

ICHM Pty Limited

ACN 080 984 738

2022 Financial Statements

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Directors' Report

Your directors present their report on ICHM Pty Ltd (the Company) for the year ended 31 December 2022.

Directors

The following persons were the directors of ICHM Pty Ltd during the whole of the financial period and up to the date of this report:

Mr Craig Jones	Appointed as a director on 16 February 2021.
Mr Colm Saunders	Appointed as a Director on 23 April 2020.
Ms Amy McWaters	Appointed 7 December 2021.
Ms Adele Preston	Appointed 7 December 2021.

The names of directors of ICHM Pty Ltd that were in the office during the year:

Mrs Natalie Simmons	Appointed as Company Secretary on 3 February 2020 and as a Director on 23 April 2020. Resigned 1 March 2022.
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Principal Activities

The principal activity of the Company during the year was to provide hospitality education to students.

Review of operations

The Company made a loss after tax of \$1,567,751 (2021: loss of \$1,108,923) in the year ended 31 December 2022.

As at 31 December 2022, the Company has a net deficit in working capital of \$1,575,137 (2021: working capital deficit of \$735,239) and positive net assets of \$1,511,382 (2021: net assets of \$242,824).

The Company's ultimate parent entity has provided an undertaking of financial support to guarantee and be responsible for any financial liability or obligation of the Company for a period of at least 12 months after the date that the financial report of the Company for the year ended 31 December 2022.

Subsequent Events

There has not arisen in the interval between 31 December 2022 and the date of this report any item, transaction or event of a material and unusual nature likely to, in the opinion of the Directors, to affect significantly the operations of the Company, the results of those operations or the state of affairs of the Company, in future financial years.

Likely developments and expected results of operations

Disclosure of information relating to the future developments in the operations, business strategies and prospects for future financial years of the Company have not been included in the report because the Directors believe it may result in unreasonable prejudice to the Company.

Dividends

There were no dividends or distributions recommended or declared for payment to members during the year.

ICHM Pty Limited

Insurance of Officers

Directors and officers of the Company are covered by the Director & Officer insurance policy held by the Company's ultimate parent company, New Zealand Holdco 2018 Limited.

Proceedings on behalf of the Company

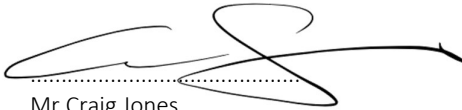
No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party, for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the company with leave of the Court under section 237 of the Corporations Act 2001.

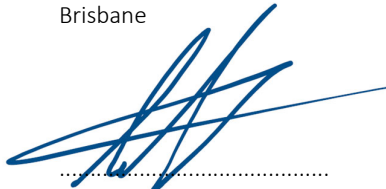
This report is made in accordance with a resolution of directors.

The financial statements were authorised by the directors on 29 June 2023. The directors have the power to amend and reissue the financial statements.

On behalf of the Directors.



Mr Craig Jones
Director
Brisbane



Mr Colm Saunders
Director
Auckland, New Zealand

Date: 29 June 2023

Financial Statements

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2022

	Notes	2022 \$	2021 \$
Revenue from contracts with customers	7	3,117,454	3,330,357
Interest income		22,082	522
Other revenue	8	72,033	633,885
Total Revenue		3,211,569	3,964,764
Course-related costs	9	(613,414)	(511,885)
Administration expenses	10	(361,569)	(403,959)
Amortisation	17	(14,961)	(27,103)
Bad debt expense		-	16,910
Lease depreciation expense	31	(301,609)	(382,985)
Lease interest expense	31	(95,297)	(39,083)
Building costs	11	(193,994)	(34,039)
Depreciation	18	(130,503)	(73,826)
Employee related expenses	12	(2,687,297)	(2,857,011)
Other expenses	13	(646,985)	(621,610)
Profit / (loss) for the year before income tax		(1,834,060)	(969,827)
Income tax benefit / (expense)	14	266,309	(139,096)
Profit / (loss) for the year after income tax		(1,567,751)	(1,108,923)
Other comprehensive income		-	-
Total comprehensive income for the year		(1,567,751)	(1,108,923)

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes

Statement of Financial Position

As at 31 December 2022

	Notes	2022 \$	2021 \$
ASSETS			
Current assets			
Cash and cash equivalents		3,707,983	1,035,848
Trade and other receivables	15	108,595	59,367
Other assets	16	617,110	127,797
Total current assets		4,433,688	1,223,012
Non-current assets			
Intangible assets	17	1,584,918	785,326
Property, plant and equipment	18	1,644,851	120,586
Right of use assets	29	3,463,580	229,708
Total non-current assets		6,693,349	1,135,620
Total assets		11,127,037	2,358,632
LIABILITIES			
Current liabilities			
Trade and other payables	20	1,019,304	536,488
Lease liability		329,882	233,988
Other liabilities	21	2,179,304	383,645
Provisions	22	289,756	279,658
Related party payables	25	2,190,577	524,472
Total current liabilities		6,008,823	1,958,251
Non-current liabilities			
Provisions	22	91,586	78,213
Deferred Tax Liability	23	269,147	79,344
Lease liability		3,246,099	0
Total non-current liabilities		3,606,832	157,557
Total liabilities		9,615,655	2,115,808
Net assets		1,511,382	242,824
Equity			
Ordinary share capital	19	3,236,311	400,002
Retained earnings/Accumulated losses		(1,724,929)	(157,178)
Total equity		1,511,382	242,824

The above Statement of Financial Position should be read in conjunction with the accompanying note

Statement of Changes in Equity

For the year ended 31 December 2022

	Retained earnings \$	Ordinary shares \$	Total \$
Balance at 1 January 2021	951,745	400,002	1,351,747
Loss for the period	(1,108,923)	-	(1,108,923)
Balance at 31 December 2021	(157,178)	400,002	242,824
Share Issue		2,836,309	2,836,309
Loss for the period	(1,567,751)	-	(1,567,751)
Balance at 31 December 2022	(1,724,929)	3,236,311	1,511,382

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes

Statement of Cash Flow

For the year ended 31 December 2022

	Notes	2022 \$	2021 \$
Cash flows from operating activities			
Receipts from student fees and other customers		4,935,918	3,862,121
Payments to suppliers and employees		(4,486,285)	(4,129,877)
Net cash provided by / (used in) operating activities	24	449,633	(267,756)
Cash flows from investing activities			
Interest received		22,082	522
Payments for property, plant & equipment		(1,654,768)	(15,418)
Payments for intangible assets		(814,553)	(717,847)
Net cash used in investing activities		(2,447,239)	(732,743)
Cash flows from financing activities			
Payments for leases		(288,785)	(418,282)
Funding received from related parties		2,122,217	-
Funds received from issue of Share Capital		2,836,309	-
Net cash provided by / (used in) financing activities		4,669,741	(418,282)
Net (decrease) / increase in cash and cash equivalents		2,672,135	(1,418,781)
Cash and cash equivalents at the beginning of the financial period		1,035,848	2,454,629
Cash and cash equivalents at the end of the financial period		3,707,983	1,035,848

The above Statement of Cash Flows should be read in conjunction with the accompanying notes

Notes to the Financial Statements

For the year ended 31 December 2022

Note 1: Reporting Entity

ICHM Pty Limited is a for-profit entity incorporated and operating in Australia. ICHM Pty Limited's registered office and principal place of business is:

Registered office at the date of the financial report:

131 Currie Street, Adelaide, SA 5010, Australia

Registered office at the date of the directors' report:

131 Currie Street, Adelaide, SA 5010, Australia

Principal place of business:

131 Currie Street, Adelaide, SA 5010, Australia

Note 2: Basis of preparation

These financial statements are Tier 2 general purpose financial statements that have been prepared in accordance Australian Accounting Standards - Reduced Disclosure Requirements.

They were authorised for issue by the Board of Directors on 29 June 2023.

Details of the Company's accounting policies are included in note 6.

Note 3: Going Concern and economic dependency

The Company has reported a loss after tax for the year ended 31 December 2022 of \$1,567,751 (2021: loss of \$1,108,923). As at 31 December 2022, the Company has a net deficit in working capital of \$1,575,135 (2021: working capital deficit of \$735,239) and positive net assets of \$1,511,382 (2021: net assets of \$242,824).

The Company's ultimate parent entity has provided an undertaking of financial support to guarantee and be responsible for any financial liability or obligation of the Company for a period of at least 12 months after the date that the financial report of the Company for the year ended 31 December 2022.

Accordingly, Directors have prepared these financial statements on a going concern basis.

Notes to the Financial Statements

For the year ended 31 December 2022

Note 4: Functional and presentation currency

The financial statements are presented in Australian dollars, which is the Company's functional currency.

Note 5: Judgements and estimates

In the application of Australian Accounting Standards, management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgments. 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.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

The Company has consistently applied the following accounting policies to all periods presented in these financial statements, except mentioned otherwise.

The information about assumptions and estimation uncertainties that have a significant risk of material adjustment are:

- Intangible assets: revenue and cashflow forecasts supporting the carrying value of capitalised costs.

Note 6: Significant accounting policies

Adoption of new and revised Accounting Standards

The company has applied the following standards and amendment for first time for their annual reporting:

- AASB 1060 General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities

There were no changes to the measurement or recognition of amounts as a result of transitioning to General Purpose financial statements from special purpose financial statements.

Notes to the Financial Statements

For the year ended 31 December 2022

The following Significant accounting policies have been adopted in the preparation and presentation of the financial report:

(a) Cash and cash equivalents

For statement of cash flows presentation purposes, cash and cash equivalents includes cash-on-hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(b) Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required and the liability is capable of being measured reliably. Liabilities recognised in respect of short-term employee benefits, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of long term employee benefits 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.

Contributions to retirement benefits are recognised as an expense when employees have rendered services entitling them to the contributions.

(c) Financial assets

All financial assets are recognised and derecognised on trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as fair value through profit or loss, which are initially measured at fair value.

Notes to the Financial Statements

For the year ended 31 December 2022

(d) Loans and receivables

Trade receivables and other current financial assets that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. At initial recognition trade receivables are measured at their transaction price and subsequently these are classified and measured as debt instruments at amortised cost.

(e) Financial instruments

The classification and measurement model for financial assets is outlined below.

Financial assets at amortised cost

A financial asset is measured at amortised cost if the following conditions are met:

- the objective of the Company's business model is to hold the asset to collect contractual cashflows;
- the contractual cash flows give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal outstanding;
- the Company does not irrevocably elect at initial recognition to measure the instrument at fair value through profit or loss to minimise an accounting mismatch.

Notes to the Financial Statements

For the year ended 31 December 2022

Amortised cost instruments are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition the carrying amount of amortised cost instruments is determined using the effective interest method, less any impairment losses. Interest income is recognised in profit or loss as part of finance income.

i) Financial assets at fair value

Financial assets at fair value through other comprehensive income

The Company classifies financial assets at fair value through other comprehensive income (FVOCI) where the following conditions are met:

- the contractual cash flows give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal outstanding;
- the objective of the Company's business model is achieved both by collecting contractual cash flows and by selling the financial assets.

These investments are initially recognised at fair value. Subsequent to initial recognition, they are measured at fair value and changes therein are recognised in other comprehensive income and presented within equity in the fair value reserve. When an investment is derecognised, the cumulative gain or loss is recognised in profit or loss.

At initial recognition, the Company may also make an irrevocable election (on an instrument-by-instrument basis) to recognise the change in fair value of investments in equity instruments in other comprehensive income (FVOCI). This election is only permitted for equity instruments that are not held for trading purposes.

These equity investments are initially recognised at fair value. Subsequent to initial recognition, they are measured at fair value and changes therein are recognised in other comprehensive income and presented within equity in the fair value reserve. When an investment is derecognised, the cumulative gain or loss is transferred directly to retained earnings and is not recognised in profit or loss.

The fair value of the Company's investments in listed equities, interest bearing notes and other instruments are determined with reference to their quoted closing price at the reporting date.

Financial assets at fair value through profit or loss

The Company classifies financial assets at fair value through profit and loss (FVTPL) if they are not an equity investment and the assets contractual cash flows are not solely principal and interest. These investments are initially recognised at fair value. Subsequent to initial recognition, they are measured at fair value and changes therein are recognised in the profit and loss.

Notes to the Financial Statements

For the year ended 31 December 2022

Dividends or other distributions received from investments are recognised in profit or loss as part of finance income

ii) Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

iii) Financial liabilities

The Company's financial liabilities are classified as measured at amortised cost. These liabilities are measured at amortised cost using the effective interest method with interest expense recognised in profit or loss. The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Company also derecognises a financial liability when its term is modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(f) Property, plant and equipment

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives, as follows:

	2022	2021
Computer costs	2-3 years	2-3 years
Furniture and fittings	2-13 years	2-13 years
Leasehold improvements	5-13 years	5-13 years

Notes to the Financial Statements

For the year ended 31 December 2022

(g) Repairs and maintenance

Repairs and maintenance costs are recognised as expenses as incurred, except where they relate to the replacement of a component of an asset, in which case, the costs are capitalised and depreciated. Other routine operating maintenance, repair and minor renewal costs are also recognised as expenses, as incurred.

(h) Intangible assets

Degree and Masters curriculum

Degree and Masters curriculum expenditure is initially recorded as the cost of expenditure on the development of the new course curriculum and is amortised over 5 years. Degree and Masters curriculum expenditure is tested annually for impairment and carried at cost less accumulated impairment losses.

(i) Trade and other payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Company during the reporting period which remain unpaid. The balance is recognised as a current liability with the amount being normally paid within 30 days of recognition of the liability.

(j) Revenue

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and rebates.

Revenue from rendering of a service is recognised upon delivery of the service to the customers. Fees and charges are recognised as income in the year an invoice is issued, except to the extent that fees and charges relate to courses to be held in future periods. Such invoices (or portion thereof) are treated as income in advance in other liabilities. Conversely, fees and charges relating to debtors are recognised as revenue in the year to which the prescribed course relates.

(k) Government Grants / subsidies

Assets (including cash) arising from government grants or subsidies in the scope of AASB 1058 *Income for Not-for-profits* are recognised at their fair value when the right to receive the asset is established. Income is also recognised at the same time and is not offset against the related expense which the grant or subsidy are intended to compensate.

(l) Taxation

The Company was income tax exempt under Subdivision 50-B of the *Income Tax Assessment Act 1997* up until 30 November 2021.

Notes to the Financial Statements

For the year ended 31 December 2022

On 1 December 2021, the Company changed its constitution and ceased to be a “non-profit” and therefore was taxable for the period 1 December 2021 to 31 December 2021, and the financial year ended 31 December 2022.

The income tax expense or benefit recorded in the financial statements is the tax payable on the taxable income for the financial year based on the applicable income tax rate, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled, and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Tax consolidation legislation

The Company is part of a tax-consolidated group under Australian taxation law. For the period until 30 November 2021 the Company was income tax exempt under Subdivision 50-B of the *Income Tax Assessment Act 1997*. The Company entered the UP Education Australia tax consolidated group with UP Education Australia Pty Limited the head entity.

Tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the ‘separate taxpayer within group’ approach. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and tax credits of the members of the tax-consolidated group are recognised by the head entity in the tax- consolidated group.

Goods and Services Tax

Revenue, 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 Australian Tax Office, the GST 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.

Notes to the Financial Statements

For the year ended 31 December 2022

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables. Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

Payroll Tax

The Company incurs Payroll Tax at the rate determined by the state and territory governments for payments made to and benefits received by employees.

(m) Leases

During 2022, the Company had both office equipment and tenancy leases. These leases are recognised in accordance with AASB 16 and result in Right of Use Assets and Lease Liabilities. The Right of Use Asset is initially measured at cost. The Right of Use Assets are depreciated on a straight-line basis. The depreciation expense and interest expense are recognised through the profit and loss. The Lease Liability is initially measured at the present value of the lease payments. Subsequently the lease liability is measured at amortised cost using the effective interest method.

Note 7: Revenue

	2022 \$	2021 \$
Accommodation	-	4,879
Application fees	31	3,417
Course fees	3,117,423	3,299,066
Material & resource fee	-	22,995
Total revenue	3,117,454	3,330,357

Note 8: Other revenue

	2022 \$	2021 \$
Licensed income	72,033	124,755
JobKeeper and Government Subsidies	-	509,130
Total other revenue	72,033	633,885

The Australian Federal Government established the JobKeeper Payment Scheme as a subsidy for business significantly affected by COVID-19. Details of the scheme are available at <https://www.ato.gov.au/general/jobkeeper-payment/>

Government Subsidy includes the Federal Government cash flow booster (details available at [https://www.ato.gov.au/Business/Business-activity-statements-\(BAS\)/In-detail/Boosting-cash-flow-for-employers/](https://www.ato.gov.au/Business/Business-activity-statements-(BAS)/In-detail/Boosting-cash-flow-for-employers/)) and payroll tax relief.

TAFE SA provided rent relief to the Company for the period from 1 January 2021 to 31 March 2021.

Notes to the Financial Statements

For the year ended 31 December 2022

Note 9: Course-related costs

	2022	2021
	\$	\$
Accommodation expense	473	-
Course costs	356,880	323,339
Materials	84,914	100,967
Student related expenses	171,147	87,579
Total course-related costs	613,414	511,885

Note 10: Administration expenses

	2022	2021
	\$	\$
Consultant fees	188,894	254,316
Insurance	17,463	22,655
Licences, fees and registrations	22,171	20,313
Printing, postage & stationery	23,068	5,915
Subscriptions & memberships	109,973	100,760
Total administration expenses	361,569	403,959

Note 11: Building costs

	2022	2021
	\$	\$
Repairs and maintenance	76,394	-
Building outgoings	82,060	-
Telephone & internet	35,540	34,039
Total building costs	193,994	34,039

Notes to the Financial Statements

For the year ended 31 December 2022

Note 12: Employee related expenses

	2022	2021
	\$	\$
Salaries and wages	2,012,040	1,996,778
Superannuation	336,991	279,458
Redundancy costs	110,092	278,869
Other staff costs	228,174	301,906
Total employee related expenses	2,687,297	2,857,011

Note 13: Other expenses

	2022	2021
	\$	\$
Bank fees	1,331	4,289
Computer costs	107,942	88,674
General expense	60,952	28,764
Promotions	196,761	331,576
Intercompany marketing and services charges	279,999	165,000
Government subsidy related expenditure	-	3,307
Total other expenses	646,985	621,610

Note 14: Income tax expense

	2022	2021
	\$	\$
Current tax	(456,112)	59,752
Deferred tax	189,803	79,344
Total income tax expense	(266,309)	139,096
Deferred tax included in income tax expense comprises:		
Increase in deferred tax liabilities	189,803	79,344
Total deferred tax	189,803	79,344
Reconciliation of income tax expense and tax at the statutory rate		
Profit before income tax expense for period	(1,834,060)	233,145
Tax at the statutory tax rate of 25%	(458,515)	58,286
Tax effect amounts which are not deductible/(taxable) in calculating taxable income	2,403	1,466
Temporary differences recognised	189,803	79,344
Income tax expense	(266,309)	139,096

Notes to the Financial Statement

For the year ended 31 December 2022

Note 15: Trade and other receivables

	2022	2021
	\$	\$
Current		
Trade receivables - students	102,427	50,055
Trade receivables - general	-	20,699
Provision for impairment	(14,590)	(14,590)
	87,837	56,164
Fee Help	2,112	2,112
Other receivables	18,646	1,091
Total current trade and other receivables	108,595	59,367

Impaired receivables

As at 31 December 2022, current receivables with a nominal value of \$14,590 (2021: \$14,590) were impaired. The provision for 2022 was \$14,590 (2021: \$14,590).

	2022	2021
	\$	\$
Movements in the provision for impaired receivables as follows:		
At beginning of the period	(14,590)	(31,500)
Unused amount reversed	-	16,910
At 31 December 2022	(14,590)	(14,590)

Notes to the Financial Statements

For the year ended 31 December 2022

Note 16: Other assets

	2022	2021
	\$	\$
Prepayments	84,435	79,164
Security Bond	198,998	-
GST Receivable	333,677	48,633
Total other assets	617,110	127,797

Note 17: Intangible assets

	2022	2021
	\$	\$
<i>At beginning of the period</i>		
Cost	1,277,471	559,624
Accumulated amortisation	(492,145)	(465,042)
Net book amount	785,326	94,582
<i>Period Ended 31 December</i>		
<i>Opening Net Book Amount</i>	785,326	94,582
Additions	-	-
Work in progress	814,553	717,847
Amortisation charge	(14,961)	(27,103)
Closing net book amount	1,584,918	785,326

	2022	2021
	\$	\$
Cost	2,092,024	1,277,471
Accumulated amortisation	(507,105)	(492,145)
Net book amount	1,584,918	785,326

Notes to the Financial Statements

For the year ended 31 December 2022

Note 18: Property, plant and equipment

	Leasehold Improvements \$	Computer Costs \$	Furniture & Fittings \$	Software Costs \$	Closing balance \$
At 1 January 2022					
- Cost	142,506	479,475	85,142	4,700	711,823
- Accumulated Depreciation	(117,044)	(420,976)	(53,137)	(80)	(591,237)
Net Book Amount	25,462	58,499	32,005	4,620	120,586
Year Ended 31 December 2022					
Opening Net Book Amount	25,462	58,499	32,005	4,620	120,586
Additions	1,648,673	20,798			1,669,471
Disposals	(142,506)				(142,506)
Depreciation Expense	(102,352)	(16,960)	(6,571)	(4,620)	(130,503)
Add back depreciation on disposal	127,803		-		127,803
Closing Net Book Amount	1,557,080	62,337	25,434	-	1,644,851
At 31 December 2022					
- Cost	1,648,673	500,273	85,142	4,700	2,238,788
- Accumulated Depreciation	(91,593)	(437,936)	(59,708)	(4,700)	(593,937)
Net Book Amount	1,557,080	62,337	25,434	-	1,644,851

	Leasehold Improvements \$	Computer Costs \$	Furniture & Fittings \$	Software Costs \$	Closing balance \$
At 1 January 2021					
- Cost	135,584	483,132	85,142	-	703,858
- Accumulated Depreciation	(96,098)	(385,297)	(43,469)	-	(524,864)
Net Book Amount	39,486	97,835	41,673	-	178,994
Year Ended 31 December 2021					
Opening Net Book Amount	39,486	97,835	41,673	-	178,994
Additions	6,922	6,257	-	4,700	17,879
Disposals	-	(9,914)	-	-	(9,914)
Depreciation Expense	(20,946)	(43,132)	(9,668)	(80)	(73,826)
Add back depreciation on disposal	-	7,453	-	-	7,453
Closing Net Book Amount	25,462	58,499	32,005	4,620	120,586
At 31 December 2021					
- Cost	142,506	479,475	85,142	4,700	711,823
- Accumulated Depreciation	(117,044)	(420,976)	(53,137)	(80)	(591,237)
Net Book Amount	25,462	58,499	32,005	4,620	120,586

Notes to the Financial Statements

For the year ended 31 December 2022

Note 19: Capital and reserves

(a) Share Capital (continued)

	Ordinary Shares 2022 \$	Ordinary Shares 2021 \$
On issue at 1 January	400,002	400,002
Share capital issued	2,836,309	-
On issue at 31 December	3,236,311	400,002

(i) Ordinary Shares

ICHM Pty Ltd does not have authorised capital or par value in respect of its issued shares. All issued shares are fully paid.

(ii) Issue of ordinary shares

2,836,309 new shares were issued in 2022 at \$1 per share. (2021: No new shares issued).

Note 20: Trade and other payables

	2022 \$	2021 \$
Trade payables	249,211	10,465
Accrued expenses	409,239	-
Other payables	294,554	464,796
Payroll payables	66,299	61,227
Total trade and other payables	1,019,304	536,488

Note 21: Other liabilities

	2022 \$	2021 \$
Income received in advance	910,954	383,645
Fees to be refunded	1,268,350	-
Total other liabilities	2,179,304	383,645

Notes to the Financial Statements

For the year ended 31 December 2022

Note 22: Provisions

Current provisions expected to be settled within 12 months

Employee benefits

Annual leave

Long service leave

Total current provisions

Non-current provisions

Employee benefits

Long service leave

Total non-current provisions

Total provisions

	2022 \$	2021 \$
Employee benefits		
Annual leave	249,131	233,268
Long service leave	40,625	46,390
Total current provisions	289,756	279,658
<i>Non-current provisions</i>		
Employee benefits		
Long service leave	91,586	78,213
Total non-current provisions	91,586	78,213
Total provisions	381,342	357,871

Note 23: Tax

Current tax

Current tax for profits for the year

Adjustment for current tax of prior periods

Total current tax expense

Deferred income tax

(Increase) / Decrease in deferred tax assets

(Decrease) / Increase in deferred tax liabilities

Total deferred tax expense/(benefit)

Income tax (expense) / benefit

Numerical reconciliation of income tax expenses to prima facie tax payable

Profit / (loss) before income tax expense

Tax at the Australian tax rate of 25% (2021 - 25%)

Tax effect of not deductible (taxable) items in calculation

Temporary timing differences

Deferred tax liability

Deferred tax asset comprises temporary differences attributable to:

IFRS 16 Leases

Property, plant and equipment

Intangible Asset

Employee benefits

Other items

Net Timing Differences

Deferred tax liability @ Tax Rate 25%

	2022 \$	2021 \$
Current tax		
Current tax for profits for the year	456,112	(59,752)
Adjustment for current tax of prior periods	-	-
Total current tax expense	456,112	(59,752)
Deferred income tax		
(Increase) / Decrease in deferred tax assets	818,563	174,414
(Decrease) / Increase in deferred tax liabilities	(1,008,366)	(253,759)
Total deferred tax expense/(benefit)	(189,803)	(79,344)
Income tax (expense) / benefit	266,309	(139,096)
Numerical reconciliation of income tax expenses to prima facie tax payable		
Profit / (loss) before income tax expense	(1,834,060)	233,145
Tax at the Australian tax rate of 25% (2021 - 25%)	(458,515)	58,286
Tax effect of not deductible (taxable) items in calculation	2,403	1,466
Temporary timing differences	189,803	79,344
	(266,309)	139,096
Deferred tax liability		
<i>Deferred tax asset comprises temporary differences attributable to:</i>		
IFRS 16 Leases	112,399	4,280
Property, plant and equipment	-	33,935
Intangible Asset	(1,584,918)	(785,326)
Employee benefits	381,342	415,144
Other items	14,590	14,590
Net Timing Differences	(1,076,587)	(317,377)
Deferred tax liability @ Tax Rate 25%	(269,147)	(79,344)

Notes to the Financial Statements

For the year ended 31 December 2022

Note 24: Note to the Statement of Cash Flows

Reconciliation of operating result after income tax to net cash flows from operating activities:

	2022 \$	2021 \$
Surplus/ (Deficit) for the year	(1,567,751)	(1,108,923)
Amortisation	14,961	27,103
Depreciation	130,503	73,826
Interest Income	(22,082)	(522)
Lease interest expense	95,297	18,533
Lease depreciation	301,609	382,985
Lease adjustment	-	20,550
<u>Changes in net assets and liabilities:</u>		
Movement in receivables	(49,228)	275,545
Movement in other assets	(489,313)	(36,558)
Movement in trade and other payables	482,816	484,089
Movement in other liabilities	1,795,659	(394,576)
Movement in provisions	23,471	(148,904)
Movement in tax balances	(266,309)	139,096
Net cash provided by operating activities	449,633	(267,756)

Note 25: Related party disclosures

(a) Ultimate controlling entity

The ultimate controlling entity of the Company is New Zealand Holdco 2018 Limited.

(b) Remuneration of key management personnel

The remuneration of key management personnel during the year was as follows:

	2022 \$	2021 \$
Short-term benefits	321,684	233,834
Post-employee benefits	23,286	21,567
Long term benefits	-	6,958
	344,970	262,359

Notes to the Financial Statements

For the year ended 31 December 2022

(c) Transactions with key management personnel

The Company entered into no transactions with key management personnel during the year (2021: \$Nil)

(d) Transactions with Related Parties

During the year, the following transactions with related parties occurred:

	Transaction Value \$	2022 Receivable \$	2022 (Payable) \$
Up Education Limited	(1,395,523)	-	(1,734,666)
Up Education Australia Pty Limited	(473,835)	-	(659,164)
Up Education Online Pty Limited	203,253	203,253	-
	<u>(1,666,105)</u>	<u>203,253</u>	<u>(2,393,830)</u>
Classified as current: Current liability (net)			(2,190,577)

	Transaction Value \$	2021 Receivable \$	2021 (Payable) \$
Up Education Limited	(119,143)	-	(339,143)
Up Education Australia Pty Limited	(185,329)	-	(185,329)
	<u>(304,472)</u>	<u>-</u>	<u>(524,472)</u>
Classified as current: Current liability (net)			(524,472)

Note 26: Remuneration of auditors

Audit of financial statements includes service for the audit or review of financial information other than financial report and other audits required for local regulatory purposes. KPMG provide tax services to the parent company and group which are billed to and paid for by the immediate parent company, Up Education Australia Pty.

Note 27: Contingent liabilities

No claim has been made or threatened against the Company by any party. In addition, there are no known circumstances likely to give rise to any such claim. (2021: \$Nil)

Note 28: Commitments

ICHM Pty Limited does not have any capital commitments as at 31 December 2022 (2021 -\$Nil).

Notes to the Financial Statements

For the year ended 31 December 2022

Note 29: Leases

The Company has leases for properties and office equipment. Rental contracts are typically made for fixed periods including extension options taken up as described further below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Lease liabilities have been measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate. The incremental borrowing rates used to discount the leased assets and liabilities require significant judgement. The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and the type of the asset leased.

Extension and termination options are included in the property leases. These terms are used to maximise operational flexibility in terms of managing contracts. The extension and termination options held are exercisable only by the Company and not by the respective lessor. In determining the term of a particular lease, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from the change in an index or rate, if the Company changes its assessment of whether it will exercise an extension or termination option, or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying value of the right-of-use asset, or it is recorded in profit and loss if the carrying value of the right-of-use asset has been reduced to zero.

(a) Right of Use Assets

2022	Land and Buildings	Office Equipment	Total
Balance as at 1 January 2022	192,582	37,126	229,708
Adjustment	3,535,481	-	3,535,481
Depreciation charge for the year	(290,185)	(11,424)	(301,609)
Modification to lease term	-	-	-
Balance as at 31 December 2022	3,437,878	25,702	3,463,580
2021	Land and Buildings	Office Equipment	Total
Balance as at 1 January 2021	1,179,359	48,550	1,227,909
Adjustment for early replacement of lease	(72,673)	-	(72,673)
Depreciation charge for the year	(371,561)	(11,424)	(382,985)
Additions to right of use assets	(542,543)	0	(542,543)
Balance as at 31 December 2021	192,582	37,126	229,708

Notes to the Financial Statements

For the year ended 31 December 2022

(b) Amounts recognised in profit and loss

2022	Land and Buildings	Office Equipment	Total
<i>Leases under AASB 16</i>			
Interest on lease liabilities	94,394	903	95,297
Adjustment		-	-
Depreciation on right of use asset	290,185	11,424	301,609
Total recognised in profit and loss	384,579	12,327	396,906
<hr/>			
2021	Land and Buildings	Office Equipment	Total
<i>Leases under AASB 16</i>			
Interest on lease liabilities	17,323	1210	18,533
Adjustment	20,550	0	20,550
Depreciation on right of use asset	371,561	11,424	382,985
Total recognised in profit and loss	409,434	12,634	422,068

(c) Amounts recognised in statement of cash flows

2022	Land and Buildings	Office Equipment	Total
Total cash outflow for leases	276,545	12,240	288,785
<hr/>			
2021	Land and Buildings	Office Equipment	Total
Total cash outflow for leases	406,042	12,240	418,282

Note 30: Events occurring after the balance sheet date

There have been no material events subsequent to reporting date that would substantially affect the ongoing financial performance of the Company.

Directors' Declaration

In the opinion of the Directors of ICHM Pty Limited (the Company):

1. the financial statements and notes that are set out on pages 5 to 28:
 - (a) comply with Australian Accounting Standards – General Purpose Financial Statements – Simplified Disclosures, and other mandatory professional reporting requirements; and
 - (b) presents fairly in all material respects the Company financial position as at 31 December 2022 and of its performance for the financial year ended on that date; and
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors:

Dated at Brisbane on 29 June 2023



Mr Craig Jones
Director



Independent Auditor's Report

To the shareholder of ICHM Pty Limited

Opinion

We have audited the **Financial Report** of *ICHM Pty Limited (the Company)*.

In our opinion, the accompanying Financial Report presents fairly, in all material respects, the financial position of *ICHM Pty Limited* as at 31 December 2022, and of its financial performance and its cash flows for the 6 months then ended, in accordance with *Australian Accounting Standards - Simplified Disclosures*.

The **Financial Report** comprises:

- Statement of financial position as at 31 December 2022
- Statement of profit or loss and other comprehensive income statement of changes in equity, and statement of cash flow for the 6 months then ended
- Notes including a summary of significant accounting policies
- Directors' Declaration.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 Company in accordance with the ethical requirements of the *Accounting Professional and 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 fulfilled our other ethical responsibilities in accordance with these requirements.

Restriction on use and distribution

The Financial Report has been prepared to assist the Directors of ICHM Pty Limited

- in meeting the financial reporting requirements of the *Tertiary Education Quality and Standards Agency Act 2011 (TEQSA Act)* and the *Higher Education Support Act 2003*

As a result, the Financial Report and this Auditor's Report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Our report is intended solely for the *Directors* of ICHM Pty Limited and Tertiary Education Quality and Standards Agency and the Department of Education, Skills and Employment and should not be used by or distributed to parties other than the *Directors* of ICHM Pty Limited and Tertiary Education Quality and Standards Agency and the Department of Education, Skills and Employment. We disclaim any assumption of responsibility for any reliance on this report, or on the Financial Report to which it relates, to any person other than the *Directors* of ICHM Pty Limited and Tertiary Education Quality and Standards Agency and the Department of Education, Skills and Employment or for any other purpose than that for which it was prepared.

Other Information

Other Information is financial and non-financial information in ICHM Pty Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we 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.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of Directors

The Directors are responsible for:

- the preparation and fair presentation of the Financial Report in accordance with the financial reporting requirements of the *Tertiary Education Quality and Standards Agency Act 2011 (TEQSA Act)* and the *Higher Education Support Act 2003*
- implementing necessary internal control to enable the preparation of a Financial Report that is free from material misstatement, whether due to fraud or error
- assessing the Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- 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 *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at:

http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf

This description forms part of our Auditor's Report.



KPMG

Melbourne
29 June 2023