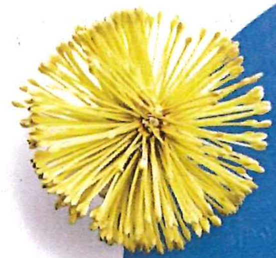
The Creche & Kindergarten Association Limited
ABN 59 150 737 849

Annual Financial Report

For the year ended 31 December 2022



Where children come first.

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Annual Report
For the Year Ended 31 December 2022

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The Crèche and Kindergarten Association Limited
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Directors' Report
For the Year Ended 31 December 2022

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

Current Directors

Therese Mulherin	• Chair (non-executive)
Qualifications	• BOccThy, GAICD
Experience	• Appointed Chair on 27 March 2019 • Appointed Deputy Chair on 6 September 2017 • Board member since 30 May 2013 A former Occupational Therapist, Therese Mulherin has carved a career as a leader, manager, and Board director with over 20 years' experience in the employment services and workplace rehabilitation industries. During her 15 years at Ingeus, Ms Mulherin was instrumental in achieving rapid organic growth and financial success in both Australia and Europe. In more recent times she has been involved in acquisitions and their successful integration into a consolidated business. She has experience in large service organisations, working on government contracts, strategy development, stakeholder management and change management. Ms Mulherin is performance, growth and efficiency orientated.
Committee Responsibilities	• Audit, Risk and Finance
Brit Ibanez	• Director (non-executive)
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	• People and Culture

Scott Carpenter	• Director (non-executive)
Qualifications	• M.Business Process Management, Prince 2 Practitioner, GAICD, Cert. IV TAE
Experience	• Board member since 26 June 2019
	Mr. Carpenter works to bridge the gap between technical and business and improve organisational performance by aligning IT solutions to business needs. He applies appropriate best practice methodologies, frameworks and models coupled with technology solutions to achieve long term business objectives. Mr. Carpenter strongly believes in the ability of education to positively change someone's life and to support young people to achieve.
Committee Responsibilities	• Nominations (Chair)
Megan Gibson	• Director (non-executive)
Qualifications	• PhD, MEd, BEd (EC), DipT (EC)
Experience	• Board member since 19 May 2016
	An Associate Professor in the School of Early Childhood at Queensland University of Technology, Dr Megan Gibson is also a respected researcher in her field. Her background as an early childhood educator with experience in teaching and leadership positions, culminated in her role as Director of an industry-leading childcare centre in Brisbane. Her award-winning doctoral research examined the professional identities of early childhood educators. This work combined with her extensive professional experience have laid the foundations for her ongoing interest in the early childhood workforce, leadership, professionalism and sustainability. In her current role at QUT, Dr Gibson is responsible for teacher education units on leadership, professionalism and health and wellbeing.
Committee Responsibilities	• Early Years and Innovation (Chair) • 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 Director of Aurecon, specialising in infrastructure, sustainable design, and ESG. An authentic executive leader with 25 years of professional finance, audit and risk advisory experience. Mr Hirst also has extensive global experience, particularly in the Education sector and professional services industry, with two Big-4 consulting firms, and more recently as the Managing Director and Market Leader for Protiviti. With expertise in business risk advisory, implementing complex governance programs and change, differentiated value, and business resilience, Mr Hirst has provided assurance and risk advisory outcomes on a variety of risk based transactions, including, business performance, joint ventures, major projects, divestments and acquisitions. He has also had executive leadership roles within industries including, Queensland Health, major infrastructure development, and transport.
Committee Responsibilities	• Audit, Risk and Finance
Charles Strickland	• Director (non-executive)
Qualifications	• B. IntBus, B. Com, GAICD, CA, CPA
Experience	• Board member since 21 June 2019 Charles Strickland is a senior director at the Queensland Audit Office where he has responsibility for audit methodology, audit and accounting advice, the quality assurance program and data transformation projects. With broad experience across general government administration, and more recently the health and local government sectors, he brings a commitment to improving the lives of Queenslanders through his financial and performance audit work. He has a strong background in audit, risk, and governance. Mr. Strickland is a firm believer in quality education and giving young people every opportunity to succeed, in the past serving on his local school P&C as treasurer, and coaching junior hockey teams.
Committee Responsibilities	• Audit, Risk and Finance (Chair)

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

Dr Turner is a HRM & governance specialist. Her career has included heading up HR functions in national and multi-national, public and private sector organisations including ABC Learning Centres, the University of the Sunshine Coast, and QSuper Ltd. A past president of the Australian Human Resources Institute, Christina has also held a number of non-executive director roles on public, private and not-for-profit boards, as well as government and Governor-in-Council appointments to panels, commissions of inquiry, and tribunals. Christina also holds governance roles with the Community Services Industry Alliance and the Presbyterian and Methodist Schools Association.

Committee Responsibilities	• People and Culture (Chair)

Pauline Elliott	• Director (non-executive)
Qualifications	• BA, MProfEc
Experience	• Board member since 23 June 2021

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

Committee Responsibilities	• People and Culture • Nominations

No directors retired during 2022

Company Secretary

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

Meetings of Directors in 2022

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

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

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

*This Committee comprises a Board Director and independent external experts

Principal activities

The principal activities of C&K (a not-for-profit company) have not significantly changed during the financial year and included:

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

Purpose

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

Vision and strategy

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

C&K's strategy is focused around four key pillars and associated goals:

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

C&K is committed to embedding reconciliation across everything we do. The strategic plan includes actions to be undertaken during the five-years it covers to achieve its stated goals.

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Performance measures

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

C&K assesses its organisational performance across five categories:

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

Review of operations and results

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

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

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

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

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Key Operating Results

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

Events since the end of the financial year

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

Members' guarantee

In accordance with the Company's constitution, each member is liable to contribute a maximum of $20 in the event that the Company is wound up. As at 31 December 2022 the total amount members would contribute is $880 (2021: $880).

Significant changes in the state of affairs

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

Likely developments and expected results of operations

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

Environmental regulation

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

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Insurance of officers

During the financial year, the Company paid a premium of $50,116 (2021: $46,391) to insure the directors and officers of the Company.

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

Auditor's appointment

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

Auditor's independence

A copy of the auditor's independence declaration as required under section 60-40 of the Australian Charities and Not-for-Profit (ACNC) Act 2012 is set out on page 12 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
29 March 2023

C.G. Strickland

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

Auditor's Independence Declaration

As lead auditor for the audit of The Creche and Kindergarten Association Limited for the year ended 31 December 2022, I declare that to the best of my knowledge and belief, there have been no contraventions of any applicable code of professional conduct in relation to the audit.

Andrew Weeden
Partner
PricewaterhouseCoopers

Brisbane
29 March 2023

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The Crèche and Kindergarten Association Limited
ABN 59 150 737 849
Statement of Profit or Loss and other Comprehensive Income
As at 31 December 2022

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

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

The Crèche and Kindergarten Association Limited
ABN 59 150 737 849
Balance Sheet
For the year ended 31 December 2022

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

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

The Crèche and Kindergarten Association Limited
ABN 59 150 737 849
Statement of Changes in Funds
For the Year Ended 31 December 2022

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

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

The Crèche and Kindergarten Association Limited
ABN 59 150 737 849
Statement of Cash Flows
For the Year Ended 31 December 2022

	Note	2022	2021
Cash flows from operating activities			
Receipts from customers and grants		133,782	122,472
Finance income received		443	208
Payments to suppliers and employees		(118,107)	(112,445)
Interest paid on lease liabilities		(3,797)	(3,474)
Net cash generated from operating activities		**12,321**	**6,761**
Cash flow from investing activities			
Proceeds from sale of fixed assets		25	420
Franking credit received/receivable		97	48
Proceeds from investments in term deposits		200	6,600
Payments for property, plant & equipment		(2,834)	(2,514)
Proceeds from financial assets at fair value through profit or loss		-	5,634
Payments to financial assets at fair value through profit or loss		-	(16,000)
Net cash used in investing activities		**(2,512)**	**(5,812)**
Cash flow from financing activities			
Principal paid on lease liabilities		(527)	(458)
Net cash used in financing activities		**(527)**	**(458)**
Net increase in cash and cash equivalents		9,282	491
Cash and cash equivalents at beginning of year		2,385	1,894
Cash and cash equivalents at end of year	5	**11,667**	**2,385**

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

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

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

(b) Assets and liabilities related to contracts with customers

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

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

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

ACCOUNTING POLICY

Revenue and other income

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

Provision of childcare and kindergarten services

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

All figures in thousands of AUD, unless advised otherwise.

1. Revenue from contracts with customers (continued)

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

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

Central Governing Body activities

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

Registered Training Organisation (RTO) income

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

Community Advisory Group (CAG) *(included in 'All other streams')*

CAG funds are recognised as income when funds are used which is considered to be the point in time of which the performance obligation has been completed. These funds are raised by advisory groups consisting of parents, guardians, and other community members, and are spent on activities or assets based on recommendations of the CAG.

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

2. Finance income and other income

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

ACCOUNTING POLICY

Interest

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

Other income

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

3. Employee Costs

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

ACCOUNTING POLICY

Contributions to defined contribution plans

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

All figures in thousands of AUD, unless advised otherwise.

4. Supplies and services

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

All figures in thousands of AUD, unless advised otherwise.

5. Cash and cash equivalents and other financial assets

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

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

ACCOUNTING POLICY

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

Term deposits

The term deposits are held to maturity of terms between three and twelve months. They carry a weighted average fixed interest rate as at 31 December 2022 of 3.66% (2021: 0.36%). Due to their short-term nature their carrying value is assumed to approximate their fair value. The Company has $613,160 (2021: $613,160) in term deposits that have been pledged as security for the Company's guarantees provided by Westpac Banking Corporation and Commonwealth Bank of Australia as set out in note 12.

Investments and other financial assets

Classification

The Company classifies its financial assets in the following categories:

i. Financial assets at amortised cost

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

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

ii. Financial assets at fair value through profit or loss

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

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

All figures in thousands of AUD, unless advised otherwise.

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

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

Recognition and derecognition

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

Measurement

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

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

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

Impairment

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

6. Trade and other receivables

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

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

ACCOUNTING POLICY

Trade and other receivables

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

All figures in thousands of AUD, unless advised otherwise.

7. Property, plant and equipment

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

All figures in thousands of AUD, unless advised otherwise.

7. Property, plant and equipment (continued)

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

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

All figures in thousands of AUD, unless advised otherwise.

7. Property, plant and equipment (continued)

ACCOUNTING POLICY

Property, Plant and Equipment

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

Land and buildings

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

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

Buildings on crown land

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

All other property, plant and equipment

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

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

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

Depreciation

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

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

7. Property, plant and equipment (continued)

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

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

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

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

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

8. Intangible assets

	2022	2021
Capital works in progress	-	-
Curriculum - at cost	251	251
Less: accumulated amortisation	(140)	(98)
	111	153
Software - at cost	265	265
Less: accumulated amortisation	(265)	(265)
	-	-
Goodwill - at cost	10,212	10,212
Less: accumulated impairment	(6,736)	(6,736)
	3,476	3,476
Lease premiums and other rights - at cost	269	269
Less: accumulated amortisation	(66)	(57)
	203	212
Total intangible assets	3,790	3,841

All figures in thousands of AUD, unless stated otherwise.

8. Intangible assets (continued)

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

All figures in thousands of AUD, unless stated otherwise.

8. Intangible assets (continued)

Key assumptions used for value-in-use calculation

The Company tests whether the goodwill shown above, which is attributed to a cash generating unit (CGU) containing all grouped childcare centres and originally recognised as part of a three-centre acquisition in 2016, has suffered any impairment on an annual basis. For the 2022 and 2021 reporting periods, the recoverable amount of the CGU was determined based on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets and forecasts approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using estimated growth rates.

The impairment model uses the following key attributes:

- Discount rate of 10.0% (2021: 10.0%)
- Revenue and expense growth during forecast period of 3.0% (2021: 3.0%)
- Terminal growth rate of 1.5% (2021: 1.5%)

Impairment charge

After applying reasonable sensitivity analysis to the impairment model assumptions, management has determined that no impairment of goodwill was required as at 2022 year-end (2021: Nil).

ACCOUNTING POLICY

Business combinations

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

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

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

Acquisition-related costs are expensed as incurred.

8. Intangible assets (continued)

The excess of the:

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

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

Impairment of assets

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

Lease premiums and other rights

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

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

9. Trade and other payables

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

ACCOUNTING POLICY

Trade and other payables

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

Employee benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.
Balances in note 9 include accrued salaries and wages, annual leave, and superannuation liabilities.

All figures in thousands of AUD, unless stated otherwise.

10. Provisions

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

Movements

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

All figures in thousands of AUD, unless stated otherwise.

10. Provisions (continued)

Provisions

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

Provision for employee benefits

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

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

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

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

10. Provisions (continued)

Make good provision

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

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

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

11. Capital commitments

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

12. Contingencies

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

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

All figures in thousands of AUD, unless stated otherwise.

13. Leases

(a) Amounts recognised in the balance sheet

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

	2022	2021
Right-of-use assets		
Buildings	67,877	70,445
Vehicles	396	447
Printers	1	5
	68,274	70,897

	2022	2021
Lease liabilities		
Current	621	487
Non-Current	78,208	78,260
	78,829	78,747

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

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

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

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

(c) Future lease payments

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

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

All figures in thousands of AUD, unless stated otherwise.

13. Leases (continued)

Finance Costs

The interest expense shown in note 13.(b) relating to right-of-use assets represents the total value of finance costs as reported in the Statement of profit or loss and other comprehensive income.

ACCOUNTING POLICY

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

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

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

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

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

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

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

To determine the incremental borrowing rate, the company:

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

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

13. Leases (continued)

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

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

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

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

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

Peppercorn Leases

The Company operates 147 branch centres on properties leased under 'peppercorn' arrangements, with annual lease values ranging from AUD $1 to $300 dollars. None of these properties represents a material component of the branch portfolio but the Company's financial performance is supported by, and dependent on, access to these peppercorn lease terms. Due to the challenges for not-for-profits in determining fair value for specific purpose leases (e.g. community kindergartens), peppercorn leases are measured at cost and are therefore determined to be low-value for AASB 16 purposes.

14. Events after balance sheet date

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

All figures in thousands of AUD, unless stated otherwise.

15. Key management personnel compensation

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

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

The year-on-year increase above is due to the full year impact of the introduction of Non-Executive Director fee payments from July 2021 (only six-months impact was seen in the 2021 reporting period), which have been benchmarked against other not-for-profit organisations. Fees were introduced to support the attraction and retention of highly skilled board members and recognise the time and effort invested.

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

16. Auditor's remuneration

	2022	2021
Audit of financial Statements	65	75
	65	75

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

All figures in thousands of AUD, unless stated otherwise.

17. Financial risk management

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

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

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

FVPL = Fair value through profit or loss

All figures in thousands of AUD, unless stated otherwise.

18. Summary of other significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements to the extent they have not already been disclosed in the other notes above. These policies have been consistently applied to the years presented, unless otherwise stated.

(a) Reporting Entity and Basis of Preparation

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

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

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

The financial statements were authorised for issue on 29 March 2023 by the Directors of the Company.

(b) New and amended standards adopted by the company

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

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

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

(c) Income tax

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

18. Summary of other significant accounting policies (continued)

(d) Goods and services tax (GST)

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

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

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

(e) Comparative figures

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

No reclassifications have been required for the 2022 financial statements.

(f) Critical accounting estimates and judgements

The Board evaluates estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company. Critical accounting estimates and judgements regarding impairment charges and provisions for impairment of receivables are disclosed in Note 6 and Note 8.

19. Economic dependence

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

20. Funding receipts and expenditure

Queensland Government Department of Education Office of Early Childhood and Care

This note is included to satisfy Queensland Government requirements to show state government funding received by C&K and related expenditure/disbursements applied in 2022. Additional expenditure and/or funding disbursements related to the QKFS Funding 2022, and the Great Start to Kindy Semester 2 2022 programs have been applied subsequent to the period reporting date.

20. Funding receipts and expenditure (continued)

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

**QKFS means the Queensland Kindergarten Funding Scheme.*

All figures in thousands of AUD.

21. COVID-19 Pandemic

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

C&K Childcare & Kindergarten
Early Learning since 1907

The Crèche and Kindergarten Association Limited
ABN 59 150 737 849
Directors' Declaration
For the Year Ended 31 December 2022

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

1. The financial statements and notes, as set out on pages 13 to 46, are in accordance with the *Australian Charities and Not-for-profits Commission (ACNC) Act 2012* and:
   a. comply with Australian Accounting Standards – Simplified Disclosures and Australian Charities and Not-for-profits Commission Regulations 2013; and
   b. give a true and fair view of the financial position of the Company as at 31 December 2022 and of its performance for the year ended on that date.

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

T. Mulherin

Therese Mulherin, Chair
29 March 2023

C. G. Strickland

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

Independent auditor's report

To the members of The Creche and Kindergarten Association Limited

Our opinion

In our opinion:

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

(a) giving a true and fair view of the Company's financial position as at 31 December 2022 and of its financial performance for the year then ended

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

What we have audited

The financial report comprises:

- the balance sheet as at 31 December 2022
- the statement of changes in funds for the year then ended
- the statement of cash flows for the year then ended
- the statement of profit or loss and other comprehensive income for the year then ended
- the notes to the financial statements, which include significant accounting policies and other explanatory information
- the directors' declaration.

Basis for opinion

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

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

Independence

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 31 December 2022, but does not include the financial report and our auditor's report thereon.

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

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

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

Responsibilities of management and the directors for the financial report

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

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

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

Auditor's responsibilities for the audit of the financial report

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

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	Brisbane
Partner	29 March 2023