	-
Impairment charges	-	-	-	(6,736)	-	(6,736)
Balance at the end of the year	-	282	413	3,476	269	4,440
Accumulated amortisation						
Balance at the beginning of the year	-	(22)	(343)	-	(39)	(404)
Charge for the year	-	(53)	(24)	-	(9)	(86)
Transfers and other movements	-	-	-	-	-	-
Disposals/Write off	-	-	-	-	-	-
Balance at the end of the year	-	(75)	(367)	-	(48)	(490)
Net carrying amount						
At the beginning of the year	-	260	57	10,212	230	10,759
At the end of the year	-	207	46	3,476	221	3,950

All figures in thousands of AUD.

10. Intangible assets (continued)

Key assumptions used for value-in-use calculation

The Company tests whether the goodwill shown above, which is attributed to a cash generating unit (CGU) containing three childcare centres acquired as part of the 2016 FMJ Childcare Pty Ltd acquisition and transitioned to the parent entity in 2018, has suffered any impairment on an annual basis. For the 2020 and 2019 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% (2019: 8.0%)
- Revenue and expense growth during forecast period of 3.0% (2019: 3.0%)
- Terminal growth rate of 1.5% (2019: 2.5%)

Impairment charge

After applying reasonable sensitivity analysis to the impairment model assumptions, management have determined that impairment of $6.7m was required as at 2020 year-end (2019: nil).

ACCOUNTING POLICY

Business combinations

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

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

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

Acquisition-related costs are expensed as incurred.

The excess of the:

- consideration transferred,

All figures in thousands of AUD.

- 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.

Intangible assets

Goodwill

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised, but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

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

11. Financial assets at fair value through profit or loss

	2020	2019
Non-current assets		
Managed fund	12,469	12,052

12. Trade and other payables

	2020	2019
Current		
Trade payables	2,233	2,316
Employee benefits	6,598	5,939
Other payables and accruals	3,513	2,816
	12,344	11,071

ACCOUNTING POLICY

Trade and other payables

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

Employee benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.
Balances in note 12 include accrued salaries and wages, annual leave, and superannuation liabilities.

All figures in thousands of AUD.

13. Provisions

Provisions

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

Provision for employee benefits

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

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

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

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

13. Provisions (continued)

Make good provision

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

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

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

13. Provisions (continued)

	2020			2019		
	Current	**Non-current**	**Total**	**Current**	**Non-current**	**Total**
Employee benefits	3,117	3,598	6,715	2,858	3,007	5,865
Make good costs	-	1,957	1,957	5	973	978
Total	3,117	5,555	8,672	2,863	3,980	6,843

Movements

	Employee benefits	**Make good provision**	**Total**
2020			
Carrying amount at start of year	5,865	978	6,843
Decrease in provision deducted from the cost of plant and equipment	-	-	-
Charged/(credited) to profit or loss			
- additional provision recognised	1,140	974	2,114
- decrease in provision	-	(5)	(5)
- unwinding of discount	-	10	10
Amount used/reversed	(290)	-	(290)
Balance at the end of the year	6,715	1,957	8,672

All figures in thousands of AUD.

14. Cash flow information

		Note	2020	2019
(a)	**Reconciliation of cash**			
	Cash and cash equivalents	5	1,894	1,645
	Cash on deposit	7	37,413	25,868
			39,307	27,513

		2020	2019
(b)	**Reconciliation of net surplus to net cash generated from operating activities**		
	Net surplus for the year	2,379	597
	Adjustments for:		
	Depreciation & amortisation	4,028	3,180
	Donated assets	-	(353)
	Franking credit received	(63)	(153)
	Principal elements of lease liability	429	174
	Write off prior year capital works in progress	47	-
	Gain/(loss) on sale of assets	787	(3)
	Impairment charges	6,736	-
	Fair value loss/(gain) on financial assets at fair value through profit or loss	247	(1,095)
	Change in operating assets and liabilities		
	Decrease/(increase) in trade and other receivables	(915)	(137)
	Decrease/(increase) in other current assets	3	(39)
	(Decrease)/increase in trade payables and other liabilities	1,273	(1,579)
	(Decrease)/increase in income received in advance	55	329
	(Decrease)/Increase in provisions	626	450
	Net cash generated from operating activities	15,632	1,371

All figures in thousands of AUD.

15. Capital commitments

		2020	2019
(a)	**Capital expenditure commitments**		
	Payable		
	- not later than 1 year	342	202

16. Contingencies

	2020	2019
Guarantees		
Bank guarantees issued in support of rental agreements	613	618

The Company did not have any other contingent liabilities or contingent assets as at 31 December 2020 (31 December 2019: Nil).

All figures in thousands of AUD.

17. Leases

(a) Amounts recognised in the balance sheet

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

	2020	1 January 2020
Right-of-use assets		
Buildings	66,060	37,183
Vehicles	631	637
Printers	9	13
	66,700	37,833
Lease liabilities		
Current	411	415
Non-Current	71,238	39,524
	71,649	39,939

Additions to the right-of-use assets during the 2020 year were $31,313,229

(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:

	2020	2019
Depreciation charge of right-of-use assets		
Buildings	(2,221)	(1,542)
Vehicles	(196)	(83)
Printers	(4)	(3)
	(2,421)	(1,628)
Interest expense	(3,651)	(2,130)
Expense relating to short-term leases and low-value assets	(103)	(191)
	(3,754)	(2,321)

Finance Costs

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

All figures in thousands of AUD.

17. Leases (continued)

ACCOUNTING POLICY

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

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

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

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

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

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

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

To determine the incremental borrowing rate, the company:

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

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

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

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

17. Leases (continued)

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

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

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

Peppercorn Leases

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

18. Events after balance sheet date

In the interval between the end of the financial year and the date of this report, the COVID-19 pandemic continued to disrupt the local economy with sporadic short-term lockdowns impacting businesses. COVID relief support also continued to be scaled back (although the direct support for the company ceased during 2020, wider reductions of support have the potential to impact early education and care demand should unemployment increase, or limit the speed of recovery).
There are no other matter or circumstance has occurred subsequent to period end that has significantly affected, or may significantly affect, the operations or the Company, the results of those operations or the state of affairs of the Company in subsequent financial periods.

19. Key management personnel compensation

Compensation for those having authority and responsibility for planning, directing and controlling the Company's activities, directly or indirectly (other than directors, which are nil), is:

	2020	2019
Key management personnel compensation	861	919

All figures in thousands of AUD.

20. Auditor's remuneration

	2020	2019
Audit of financial Statements	71	62
	71	62

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

21. Other related party transactions

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

There are no related party transactions during 2020 (2019: Nil)

All figures in thousands of AUD.

22. Financial risk management

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

		2020		2019	
	Notes	Assets at FVPL	Assets at amortised cost	Assets at FVPL	Assets at amortised cost
Financial assets					
Cash and cash equivalents	5	-	1,894	-	1,645
Other financial assets	7	-	37,413	-	25,868
Trade and other receivables		-	1,572	-	973
Financial assets at fair value through profit or loss	11	12,469	-	12,052	-
Total financial assets		12,469	40,879	12,052	28,486

	Liabilities at FVPL	Liabilities at amortised cost	Liabilities at FVPL	Liabilities at amortised cost
Financial liabilities				
Trade and other payables	-	4,151	-	3,310

FVPL = Fair value through profit or loss

All figures in thousands of AUD.

23. Summary of other significant accounting policies

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

(a) Basis of Preparation

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

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

With the former sole subsidiary of the Company, ‘FMJ Childcare Pty Ltd’, being deregistered on 12 June 2019, the Company has reverted from consolidated reporting to reporting on a non-consolidated basis for a single reporting entity.

The financial statements were authorised for issue on 31 March 2021 by the Directors of the Company.

(b) New and amended standards adopted by the company

The company has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2020:

- AASB 2018-7 Amendments to Australian Account Standards – Definition of Material [AASB 101 and AASB 108]
- AASB 2020-4 Amendments to Australian Accounting Standards – Covid-19 – Related Rent Concessions [AASB 16]

The company has applied the practical expedient that simplifies how eligible rent concessions can be accounted for when received as a direct consequence of the COVID-19 pandemic. Rent concessions totaling $10,749 have been recognised in profit or loss in the current financial year.

23. Summary of other significant accounting policies (continued)

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

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

The other standards and amendments listed above did not have any material impact on the amounts recognised in prior periods or the way the company recognises revenue, and are not expected to significantly affect the current or future periods.

(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).

(d) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the ATO. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

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

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

(e) Comparative figures

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

(f) Critical accounting estimates and judgements

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

24. Economic dependence

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

25. Funding receipts and expenditure

Queensland Government Department of Education Office of Early Childhood and Care

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

Projects	Total	Central	Branch	Affiliate
Balance of undisbursed funds as at 1 January 2020	933			
Receipts				
State Government Grants for 2020 (including supplementation)				
QKFS Funding Semester 1 2019	(849)	-	(913)	64
QKFS Funding Semester 2 2019	243	-	84	159
QKFS Funding Semester 1 2020	26,825	-	12,827	13,998
QKFS Funding Semester 2 2020	29,197	-	13,537	15,660
QKFS Funding in Childcare Centres	10,164	-	4,539	5,625
QKFS Term 2 COVID-19 Relief	1,288	-	1,288	-
Refugee and Asylum Seeker Early Childhood Pilot	106	-	89	17
Kindergarten Inclusion Support Scheme (KISS)	2,767	277	1,287	1,203
Mackay Children and Family Centre	1,229	-	1,229	-
Limited Hours Care Programs	357	-	357	-
Administrative Support Funding	64	-	64	-
Volunteer Management Committee	1,886	-	-	1,886
Interest Income	66	-	-	66
Total Receipts	**73,343**	**277**	**34,388**	**38,678**
Expenditure				
QKFS Funding Semester 1 2019	1	-	-	1
QKFS Funding Semester 2 2019	9	-	-	9
QKFS Funding Semester 1 2020	27,670	-	13,042	14,628
QKFS Funding Semester 2 2020	29,067	-	13,714	15,353
QKFS Funding in Childcare Centres	1,546	-	1,546	-
QKFS Term 2 COVID-19 Relief	10,164	-	4,539	5,625
Refugee and Asylum Seeker Early Childhood Pilot	85	2	76	7
Kindergarten Inclusion Support Scheme (KISS)	3,694	278	2,213	1,203
Mackay Children and Family Centre	2,297	-	2,297	-
Limited Hours Care Programs	558	-	558	-
Administrative Expenditure	6,927	-	6,927	-
Volunteer Management Committee	3,146	-	-	3,146
Total Expenditure	**85,164**	**280**	**44,912**	**39,972**
Net grant expenditure for 2020	**(11,821)**	**(3)**	**(10,524)**	**(1,294)**
Balance contributed by C&K for the year ended 31 December 2020	**10,461**			
Balance of undisbursed funds as at 31 December 2020	**(427)**			

*QKFS means the Queensland Kindergarten Funding Scheme.

All figures in thousands of AUD.

26. COVID-19 Pandemic

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

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

The impacts of the COVID-19 pandemic during 2020 have been included in the amounts disclosed throughout these financial statements and accompanying notes. The potential for future material financial impacts resulting from the pandemic remain however, are too uncertain to provide any reasonable estimates.

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

27. Public company limited details

The registered office of The Crèche and Kindergarten Association Limited is:
C & K Association Limited
257 Gympie Road
Kedron
Queensland 4031

The Crèche and Kindergarten Association Limited
ABN 59 150 737 849
Directors' Declaration
For the Year Ended 31 December 2020

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

1. The financial statements and notes, as set out on pages 15 to 50, are in accordance with the *Australian Charities and Not-for-profits Commission (ACNC) Act 2012* and:
   a. comply with Australian Accounting Standards – Reduced Disclosure Requirements and Australian Charities and Not-for-profits Commission Regulations 2013; and
   b. give a true and fair view of the financial position of the Company as at 31 December 2020 and of its performance for the year ended on that date.

2. In the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

T. Mulherin

Mrs Therese Mulherin, Chair
31 March 2021

G. G. Strickland

Mr Charles Strickland, Chair of the
Audit, Risk and Finance Committee
31 March 2021

Dated this 31 day of March 2021

pwc

Independent auditor's report

To the members of The Crèche and Kindergarten Association Limited

Our opinion

In our opinion:

The accompanying financial report of The Crèche 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 2020 and of its financial performance for the year then ended

(b) complying with Australian Accounting Standards - Reduced Disclosure Requirements and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

What we have audited

The financial report comprises:

- the balance sheet as at 31 December 2020
- the statement of changes in funds for the year then ended
- the statement of cash flows for the year then ended
- the statement of profit or loss and other comprehensive income for the year then ended
- the notes to the financial statements, which include significant accounting policies and other explanatory information
- the directors' declaration.

Basis for opinion

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

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

Independence

We are independent of the Company in accordance with the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 31 December 2020, 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.

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

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

Responsibilities of management and the directors for the financial report

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

In preparing the financial report, Management is responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

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

PricewaterhouseCoopers

PricewaterhouseCoopers

Andrew Weeden
Partner

Brisbane
31 March 2021