

KU 2021

Educational excellence
Thriving professional workforce
Financially sustainable and scalable
Positive social impact

ANNUAL REPORT



Children's Services
Since 1895

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Our Vision

Every young child experiences excellence in early education and care, inspiring learning for life.



Our Purpose

At KU, we nurture and grow children's learning. We partner with families and communities, and value children as citizens who create, think and do.





Values

Childhood

We recognise childhood as a special time in itself; a time for all children to be immersed in secure and trusting environments that allow them to explore, play, discover and learn. We nurture the development of identity, confidence and capability which form the foundations of a lifelong love of learning. We ensure the voices of children contribute to the work that we do and the decisions we make.

Integrity & Relationships

We act with honesty, openness and consistency. Our relationships are respectful, mutual and reciprocal and are built on trust, authenticity and ethical behaviour. We welcome feedback and make decisions that are responsible and fair.

Leadership

We are driven by the passionate pursuit of quality early childhood education and encourage others to share that journey. We lead by example, drawing on our experience and knowledge to shape early childhood education thinking, policy and practice.

Innovation

We have the courage to pursue bold visions of the future. We are committed to continual professional learning and organisational development. We collaborate and explore new ideas and different ways of thinking.

Sustainability

We acknowledge and consider both our heritage and our future. We embrace our responsibilities within the world around us – to our children and communities, our people, our environments and the long term sustainability of our organisation.

Diversity & Inclusion

We recognise that everyone has their own culture, beliefs, values and strengths contributing to our rich and diverse community. We embrace, advocate for, and invest in the rights of all children to access and actively participate in our programs and have a sense of truly belonging.

Chair and CEO Report

Taking time to reflect on the past 12 months, we celebrate our achievements and our ability to move KU forward during the second year of the pandemic.

We are delighted to bring you our first joint report as Chair and CEO following the retirement of the previous Chair, Laura Hartley, at the 2021 AGM. We thank Laura for nine years of service and commitment as a Director of KU and are pleased that she has accepted a Life Membership in honour of her contribution.

As we began 2021, we focused on Our Purpose in our ongoing management of the COVID-19 pandemic. Paramount was the continued health and wellbeing of children and staff and the implementation of our Strategic Plan. Our 2020 to 2022 Strategic Plan focuses on four areas; Educational Excellence, Thriving Workforce, Scalable Sustainability, and Social Impact and leverages KU's existing strengths while driving the organisation into the future.

With lengthy lockdowns in Melbourne and Greater Sydney (110 and 107 days respectively) KU's business continuity systems and crisis response processes once again were proven. These frameworks which have been developed and tested over several years enabled us to adapt and respond, ensuring the smooth running of business operations and safeguarding of the quality of our services.

While the evolving nature of the pandemic impacted all areas of operations, it also provided opportunities for positivity, resilience, excellence and innovation to shine.

Examples of this were accolades received as part of the Early Childhood Australia (ECA) National Conference in September. KU West Pymble and KU Isobel Pulsford were chosen as finalists for the HESTA Advancing Pedagogy Award. While Jackie Staudinger,

Director at KU Macquarie Fields was named a finalist for the HESTA Educational Leader Award. Of the nine finalists in the HESTA Awards across Australia, we were incredibly proud that three recognised KU staff.

Another example was the opportunity to fast track the upgrade of KU's Central Office at 129 York Street, Sydney while Central Office staff worked from home during the lockdowns. This was originally scheduled for completion across several years with improved utilities, and the creation of more functional and flexible working spaces, along with technology-enabled training facilities. The project was completed in March 2021, ahead of schedule and under budget.

Continual improvement and innovation have always been key elements of KU's culture. By putting those characteristics to work throughout 2021, KU continued to exceed the expectations of families. This Annual Report showcases the proactive nature of our staff and just some of the ways they met challenges head-on with creative and in some cases, award winning solutions.

We are grateful that KU had access to a wide range of State and Commonwealth COVID-19 relief funding throughout the financial year. Our priority was, and remains, to ensure it was directed towards fees for families, particularly the most vulnerable, and retaining our valuable staff. In addition to Government support, we also invested \$2.1 million to waive gap fees to enable families to maintain access to care or retain their place despite lockdowns in NSW and Victoria.

Over many years, KU has created a strong foundation of good governance. To maintain and improve our governance we frequently review systems and processes ensuring continued integrity. Despite our confidence in the robustness of our payroll systems, reports of Australian organisations incorrectly paying their employees in 2021 served as a reminder that we should always be diligent. We proactively commissioned an independent payroll audit and were pleased to have the accuracy of our systems reaffirmed.

KU was recognised with an Australian Business Award for Employer of Choice, making it the sixth consecutive year to do so. This is an unparalleled record within the early childhood education sector. With more than 2,000 employees across 130 services, KU retains our position as a leading employer.





To emerge from this second year of a pandemic as a stronger organisation is testament to our resilience and ability to adapt. It gives us courage to respond to any future challenge that comes our way.

Our staff are the heart of KU. We are proud of their commitment to provide high-quality early education to children and families. It is even more gratifying to us when their expertise and efforts are recognised. Two of our Centre Directors received national teaching awards in 2021 for their leadership in early childhood education amongst their primary school, high school and tertiary colleagues.

The sector-leading quality of our services continues to be reflected in KU's National Quality Standard (NQS) results, with 100 % of our services meeting or exceeding the Standard in 2021 against a sector average of 86 %.

KU's reach and impact grew with our expansion into Victoria. In 2021 we completed building KU Maidstone and KU Dianella. We are looking forward to opening additional services in Victoria.

Sadly, 2021 saw us farewell Little Stars at Bourke Children's Centre, the KU Marcia Burgess Autism Specific Early Learning and Care Centre in Liverpool and KU Laurel Tree House in Glebe following notice from our landlord.



KU takes organisational responsibility of our role in the revitalisation and advancement of the cultures, histories and beliefs of First Nations peoples of Australia as determined by them and guided by our Aboriginal and Torres Strait Islander Advisory Group and our values. As part of this commitment 2021 saw us develop our Statement of Commitment to Aboriginal and Torres Strait Islander peoples. This year, through a groundswell of support for the KU Marcia Burgess Foundation, a growing number of donors and partners joined us to increase the voices of Aboriginal and Torres Strait Islander peoples. Not only improving access to services for children but also supporting the development of career pathways in the sector.

As face-to-face restrictions extended, we agreed our 125-year celebrations couldn't be postponed another year. A slew of initiatives was developed around the theme of "Yesterday, Today and Tomorrow" as services demonstrated their commitment to early education and social impact. Planting 125 seeds, collecting 125 cans of food for the homeless, recycling 125 bottles and creating storybooks were just some of the ways individual services used our special anniversary to support their local communities and include the voices of children.

The extraordinary year placed extraordinary pressure on KU staff, particularly those working in our services who remained committed to providing quality outcomes for our children attending services and those learning from home. As the early childhood sector as a whole witnessed qualified personnel leave in unprecedented numbers, KU focused on staff retention and engagement and as a result, we retained 92 % of our wonderful employees across KU and achieved an outstanding staff engagement rate of 91.6 %.

To emerge from this second year of a pandemic as a stronger organisation is testament to our resilience and ability to adapt. It gives us courage to respond to any future challenge that comes our way.

Our commitment to forging innovation in early childhood education is possible with thanks to our loyal staff, KU children, families, alumni, life members, executive leadership team and dedicated Board. All have contributed to our success over the past year.

We look forward to everything that 2022 brings knowing that it is the final year of our current strategic plan, which we are confident to deliver. The foundations have been laid for the future. Our strengths-based approach will be evident in the leadership, quality and continual improvement throughout KU.

Sema Musson

Sema Musson
Chair, Board of Directors

Christine Legg

Christine Legg
Chief Executive Officer

Where children find their voice

At KU, children find their voice. No matter how big the conversation, they have their say.

As KU children discover their sense of self, they learn to respect others. They're happy with who they are, and interested in who you are. Curious and social, they're ready for the world.



Our place, where we all belong

KU is our place, where we all belong. A safe, calm community of children, parents and educators, where small acts of kindness happen every day.

We explore the world through many cultures and perspectives. KU children learn it's OK to be different, and we can all be different, together.

We deliver,
lead and
inspire
educational
excellence



Sustainable education

KU Children's Services' Sustainability Framework demonstrates a commitment to contributing towards a more sustainable world through engaged communities.

In keeping with KU's value of sustainability, we put greater emphasis on the concept of early childhood education for sustainability in the past financial year.

Education for sustainability, widely known as EfS, aims to transform thinking, ethics and values that support lifelong learning for ecological and social justice. EfS in the early childhood curriculum empowers children to contribute to and create change for sustainability. KU's strategic framework for EfS is transforming decision making and informing sustainable practices across our organisation.

The structure of the framework is based around three primary themes: our environment; economics and prosperity; and people and partnerships. Within the framework there is a range of resources such as the Becoming Eco Smart Together (BEST) program accompanied by the Because we Care Education for Sustainability in Action handbook, designed to support communities as they achieve greater sustainability.

By the end of 2021, 39 KU services had commenced BEST, supporting curriculum and pedagogy transformation, beyond knowledge and skills attainment to supporting critical systemic thinking for change through a focus on developing sustainability mindsets.

There are many learning opportunities that can be linked to the goal of transitioning towards a sustainable world where the needs of both current and future generations are met. And as evidenced by the wide variety of programs executed by our services in 2021, there's no one-size-fits-all approach.

Framework in action

Doing better

During the year, KU West Pymble Preschool's EfS plan caught the attention of the Better Business Partnership Program – a free council funded sustainability scheme supporting businesses on Sydney's North Shore.

"We live in Australia, it's on Earth I want it clean. Earth has to be clean; we will get sick if it's dirty."

- Lucas, four-years-old

The service was named as a 2021 Better Business Awards Finalist due to its strong sustainability philosophy that translates into everyday decisions such as purchasing art and craft materials, new furnishings and avoiding use of non-renewable resources.

Further, sustainable practices are embedded in the curriculum at KU West Pymble Preschool and are reflected upon consistently.

Educators at the service contribute to professional dialogue to assess and shape teaching and learning that promotes an ecological and sustainable focus in curriculum decision making. They keep up to date with current research, resources and best practice through newsletters, journals and support agencies, including local community organisations.

The educational program is designed to provide opportunities for children to connect with the natural world at the service and give them the opportunity of participating in excursions and community events throughout the year such as National Tree Day (August), National Recycling Week (November), Clean Up Australia Day (March), along with a variety of citizen science events such as the Aussie Backyard Bird Count (October).





Community compost

KU Chatswood Community Preschool is a long-standing member of the Early Childhood Environmental Education Network (ECEEN). Over the years the service has been recognised and awarded for their work in this space in the Sustainable Practice Recognising Outstanding Practice (SPROuts) Awards. In 2021, the service's work in developing a community compost system won them second place on the podium.

At first, families with children enrolled at the preschool were invited to donate their compost to help generate healthy soil in the service's garden beds. This was expanded to invite children who had left the preschool to continue to be part of the composting program. A partnership forged with the local council gave access to resources and a public space next to the preschool where the community compost system could really flourish. Children and families eager to pay it forward distributed flyers about the new community compost system in local letterboxes, demonstrating the high engagement of this initiative.

Remarkable recycling

KU Grevillea Preschool has been operating in Sydney's Hornsby Shire for almost 50 years. In 2021, the service's community began by exploring, "the kind of world we want to be". Creating this vision guided their work in strengthening children's knowledge of their place.

The children at KU Grevillea Preschool learn about their place with their heads, hearts, hands and all their senses by immersing themselves in the natural environment. It's by being in and rejoicing in nature, noticing, investigating and documenting its changes that children have learned to protect it and share their joy and knowledge with others.

While COVID-19 restrictions minimised many of the children's nature experiences outside the gates, the educators at the service looked for other ways to strengthen elements of their sustainability program.

One way the children were able to learn about their relationship with the world was through a newly

implemented recycling program. This has not only won accolades through the ECEEN SPROuts Awards, but the preschool has now become a community hub for hard-to-recycle oral care waste and several other products.

The children now understand the role they play in caring for and protecting the environment. In the words of five-year-old James, "I want a nice clean world. Then it won't be stinky! So don't make so much rubbish, don't buy too many plastic things."

What sustainability means to KU

We acknowledge and consider both our heritage and our future. We embrace our responsibilities within the world around us – to our children and communities, our people, our environments, and the long-term sustainability of our organisation.

Meet Joey

Joey and his son Martin have enjoyed being part of KU Chatswood Community Preschool's community compost system.



How has being involved changed your family's habits?

There has been a significant change in our life. Because of this compost project, we now have a specific bin for food scraps that is separate to the council red, yellow and green bins. When it is full, we take it to KU Chatwood Community Preschool's community compost bin.

Martin told me he felt quite encouraged because he knows he is doing something good for the environment. Additionally, Martin started to avoid wasting food when he noticed the unnecessary food scraps.

What inspired your family to get involved in this program?

One day, when I went to pick Martin up from KU, he asked me to start collecting food scraps. He didn't know much about composting at first, but the program encouraged him to do something friendly for our country and our planet, which was clearly on his mind. Over time, and as he got more involved, he began to realise the importance of garbage classification.

Martin and his close friends at KU have created some sort of competition between them which means they see who brings the most food scraps every week. So, Martin supervises his mother and me to collect scraps all day!

What was the most surprising thing to happen as a result of being involved?

Martin's maturity. Because of his age, I don't expect Martin to do everything in an adult way. But I'm surprised how much he knows about being environmentally friendly and protecting our planet.

I admit that learning about the environment is not easy for children. I admire how KU Chatswood Community Preschool gets the children involved in this compost program instead of teaching them with hard-to-understand literature. It's impressive and efficient.

We would like to say thank you to all the teachers at KU.

Embracing and expanding language

Language initiatives at KU are geared toward nurturing children's sense of belonging not just to their immediate environments, but to their communities and society itself as well.



All throughout 2021, KU developed resources and implemented a variety of programs that ultimately empower children to be seen and ensure their voices are heard, in any language.

Provoking Minds

For most children, language skills develop rapidly during the first five years and is one of the key developmental milestones of early childhood.

Provoking Minds, a popular podcast produced by KU's Learning and Development team, revealed insights into this complex topic in an episode featuring KU Starting Points Macarthur Speech Pathologist, Vickie Ren.

The episode, which has been downloaded 600 times with listeners from 25 countries, explored

how language develops in young children and provided practical tips on what early childhood educators should look out for.

Nurturing language and communication

KU's Sector Capacity Building Program facilitated face to face professional learning for early childhood educators to help children to communicate where their language skills are not developing as expected.

Nurturing Language and Communication training was available to preschool teachers in the Illawarra, Sydney Inner West and East and Penrith regions.

To support educators' professional learning, a board game was created called Share and Show including a set

of cards to stimulate reflection along with an informative guidebook.

So successful was this innovative training program that it has further evolved into two more guidebooks and reflective card sets to aid language development; Emotional Regulation and Sensory Processing.

Exploring local languages

KU recognises we can play a role in the stewardship of the many traditional languages across our nation. Our services provide opportunities for all children to engage with and listen to local peoples and language speakers, and with their permissions, learn traditional and local languages.

Two KU services in NSW are privileged to be part of the revival of the local traditional language. The implementation of the Dharawal Language Program evolved from engagement between KU and the Gujaga Foundation, a peak organisation leading language, cultural and research activities within the La Perouse Aboriginal community and expanding into southern Sydney and the entire Dharawal Country.

The program was piloted at KU Heathcote and KU Sutherland with support through the Aboriginal and Torres Strait Islander Programs Team. With additional funding it could be extended and rolled out across other services on Dharawal Lands.

Colette Heslehurst, Director of KU Sutherland said she was thrilled that a language "on the brink of extinction" was being brought back by the KU community.

Inclusion Support Queensland continued their journey to build the capacity of early educators to explore and encourage the inclusion of local Aboriginal and Torres Strait Islander cultures and languages in their service models with the knowledge and support of local peoples. By facilitating a range of professional conversations and networking opportunities during the year, the team were able to foster genuine connections between educators and the local communities.



Social stories

KU's Sector Capacity Building Program (Disability) used special NSW Department of Education COVID-19 funding to develop a range of practical resources to support educators to include children with disabilities and additional needs on the same basis as their peers.

One resource created was Social Stories. Originally pioneered by Carol Grey, a consultant in the field of autism, these narrative stories are an example of an effective inclusive strategy that can benefit all children.

To date, Social Stories developed by the KU Sector Capacity Building

Program have explained restrictions brought about by the pandemic such as wearing masks and staying at home. These have also been translated into a range of community languages by KU's Adult Migrant English Program team to improve access to educators, children and families from linguistically diverse backgrounds.

Supported playgroups

In response to the ongoing COVID-19 pandemic, and as the Delta strain of COVID-19 swept through NSW, KU applied for and was successful in receiving a one-off grant from the NSW Department of

Communities and Justice to support families within the twelve local government areas of concern.

As many of the families in these regions were from diverse cultural backgrounds, KU proposed and developed bilingual online play sessions operating for ten weeks in the nominated twelve local government areas. Information for families was presented in both English and different community languages and multilingual resources were provided to support parents' understanding of the value of play and how to engage with children safely at home.



Meet Sharon

Sharon Saunders is a Senior Inclusion Professional at Inclusion Support Queensland. In 2021 Sharon, along with colleague Kellie Still, were finalists in the 2021 Queensland Reconciliation Awards for their work with the Nangara NAIDOC group.

Sharon has close ties to the Aboriginal and Torres Strait Islander community. Her husband and children are proud Nunukul people of Minjerribah (North Stradbroke Island).



What does expanding language mean to you personally?

I believe language truly has power. By reflecting on language, we individually have the capacity to shift conversations to create a growth mindset. The opportunity to unpack language with my colleagues provides me with the space for critical reflection and to consider how I can ensure my own use of language elicits respectful, inclusive and strengths-based conversations.

Describe the language program you were involved in.

In 2021 our annual NAIDOC celebration at Daisy Hill gave children and the community the opportunity to spend the morning participating in play-based experiences, a traditional smoking ceremony and dancing, art opportunities, language experiences, storytelling and engagement with local Aboriginal and Torres Strait Islander community members.

To support the embracing and extension of language we drew on the knowledge of our consulting Elders and community members, as well as the Yugambeh Museum Language & Heritage Research Centre at Beenleigh.

What impact has the program had?

Early childhood services in our region have embraced the words of our traditional Yugambeh custodians and are now using them in their daily programs with children, both in written form, spoken word and song, as well as in communications with parents and families.

What is the most rewarding part of your work?

The faces of the children as they engage with stories, dance, song and language and go home with a better understanding and respect of our First Nations Communities – that is the rewarding part for me.



< Read the full story online



Making the KU Difference

The annual 'Making the KU Difference' Awards acknowledge KU staff who have made a significant contribution to KU, over and above their normal duties. The winners are featured below.

*For making the KU Difference
for Children*

Bei Bei Liu,
KU Bradfield Park

*For making the KU Difference
for Families*

Kelley McNamara,
KU Mayfield

*For making the KU Difference
for Communities*

Jan Bulger,
KU Shalvey

*For making the KU Difference
for Staff*

Amanda Ford,
KU ANSTO

*For making the KU Difference
by Representing KU*

KU Laurel Tree House Team
under the leadership of
Sharmila Dissanayake

*For making the KU Difference
for Inclusion*

KU Gwynneville Team under the
leadership of Sue Vlassoff

*For making the KU Difference
to Quality*

KU Macquarie Fields Team
under the leadership of
Jackie Staudinger

*For making the KU Difference
through Sustainability*

Elysia Wright,
KU Petersham

*For making the KU Difference
through Innovation*

Belinda Monkman, Nicole
Hyde, Heather Morse, Deborah
Grivas, Vanna Lockwood and
Emma Pierce of the NSW Sector
Capacity Building Program

*For making the KU Difference
through Reconciliation*

Jan Bulger, KU Shalvey;
Kathy Lawton, KU Petersham;
Jody Daly, KU Playford Park;
Rachel Cunningham, Honey Bird

The KU Marcia Burgess Award

Karen Penfold,
KU Randwick Coogee

HESTA Early Childhood Education and Care Awards

In 2021, HESTA held their annual Early Childhood Education and Care Awards.



The national awards recognise early childhood professionals and services who have made a valued contribution to their profession or have significantly advanced early childhood education and care through innovation and enhanced outcomes for children. Of the nine finalists from across Australia, we were incredibly proud that three finalists were KU staff.

KU Isobel Pulsford Memorial Preschool



The KU Isobel Pulsford team was recognised for embracing a culture of inquiry and creating a space for the community to thrive.

The preschool adopted a revitalised view of pedagogical practice, viewing young children as capable, resourceful thinkers and producers of knowledge, with children being celebrated as co-researchers, co-constructors and key companions in the learning and teaching experience.

This innovative way of thinking enabled families to re-examine their assumptions and engage with their children in new and exciting ways, with many families embracing a more inquisitive approach to early learning.

KU West Pymble Preschool



KU West Pymble was recognised for embedding sustainability into their pedagogy and practice, contributing to their vision for a better, healthier world.

In consultation with families, the children initiated actions regarding recycling, waste, water, power management and identifying practices to be adopted in the home, and engaged in civic participation by working with council to monitor the water quality in a local creek.

This culture of learning helped the children at KU West Pymble to develop empathy, resilience and respect; inspired the entire community; and positioned the preschool and children as leaders in sustainable practices.

Jackie Staudinger, KU Macquarie Fields Preschool



Jackie was recognised for the astute and dedicated leadership of her team at KU Macquarie Fields, supporting educators to create an innovative and thriving learning community.

As Director of the preschool, Jackie guided the team in research and evidence-based practice, re-imagining new ways of teaching and delivering programs that have been valued by the local community.

Through the Healthy Eating Program, Jackie established partnerships to help communicate information on nutrition and healthy eating. Jackie partnered with the NSW Government's Munch and Move health initiative, community health services, and KU chef Charlotte Patterson, who provided cooking experiences for children and families.

We have a thriving professional workforce



Recognised employer of choice

KU's inimitable record as an employer of choice is based on six pillars of success and underpinned by a strong values-based culture.



KU was recognised as an Employer of Choice in the 2021 Australian Business Awards for the sixth consecutive year; a record that stands unrivalled in the early childhood education sector.

The award is tribute to our achievements in maximising the full potential of our workforce through a high-performance culture enabled by established policies and practices that demonstrate effective employee recruitment, engagement and retention.

After becoming the first early education provider to win the award six years ago, and with more than 2,000 employees across 130 services, KU has firmly established itself as one of Australia's leading early education employers.

Award submissions needed to demonstrate achievements across six pillars including: Organisational Culture; Leadership and Strategy; Employee Education, Training

and Development; Employee Health, Safety and Satisfaction; Performance Management; and Recognition and Remuneration.

Entries are assessed through a rigorous and dynamic framework, enabling all participants to be benchmarked against world-class performance standards.

Key attributes of the Employer of Choice Framework define the characteristics of leading sector and industry workplaces that provide a stimulating and supportive environment. KU's enviable record for workforce retention is a testament to that.

More than 32 % of KU staff notched up a tenure of 10 years or more during 2021. Included in their number is CEO, Christine Legg, who celebrated 40 years with KU, having started as a teacher.



KU's six pillars of success

Organisational culture

KU's values are embedded into the culture and not only influence our work, but also the way staff work with each other and the broader community. There are six values in all: Childhood; Integrity and Relationships; Leadership; Innovation; Sustainability; and Diversity and Inclusion.

Through annual employee engagement surveys, the degree to which KU staff connect with these cultural values is measured. The 2021 survey reported an overall engagement rate of 92 %, while the Employee Net Promoter Score was +72.4. The extent to which KU staff believe the KU values are "lived and breathed" remains consistently high at 95 % positive responses.

Leadership and strategy

The KU values are modelled at Board and Executive level at every opportunity. This can be attested to by the breadth of engagement of a diverse workforce across many varied service models and programs, and the quality outcomes that KU delivers for children and families.

In 2021, KU created and formalised a leadership model in parallel to a strategic leadership plan that will be implemented over three years from 2022 to 2024.

Education, training and development

KU has developed a unique Professional Learning Program to build the skills, behaviour and expertise now and well into the future. Essential to this is the development of a business-wide high-performance culture, supported by individual and organisational learning and development that is closely tied to the KU values. This fosters strong employee engagement and better performance outcomes.

Health, safety and satisfaction

In order to ensure KU's employment offer continues to lead the early education sector and reflect the organisation's values, a three-year plan focused on holistic wellness is being rolled out.

KU is proud to support employee wellbeing through a comprehensive range of programs and benefits including discounted private health insurance, flexible work practices, paid domestic violence leave, along with counselling and crisis support through the Employee Access Program.

Performance management

Performance management at KU is a continuous process of appraisal, review and professional development, all designed to help identify employees' strengths and determine clear career pathways. The introduction of me@KU, our bespoke human resource information system, has facilitated even stronger collaboration between employees and their direct managers.

Recognition and remuneration

KU's conditions of employment include the highest rates of pay in sector for staff employed under two Enterprise Agreements – the KU Children's Services Teachers Agreement and the KU Children's Services Administrative Employees Agreement.

As a not-for-profit, KU works doubly hard to ensure the workforce know their commitment is appreciated. In addition to a number of health and wellbeing benefits, other rewards include Years of Service Awards, the Making the KU Difference Awards, an active staff referrals program and KU salary packaging options.

Meet Jason

As a Repairs and Maintenance Coordinator, Jason Holley contributes to maintaining the physical environment and equipment of more than 130 KU managed properties and facilities.



Jason joined KU's Repairs and Maintenance team in March 2021, and we spoke to him to find out what it was like joining KU during those uncertain times of evolving Public Health Orders.

Was being interviewed and hired without meeting face-to-face strange?

Not meeting in person for interviews was a very different and completely new experience for me but it was well coordinated over Zoom.

In my first interview, one of the people interviewing me was Nicholas Blackwell, Manager Employee Wellness and Safety. Ten minutes into the call, he had to leave to address an emergency. It's left a lasting impression on me just how seriously KU take the safety and wellbeing of all staff. People really are the heart of KU.

How was the on-boarding process?

The on-boarding process was excellent. My contact in the People Services team was Sarah Davies and she was a great help showing

me how to access the me@KU portal to upload all the required documentation.

A welcome pack was delivered to my home before I started including information about KU, a water bottle, USB, pen and note pad. It was a really nice touch.

I worked from Central Office for a short time before Greater Sydney went into lockdown. When that happened, KU provided the IT equipment I needed to create a workspace at home. I felt like I was set up for success.

What's been the most surprising thing about working at KU?

Because of the excellent reputation of KU, I can't say this is particularly surprising, but given the complexities that COVID-19 has thrown up, the seamless way all the different teams at KU have collaborated to work and assist each other has been fantastic. It's great to be part of this high-performing team.

Meet Carol

Carol Findlay is an Education Support Manager (ESM). She has enjoyed a rich and diverse career with KU spanning 32 years, five different services and three states.



In her current role, Carol works in collaboration with KU early childhood management teams and visits KU services throughout Victoria and regional NSW.

What was your first job at KU?

My first permanent position with KU was in 1989 as the Director of a beautiful little service in Surry Hills, NSW. The inner-city had such a wide cultural and socio-economic diversity. It was such a big change from where I had come from in Wangaratta, Victoria.

How has your career evolved over time?

I always wanted to work with children with additional needs, and KU allowed me to take a part-time role as a teacher at KU Lance, in The Rocks, so that I could go back and study.

Once I got my new qualification, I continued my career journey in other services, receiving promotions and being part of exciting new innovations such as the 'Learning Together Program' for children with very high support needs.

A secondment opportunity as an Education Quality Manager (EQM) covering the Bankstown area gave me the chance to see if that was a career path I was interested in. It was! Since then, I've been a Consultant, Area Manager, Practice Manager and Education Support Manager in NSW, ACT and Victoria.

What would you say to someone who is considering working for KU?

Do it! There will be a lot of support around you as an individual working in a service. The professional development opportunities are far beyond what anyone else offers. I've had so much professional development and training such as Circle of Security, Marte Meo and Play Spaces. Honestly, working at KU has been the best thing in my life. I'd never want to work for anyone else because it is a family. It truly is.



Read the full story online



Strategic leadership planning

KU has long been a recognised leader in early childhood education. By creating and formalising a bespoke model for leadership, we can continue to thrive now and well into the future.

Effective leadership is a top priority for KU. As such it is embedded in our organisation. This focus has enabled KU to retain its high-quality programs; attract and retain high-performing teachers and educators; raise the status and standing of early childhood education among the wider sector; and remain a trusted advisor to governments.

In recent years, KU invested in a major research study, *Leadership and Innovation in the 21st Century: Future-proofing early childhood organisations* to shape the development of a unique leadership program that would support effective talent management and succession planning at KU.

The research had two principle aims. Firstly, to provide an evidence base to determine the architecture required to support highly effective leadership; and secondly, to provide a platform to enhance growth and expansion initiatives through access to a highly skilled workforce.

In all, 28 recommendations were presented with many quickly translated into myriad business-as-usual best practices during 2021. Just a few of the diverse outcomes executed include the implementation of an Employee Value Proposition, formalised annual career planning discussions and the creation of a Teacher Accreditation Framework.

While it's great to chalk up quick wins, KU recognises there is a great deal more work to be done for leadership to be integrated and supported throughout the organisation. So, in parallel a leadership model has been articulated alongside a strategic leadership plan that will be implemented over three years from 2022 to 2024.

Strategic leadership plan

In consultation with the Board, KU's Executive Team set out to create a roadmap of our overall approach to leadership that has a distinct KU flavour.

The team reviewed each of the research recommendations and categorised them into four groups; Our People, Organisational Leadership, Governance and Systems, and Sector Leadership.

To briefly explain each category; Our People includes everything from recruitment to recognition programs. Organisational Leadership encompasses external leadership courses and secondment opportunities. Governance and Systems will inform streamlining decision making and sharing knowledge. And finally, Sector Leadership is about furthering KU's quality agenda.

The research identified a gap in KU's historical support and development of emerging leaders, whereby leadership endeavours had traditionally focussed on early childhood education career pathways. KU's new distinctive approach recognises that to truly future-proof the sustainability of the organisation, the leadership plan must be inclusive of all staff.

KU's strategic leadership plan will therefore include targeted leadership and management programs more broadly across the organisation as a whole.

Culture of learning

KU is committed to developing leaders by incorporating professional learning into annual individual performance development plans.

In the early childhood education arena, Early Childhood Australia has developed an unparalleled Leadership Program. Their training framework, founded on solid expert research and five years of sector consultation, was specifically created as a strengths-based, self-directed, short-term program for aspiring early childhood leaders in diverse settings.

In 2021, 83 of KU's emerging education leaders, from Early Childhood Teachers through to those at Director level, had completed the ECA Leadership Program.

Portrait of a KU leader

There are three fundamental personal qualities in a KU leader; Learning agility, Resilience, and Emotional intelligence. These are underpinned by values of compassion, humility, integrity and social impact.

Amanda Ford, Director of KU ANSTO in NSW understands the importance of embodying these characteristics as a leader. She successfully completed the ECA Leadership course at the end of 2020 and went on to win a NEiTA Leadership Award.

"This moral compass underpins my work," she says. "The impact of my work travels beyond the immediate centre, into family and community life where the vision for sustainability, inclusion, reconciliation and wellbeing continues."



Meet Amanda

Amanda Ford, Director, KU ANSTO, NSW, has 20 years of teaching experience, is a graduate of the Early Childhood Australia Leadership Program and was named winner of a 2021 National Excellence in Teaching Award (NEiTA).



Describe your leadership style.

I lead a team of 17 teachers and educators; each on their own journey both personally and professionally. My role is to enable them to provide the best early childhood experience for each child and family in keeping with the vision of our service philosophy.

I use my skills and position to support developing leaders to expand their knowledge, share their skills and lead projects, ensuring a culture of learning and leadership is embedded within the ethos at KU ANSTO.

How do you embed that culture into your service?

Relationships within the KU ANSTO team are nurturing, professional and firmly grounded in trust. Over time, professional learning communities, inspired by educators' interest in various aspects of our work have emerged. This culture of inquiry allows educators to stretch and grow.



[< Read the full story online](#)

Tell us about one of your teaching innovations.

Early childhood settings continue to evolve; families move on, educators take leave and so the cycle of change remains. Ensuring practices are ingrained and centred around our children and families means systems are fluid and current needs are always met. Looping was introduced to me through my engagement with RIE Educaring®. 'Looping' educators with children as they transition through the early childhood service is an aspect of this practice that I have implemented.

What motivates you?

I have a deep, intrinsic motivation to serve my ANSTO community, including the children, their families and the educators within my team. I live and breathe this commitment, ensuring that the pedagogical work I do and the team I lead is of a very high standard and recently we again received "Exceeding" the NQS in all seven quality areas.

Tech empowers KU career pathways



KU's People Services team is using technological advancement to provide staff with evermore empowered career experiences in the workplace.

By eliminating paper-based and manual processes, the newly introduced system enhancements have streamlined employee-to-enterprise interactions, resulting in improved data consistency and the opportunity for People Services and operational managers alike to have more meaningful, less transactional interactions with staff.

Day-to-day, staff are empowered to manage and view their own data and pursue individual professional development interests. Managers can provide regular performance feedback and undertake succession planning. Clear career pathways are a direct result from this strong collaboration between employees and their direct manager. An added bonus is that the technologies are mobile device enabled and offer real-time information that is accessible 24/7.

Jane Robinson, General Manager of People Services and IT at KU is thrilled that me@KU is now the single source of truth for people data. She is seeing the analytics available as key to empowering strong business decisions.

"Every stage of a KU employee's journey is supported and integrated by me@KU," says Jane.

In many respects, 2021 proved to be more challenging than the previous year as KU's staff experienced longer lockdowns, limited face to face connections and increased anxiety.

KU's People Services team was a caring and driving force supporting teams' mental and physical health and wellbeing, while at the same time supporting their career aspirations and journeys using technology advancements.

Launched in 2020 with a focus on engaging and empowering staff, me@KU is a bespoke human resource information system using Oracle cloud software. A second phase of the launch rolled out in 2021 as part of planned ongoing implementation of new functionalities.

Affirming quality teaching

KU recognises the value of early childhood teachers in educating the children we care for, and we invest strongly in ensuring KU teachers are supported and empowered to grow in their professional practice.



“My Teacher Accreditation Supervisor helped me stay accountable to achieving the workload required and continued to support me throughout the whole process. Thank you to the Accreditation Team for offering this invaluable support.”

- Rachel Smith, Teacher at KU Ourimbah

As a long-standing advocate for the importance of high-quality teachers in improving educational outcomes for children, KU welcomes the recognition that teacher accreditation (or registration in some jurisdictions) brings to the early childhood education profession.

A dedicated Teacher Accreditation Team was established in June to support early childhood teachers in KU to meet and maintain their teacher accreditation requirements at a professional and consistent standard.

This highly experienced team have worked hard to develop an effective system to meet the differing teacher accreditation processes across all states and territories in which KU operates services. This includes attestation and submission; tools and templates; data collection; assigning of Accreditation Supervisors and Mentors to teachers; liaising with the NSW Education Standards Authority (NESA) and other teaching authorities; policy development; and regular communication with staff via various channels.

Every Provisional early childhood teacher in KU is assigned a Teacher Accreditation Supervisor or Mentor who maps out a Supervision Plan with the teacher and provides guidance for each stage towards their accreditation as a Proficient teacher. Proficient teachers are provided with

information and support as required to maintain their accreditation and submit their Maintenance of Professional Development.

Further, the retention of document records in KU's me@KU staff portal enables the accurate tracking of accreditation information and ensures that documents are readily available to staff and their relevant Director or Manager. New functionalities within me@KU are in development, which will further enhance its ability to assist teachers to track their professional learning.

While KU supports teachers across all jurisdictions in which KU operates, KU's teacher accreditation model has been particularly crucial in helping NSW-based teachers to navigate the significant changes made by NESA to the process and requirements for accreditation in 2021. This includes teachers in eligible non-service based roles to maintain their accreditation.

“I was quite anxious about having to tackle the teacher accreditation process and was relieved when KU announced that they would support us,” said Nikki Peviani, Teacher at KU Cammeray Preschool.

KU is extremely proud to be a leader in providing this unique level of specialised support to all our early childhood teachers.

We are
financially
sustainable
and
scalable



EXPANSION IN VICTORIA

Ensuring our financial sustainability and scalability

One of the four priorities of KU's strategic plan for 2020-2022 is to ensure the organisation's financial sustainability and scalability.

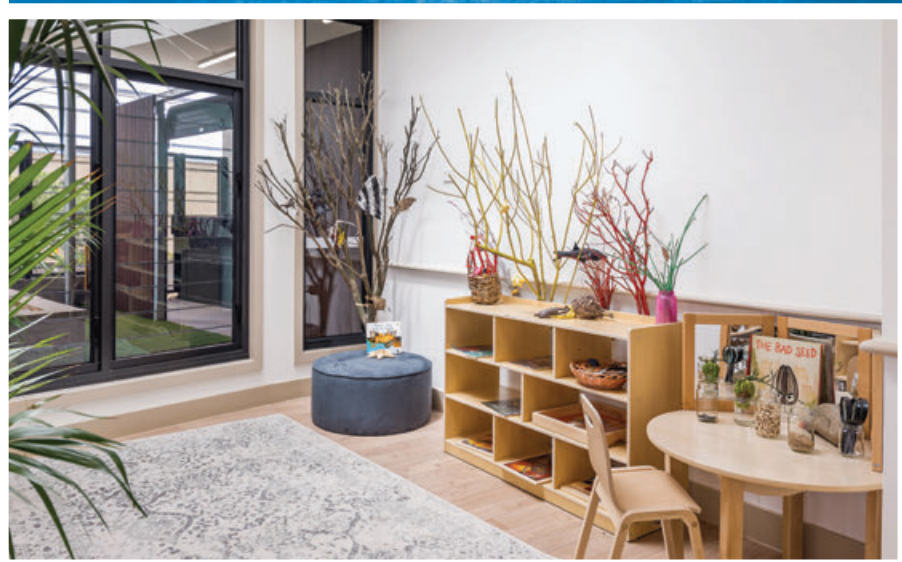


Photo: Chris Sanos

KU has been investing in and building the infrastructure, systems and services to support our financial position now and into the future. Two major ways KU achieved this in 2021 was through the establishment of two new, yet very different types of services in Melbourne – KU Maidstone and KU Dianella.

Investing in Our Future – KU Maidstone

In recent years, KU has been seeking sites to establish new early childhood services to expand our reach and impact, particularly in Victoria. KU recently acquired a site in the Melbourne suburb of Maidstone with the intention of designing and establishing a purpose-built integrated service, bringing together a kindergarten program with long day care and early intervention services.

Maidstone is located 8km from the Melbourne CBD and has been described as a 'booming' suburb with a rapidly changing community profile. New housing opportunities and high density housing in surrounding suburbs are expected to attract young singles, couples and families to the area. Population forecasts predict a 65 % increase in the population of Maidstone from 2018 to 2041, with the 0-4 population expected to experience a growth rate of 7 % per year during this time.

Building works for KU Maidstone commenced in 2020 and were completed in September 2021. To assist with the significant construction costs of the service, KU was awarded a \$1 million grant from the Victorian Government through

their Building Blocks program to help more Victorian children access funded three-year-old kindergarten.

A significant amount of time and effort was dedicated to establishing KU Maidstone in 2021, including finalising the construction of the building, furnishing all the interiors, recruiting qualified staff, applying and preparing for service approval, marketing the service and supporting families through the waitlist and enrolment process.

The service opened in January 2022, and provides long day care for 65 children and kindergarten programs for 33 children. KU Maidstone will also provide an innovative service delivery model, offering allied health services including speech pathology and occupational therapy to support the higher than average numbers of children in the community with developmental delay or disability.

The establishment of KU Maidstone was a significant achievement for KU as it was the first time in decades that KU had purchased a site to design and build a KU owned and operated early childhood education service.

The decision to establish KU Maidstone was based on KU's strategic growth and financial objectives, including to expand our reach and impact to support

65%

increase in the population of Maidstone is anticipated from 2018 to 2041

more children and families. Owning the site provides KU with greater flexibility as to the structure and types of services we can provide, allowing us to better support the needs of children and families as they evolve over time.

From a financial perspective, owning the site and building provides KU with greater certainty around the future delivery of services which supports our financial security. Furthermore, the current and predicted population growth in Maidstone over the next two decades, particularly with younger children, should provide sustained demand for high quality early childhood services which will support KU over the longer term.

The acquisition of sites to build new early childhood services will continue to be an important way for KU to expand moving forward, with KU having recently purchased a block of land in the Melbourne suburb of Newport. Construction of the building is expected to take place in 2022 and it is anticipated the service will cater for 84 children providing long day care, kindergarten and allied health services.

Through the efforts made to establish KU Maidstone in 2021, more children, families and communities will be able to experience the KU difference.

58%

of Wyndham residents are aged 35 years or younger

Empowered Partnerships – KU Dianella

The City of Wyndham, located in the outer south-western suburbs of Melbourne, is one of the largest and fastest growing municipalities in Australia. In 2020, the population was 288,212, with one third of all residents having moved to the area in the last five years. The population is also incredibly diverse with almost half of all residents being born overseas, as well as young with 58 % of residents aged 35 years or under.

With the number of four-year-old children in the area expected to increase by more than 60 % from 2019 to 2040, Wyndham City Council plans to build community facilities that include 19 new kindergartens over the next twenty years to meet diverse community needs and keep up with demand.

To support the provision of these kindergarten services, Council released a Request for Application (RFA) seeking a range of early education and care service providers to form their 'Early Years Provider Panel'.

In 2020, KU responded to the RFA and was excited to have been selected by Council as one of the five providers on the approved panel along with Early Childhood Management Services, One Tree Community Services, Sparkways and Bestchance. For the new kindergartens being built, Council will select the most appropriate partner to deliver the services.

In 2021, Council opened Dianella Community Centre, a newly built integrated community facility in Tarneit. The purpose of the new centre is to provide access to services including kindergarten, maternal and child health, playgroups and community programs, in addition to consulting rooms, a community gathering space and more. KU is proud to have been selected to deliver the kindergarten services at this site.

KU Dianella Kindergarten caters for 99 children and opened in January 2022. KU provides high quality early childhood education and care through sessional kindergarten and, in the future, early intervention services to meet the needs of children, families and the community. In addition, KU is responsible for all regulatory requirements; ensuring the service is financially viable; working closely with Wyndham's Community Support and Enrolments Team to support enrolments; and developing positive relationships with any relevant stakeholders.



The number of four year old children is expected to increase by more than 60 % from 2019 to 2040

The partnership between Wyndham City Council and KU is strategic, collaborative and innovative. By partnering with KU and the approved providers, it helps to inform the design of services, provides flexible solutions, and positively influences work practices. It also enhances Council's ability to meet its strategic objectives and ensures future services are planned and delivered to meet the needs of the community.

From a financial perspective, KU benefits from this type of partnership as it provides the opportunity for KU to deliver additional and similar kindergarten and early intervention services in the future. Moreover, the types of services Council are looking to provide both now and in the future are large kindergarten hubs in areas with significant growth and demand. This is more financially viable for KU compared to alternatives such as being an early years manager for standalone kindergartens.

In addition, while KU pays an annual fee to cover various costs associated with the service, Council pays for the set-up costs of the site, providing a much smaller investment and financial risk to KU, while also allowing KU to expand our reach and presence in Victoria.

The partnership between KU and Wyndham City Council has been a positive and productive one and we are excited to announce that KU has been successful in securing another site with Council to support the delivery of a new service in Manor Lakes in 2023.

We look forward to our relationship with Wyndham City Council to continue to grow and evolve over time as we collaborate to deliver innovative services that meet the strategic objectives of both organisations and the needs of the community.

Meet Cara

Cara enrolled her children Rita, two years old, and Wilson, four years old, to start at KU Maidstone. We spoke to Cara about her experience so far.



What were your first impressions of the service?

We found KU Maidstone to be a modern, clean, spacious and well organised early learning environment that provides a beautiful space for young children to learn.

How did you feel about the staff?

We were immediately impressed by the KU team. The educators were experienced, warm and engaging, and the entire team, from the Director to the administration staff and chef, were supremely professional. We felt safe and comfortable leaving our children in their care.

Do you think KU Maidstone will have a positive impact on the community?

The KU team goes above and beyond for children and families who attend the service. This has a positive impact as quality early childhood education provides the foundation for further education and lifelong learning.

Our experience so far has been entirely positive and I would recommend KU Maidstone to other families living in the area who are looking for quality early education.



Sustainability through optimised technology

KU's IT road map has been running alongside strategic plans for the past six years. Over this time KU has invested in leading infrastructure, technologies and hardware.

Storypark Manage

After in-depth review and rigorous due diligence of Child Care Management Software (CCMS), KU made the decision in 2021 to migrate from QikKids to Storypark Manage.

Storypark is a leading family engagement tool and is already in use by KU. Storypark Manage "powered by Xap", is considered by many to be this country's most advanced CCMS. The integration of the systems gives KU's families a smoother online experience while streamlining administrative tasks for KU such as waitlist management. Migration of the new CCMS will roll out across all KU long day care and preschool services in 2022.

Ticked Off

KU introduced Ticked Off, a repairs and maintenance (R&M) management system that empowers KU service Directors to identify and log their R&M jobs for automatic allocation to qualified and assessed tradespeople ensuring the quality of KU environments is sustained.

As COVID-19 continued to impact the community throughout 2021, KU's IT investment ensured we were able to maintain appropriate support of frontline essential service staff regardless of their location.

The rapid deployment of enhanced remote working capabilities meant KU didn't miss a beat, particularly when it came to timely distribution of the vital evolving information from Government at Commonwealth and State levels.

Face-to-face meeting technology was made accessible to all staff in 2021 through the introduction of Microsoft Teams. The platform also provided greater connectivity through its messaging, group chat, file sharing and audio-conferencing capabilities.

Also in 2021, KU made the complete transition to cloud services, making possible the deployment of business solutions such as Storypark Manage and Ticked Off.

We make
a positive
social
impact



Responding to concerning trends

Natural disasters on home soil coupled with the global pandemic brought the psychological vulnerability of children to the fore. KU is actively responding to this concerning trend.

Years of practice at KU has proven that the relationships families have with their service are central to supporting them through their experiences.

Having observed the impact on children of the unusual events that were occurring around the country, a concerted evaluation on current practice was key to determining what would be needed in a future where perceived stability was scant.

In 2021, all staff played an important role in responding to the needs of children and families; whether at a service level, through Inclusion Agencies or via KU's Sector Capacity Building Program.

Innovation through reflection

To varying degrees, every child, in the context of their family and community has had first-hand experience of recent stressful events. KU preschools and long day care services have remained a consistent and stable support for all enrolled children through these challenging times.

From this reflection has come new and innovative initiatives to support children, families and educators. Remote supports have made it possible to stay connected and educators in services along with Central Office teams adapted quickly to technology.

That level of connectivity enabled the Autism Support and Guided Practice teams to be instituted, and a Circle of Security Classroom pilot and program framework were also put in motion.

Those three undertakings are set to support the ongoing provision of quality early childhood education as well as strong family relationships across KU services now and well into the future.

Access to funding

Inclusion Agencies (IA) are part of the Commonwealth Government's Inclusion Support Program (ISP) which aims to build the capacity and capability of educators to address participation barriers for all children through implementing quality inclusive practices.

KU is the lead Inclusion Agency in Queensland and was instrumental in assisting thirteen services during the past financial year to gain access to Inclusion Support Subsidy funding that has helped develop projects specifically in response to inclusion barriers and impacts of COVID-19 and trauma.

Rachael Hellicar, Director of Bella Grace Aroona on Queensland's Sunshine Coast was grateful for the support to access the funds and said the coaching provided by the Inclusion Support team empowered the early learning service's educators.



"It has given them skills, knowledge and confidence they previously thought was lacking and has had a massive impact on the improvement of their own wellbeing as well as that of all the children in our care."

- Rachael Hellicar,
Early Childhood Educator

Tailored professional development

In response to needs identified across NSW and the ACT, Bronwen Elliott, a social worker with extensive experience in the area of trauma, was contracted to provide professional development across two KU programs.

Firstly, through NSW Department of Education funding, KU's Sector Capacity Building Program facilitated a two-part webinar series for educators titled *Trauma and Development*. This professional development was delivered to preschools that KU is contracted to support as part of the program in the Illawarra, Sydney Inner West and East, and Penrith regions.

Then, through the Commonwealth funded NSW/ACT Inclusion Agency, Bronwen was engaged to provide an online course for Inclusion Professionals that included large and small group sessions relating to trauma-informed practice to guide them in their work with educators in early childhood education and care services across the state and territory.

An evaluation survey conducted after the training for Inclusion Professionals revealed 94% of respondents agreed with the statement, "I have an increased understanding of trauma-informed practice that will help me to engage in reflective conversations with educators, without feeling that I need to be an expert on trauma."

"It has given them skills, knowledge, and confidence they previously thought was lacking and has had a massive impact on the improvement of their own wellbeing as well as that of all the children in our care," said Rachael.

Building resilience

The NSW/ACT Inclusion Agency Building Resilience Project began in 2021. The aim of the project is to increase the capacity of educators to include all children through their response to, and supporting recovery from, traumatic events in young lives, families and communities. An online resource titled *Responding to Big Situations* will be launched in 2022 and is designed to facilitate educator access to a variety of reliable and relevant resources to help them find information and support when they are preparing for and responding to the impact of natural disasters, pandemics and other traumatic events.

Supporting children and families from refugee backgrounds



Inclusion Professionals Brenda Ward (pictured) and Michelle Wood won a 2021 Victorian Early Years Award. We asked them about the program in this Q&A.

Brenda and Michelle, from the Victorian Inclusion Agency, established a Community of Practice initiative to help build the capacity of early years services to include children and families from refugee backgrounds.

In recognition of their contributions and achievements in improving outcomes, the initiative was awarded a 2021 Victorian Early Years Award in the 'Creating Collaborative Community Partnerships' category.

Describe the Community of Practice initiative.

Over a period of 18 months, we partnered with Foundation House, a specialist refugee trauma agency, and Melton City Council to establish a Melton Area Managers Community of Practice group. The aim of the group was to support early years services in the City of Melton to address barriers to inclusion for children and families from refugee and asylum-seeking backgrounds.

The group allowed Area Managers to network and collaborate with their peers across organisations on processes and practices to directly support their services to gain a deeper understanding of the unique needs experienced by children and families from refugee backgrounds and to support their inclusion.

The Area Managers used community profiles and demographic information to highlight key culturally and linguistically diverse (CALD) groups in each service's region; referred services to relevant local stakeholders and resources including Innovative Solutions funding; supported educators' lack of knowledge and confidence around including children and families from CALD, refugee and humanitarian backgrounds; and discussed strategies and actions around inclusive practices for these groups.

What was the impact on the children, families and communities involved?

Prior to the Community of Practice initiative, early childhood services reported low confidence in their capacity to successfully include children from refugee backgrounds, despite Melton's high population of refugee families. Processes that were effective in supporting vulnerable families were not successful in supporting children and families from these backgrounds.

By working through a successful, multi-faceted response to address educational and settlement needs, the approach dramatically improved

attendance and enrolment of children and families from refugee background in early years services.

In addition, outcomes for children and families significantly improved relating to areas that were promoted including building partnerships with families, promoting multilingualism, working with interpreters to support families, supporting children and families experiencing vulnerability during COVID-19, and implementing Innovative Solutions funding cases to address further barriers to inclusion.

What is the future of the initiative?

Area Managers involved in the initiative continue to meet three times a year to network and support each other, share ideas and resources, establish consistent practices, and explore systemic issues and solutions to improve the wellbeing of children and families from refugee backgrounds to be included in early years services.

Making the KU Difference where it matters most

KU has a long and proud history of making a positive social impact and supporting children, families and communities with additional and complex needs.

37%

of all children enrolled at KU Ashmont identified as Aboriginal

57

Aboriginal children were enrolled at KU's five Wagga Wagga services (15 % of all children)

One of the key instruments KU uses to continue supporting social impact work today is through our charitable entity, the KU Marcia Burgess Foundation. In 2021, the Foundation implemented a range of programs, services and initiatives to deliver a positive social impact including through the employment of a Community Cultural Coordinator at KU Ashmont, the provision of Sound Amplification Systems to children with additional needs, and delivering our five-part Food for Life video series.

Working together with Aboriginal communities

In March 2021, KU employed a Community Cultural Coordinator to be based at KU Ashmont Preschool and Family Centre in Wagga Wagga. This was made possible through the

support of two Perpetual Philanthropic Impact Grants, including one from the Frank Leyden Tot-Ed Trust.

Ashmont is a low socio-economic area with a large Aboriginal population and communities faced with complex concerns including financial hardships and social adversity.

In consultation with KU's Aboriginal and Torres Strait Islander Programs team and the Aboriginal community in Ashmont, the project was developed to address Closing the Gap in educational outcomes for Aboriginal children by improving access and providing high quality, culturally appropriate early education experiences.

The role of the Community Cultural Coordinator is to respectfully engage with Wiradjuri peoples and the local



Wagga Wagga community, build relationships and trust over time, improve access for families to early education providers, and encourage participation of Aboriginal children in high quality mainstream early education and specialist paediatric and allied health services.

The project is an Aboriginal community-led program with a two-phased approach, with the employment of the Community Cultural Coordinator being phase one. Phase two of the program, which will set about determining future education and service needs along with funding opportunities identified by and with local families and the community, will be supported by a CommBank Staff Foundation Community Grant received in December 2021.

In the first nine months of the program, the Community Cultural Coordinator has sought engagement with Aboriginal families currently enrolled and on waiting lists in KU services in Wagga Wagga, as well as local community groups and organisations to gauge needs and to provide continued support for families. Some of these groups include Murrumbidgee Local Health District's Early Childhood Assessment Clinic; Anglicare's Lifetime Learning Program; Aboriginal Youth Mental Health Working Group; Mawang Gaway Elders Group; Aboriginal Interagency Group; local community centres; and Playgroups NSW.

The exploration and implementation of partnerships will continue with these groups and others including the local Aboriginal Medical Service for the creation and implementation of a dental outreach program and a child safety seat program, with both programs expected to commence in 2022; a partnership with TAFE NSW and Playgroups NSW for an educational campaign celebrating and promoting the benefits of early childhood education and the development of a soft entry program into KU preschool services; and a partnership with Wagga Wagga Aboriginal Education Consultative Group to implement 'Ningarah No More', a Wiradjuri language program that will involve recruiting two Wiradjuri Language Teachers to deliver the program across KU's Wagga Wagga services from Term 2, 2022.



The program has displayed early evidence of providing a benefit to the community through assisting Aboriginal families upon enrolment in preschool by building their capacity to navigate government systems to ensure documentation requirements are met, such as by registering for and obtaining birth certificates; communicating with families and linking them with specialist services including Allied Health; sharing information with local families and agencies about the high quality early childhood education services KU offers; providing direct contacts and assisting to reduce barriers affecting positive engagement; providing support, cultural advice and guidance to KU staff to build capacity to deliver culturally informed early childhood educational programs and more.

The Community Cultural Coordinator is proving to be an invaluable resource to both KU and the community as KU continues to develop an understanding and appreciation of the importance of employing local Aboriginal peoples, promoting and advocating for the self-determination of Aboriginal and Torres Strait Islander peoples, and the importance of local community-led programs.

KU recognises the benefits this long-term role will bring to children's early education experiences and outcomes for Closing the Gap in educational opportunities. It will also help us to understand how we can adapt similar programs in other areas KU operates.



Provision of Sound Amplification Systems

Over the last two years, the KU Marcia Burgess Foundation has invested almost \$80,000 into the provision of Sound Amplification Systems (SAS), including donating 10 SAS units to Specialist Equipment Libraries in NSW and Victoria in 2021.

SAS units amplify teachers' voices, making it easier for children to hear their teachers and friends more clearly, thereby reducing distractions and improving their attentiveness.

Aboriginal and Torres Strait Islander children and young people diagnosed with otitis media, an inflammatory disease of the middle ear, or needing auditory assistance will be supported by the units, enabling them to hear more clearly and enhancing their educational and social success.

"We love the system. The children are responding to it well and we use it anytime we are inside due to the amount of children with hearing difficulties. It certainly makes the educators' voices clearer and the children take more notice. We have up to 30 children in the room and it can get really noisy at times."
— Gowrie Inclusion Agency.

Healthy Eating Program – Food for Life Video Series

The five-part Food for Life video series was funded by the KU Marcia Burgess Foundation, adapted from a breakfast and family engagement program previously piloted within KU. Food for Life was developed as a resource to offer practical, affordable and nutritional advice to KU families.

The presenter of the video series, Charlotte Patterson, a nutritionist and chef, provides practical ideas and information to families that will help young children develop an interest in fresh, seasonal foods and support and encourage the regular eating of a variety of nutritious foods every day. The series includes videos on nutritional foods for children, meal preparation, breakfast nutrition, lunch box ideas and snacks for children.

A total of 41 parents, including families from KU's social impact services, attended the first round of the video series (August - December 2021), viewing the videos a total of 226 times. The 'Healthy Lunch Box Ideas' video was the most appealing session for families, followed by 'Exploring Nutritional Food Options'. KU's Business Development and Learning and Development teams are currently in the process of rolling out the second round of the video series in Q1 2022.

Meet Ashleigh

Community Cultural Coordinator



What appealed to you about the Community Cultural Coordinator role before you applied?

It was an exciting opportunity, being a new role for KU, and there was a chance to make a positive impact on the ground and getting children into early childhood education which is just so important.

What have been some of the most rewarding moments in your role to date?

I love being able to promote early childhood education and KU to our community and seeing the community actually take that information on. The most rewarding part of it all has been then seeing families enrol their children into preschool.

Other proud moments include being able to really support families on their journey at KU, because I want them to have a positive experience and start to education. Seeing parents overcome barriers to enrol their children has also been very rewarding.

What have been some of the more challenging aspects of your role?

Starting an engagement role during a pandemic has not been ideal and obviously hampered my efforts in getting to meet families in person, be present in services and do all the face-to-face work that helps to build relationships. In addition, with this being a new role for KU, it has taken time for staff and services to get used to bringing me in and utilising me as a resource.

What are you most looking forward to in 2022?

In 2021, I really enjoyed learning the ins and outs of early childhood education and seeing first-hand the positive impact this has on children's lives and I'm looking forward to learning more.

In 2022, I'm looking forward to getting to work more closely with services, families and Allied Health to improve outcomes for children.

KU ALUMNI PROGRAM

Meet Michelle



Michelle's son Evan attended KU Briar Cottage Preschool in the south-western Sydney suburb of Airds in 2020-2021.

Michelle joined the KU Alumni program in October 2021 and we spoke to her about her experience as a KU Alumni member, a KU parent and the positive social impact at KU.

Why did you decide to join KU's Alumni program?

I joined to keep in touch with what KU was doing and to remain part of the KU community. Receiving the KU Alumni Connect newsletter twice a year is a great way to keep up to date with what's happening at KU and it's interesting to read the stories of others. The links to resources such as KU's podcast are also very interesting to me.

What are some of the highlights and memories from your KU experience as a parent?

There were a few months during Evan's time at KU when we were locked down and not attending preschool. The staff made sure the children still felt part of the preschool community by organising learning packs for home and online story time. The feeling of community and inclusion is what makes the preschool so special. Thankfully, we have all our Storypark memories to look back on as well!

How did you see KU as having a positive impact on Evan and the children at preschool?

KU Briar Cottage was a great introduction to education and care outside of the family. Attending a KU preschool gave Evan a positive experience of learning outside of home and the opportunity to develop the skills needed for a successful transition to school.

The staff at KU Briar Cottage are second to none. They care deeply for the children in their care and provide a quality learning environment. I strongly believe that Evan's positive attitudes towards primary school are a result of the wonderful time he had at KU Briar Cottage.

Why did you decide to donate to the KU Marcia Burgess Foundation?

We were very fortunate and thankful to have the NSW Government fund preschool places for part of 2020 and all of 2021. Our donations to the KU Marcia Burgess Foundation were our way of saying thank you to KU and to ensure that children attending KU in future years have the opportunity of the best early childhood education experience possible.

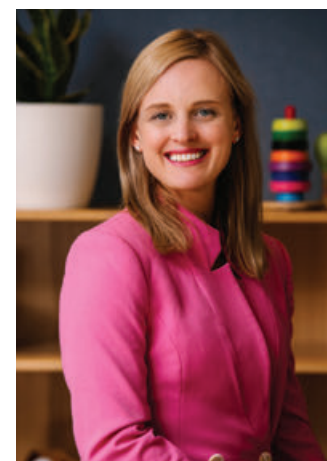
Board of Directors and Executive Team



Board of Directors



Laura Hartley
BA (Hons), LLB
Retired May 2021



Sema Musson
B.Bus, M.Mngt, GAICD



Peter Roberts
B.Fin.Admin, Fellow of Institute of
Chartered Accountants (FCA), GAICD,
Graduate Diploma - Securities Institute



Helen Argiris
BCom (Hons), Fellow of CAANZ, UNSW Business
School Alumni Leader, MAICD



Prof Patricia Eadie
BSpeech Pathology, Grad Dip, PhD,
Fellow of Speech Pathology Australia
Appointed June 2021



Joshua Gilbert
BComm (Accounting),
RG146 Graduate Diploma



Prof Linda Harrison
BSc (Hons), MSc, DipT (EC), MEd,
PhD (Developmental Psychology)



Elizabeth Hristoforidis
BCom (Marketing), LLB, MLM, GAICD



Tamara Robinson
BCom (Hons)



Janet Verden
BCom (Marketing), GAICD

Executive Team



Christine Legg
Chief Executive Officer



Hayden Hills
Chief Financial Officer



Karen Dawson
General Manager, Organisational
Development



Natalie Grenfell
General Manager, Inclusion Programs



Jane Robinson
General Manager, People Services & IT



Cherylanne Williams
General Manager, Early Childhood
Education

Snapshot 2021



125 Year Celebrations

67 KU services

participated in 125 year celebrations

9,500+ acts of kindness

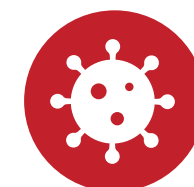
and celebration took place across our services

1.7 million people

heard about our anniversary

357 Alumni

of former children, staff and families formed our KU Alumni program



COVID

100%

services impacted

100%

staff vaccination rate

100%

office-based staff enabled to work from home

138

FAQ/fact sheets issued for staff and families

278

learning and development sessions delivered online

21,000+

masks and Rapid Antigen Tests issued

\$1,008,367

COVID-specific funding received

\$2,154,824

invested by KU to waive fees for families



10,516 children
9,533 families
experienced the KU Difference.

Our Family



128 services
provided early education and care
services directly to children and families.



2,054 staff
helped us make the KU Difference, including
31
Aboriginal and Torres Strait Islander staff.



3,716 members
formed the foundational basis of KU's
constitutional and governance status.

406

children of migrant
families were
welcomed through
childcare in KU's
Adult Migrant
English Program
(AMEP) services.

9,514

early childhood
education services
were supported by KU
Inclusion Agency staff.

13,365

funding applications
were assessed by
KU's Inclusion
Development Fund
Manager team.

Our Impact

839

families increased
their child's
engagement with the
community through
KU Family Programs.

2,285,581

total dollars invested in
socially impactful programs.

679

children with
additional needs
were included in
KU services assisted
by KU's Education
Support Team.

13,741

hours of early
intervention and
allied health
services delivered.

7

early childhood
education University
and TAFE students
supported through
KU's student awards
and professional
learning sponsorships.

347

KU staff attended
KU's Annual
Conference.

34

research
projects that KU
participated in

231

Aboriginal and
Torres Strait Islander
children accessed
early childhood
education through
KU services.

172,000

dollars raised by the
KU Marcia Burgess
Foundation.

5,159

educators and
support staff
furthered their
professional
development
through KU's
learning and
development
programs.

353

learning and
development sessions
were delivered for
educators and staff
nationally.

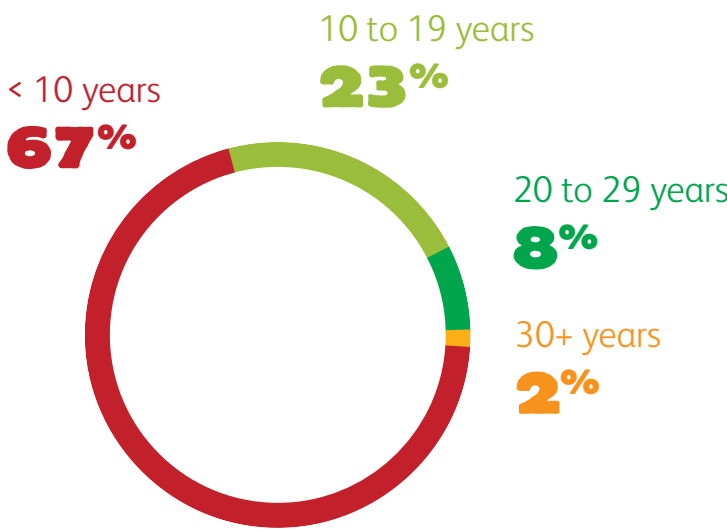


EMPLOYEE NET PROMOTER SCORE

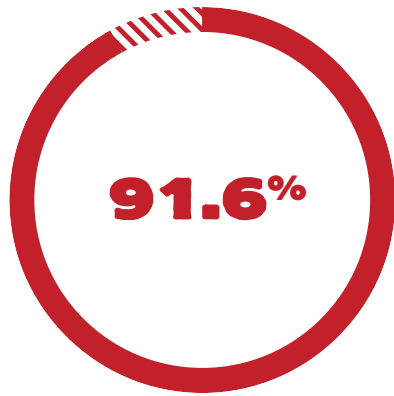


NET PROMOTER SCORE (PARENTS)

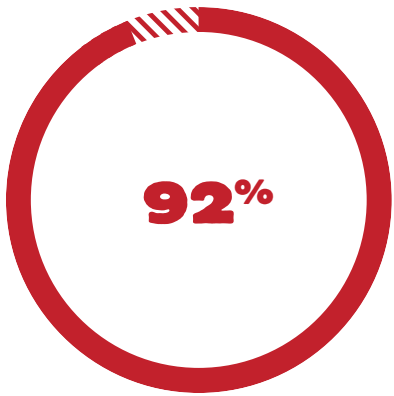
Our Results



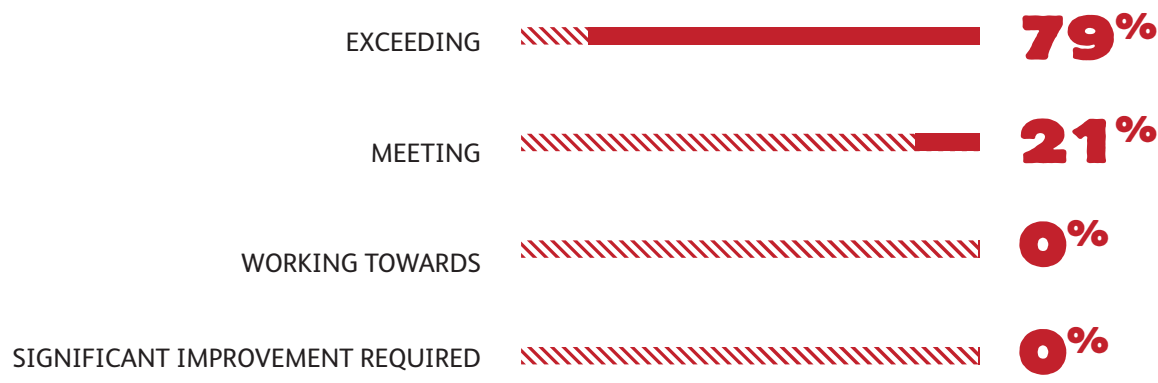
STAFF TENURE



EMPLOYEE ENGAGEMENT RATE



STAFF RETENTION RATES



KU QUALITY (NQS RATINGS)

KU 2021

KU CHILDREN'S SERVICES

PROUDLY A NOT FOR PROFIT ORGANISATION

FINANCIAL REPORT



Children's Services
Since 1895

DIRECTORS' REPORT

The Directors present their report on KU Children's Services (the company) for the financial year ended 31 December 2021. The Directors report as follows:

Operating Result and Cash Flow

KU's finances are overseen by KU's Board of Directors and KU's Audit & Risk Management Committee who review the financial reports regularly and provide strategic direction to KU management.

KU is a financially viable organisation with a strong balance sheet and adequate reserves. KU's long history of responsible financial management confirms KU is financially sound and progressive. KU has no subsidiary or related organisations.

KU continued to navigate the ongoing COVID-19 pandemic throughout 2021, both organisationally and financially.

At 31 December 2021, KU had a net deficit of (\$3,815,346) (2020: surplus \$7,256,147), total assets of \$100,301,768 (2020: \$105,407,274) and net assets of \$39,705,126 (2020: \$43,520,473).

Short and Long Term Objectives of the Company

KU Children's Services has been operating continually since 1895 and has a strong commitment to the provision of high quality early education and care, inclusion and social responsibility. The KU 2020-2022 Strategic Plan guided operations during 2021, which sets out four key priorities (see 'Our Priorities') for the organisation. Despite the need for agility and responsiveness to the pandemic, KU's ongoing focus on the key priority areas ensured the organisational objectives continued to be pursued and achieved. Highlights for the year ended 31 December 2021 are detailed in the 126th Annual Report.

Our Vision

Every young child experiences excellence in early education and care, inspiring learning for life.

Our Purpose

At KU we nurture and grow children's learning. We partner with families and communities, and value children as citizens who create, think and do.

Our Priorities

1. We deliver, lead and inspire educational excellence
2. We have a thriving professional workforce
3. We are financially sustainable and scalable
4. We make a positive social impact

Principal Activities of the Company

The principal activities of KU during the current year have been the provision of early childhood education and care services. There were no changes to the principal activities during the year.

Performance Measurement

The Annual Report of the Company details the achievements and performance over the past year measured against the strategic goals. KU continued to achieve and perform strongly when measured against these strategic goals. KU's key performance indicators are utilisation, staff turnover and financial performance of individual services.

Company Limited by Guarantee

The Company is incorporated as a company limited by guarantee. In accordance with the Constitution, every member of the Company undertakes to contribute \$2 to the assets of the Company in the event of it being wound up, while he/she is a member or within one year after he/she ceases to be a member. The Company has 3,682 members (2020: 4,998 members).

Directors

The names of the Directors of the Company who have held office during or since the end of the financial year are:

Director's Name & Qualifications	Special Responsibilities
Laura Hartley (Retired 25 May 2021) BA (Hons), LLB	Chair of the Board (until 25 May 2021) Board Member (until 25 May 2021) Chair of Education Committee (until 25 May 2021) Member of People & Remuneration Committee (until 25 May 2021)
Sema Musson B.Bus, M.Mngt, GAICD	Chair of the Board (from 25 May 2021) Deputy Chair of the Board (until 25 May 2021) Board Member Chair of People & Remuneration Committee
Peter Roberts B.Fin.Admin, Fellow of Institute of Chartered Accountants (FCA), GAICD, Graduate Diploma - Securities Institute	Deputy Chair of the Board (from 25 May 2021) Board Member Chair of Audit & Risk Management Committee Member of People & Remuneration Committee
Helen Argiris BCom (Accounting, Finance & Computer Technology), Fellow of CAANZ, UNSW Business School Alumni Leader, MAICD	Board Member Member of Audit & Risk Management Committee Member of Education Committee (from 25 May 2021)
Prof Patricia Eadie (Appointed 30 June 2021) BSpeech Pathology, Grad Dip, PhD, Fellow of Speech Pathology Australia	Board Member (from 30 June 2021)
Joshua Gilbert BComm (Accounting), RG146 Graduate Diploma	Board Member Member of KU Marcia Burgess Foundation Committee
Prof Linda Harrison BSc (Hons), MSc, DipT (EC), MEd, PhD (Developmental Psychology)	Board Member Member of Education Committee
Elizabeth Hristoforidis BCom (Marketing), LLB, MLM, GAICD	Board Member Chair of KU Marcia Burgess Foundation Committee Member of People & Remuneration Committee
Tamara Robinson BCom (Hons)	Board Member Member of KU Marcia Burgess Foundation Committee
Janet Verden BCom (Marketing), GAICD	Board Member Chair of Education Committee (from 25 May 2021) Member of Audit & Risk Management Committee

Directors' Attendance at Board Meetings (1 January to 31 December 2021)

The following table sets out the number of Directors' meetings (including meetings of committees of Directors) held during the financial year and the number of meetings attended by each Director (while they were a Director or committee member).

	Board of Directors		Audit & Risk Management Committee		Education Committee		People & Remuneration Committee		KU Marcia Burgess Foundation Committee	
Directors	A	B	A	B	A	B	A	B	A	B
Laura Hartley*	3	3			2	2	1	1		
Sema Musson	10	10					4	4		
Peter Roberts	10	9	6	6			3	3		
Helen Argiris	10	10	6	6	2	2				
Prof Patricia Eadie	4	4								
Joshua Gilbert	10	10							4	4
Prof Linda Harrison	10	10			4	4				
Elizabeth Hristoforidis	10	10					4	4	4	4
Tamara Robinson	10	10							4	4
Janet Verden	10	10	6	6	2	2				
David McCracken**									2	0
Dr Jennifer Skattebol**					2	1				
Dr Christine Woodrow**					2	2				

- A** Number of meetings held during the year while the Director was a member of the Board or Committee.
- B** Number of meetings attended by the Director during the year while the Director was a member of the Board or Committee.

Please note:
 * Director retired from the Board and Committees or Committee at AGM
 ** External Committee Member

The auditors' independence declaration is included on page 7 of the financial report. Signed in accordance with a resolution of the Directors.

On behalf of the Directors

Sema Musson

Sema Musson
 Chair, Board of Directors
 Sydney, 29 March 2022

Peter Roberts

Peter Roberts
 Chair, Audit & Risk Management Committee
 Sydney, 29 March 2022



Deloitte Touche Tohmatsu
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Grosvenor Place
225 George Street
Sydney, NSW, 2000
Australia

Phone: +61 2 9322 7000
www.deloitte.com.au

The Board of Directors
KU Children's Services
129 York Street
Sydney NSW 2000
Australia

29 March 2022

Dear Board Members

Auditor's Independence Declaration to KU Children's Services

In accordance with Subdivision 60-C section 60-40 of Australian Charities and Not-for-profits Commission Act 2012, I am pleased to provide the following declaration of independence to the directors of KU Children's Services.

As lead audit partner for the audit of the financial statements of KU Children's Services for the financial year ended 31 December 2021, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements as set out in the Australian Charities and Not-for-profits Commission Act 2012 in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

Yours faithfully

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Gaile Timperley

Gaile Timperley
Partner
Chartered Accountants

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Member of Deloitte Asia Pacific Limited and the Deloitte organisation.



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Sydney, NSW, 2000
Australia

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Opinion

We have audited the financial report of KU Children's Services (the "Entity") which comprises the statement of financial position as at 31 December 2021, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the declaration by the Board of Directors.

In our opinion, the accompanying financial report of the Entity is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012* (the "ACNC Act"), including:

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

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 are independent of the Entity in accordance with the auditor independence requirements of the ACNC Act and 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.

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

Other Information

The Board of Directors are responsible for the other information. The other information comprises the information included in the Entity's annual report for the year ended 31 December 2021, 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 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, 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.

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Deloitte.

Responsibilities of the Board of Directors for the Financial Report

The Directors of the Entity are 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 ACNC Act 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, the Directors are responsible for assessing the ability of the Entity to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

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 this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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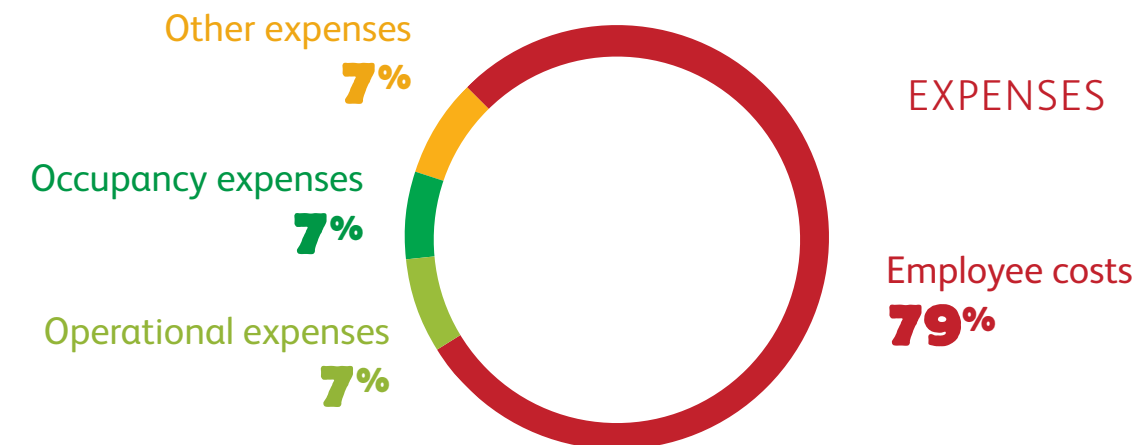
We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Gaile Timperley

Gaile Timperley
Partner
Chartered Accountants
Sydney, 29 March 2022



Statement of Profit or Loss and Other Comprehensive Income for the Year Ended 31 December 2021

	Note	2021	Restated 2020
		\$	\$
Revenue from fees	5 (i)	55,860,347	47,586,284
Revenue from non-capital government funding	5 (ii)	77,709,332	103,116,169
Other revenue	5 (iii)	6,530,065	4,128,596
		140,099,744	154,831,049
Employee costs		114,231,652	117,670,740
Operational expenses		10,429,149	10,797,383
Occupancy expenses		4,645,037	4,895,194
Depreciation		2,309,391	2,317,078
Amortisation		3,070,980	2,832,255
Depreciation & amortisation	5 (v)	5,380,371	5,149,333
Administrative expenses		5,103,679	5,287,878
Repairs & maintenance		1,989,407	1,451,598
Marketing expenses		614,770	500,721
Finance costs	5 (v)	327,260	485,000
Disposal and asset write-off		1,315,201	576,010
Other expenses		928,380	930,638
		144,964,906	147,744,495
(Deficit)/Surplus from ordinary operations		(4,865,162)	7,086,554
Other Income			
Government capital grant funding	5 (iv)	1,049,816	169,593
(Deficit)/Surplus for the year		(3,815,346)	7,256,147
Total comprehensive income for the year		(3,815,346)	7,256,147

The Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the notes.

Directors' Declaration

Declaration by Board of Directors in Respect of Fundraising Appeals

The Directors declare that:

- (i) 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; and
- (ii) in the Directors' opinion, the attached financial statements and notes thereto are in accordance with the Australian Charities and Not-for-profits Commission Act 2012 (Cth) and Charitable Fundraising Act 1991, including compliance with accounting standards, and giving a true and fair view of the financial position and performance of the Company.

Signed in accordance with a resolution of the Directors made pursuant to S.60.15 of the Australian Charities and Not-for-profits Commission Regulations 2013.

On behalf of the Directors

Sema Musson

Sema Musson
Chair, Board of Directors
Sydney, 29 March 2022

Peter Roberts

Peter Roberts
Chair, Audit & Risk Management Committee
Sydney, 29 March 2022

In the opinion of the Board of Directors:

- (i) the financial statements give a true and fair view of all income and expenditure of the Company with respect to fundraising appeals;
- (ii) the Statement of Financial Position gives a true and fair view of the state of affairs with respect to fundraising appeals;
- (iii) the provisions of the Charitable Fundraising Act 1991 and the regulations under that Act and the conditions attached to the authority have been complied with; and
- (iv) the internal controls exercised by the Company are appropriate and effective in accounting for all income received.

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

Sema Musson

Sema Musson
Chair, Board of Directors
Sydney, 29 March 2022

Peter Roberts

Peter Roberts
Chair, Audit & Risk Management Committee
Sydney, 29 March 2022

Statement of Financial Position as at 31 December 2021

	Note	2021 \$	Restated 2020 \$
Assets			
Current assets			
Cash and cash equivalents	21 (b)	53,389,604	58,150,159
Term deposits	22	500,000	5,500,000
Trade and other receivables	6	464,495	454,215
Other assets	7	1,425,022	1,883,161
Total current assets		55,779,121	65,987,535
Non-current assets			
Right-of-use assets	16	5,123,369	6,708,409
Property, plant and equipment	8	39,399,278	32,711,330
Intangible assets	9	-	-
Total non-current assets		44,522,647	39,419,739
Total assets		100,301,768	105,407,274
Liabilities			
Current liabilities			
Trade and other payables	10	14,654,215	16,617,950
Lease liabilities	11 (a)	2,521,485	2,800,950
Unearned income	12	16,236,791	14,731,000
Provisions	13	20,172,212	18,518,189
Total current liabilities		53,584,703	52,668,089
Non-current liabilities			
Non current provisions	13	3,060,884	3,876,252
Lease liabilities	11 (b)	3,951,055	5,342,461
Total non-current liabilities		7,011,939	9,218,713
Total liabilities		60,596,642	61,886,802
Net Assets		39,705,126	43,520,472
Equity			
Retained Earnings			
General funds	14	38,665,097	42,442,541
Fundraising reserve	15	1,040,029	1,077,931
Total Retained Earnings		39,705,126	43,520,472

The Statement of Financial Position is to be read in conjunction with the notes.

Statement of Changes in Equity for the Year Ended 31 December 2021

	General Funds \$	Fundraising Reserve \$	Total \$
Balance at 1 January 2020	36,527,597	1,097,166	37,624,763
Prior year adjustment	(1,360,438)	-	(1,360,438)
Balance at 1 January - As restated	35,167,159	1,097,166	35,264,325
Surplus for the year	7,648,697	-	7,648,697
Prior year adjustment	(392,550)	-	(392,550)
Surplus for year restated	7,256,147	-	7,256,147
Transfer from/(to) general funds	19,235	(19,235)	-
Prior year adjustment			
Balance at 31 December 2020	42,442,541	1,077,931	43,520,472
Balance at 1 January 2021	42,442,541	1,077,931	43,520,472
(Deficit)/Surplus for the year	(3,815,346)	-	(3,815,346)
Transfer from/(to) general funds	37,902	(37,902)	-
Balance at 31 December 2021	38,665,097	1,040,029	39,705,126

Statement of Cash Flows for the Year Ended 31 December 2021

	2021 \$	Restated 2020 \$
Cash flows from operating activities		
Receipts from customers, government bodies and centres	117,192,520	134,072,642
Receipts from Brokered Programs	28,578,964	30,573,742
Payments to suppliers and employees	(115,554,126)	(118,658,515)
Allocations to recipients of brokered programs	(28,347,613)	(25,709,234)
Net cash generated by operating activities	1,869,745	20,278,635
Cash flows from investing activities		
Payment for property, plant and equipment	(9,721,989)	(5,341,207)
Receipts from government capital grants	1,180,205	186,554
Interest received	98,095	255,284
Finance costs	(28,301)	(35,906)
Investments in term deposits	5,000,000	(5,500,000)
Proceeds from disposal of fixed assets	-	53,073
Net cash (utilised in)/generated by investing activities	(3,471,990)	(10,382,202)
Cash flows from financing activities		
Payment of lease liabilities	(3,443,404)	(2,965,119)
Additions to lease liabilities	285,094	-
Net cash (utilised)/generated by financing activities	(3,158,310)	(2,965,119)
Net increase in cash and cash equivalents	(4,760,555)	6,931,314
Cash and cash equivalents at the beginning of the financial year	58,150,159	51,218,845
Cash and cash equivalents at the end of the financial period	53,389,604	58,150,159

The Statement of Cash Flows is to be read in conjunction with the notes.

Notes to the Financial Statements for the Year Ended 31 December 2021

1. Corporate Information

The financial statements of KU Children's Services (the Company) for the year ended 31 December 2021 were authorised for issue in accordance with a resolution of the Directors on 29 March 2022.

The Company is incorporated as a company limited by guarantee. The financial statements are presented in Australian dollars, which is KU Children's Services' functional and presentation currency.

2. Application of new and revised Australian Accounting Standards

2.1 Amendments to Accounting Standards that are mandatorily effective for the current reporting period

The Company has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for an accounting period that begins on or after 1 January 2020.

New and revised Standards and amendments thereof and Interpretations effective for the current year that are relevant to the Company include:

- AASB 2018-7 Amendments to Australian Accounting Standards – Definition of Material
- AASB 2019-1 Amendments to Australian Accounting Standards – References to the Conceptual Framework
- AASB 2019-5 Amendments to Australian Accounting Standards – Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia
- AASB 2019-4 Amendments to Australian Accounting Standards – Disclosure in Special Purpose Financial Statements of Not-for-Profit Private Sector Entities on Compliance with Recognition and Measurement Requirements

2.2 New and revised Australian Accounting Standards in issue but not yet effective

At the date of authorisation of the financial statements, the Company has not applied the following new and revised Australian Accounting Standards, Interpretations and amendments that have been issued but are not yet effective:

Standard/amendment	Effective for annual reporting periods beginning on or after
AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current and AASB 2020-6 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of Effective Date	1-Jan-23
AASB 2020-3 Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments	1-Jan-22
AAASB 2021-3 Amendments to Australian Accounting Standards – Covid-19-Related Rent Concessions beyond 30 June 2021	1-Apr-21
AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates	1-Jan-23
AASB 2021-5 Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1-Jan-23
AASB 1060 General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Entities	1-Jul-21
AASB 2020-7 Amendments to Australian Accounting Standards – Covid-19-Related Rent Concessions: Tier 2 Disclosures	1-Jul-21
AASB 2021-1 Amendments to Australian Accounting Standards – Transition to Tier 2: Simplified Disclosures for Not-for-Profit Entities	1-Jul-21

3. Summary of Accounting Policies

Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Division 60 of the Australian Charities and Not-for-profits Commission Act 2012, and Australian Accounting Standards – Reduced Disclosure Requirements and complies with other requirements of the law.

A statement of compliance with IFRS cannot be made due to the application of not-for-profit sector specific requirements contained in the Australian Accounting Standards.

Basis of preparation

The financial report has been prepared on the basis of historical cost, except for the revaluation of certain financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars. The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

a) Property, plant and equipment

Land and buildings, leasehold improvements, furniture and office equipment, motor vehicles and computers are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is provided on furniture and office equipment, motor vehicles and computers, including freehold and leasehold buildings but excluding land. Depreciation is calculated on a straight line basis so as to write off the net cost of each asset over its expected useful life to its estimated residual value. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period.

The useful life of an asset is determined by Management in line with guidelines as specified in AASB 16 *Property, Plant and Equipment*. The below estimates of useful life per class of asset are provided as a guide only. The actual estimation and application of the useful life and salvage value of the asset is a reasonable judgement made by Management based on the experience of the entity with similar assets.

The following estimated useful lives are used as a guide in the calculation of depreciation:

- Buildings owned: 33-50 years
- Buildings fixtures and fittings: 5-14 years
- Leasehold improvements: lease term or 10 years
- Furniture and fittings: 5-10 years
- Computers and hardware: 3-5 years
- Motor vehicles: 8-10 years

The Company reviews its estimate of the useful lives of leasehold improvements at each reporting date, based on the period over which an asset is expected to be available for use by the Company. Land is carried at cost and is not depreciated.

b) Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave and rostered days off when it is probable that settlement will be required, and they are capable of being measured reliably.

Liabilities recognised in respect of employee benefits expected to be settled within 12 months are measured using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the Company in respect of services provided by employees up to reporting date.

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

c) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- i) where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- ii) for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

d) Financial Instruments

Financial assets and financial liabilities are recognised in the Company's Statement of Financial Position when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets - Initial recognition and measurement

At initial recognition, financial assets are classified and measured at fair value. Financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

The classification of the financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics.

Financial assets subsequently measured at amortised cost

Debt instruments are measured subsequently at amortised cost when the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms give rise to on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI).

Financial assets designated at fair value through other comprehensive income (FVTOCI)

Debt instruments are subsequently measured at fair value through profit or loss if the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Despite the foregoing, the Company may make the following irrevocable election / designation at initial recognition of a financial asset:

- 1) The Company may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and
- 2) The Company may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. Interest income is recognised in profit or loss and is included in the "finance income - interest income" line item.

3. Summary of Accounting Policies (continued)

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Trade and other receivables

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

De-recognition of Financial Assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

Impairment of trade and other receivables

The Company has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

e) Impairment

The carrying values of property, plant and equipment are reviewed for impairment at each reporting date, with the recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

The recoverable amount of property, plant and equipment is the higher of fair value less costs to sell and value in use. Depreciated replacement cost is used to determine value in use. Depreciated replacement cost is the current replacement cost of an item of plant and equipment less, where applicable, accumulated depreciation to date, calculated on the basis of such cost.

f) Leases

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable.
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date.

The lease liability is presented as a separate line in the Consolidated Statement of Financial Position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the Consolidated Statement of Financial Position.

The Company applies AASB 136 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.

For the concessionary leases, the Company applies the option under AASB 2018-8 to measure the right-of-use-assets at cost on initial recognition.

g) Revenue recognition

The Company recognises income from its main revenue/income streams, as listed below:

- Government grants
- Donations
- Capital grants
- Parent Fees

Government grants and donations

When the Company receives government grants, donations and bequests that are in the scope of AASB 1058 (being a transaction where the consideration paid to acquire an asset is significantly less than fair value principally to enable the Company to further its objectives), it performs an assessment to determine if the contract is 'enforceable' and contains 'sufficiently specific' performance obligations.

In cases where there is an 'enforceable' contract with a customer with 'sufficiently specific' performance obligations, the transaction is accounted for under AASB 15 where income is recognised when (or as) the performance obligations are satisfied.

In all other cases (where the contract is not 'enforceable' or the performance obligations are not 'sufficiently specific'), the transaction is accounted for under AASB 1058 where the Company:

- Recognises the asset in accordance with the requirements of other relevant applicable Australian Accounting Standards (e.g. AASB 9, AASB 16, AASB 116 and AASB 138)
- Considers whether any other financial statement elements should be recognised ('related amounts') in accordance with the relevant applicable Australian Accounting Standard including:
 - contributions by owners (AASB 1004)
 - a lease liability (AASB 16)
 - a financial instrument (AASB 9)
 - a provision (AASB 137)
- Recognises income immediately in profit or loss for the excess of the initial carrying amount of the asset over any related amounts recognised.

Capital grants

For capital grants received under an enforceable agreement where it includes a transfer to enable the Company to acquire or construct a recognisable non-financial asset to identified specifications which will be controlled by the Company when completed, the Company recognises a liability for the excess of the fair value of the transfer over any related amounts recognised and recognises income as it satisfies its obligations under the transfer.

h) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

3. Summary of Accounting Policies (continued)

i) Term deposits

Term deposits comprise investment deposits held with banks with short to medium term maturity periods. The investments are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate.

j) Income tax

The Company is exempt from income tax under s50-5 of the Income Tax Assessment Act, as it is an income tax exempt charitable entity. As a consequence, there is no income tax attributable to the operating result.

k) General funds and reserves

General Funds

The general funds represent the retained earnings of the Company that are not designated for particular purposes.

Fundraising Reserve

The fundraising reserve arises from the accumulated surpluses generated as a result of the efforts of parents and staff to allow services to purchase toys and equipment, to assist the service to expand and develop to meet local needs and to allow parents to share in the life of the service and to make a concrete contribution to their children's lives.

l) Trade and other payables

Trade payables and other payables represent 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 within 30 days. The carrying amount of the creditors and payables is deemed to reflect fair value.

m) Program Reserve

The Program reserve arises from surpluses on the programs that have been allocated to the Company for future liabilities that may arise which the Company will be accountable for.

n) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

o) Unearned income

The liability for unearned income is the unutilised amounts of grants received on the condition that specified services are delivered or conditions are fulfilled. The services are usually provided or the conditions usually fulfilled within 12 months of receipt of the grant. Where the amount received is in respect of services to be provided over a period that exceeds 12 months after the reporting date or the conditions will only be satisfied more than 12 months after the reporting date, the liability is discounted and presented as non-current.

p) Comparatives

Comparatives have been realigned where necessary, to agree with current year presentation. There was no change in the profit or net assets.

4. Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other various factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements that management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements:

4.1 Employee entitlements

Management judgement is applied in determining the following key assumptions used in the calculation of long service leave at balance date:

- future increases in wages and salaries;
- future on-cost rates; and
- experience of employee departures and period of service including future years in which long service leave is expected to be taken.

4.2 Leasehold improvements

As described at 3(a) above, the Company reviews the estimated useful lives of property, plant and equipment at the end of each reporting period.

4.3 Impairment

In assessing impairment, the Company estimates the recoverable amount of each asset based on the depreciable replacement cost in accordance with AASB 136 *Impairment of assets*.

4.4 Impairment of trade and other receivables

The Company has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

4.5 Make good provision

Provisions for make good are included, where applicable, using the present value of anticipated costs for future restoration of leased premises. The provision includes future cost estimates associated with closure of the premises.

4.6 Revenue recognition

To determine if a grant contract should be accounted for under AASB 1058 or AASB 15, the Company has to determine if the contract is 'enforceable' and contains 'sufficiently specific' performance obligations. When assessing if the performance obligations are 'sufficiently specific', the Company has applied significant judgement in this regard by performing a detailed analysis of the terms and conditions contained in the grant contracts, review of accompanying documentation (e.g. activity work plans) and holding discussions with relevant parties.

Income recognition from grants received by the Company have been appropriately accounted for under AASB 1058 or AASB 15 based on the assessment performed.

Determining the timing of satisfaction of performance obligations (and therefore whether to use an output or input method to recognise revenue over time) requires particular judgement in the case of grant contracts not directly linked to enrolment numbers. In most cases the best measure of performance obligations being satisfied was determined to be the Input method. As such revenue is recognised on these types of contracts as costs are incurred as this was determined to be the most accurate measure of satisfaction of performance obligations.

4.7 Leases (Company as a lessee)

Concessionary leases

The Company leases various buildings from local councils with significantly below-market terms and conditions principally to enable it to further its objectives.

As outlined in the Company's accounting policy in Note 3 (f), the Company has elected to measure these leases at cost.

5. (Deficit)/Surplus for the year

	2021 \$	2020 \$
(i) Revenue from fees		
Parent's fees	55,860,347	47,586,284
(ii) Revenue from non-capital government funding		
Government funding	77,709,332	103,116,169
(iii) Other revenue		
Other revenue from ordinary operations consisted of the following items:		
Management fees	1,883,424	1,941,717
Gross fundraising income	153,777	151,775
Interest income	98,095	255,283
Consultancy fees	847,260	592,427
Sales of publications and courses	196,500	40,908
Sponsor support	2,781,821	783,352
Other sundry revenue	569,188	355,341
Gain on disposal of assets	-	7,793
	<u>6,530,065</u>	<u>4,128,596</u>
(iv) Other income		
Government capital grant funding	1,049,816	169,593
(v) Surplus		
(Deficit)/Surplus has been arrived at after charging the following items:		
Depreciation		
Property, plant and equipment	(2,309,391)	(2,317,078)
Right-of-Use Assets	(3,070,980)	(2,832,255)
Total depreciation	<u>(5,380,371)</u>	<u>(5,149,333)</u>
Amortisation		
Intangible Assets	-	-
Total amortisation	<u>-</u>	<u>-</u>
Total depreciation and amortisation	<u>(5,380,371)</u>	<u>(5,149,333)</u>
Net expected credit losses and bad debts written off	<u>(19,762)</u>	<u>(13,299)</u>
Finance costs		
Interest and finance charges paid/payable	(656)	(768)
Interest on Right-of-Use assets	(326,604)	(484,232)
	<u>(327,260)</u>	<u>(485,000)</u>

REVENUE SOURCES



6. Trade and Other Receivables

	2021 \$	2020 \$
Trade receivables		
Trade receivables	439,336	278,074
Allowance for expected credit losses	(61,251)	(92,414)
Accrued income	(10,000)	-
	<u>386,085</u>	<u>185,660</u>
Other receivables		
Other receivables	96,410	268,555
	<u>464,495</u>	<u>454,215</u>
Reconciliation of allowance for expected credit losses		
Balance 1 January	92,414	84,349
Increase to allowance for expected credit losses	9,995	92,016
Impairment recovery	(41,158)	(83,951)
Balance 31 December	<u>61,251</u>	<u>92,414</u>

No interest is charged on the trade receivables. The expected credit losses for other receivables is NIL as it relates mainly to interest receivable from banking institutions with low default rates.

7. Other Assets

	2021 \$	2020 \$
Prepayments	1,425,022	1,883,161
	<u>1,425,022</u>	<u>1,883,161</u>

8. Property, Plant and Equipment

	Land and buildings \$	Leasehold improvements \$	Furniture and Office equipment \$	Motor Vehicles \$	Make Good \$	Total \$
Gross Carrying Amount						
Balance at 1 January 2020	18,782,283	22,330,857	4,097,245	179,247	1,740,658	47,130,290
Additions	1,132,857	1,730,875	442,887	-	147,400	3,454,019
Assets under construction (WIP)	3,252,437	843,807	64,744	-	-	4,160,988
Transfer Assets under construction (WIP) 2019	(1,401,837)	(231,211)	(64,742)	-	-	(1,697,790)
Transferred from Intangibles	-	-	23,365	-	-	23,365
Disposals	-	-	-	(76,100)	-	(76,100)
Write-offs	-	-	(767,313)	-	-	(767,313)
Balance at 31 December 2020	21,765,740	24,674,328	3,796,186	103,147	1,888,058	52,227,459
Additions	4,949,527	1,559,987	499,915	-	30,000	7,039,429
Assets under construction (WIP)	5,443,925	1,265,073	11,140	-	-	6,720,138
Transfer Assets under construction (WIP) 2020	(3,252,437)	(843,807)	(64,744)	-	-	(4,160,988)
Transferred to Right-of-Use Assets	-	-	-	-	-	-
Disposals	(924,688)	(354,785)	(96,092)	-	(51,400)	(1,426,965)
Balance at 31 December 2021	27,982,067	26,300,796	4,146,405	103,147	1,888,058	60,399,073
Accumulated Depreciation						
Balance at 1 January 2020	(2,630,697)	(11,637,602)	(2,094,739)	(132,775)	(1,479,199)	(17,975,012)
Disposals	-	-	-	30,821	-	30,821
Write-offs	-	-	763,313	-	-	763,313
Transferred from Intangibles	-	-	(18,173)	-	-	(18,173)
Depreciation expense	(299,331)	(1,348,474)	(570,038)	(1,193)	(98,042)	(2,317,078)
Balance at 31 December 2020	(2,930,028)	(12,986,076)	(1,919,637)	(103,147)	(1,577,241)	(19,516,129)
Disposals	509,990	232,829	31,506	-	-	774,325
Write-offs	-	-	-	-	51,400	51,400
Depreciation expense	(311,113)	(1,332,064)	(606,787)	-	(59,427)	(2,309,391)
Balance at 31 December 2021	(2,731,151)	(14,085,311)	(2,494,918)	(103,147)	(1,585,268)	(20,999,795)
Net Book Value						
As at 31 December 2020	18,835,712	11,688,252	1,876,549	-	310,817	32,711,330
As at 31 December 2021	25,250,916	12,215,485	1,651,486	-	281,390	39,399,278

8. Property, Plant and Equipment (continued)

	2021 \$	2020 \$
Depreciation:		
Land and buildings	311,113	299,331
Leasehold improvements	1,332,063	1,348,474
Furniture and office equipment	606,788	570,038
Motor vehicles	-	1,193
Make Good Asset	59,427	98,042
	2,309,391	2,317,078

9. Intangible Assets

	2021 \$	2020 \$
Software		
Gross Carrying Amount		
Balance at 1 January	-	23,365
Disposals	-	-
Transfer to Property Plant and Equipment	-	(23,365)
Assets under construction (WIP)	-	-
Balance at 31 December	-	-
Accumulated Depreciation		
Balance at 1 January	-	(18,173)
Transfer to Property Plant and Equipment	-	18,173
Disposals	-	-
Amortisation expense	-	-
Balance at 31 December	-	-
Net Book Value at 31 December	-	-

10. Trade and Other Payables

	2021 \$	2020 \$
Salary and superannuation accruals	2,768,915	2,766,965
Prepaid centre fees and holding deposits	3,157,211	3,856,942
GST payable	329,773	415,630
Other payables and accruals	2,111,744	2,661,549
Trade payables	3,031,856	2,472,578
WBS & Brokered program surpluses	3,254,716	4,444,286
	14,654,215	16,617,950

11. Lease Liabilities

	2021 \$	2020 \$
(a) Current Liabilities - lease liabilities - right-of use-assets		
Lease Liability	2,521,485	2,800,950
(b) Non-current Liabilities - lease liabilities - right-of use-assets		
Lease Liability	3,951,055	5,342,461
Total lease liabilities (current and non-current) are set out below:		
Current	2,521,485	2,800,950
Non-current	3,951,055	5,342,461
	6,472,540	8,143,411
<i>Reconciliations</i>		
Reconciliations of lease liabilities (current and non-current) at the beginning and end of the financial year are set out below:		
Balance at beginning of year	8,143,411	9,593,596
Additions	1,473,035	1,030,702
Repayment of lease liabilities	(3,470,510)	(2,965,119)
Interest	326,604	484,232
Balance at end of year	6,472,540	8,143,411

12. Unearned Income

	2021 \$	2020 \$
Prepaid government funding	14,209,210	12,744,078
Prepaid special education income	2,027,581	1,986,922
	16,236,791	14,731,000

13. Provisions

	2021 \$	2020 \$
Current		
Employee Benefits:		
Provision for annual leave and rostered days off	11,010,208	10,335,792
Provision for long service leave	8,021,556	7,490,593
	19,031,764	17,826,385
Provision for Make Good Liability:		
Make Good Liability	1,140,448	691,804
	20,172,212	18,518,189
Non-current		
Employee Benefits:		
Provision for long service leave	2,334,714	2,684,513
Provision for Make Good Liability:		
Make Good Liability	726,170	1,191,739
	3,060,884	3,876,252

14. General Funds

	2021 \$	2020 \$
Balance at beginning of financial year	42,442,541	35,167,159
Net surplus	(3,815,346)	7,256,147
Transfers from Fundraising Reserve (note 15)	37,902	19,235
Balance at end of financial year	38,665,097	42,442,541

15. Fundraising Reserve

	2021	2020
	\$	\$
Balance at beginning of financial year	1,077,931	1,097,166
Transfer to general funds	(37,902)	(19,235)
Balance at end of financial year	1,040,029	1,077,931

The fundraising reserve arises from the accumulated efforts of parents and staff to allow services to purchase optional toys and equipment, to assist the service to expand and develop to meet local needs and to allow parents to share in the life of the service and to make a concrete contribution to their children's lives.

Further notes on fundraising are set out in Note 23.

16. Non-current assets - right-of-use assets

	2021	2020
	\$	\$
Right-of-use assets	10,423,453	12,067,882
Less: Accumulated depreciation	(5,162,583)	(5,359,473)
Balance at end of financial year	5,123,369	6,708,409

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial period are set out below.

Balance at beginning of year	6,708,409	8,545,100
Additions	1,485,940	995,564
Depreciation Expense	(3,070,980)	(2,832,255)
Balance at end of year	5,123,369	6,708,409

18. Contingent Liabilities

	2021	2020
	\$	\$
Bank Guarantee 21 January 2014 to Central Coast Regional Development Corporation	4,796	4,796
Bank Guarantee 30 April 2015 to Marrickville Council	15,400	15,400
Bank Guarantee 12 September 2016 to Abalon Properties Pty Ltd	7,400	7,400
Bank Guarantee 12 September 2016 to Kearley Investments Pty Ltd	9,900	9,900
Bank Guarantee 15 May 2018 to Centennial Park and Moore Park Trust	-	42,062
Bank Guarantee 15 May 2018 to Hornsby Shire Council	20,196	20,196
Bank Guarantee 28 May 2018 to Hornsby Shire Council	12,733	12,733
Bank Guarantee 28 May 2018 to Hornsby Shire Council	21,791	21,791
Bank Guarantee 18 May 2020 to Ku-ring-gai Council	262,488	262,488
Bank Guarantee 31 March 2021 to James Tsun-Ming Wong	22,000	-
Bank Guarantee 19 June 2021 to Monarch (Sales) Pty Limited	36,300	-
	413,004	396,766

19. Economic Dependency

As disclosed at Note 5, a significant source of revenue is government funding. This funding supports programs for early childhood education and care.

20. Related Party Disclosures

a) Directors' compensation

The Directors act in an honorary capacity and receive no compensation for their services (2020: nil).

b) Transactions with Director-related entities

During the year, no amounts were paid to Director-related parties. No amounts are payable to or receivable from Directors or Director related entities at the reporting date. If a Director utilises the services of KU Children's Services they pay the arms length market rates for provision of these services.

c) Key Management Personnel Remuneration

The aggregate compensation of the key executive management personnel of the Company is set out below:

Total compensation	1,725,745	1,596,723
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KU Executive salaries are independently benchmarked regularly by a specialist remuneration consultancy firm, against open market and not for profit sector trends.

21. Note to the Statement of Cash Flows

	2021	2020
	\$	\$
(a) Reconciliation of (Deficit)/Surplus for the year to Net Cash Flows From Operating Activities		
(Deficit)/Surplus for the period	(3,815,346)	7,256,147
Depreciation and Amortisation of non-current assets	5,380,371	5,149,333
Interest received	(98,095)	(255,283)
Finance costs	28,301	35,906
Government capital funding	(1,049,816)	(186,553)
Decrease/(Increase) in trade receivables and other assets	470,630	324,538
(Decrease) in trade payables and other liabilities	(456,196)	5,759,750
Increase in provisions	838,655	2,202,590
Gain on disposal of fixed assets	601,241	(7,793)
Make Good Adjustments	(30,000)	-
Net cash generated from operating activities	1,869,745	20,278,635

(b) Reconciliation of Cash and Cash Equivalents

For the purposes of the Statement of Cash Flows, cash and cash equivalents include cash at bank and on hand. Cash and cash equivalents at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the balance sheet as follows:

	2021	2020
	\$	\$
Cash and cash equivalents	53,389,604	58,150,159

The cash balances include maturing term deposits with a term of 3 months or less.

22. Term deposits

	2021	2020
	\$	\$
Term deposits with a term of more than 3 months	500,000	5,500,000

23. Information & Declarations to be Furnished Under the Charitable Fundraising Act 1991

Under this Act, KU Children's Services holds a single authority to fundraise for KU centres. The authority does not extend to services which KU manages on behalf of another organisation. Preparation of the following information reflects the level of disclosure existing in management systems in use by the organisation.

(a) Statement of Fundraising Income and Expenditure

Detailed income statement for the year ended 31 December 2021

	2021	2020
	\$	\$
Raffles	21,810	16,228
Functions	38,712	26,815
Sale of Items	58,812	66,163
Interest	69	138
Donations	34,375	42,430
Gross Proceeds from Fundraising	153,778	151,774
Raffles	(115)	(80)
Functions	(53,441)	(46,875)
Sale of Items	(24,875)	(32,027)
Total Cost of Fundraising	(78,431)	(78,982)
Net Proceeds from Fundraising	75,347	72,792

(b) Accounting Principles and Methods adopted in Fundraising accounts

The fundraising financial statements have been prepared on an accrual basis and in accordance with Australian Accounting Standards as per Note 3.

(c) Application of Fundraising Proceeds in 2021

Opening balance	1,077,930	1,105,061
Net proceeds from fundraising	75,347	72,793
Centre Improvement and Equipment	(113,248)	(99,924)
Bank charges	-	-
Total Reserve as at year end	1,040,029	1,077,930

23. Information & Declarations to be Furnished Under the Charitable Fundraising Act 1991 (continued)

(d) Details of Gross Income and Aggregate Expenditure of Appeals Conducted Jointly with Traders

For the purpose of this note all fundraising involving the Sale of Items (e.g. chocolates, sun hats, sunscreen, etc) is deemed to have involved a trader.

	2021	2020
	\$	\$
Gross income received from sale of items	58,812	66,163
Total expenditure incurred	24,875	32,027

(e) Forms of Fundraising Appeals Conducted in 2021

For the purposes of reporting under the requirements of the Charitable Fundraising Act 1991, KU Children's Services classifies all fundraising activities under five categories; raffles, functions, sale of items, donations and interest.

(f) Key Indicators for Fundraising Activities

Total Cost of Fundraising \$78,431 (2020: \$78,982) divided by Gross Income from Fundraising \$153,778 (2020: \$151,774) equals 51 % (2020: 52 %).

Net Surplus from Fundraising \$75,347 (2020: \$72,792) divided by Gross Income from Fundraising \$153,778 (2020: \$151,774) equals 49 % (2020: 48 %).

24. Additional Company Information

KU Children's Services is a public company limited by guarantee, incorporated and operating in Australia.

Principal Registered Office and Principal Place of Business

129 York Street
Sydney NSW 2000

25. Government Grant Funding

During the course of the calendar year specific Government Funding that required acquittal reporting included the following Programs:

Program	Funding \$ 2021-12-31	Funding \$ 2020-12-31
Specialised Equipment and Resources for Kindergartens – Queensland Government Department of Education	370,000	370,000
	2021-06-30	2020-06-30
Inner West Play & Chat – NSW Department of Communities and Justice	398,725	387,782
Newcastle Supported Playgroups – NSW Department of Communities and Justice	150,433	147,845
Marcia Burgess Autism Specific Early Learning & Care Centre – Australian Government Department of Social Services	727,500	845,500
Inclusion Development Fund Manager – Australian Government Department of Education, Skills and Employment	3,273,071	2,881,370
Inclusion Agency – Australian Government Department of Education, Skills and Employment	26,343,691	22,866,315
Supplementary Assistance – Department of the Prime Minister and Cabinet	-	132,765
Research Project – Australian Government Department of Social Services	-	-
Steps to Starting School – The Smith Family	108,047	108,047
Specialised Equipment and Resources for Kindergartens – Queensland Government Department of Education	185,000	-
KU Starting Points – 1 – Start Strong Pathways Program – NSW Department of Education	155,805	-
KU Starting Points – 2 – Start Strong Pathways Program – NSW Department of Education	362,655	-

26. New Accounting Policy for Intangibles

(a) Implementation of IFRIC agenda decision

During the year, the Company revised its accounting policy in relation to upfront configuration and customisation costs incurred in implementing SaaS arrangements in response to the IFRIC agenda decision clarifying its interpretation of how current accounting standards apply to these types of arrangements. The new accounting policy is presented below.

Historical financial information has been restated to account for the impact of the change – refer Note 26 (b).

Software-as-a-Service (SaaS) arrangements

SaaS arrangements are service contracts providing the Company with the right to access the cloud provider's application software over the contract period. Costs incurred to configure or customise, and the ongoing fees to obtain access to the cloud provider's application software, are recognised as operating expenses when the services are received.

Key judgements in applying the entity's accounting policies

This note describes the entity's accounting policy in respect of customisation and configuration costs incurred in implementing SaaS arrangements. In applying the entity's accounting policy, the Directors made the following key judgements that have had the most significant effect on the amounts recognised in financial statements.

Capitalisation of configuration and customisation costs in SaaS arrangements

Part of the customisation and configuration activities undertaken in implementing SaaS arrangements may entail the development of software code that enhances or modifies, or creates additional capability to the existing on-premise software to enable it to connect with the cloud-based software applications (referred to as bridging modules or APIs). Judgement is applied in whether such costs meet the definition of and recognition criteria for an intangible asset in AASB 138 *Intangible Assets*. During the year, the Company recognised \$nil (2020 restated: \$nil) as intangible assets in respect of customisation and configuration costs incurred in implementing SaaS arrangements.

Determination whether configuration and customisation services are distinct from the SaaS access

Costs incurred to configure or customise the cloud provider's application software are recognised as operating expenses when the services are received. In a contract where the cloud provider provides both the SaaS configuration and customisation, and the SaaS access over the contract term, the Directors applied judgement to determine whether these services are distinct from each other or not, and therefore, whether the configuration and customisation costs incurred are expensed as the software is configured or customised (i.e. upfront), or over the SaaS contract term.

Specifically, where the configuration and customisation activities significantly modify or customise the cloud software, these activities will not be distinct from the access to the cloud software over the contract term. Judgement has been applied in determining whether the degree of customisation and modification of the cloud-based software that would be deemed significant. During the year, the Company recognised \$nil (2020 restated: \$nil) as prepayments in respect of customisation and configuration activities undertaken in implementing SaaS arrangements which are considered not to be distinct from the access to the SaaS access over the contract term.

(b) Retrospective restatement

As disclosed in Note 26 (a) the Company revised its accounting policy in relation to SaaS arrangements during the year resulting from the implementation of agenda decisions issued by the IFRIC.

Impact of change in accounting policy

For the current year, \$713,960 of costs that would previously have been capitalised (under the previous policy) were expensed and amortisation of \$183,448 has not been charged to the profit and loss in respect of previously capitalised SaaS costs. Further, cash outflows of \$713,960 were included in payments to suppliers in the Statement of Cash Flows that previously would have been included as payments to acquire intangible assets.

The change in policy has been retrospectively applied and comparative financial information has been restated, as follows:

26. New Accounting Policy for Intangibles (continued)

31 Dec 2020 (\$'000)	Previously reported DR/(CR)	Adjustment DR/(CR)	Restated DR/(CR)
Statement of Financial Position			
Intangible assets	1,752,988	(1,752,988)	-
Total assets/Net assets	107,160,262	(1,752,988)	105,407,274
Retained earnings/Total equity	45,273,460	(1,752,988)	43,520,472
Statement of Profit or Loss and Other Comprehensive Income			
IT assets write off	-	(576,010)	576,010
Depreciation and amortisation	5,332,793	183,460	5,149,333
Surplus for the year	7,648,697	(392,550)	7,256,147
31 Dec 2020 (\$'000)	Previously reported DR/(CR)	Adjustment DR/(CR)	Restated DR/(CR)
Statement of Cash Flow			
Payments to suppliers and employees	(118,082,505)	(576,010)	(118,658,515)
Net cash generated by operating activities	20,854,645	(576,010)	20,278,635
Payments to acquire intangible assets	(5,917,217)	576,010	(5,341,207)
Net cash used in investing activities	(10,958,212)	576,010	(10,382,202)
31 Dec 2020 (\$'000)	General Reserve		Total
Statement of Changes in Equity			
Balance at 1 Jan 2020 (as previously stated)	36,527,597		37,624,763
Effect of change in accounting policy	(1,360,438)		(1,360,438)
Balance at 1 Jan 2020 (restated)	35,167,159		36,264,325
Profit for the year (restated)	7,256,147		7,256,147
Other comprehensive income for the year	-		-
Total comprehensive income for the year	7,256,147		7,256,147
Transfer to reserve	19,235		
Balance at 31 Dec 2020	42,442,541		43,520,472
1 Jan 2020 (\$'000)	Previously reported DR/(CR)	Adjustment DR/(CR)	Restated DR/(CR)
Statement of Financial Position			
Intangible assets	1,360,438	(1,360,438)	-
Total assets/Net assets	37,624,763	(1,360,438)	36,264,325
General Reserve	36,527,597	(1,360,438)	35,167,159
Total equity	37,624,763	(1,360,438)	36,264,325