

ICHM Pty Limited

ACN 080 984 738

2021 Financial Statements

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Directors' Report

The Directors of ICHM Pty Limited ("the Company") submit the annual financial report of the Company for the year ended 31 December 2021. In order to comply with the provisions of the *Australian Charities and Not-for-profits Commission Act 2012*, the Directors report as follows:

Directors

The names and qualifications of the Directors of the Company that were in office during the year:

Ms Ana Maria Rivera Rebolledo	Appointed 11 August 2020. Resigned 16 February 2021.
Ms Ann Doolette	Appointed 17 June 2021. Resigned 30 June 2021.
Mrs Denise Von Wald	Appointed as a Director on 15 February 2018. Resigned 8 December 2021.
Mr Craig Jones	Is the CEO – University Partnerships and Australia at UP Education. Appointed as a director on 16 February 2021.
Mr Colm Saunders	Is the Chief Financial Officer at UP Education. Appointed as a Director on 23 April 2020.
Mrs Natalie Simmons	Is the Chief Executive Officer at ICHM Pty Ltd. Appointed as Company Secretary on 3 February 2020 and as a Director on 23 April 2020. Resigned 1 March 2022.
Ms Amy McWaters	Is an ICHM Alumni and CEO – Hampers and Gifts Australia. Appointed 7 December 2021.
Ms Adele Preston	Is an ICHM Alumni and the General Manager – People, Country Road Group (Woolworths Holding Limited). Appointed 7 December 2021.

The names of the Directors of the Company that were in office at the date of this report:

Mr Craig Jones	Is the CEO – University Partnerships and Australia at UP Education. Appointed as a director on 16 February 2021.
Mr Colm Saunders	Is the Chief Financial Officer at UP Education. Appointed as a Director on 23 April 2020.
Ms Amy McWaters	Is an ICHM Alumni and CEO – Hampers and Gifts Australia. Appointed 7 December 2021.
Ms Adele Preston	Is an ICHM Alumni and the General Manager – People, Country Road Group (Woolworths Holding Limited). Appointed 7 December 2021.

Directors' Report (continued)

Directors' Meetings

The following table sets out the number of Directors' meetings held during the financial year and the number of meetings attended by each Director (while they were a Director). During the year six Directors' meetings were held.

		No. of Meetings held while in office	No. of Meetings attended
Ms Adele Preston	Appointed 7 December 2021	1	1
Ms Amy McWaters	Appointed 7 December 2021	1	1
Ms Ana Maria Rivera Rebolledo	Resigned 16 February 2021	1	0
Ms Ann Doolette	Resigned 30 June 2021	1	1
Ms Denise Von Wald	Resigned 8 December 2021	6	6
Mr Craig Jones	Appointed 16 February 2021	5	4
Mr Colm Saunders	Appointed 23 April 2020	6	5
Mrs Natalie Simmons	Appointed 23 April 2020	6	6

Principal Activities

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

Changes in state of affairs

ICHM's semester 1 in 2020 commenced prior to international travel restrictions which meant that student numbers were not impacted. In response to COVID-19 the Company implemented an alternate operational approach to deliver tuition and support to students online. As a result, there was not a financial impact in semester 1 of 2020. A larger cohort of students continued their studies either on campus or online rather than undertaking industry placement in semester 2 2020. As a result the financial result for the 2020 financial year was in excess of budget.

This situation was not repeated in 2021 with both semester 1 2021 and semester 2 2021 impacted by low new student numbers that prior years as international border restrictions remained in place across the year. The impact of the small student intakes resulted in a deficit in comprehensive income for the year.

In response to the low student numbers an operational restructure occurred in March 2021 which resulted in a number of staff redundancies.

TEQSA approval was granted for 9 new courses in September 2021. These courses will commence in June 2022.

ICHM amended the company Constitution effective 1 December 2021 and revoked the previous charity status at that date.

Subsequent Events

International travel restrictions were lifted in January 2022 which resulted in an increase in new international students in semester 1 2022. This intake was still lower than pre-COVID intakes as student only had 3 weeks to arrive in Australia prior to the commencement of the semester.

Directors' Report (continued)

Dividends

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

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under s.60-40 of the *Australian Charities and Not-for-profits Commission Act 2012* is included in page 6 of this financial report.

Rounding Off

The Financial Statements have been rounded off to the nearest dollar.

This Directors' Report is signed in accordance with a resolution of the Board of Directors.

On behalf of the Directors.

.....
Mr Craig Jones
Director
Brisbane

.....
Mr Colm Saunders
Director
Auckland, New Zealand

Date: 23rd June 2022

ICHM Pty Limited

Auditor's Independence Declaration

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Independent Auditor's Report

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Directors' Statement

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

1. the financial statements and notes that are set out on pages 11 to 36 are in accordance with the Australian Charities and Not-for-profits Commission Act 2012:
 - (a) comply with Australian Accounting Standards – Reduced Disclosure Requirements (including Australian Accounting Interpretations) **and** the Australian Charities and Not-for-profits Commission Regulation 2013; and
 - (b) give a true and fair view of the financial position and financial performance as at 31 December 2021 and performance for the year ended on that date of the company,
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors:

Dated at Brisbane on 23rd June 2022

Mr Craig Jones
Director

Financial Statements

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2021

	Notes	2021 \$	2020 \$
Revenue	7	3,330,357	8,064,836
Cost of sales	10	(511,885)	(1,414,190)
Gross surplus		2,818,472	6,650,646
Interest income	8	522	1,778
Other revenue	9	633,885	1,691,467
Administration expenses	11	(403,959)	(244,096)
Amortisation	18	(27,103)	(28,504)
Bad debt expense		16,910	(35,344)
Lease depreciation expense	31	(382,985)	(420,706)
Lease interest expense	31	(39,083)	(6,967)
Building costs	12	(34,039)	(54,886)
Depreciation	19	(73,826)	(93,936)
Employee related expenses	13	(2,578,142)	(4,631,487)
Other expenses	14	(456,610)	(656,892)
Intercompany charge to UP Education		(165,000)	-
Redundancy Expense		(278,869)	-
Surplus/ (Deficit) for the year before income tax		(969,827)	2,171,073
Income tax expense	15	(139,096)	-
Surplus / (Deficit) for the period		(1,108,923)	2,171,073
Other comprehensive income			
<u>Items that may be reclassified subsequently to profit or loss:</u>			
Fair value (loss) gain on revaluation of investment		-	-
Other comprehensive (loss) for the year		-	-
Surplus/ (Deficit) for the year after income tax		(1,108,923)	2,171,073
Other comprehensive income		-	-
Total comprehensive income for the year		(1,108,923)	2,171,073

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 2021

	Notes	2021 \$	2020 \$
ASSETS			
Current assets			
Cash and cash equivalents	25(a)	1,035,848	2,454,627
Trade and other receivables	16	59,367	334,912
Other assets	17	127,797	91,239
Total current assets		1,223,012	2,880,778
Non-current assets			
Intangible assets	18	785,326	94,582
Property, plant and equipment	19	120,586	178,994
Right of use assets	31	229,708	1,227,909
Total non-current assets		1,135,620	1,501,485
Total assets		2,358,632	4,382,263
LIABILITIES			
Current liabilities			
Trade and other payables	21	1,001,208	517,119
Lease liability		233,988	393,402
Other liabilities	22	383,645	778,221
Provisions	23	279,658	436,446
Provision for income tax	24	59,752	-
Total current liabilities		1,958,251	2,125,188
Non-current liabilities			
Provisions	23	78,213	70,329
Deferred Tax Liability	24	79,344	-
Lease liability		-	834,999
Total non-current liabilities		157,557	905,328
Total liabilities		2,115,808	3,030,516
Net assets		242,824	1,351,747
Equity			
Ordinary share capital	20	400,002	400,002
Retained earnings/Accumulated losses		(157,178)	951,745
Total equity		242,824	1,351,747

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 2021

	Retained earnings \$	Ordinary shares \$	Total \$
Balance at 1 January 2020	(1,219,328)	2	(1,219,326)
Surplus for the period	2,171,073	-	2,171,073
Share issue	-	400,000	400,000
Balance at 31 December 2020	951,745	400,002	1,351,747
Deficit for the period	(1,108,923)	-	(1,108,923)
Balance at 31 December 2021	(157,178)	400,002	242,824

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 2021

	Notes	2021 \$	2020 \$
Cash flows from operating activities			
Receipts from student fees and other customers		3,862,121	8,565,607
Payments to suppliers and employees		(4,129,877)	(7,035,877)
Net cash provided by / (used in) operating activities	25 (b)	(267,756)	1,529,730
Cash flows from investing activities			
Interest received		522	1,778
Payments for property, plant & equipment		(15,418)	(87,775)
Payments for intangible assets		(717,847)	(22,669)
Net cash used in investing activities		(732,743)	(108,666)
Cash flows from financing activities			
Payments for leases		(418,282)	(431,748)
Additional borrowing from a related party		-	150,000
Repayment of borrowings from a related party		-	(700,000)
Issued Share Capital		-	400,002
Net cash used in financing activities		(418,282)	(581,746)
Net (decrease) / increase in cash and cash equivalents		(1,418,781)	839,318
Cash and cash equivalents at the beginning of the financial period		2,454,629	1,615,311
Cash and cash equivalents at the end of the financial period	25 (a)	1,035,848	2,454,629

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 2021

Note 1: Reporting Entity

ICHM Pty Limited is an 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:

137 Days Road, Regency Park, SA 5010, Australia

Registered office at the date of the directors' report:

137 Days Road, Regency Park, SA 5010, Australia

Principal place of business:

137 Days Road, Regency Park, SA 5010, Australia

Note 2: Basis of preparation

In the opinion of the directors the Company is not publicly accountable. These financial statements are Tier 2 general purpose financial statements that have been prepared in accordance *Australian Charities and Not-for-profits Commission Act 2012*, Australian Accounting Standards - Reduced Disclosure Requirements.

They were authorised for issue by the Board of Directors on 23rd June 2022.

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

Note 3: Going Concern and economic dependency

The Company has derived a deficit for the year ended 31 December 2021 of \$1,108,923 (2020: surplus of \$2,171,073). As at 31 December 2021, the Company has a net deficit in working capital of \$735,239 (2020: working capital surplus of \$755,590) and positive net assets of \$242,824 (2020: net assets of \$1,351,747).

Whilst the Company has reported a decline in financial performance in FY 2021, this was due to the impact of ongoing international border restrictions on international student enrolments.

As international border restrictions were lifted in January 2022, there was some improvement in the new student intake in semester 1 2022, Directors anticipate that new student intakes will increase to pre-COVID levels from semester 2 2022. Given the continued impact on semester 1 2022 Directors anticipate that the Company will incur losses until at least January 2023 and will be reliant on financial support from the Company's ultimate parent entity, New Zealand Holdco 2018 Limited, for at least this period.

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 2021.

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

Notes to the Financial Statements

For the year ended 31 December 2021

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

In the current year the Company has not adopted any new or revised Standards or Interpretations issued by the Australian Accounting Standards Board (AASB).

At the date of the financial report, a number of Standards and Interpretations were issued but not yet effective and have not been early adopted.

These are not expected to have a material impact on the company with the exception of AASB 1060 General Purpose Financial Statements – Simplified Disclosures for Profit and Not-for Profit Tier 2 entities (AASB 1060). AASB 1060 is expected to change the disclosures in the financial statements. AASB 1060 is mandatory for the company for the year ended 31 Dec 2022.

Notes to the Financial Statements

For the year ended 31 December 2021

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 flow 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 2021

(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 2021

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 2021

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

i) 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.

ii) 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 terms are 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:

	2021	2020
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 2021

(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 2021

On 1 December 2021, the Company changed its constitution and ceased to be a non profit organisation and therefore was taxable for the period 1 December 2021 to 31 December 2021.

The income tax expense or benefit for the period is the tax payable on that period's taxable income for the month of December 2021 based on the applicable income tax rate for each jurisdiction, 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.

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.

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.

Notes to the Financial Statements

For the year ended 31 December 2021

(k) Leases

During 2021, the Company had both IT 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

	2021 \$	2020 \$
Accommodation	4,879	485,346
Application fees	3,417	32,818
Course fees	3,299,066	7,486,308
Material & resource fee	22,995	60,364
Total revenue	3,330,357	8,064,836

Note 8: Investment income

	2021 \$	2020 \$
Interest income	522	1,778
Total Investment income	522	1,778

Note 9: Other revenue

	2021 \$	2020 \$
Commission	-	2,480
Fundraising and donations	-	5,000
Licensed income	124,755	329,193
JobKeeper and Government Subsidies	509,130	1,059,000
Rent relief	-	295,794
Total other revenue	633,885	1,691,467

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 2021

Note 10: Cost of sales

	2021	2020
	\$	\$
Accommodation expense	-	465,580
Course costs	323,339	691,134
Materials	100,967	147,662
Student related expenses	87,579	109,814
Total cost of sales	511,885	1,414,190

Note 11: Administration expenses

	2021	2020
	\$	\$
Consultant fees	254,316	152,932
Insurance	22,655	27,903
Licences, fees and registrations	20,313	15,351
Printing, postage & stationery	5,915	18,776
Subscriptions & memberships	100,760	29,134
Total administration expenses	403,959	244,096

Note 12: Building costs

	2021	2020
	\$	\$
Repairs and maintenance	-	1,526
Telephone & internet	34,039	53,360
Total building costs	34,039	54,886

Notes to the Financial Statements

For the year ended 31 December 2021

Note 13: Employee related expenses

	2021 \$	2020 \$
Salaries and wages	1,996,778	3,877,396
Superannuation	279,458	359,882
Other staff costs	301,906	394,209
Total employee related expenses	2,578,142	4,631,487

Note 14: Other expenses

	2021 \$	2020 \$
Bank fees	4,289	11,577
Computer costs	88,674	103,612
General expense	28,764	39,909
Interest	-	914
Promotions - Domestic	14,663	41,903
Promotions - General	313,008	303,531
Promotions - International	3,905	44,649
Government subsidy related expenditure	3,307	110,797
Total other expenses	456,610	656,892

Note 15: Income tax expense

	2021 \$	2020 \$
Current tax	59,752	-
Deferred tax	79,344	-
Total income tax expense	139,096	-
Deferred tax included in income tax expense comprises:		
Increase in deferred tax liabilities	79,344	-
Total deferred tax	79,344	-
Reconciliation of income tax expense and tax at the statutory rate		
Profit before income tax expense for period 1 Dec 2021 - 31 Dec 2021	233,145	-
Tax at the statutory tax rate of 25%	58,286	-
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Legal expenses	1,466	-
Recognition of previously unrecognised deductible Temporary differences	79,344	-
Income tax expense	139,096	-

Notes to the Financial Statement

For the year ended 31 December 2021

Note 16: Trade and other receivables

	2021 \$	2020 \$
Current		
Trade receivables - students	50,055	63,059
Trade receivables - general	20,699	514
Provision for impairment	(14,590)	(31,500)
	56,164	32,073
Fee Help	2,112	301,748
Other receivables	1,091	1,091
Total current trade and other receivables	59,367	334,912

As of 31 December 2021, trade receivables with a nominal value of \$35,465 (2020: \$31,559) were past due but not impaired. These relate to receivables from students on extended payment plan arrangements in relation to semester 2 2020.

The ageing analysis of these receivables that were past due but not impaired is as follows:

	2021 \$	2020 \$
The ageing of these receivables is:		
Less than 3 months	-	31,559
Over 6 months	35,465	-
Total	35,465	31,559

(a) Impaired receivables

As at 31 December 2021, current receivables with a nominal value of \$14,590 (2020: \$31,500) were impaired. The provision for 2021 was \$14,590 (2020: \$31,500).

	2021 \$	2020 \$
Movements in the provision for impaired receivables as follows:		
At beginning of the period	(31,500)	-
Provisions for impairment during the year	-	(31,500)
Receivables written off during the year as uncollectible	-	-
Unused amount reversed	16,910	-
At 31 December 2021	(14,590)	(31,500)

Notes to the Financial Statements

For the year ended 31 December 2021

Note 17: Other assets

	2021 \$	2020 \$
Prepayments	79,164	79,383
GST Receivable	48,633	11,856
Total other assets	127,797	91,239

Note 18: Intangible assets

	2021 \$	2020 \$
<i>At beginning of the period</i>		
Cost	559,624	537,282
Accumulated amortisation	(465,042)	(436,539)
Net book amount	94,582	100,743
<i>Period Ended 31 December</i>		
<i>Opening Net Book Amount</i>	94,582	100,743
Additions	-	-
Work in progress	717,847	22,343
Amortisation charge	(27,103)	(28,504)
Closing net book amount	785,326	94,582
	2021 \$	2020 \$
Cost	1,277,471	559,624
Accumulated amortisation	(492,145)	(465,042)
Net book amount	785,326	94,582

Notes to the Financial Statements

For the year ended 31 December 2021

Note 19: Property, plant and equipment

	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

	Leasehold Improvements \$	Computer Costs \$	Furniture & Fittings \$	Closing balance \$
At 1 January 2020				
- Cost	135,584	517,455	85,016	738,055
- Accumulated Depreciation	(68,907)	(445,313)	(39,006)	(553,226)
Net Book Amount	66,677	72,142	46,010	184,829
Year Ended 31 December 2020				
Opening Net Book Amount	66,677	72,142	46,010	184,829
Additions	-	83,371	4,731	88,102
Disposals	-	(117,694)	(4,605)	(122,299)
Depreciation Expense	(27,191)	(57,677)	(9,068)	(93,936)
Add back depreciation on disposal	-	117,693	4,605	122,298
Closing Net Book Amount	39,486	97,835	41,673	178,994
At 31 December 2020				
- 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

Notes to the Financial Statements

For the year ended 31 December 2021

Note 20: Capital and reserves

(a) Share Capital (continued)

	Ordinary Shares 2021 \$	Ordinary Shares 2020 \$
On issue at 1 January	400,002	2
Issues for cash	-	400,000
On issue at 31 December	400,002	400,002

(i) Ordinary Shares

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

(ii) Issue of ordinary shares

No shares new shares were issued in 2021. (2020: 400,000 shares at \$1 per share).

Note 21: Trade and other payables

	2021 \$	2020 \$
Trade payables	-	38,764
Related party payable	464,720	220,000
Other payables	464,896	121,607
Payroll payables	61,227	136,748
Total trade and other payables	990,843	517,119

Note 22: Other liabilities

	2021 \$	2020 \$
Income received in advance	383,645	778,221
Total other liabilities	383,645	778,221

Notes to the Financial Statements

For the year ended 31 December 2021

Note 23: 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

	2021 \$	2020 \$
Annual leave	233,268	252,255
Long service leave	46,390	184,191
Total current provisions	279,658	436,446
Long service leave	78,213	70,329
Total non-current provisions	78,213	70,329
Total provisions	357,871	506,775

Note 24: Tax

Deferred tax liability

Deferred tax asset comprises temporary differences attributable to:

Amounts recognised in profit or loss

Provision for annual leave

Provision for long service leave

Accrued Expense

IFRS 16 Leases

Accumulated Depreciation

Intangible Assets

Provision for Impairment

Net Timing Differences

Deferred tax liability @ Tax Rate 25%

Non Current

Movements:

Opening balance

Debited to profit and loss

Closing balance

Provision for income tax

Current

Provision for income tax

	2021 \$	2020 \$
Provision for annual leave	233,268	-
Provision for long service leave	124,603	-
Accrued Expense	57,273	-
IFRS 16 Leases	4,280	-
Accumulated Depreciation	33,935	-
Intangible Assets	(785,326)	-
Provision for Impairment	14,590	-
Net Timing Differences	(317,377)	-
Deferred tax liability @ Tax Rate 25%	(79,344)	-
Opening balance	-	-
Debited to profit and loss	139,096	-
Closing balance	139,096	-
Provision for income tax	59,752	-

Notes to the Financial Statements

For the year ended 31 December 2021

Note 25: Note to the Statement of Cash Flows

- (a) For the purposes of the Statement of Cash Flows, cash includes cash on hand and in banks and investments in term deposits. Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

	2021 \$	2020 \$
Cash and cash equivalents	1,035,848	2,454,627
	1,035,848	2,454,627

- (b) Reconciliation of operating result after income tax to net cash flows from operating activities.

	2021 \$	2020 \$
Surplus/ (Deficit) for the year	(1,108,921)	2,171,073
Amortisation	27,103	28,504
Depreciation	73,824	93,936
Interest Income	(522)	(1,778)
Lease interest expense	18,533	6,967
Lease depreciation	382,985	420,706
Lease Adjustment	20,550	
<u>Changes in net assets and liabilities:</u>		
Movement in receivables	275,545	(237,572)
Movement in other assets	(36,558)	(18,826)
Movement in trade and other payables	484,089	140,990
Movement in other liabilities	(394,576)	(917,780)
Movement in provisions	(148,904)	(156,490)
Movement in provision for income tax	139,096	-
Net cash provided by operating activities	(267,755)	1,529,730

Notes to the Financial Statements

For the year ended 31 December 2021

Note 26: Related party disclosures

(a) Ultimate controlling entity

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

(b) Details of Key Management Personnel

The Directors and other members of key management personnel of the Company during the year were:

Ms Ana Maria Rivera Rebolledo	Resigned 16 February 2021
Ms Ann Doolette	Appointed 17 June 2021. Resigned 30 June 2021
Mrs Denise Von Wald	Resigned 8 December 2021.
Mr Craig Jones	Appointed 16 February 2021
Mr Colm Saunders	Appointed 23 April 2020
Ms Amy McWaters	Appointed 7 December 2021
Ms Adele Preston	Appointed 7 December 2021

Executive Officer

Mrs Natalie Simmons Chief Executive

(c) Remuneration of key management personnel

The remuneration of directors and other members of key management personnel during the year was as follows:

	2021 \$	2020 \$
Short-term benefits	233,834	260,647
Post-employee benefits*	21,567	24,294
Long term benefits **	6,958	695
	262,359	285,636

* Superannuation is included in post-employee benefits.

** Long service leave is included in long term benefits.

Notes to the Financial Statements

For the year ended 31 December 2021

(d) Transaction with key management personnel

During the year, the Company entered into the following transactions with key management personnel:

	2021 \$	2020 \$
Mr Richard Ryan - Consulting fees	-	-
Loan interest paid to Mr Gerald Lipman	-	-
Mr G Lipman - Loan	-	(400,000)

(e) Transactions with Related Party

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

(e) Transactions with Related Party

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

	2021 \$	2020 \$
Up Education Pty Ltd		
- Shared service recharge	(165,000)	(220,000)
- Marketing & other re-charges	(171,309)	
Up Education Australia Pty Ltd	(125,957)	-
Charles Darwin University		
- Increase in loan	-	150,000
- Repayment of loan	-	(300,000)

Note 27: Financial instruments

(a) Capital risk management

ICHM Pty Limited does not have significant exposure to capital risk as the Company does not have any investments.

Notes to the Financial Statements

For the year ended 31 December 2021

(b) Financial risk management objectives

ICHM Pty Limited has an appointed Board to make all of the financial decisions for the Company.

(c) Market risk

ICHM Pty Limited does not have significant exposure to market risk as the Company does not have any significant financial instruments.

(d) Credit risk

ICHM Pty Limited does not have significant exposure to credit risk.

(e) Interest rate risk management

ICHM Pty Limited exposure to interest rate risk is minimised as there are no borrowings other than the related party loan.

Interest rate sensitivity:

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of cash, term deposits and liquid investments:

	Increase/ Decrease in Basis Points	Effect on profit
For the year ended 31 December 2021	+50	5,179
	-50	(5,179)
For the year ended 31 December 2020	+50	12,273
	-50	(12,273)

Note 28: Remuneration of auditors

Amount received, or due and receivable, by the auditors for auditing the financial report of:

	2021 \$	2020 \$
KPMG	40,365	25,875

Note 29: Contingencies

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.

Notes to the Financial Statements

For the year ended 31 December 2021

Note 30: Commitments

(a) Capital Commitments

ICHM Pty Limited does not have any capital commitments as at 31 December 2021 (2020 - \$Nil).

Note 31: Leases

The Company leases a property. This lease initially was for a period of 3 years with a renewal option. During 2021, the Company modified the lease to end on 30 June 2022.

The company also leases office equipment. However, these are not considered material.

(a) Right of Use Assets

2021	Land and Buildings	Office Equipment	Total
<i>Balance as at 1 January 2021</i>	1,179,359	48,550	1,227,909
Adjustment	(72,673)	-	(72,673)
Depreciation charge for the year	(371,561)	(11,424)	(382,985)
Modification to lease term	(542,543)	-	(542,543)
<i>Balance as at 31 December 2021</i>	192,582	37,126	229,708
2020	Land and Buildings	Office Equipment	Total
<i>Balance as at 1 January 2020</i>	412,138	12,677	424,815
Adjustment for early replacement of lease	-	(4,109)	(4,109)
Depreciation charge for the year	(412,138)	(8,568)	(420,706)
Additions to right of use assets	1,179,359	48,550	1,227,909
<i>Balance as at 31 December 2020</i>	1,179,359	48,550	1,227,909

Notes to the Financial Statements

For the year ended 31 December 2021

(b) Amounts recognised in profit and loss

2021	Land and Buildings	Office Equipment	Total
<i>Leases under AASB 16</i>			
Interest on lease liabilities	17,323	1,210	18,533
Adjustment	20,550	-	20,550
Depreciation on right of use asset	371,561	11,424	382,985
<i>Total recognised in profit and loss</i>	409,434	12,634	422,068

2020	Land and Buildings	Office Equipment	Total
<i>Leases under AASB 16</i>			
Interest on lease liabilities	6,038	929	6,967
Depreciation on right of use asset	412,138	8,568	420,706
<i>Total recognised in profit and loss</i>	418,176	9,497	427,673

(c) Amounts recognised in statement of cash flows

2021	Land and Buildings	Office Equipment	Total
Total cash outflow for leases	406,042	12,240	418,282

Note 32: Events occurring after the balance sheet date

International travel restrictions were lifted in January 2022 which resulted in an increase in new international students in semester 1 2022. This intake was still lower than pre-COVID intakes as student only had 3 weeks to arrive in Australia prior to the commencement of the semester.