



ALPHACRUCIS
UNIVERSITY COLLEGE

Alphacrucis University College Limited and Controlled Entities

ABN 13 072 747 187

Consolidated Financial Report

For the Year Ended 31 December 2022

Alphacrucis University College Limited and Controlled Entities

ABN 13 072 747 187

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Alphacrucis University College Limited and Controlled Entities

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Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 31 December 2022

		2022	2021
			Restated
	Note	\$	\$
Revenue	3	27,136,755	28,952,350
Employee benefits expense	4	(14,669,312)	(12,698,251)
Cost of services (third party provider fees)		(7,182,088)	(8,793,949)
Contractors expense		(1,091,926)	(1,450,439)
Property expense		(1,126,855)	(1,179,030)
Telephone and IT expense		(945,539)	(1,121,764)
Travel and entertainment expense		(548,051)	(313,618)
Consultants and professional fees		(488,800)	(199,621)
Cost of services (field trip expenses)		(468,707)	-
Advertising and promotions expense		(428,703)	(481,228)
Scholarships and financial assistance		(175,775)	(191,679)
Office expense		(168,013)	(162,931)
Course accreditation and development expense		(151,792)	(62,606)
Staff recruitment, training and development		(150,371)	(155,497)
Course delivery and other academic expenses		(312,948)	(102,988)
Bad and doubtful debts		(38,242)	(55,560)
Other expenses		(719,798)	(638,165)
Surplus/(deficit) before interest, tax, depreciation and amortisation		(1,530,165)	1,345,024
Depreciation and amortisation expense	4	(994,922)	(939,314)
Interest expense	4	(570,905)	(357,410)
Surplus/(deficit) from operating activities		(3,095,992)	48,300
Write-off of rent receivable on settlement with tenant		-	(157,536)
Surplus/(deficit) for the year		(3,095,992)	(109,236)
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Net gain on revaluation of land and buildings		2,316,497	-
Items that will be reclassified to profit or loss when specific conditions are met			
Exchange differences on translating foreign controlled entities		2,192	-
Other comprehensive income for the year		2,318,689	-
Total comprehensive income for the year		(777,303)	(109,236)
Surplus/(deficit) attributable to:			
Members of the parent entity		(3,096,966)	(114,343)
Non-controlling interest		974	5,107
		(3,095,992)	(109,236)
Total comprehensive income attributable to:			
Members of the parent entity		(778,496)	(114,343)
Non-controlling interest		1,193	5,107
		(777,303)	(109,236)

The accompanying notes form part of these financial statements.

Alphacrucis University College Limited and Controlled Entities

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Consolidated Statement of Financial Position

As at 31 December 2022

		2022	2021
	Note	\$	Restated \$
ASSETS			
Cash and cash equivalents	5	524,523	3,675,460
Trade and other receivables	6	3,542,019	2,781,663
Inventories	7	9,330	9,330
Financial assets	8	255,263	5,263
Other assets	9	764,759	567,747
Property, plant and equipment	11	51,367,364	49,305,005
Right-of-use assets	10	895,392	1,098,729
Intangible assets	12	1,369,382	1,399,786
TOTAL ASSETS		58,728,032	58,842,983
LIABILITIES			
Trade and other payables	13	1,373,648	1,334,574
Other liabilities	16	3,681,498	3,024,683
Lease liabilities	10	977,080	1,181,525
Provisions	15	1,376,444	1,157,161
Borrowings	14	15,049,126	15,097,500
TOTAL LIABILITIES		22,457,796	21,795,443
NET ASSETS		36,270,236	37,047,540
EQUITY			
Reserves	17	22,322,512	20,004,043
Retained earnings		13,967,139	17,064,105
Total equity attributable to members of the parent entity		36,289,651	37,068,148
Non-controlling interest		(19,415)	(20,608)
TOTAL EQUITY		36,270,236	37,047,540

The accompanying notes form part of these financial statements.

Alphacrucis University College Limited and Controlled Entities

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Consolidated Statement of Changes in Equity

For the Year Ended 31 December 2022

2022

	Retained Earnings	Asset Revaluation Reserve	Foreign Currency Translation Reserve	Non- controlling Interests	Total
	\$	\$	\$	\$	\$
Balance at 1 January 2022	17,064,105	20,004,043	-	(20,608)	37,047,540
Surplus/(deficit) attributable to members of the parent entity	(3,096,966)	-	-	974	(3,095,992)
Revaluation increment/(decrement)	-	2,316,497	-	-	2,316,497
Adjustments from translation of foreign controlled entities	-	-	1,972	219	2,191
Balance at 31 December 2022	13,967,139	22,320,540	1,972	(19,415)	36,270,236

2021

	Retained Earnings	Asset Revaluation Reserve	Foreign Currency Translation Reserve	Non- controlling Interests	Total
	\$	\$	\$	\$	\$
Balance at 1 January 2021	17,756,764	20,004,043	-	(25,715)	37,735,092
Retrospective restatement upon change in accounting policy	(578,316)	-	-	-	(578,316)
Balance at 1 January 2021 restated	17,178,448	20,004,043	-	(25,715)	37,156,776
Surplus/(deficit) attributable to members of the parent entity	(114,343)	-	-	-	(114,343)
Surplus/(deficit) attributable to non-controlling interests	-	-	-	5,107	5,107
Balance at 31 December 2021	17,064,105	20,004,043	-	(20,608)	37,047,540

The accompanying notes form part of these financial statements.

Alphacrucis University College Limited and Controlled Entities

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Consolidated Statement of Cash Flows

For the Year Ended 31 December 2022

	Note	2022 \$	2021 \$
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from student fees, tenants and donors		25,950,379	28,814,427
Government grants received		1,443,781	2,207,512
Payments to suppliers and employees		(28,971,587)	(28,351,180)
Interest received		6,341	779
Interest paid		(570,905)	(361,420)
Net cash provided by (used in) operating activities	21	(2,141,991)	2,310,118
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property, plant and equipment		(293,168)	(197,656)
Payment for intangible asset		(169,229)	(554,414)
Placement of term deposits		(250,000)	-
Net cash used by investing activities		(712,397)	(752,070)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Payment of lease liabilities		(248,175)	(200,167)
Payment of borrowings		(352,500)	-
Net cash used by financing activities		(600,675)	(200,167)
Net increase (decrease) in cash and cash equivalents held		(3,455,063)	1,357,881
Cash and cash equivalents at beginning of year		3,675,460	2,317,579
Cash and cash equivalents at end of financial year	5(a)	220,397	3,675,460

The accompanying notes form part of these financial statements.

Alphacrucis University College Limited and Controlled Entities

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Notes to the Financial Statements

For the Year Ended 31 December 2022

1 Summary of Significant Accounting Policies

(a) Basis of Preparation

The consolidated financial report covers Alphacrucis University College Limited and Controlled Entities ('the Group'). Alphacrucis College Limited ('the Parent Company') is a Company limited by guarantee, registered and domiciled in Australia.

The Group is a multidisciplinary Christian University College providing higher education and vocational education and training to students in the world of Business, Counselling, Education, Ministry, Music, and beyond.

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards - Simplified Disclosures of the Australian Accounting Standards Board (AASB) and the *Australian Charities and Not-for-profits Commission Act 2012*. The Group is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

Significant accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated. The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The Statement of Financial Position presents assets and liabilities in descending order of liquidity in accordance with AASB 101 *Presentation of Financial Statements*.

(b) Basis for consolidation

The consolidated financial statements include the financial position and performance of controlled entities from the date on which control is obtained until the date that control is lost.

Intragroup assets, liabilities, equity, income, expenses and cashflows relating to transactions between entities in the consolidated entity have been eliminated in full for the purpose of these financial statements. Appropriate adjustments have been made to a controlled entity's financial position, performance and cash flows where the accounting policies used by that entity were different from those adopted by the consolidated entity. All controlled entities have a June financial year end.

A list of controlled entities is contained in Note 20 to the financial statements.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

Conceptual Framework for Financial Reporting (Conceptual Framework)

The consolidated entity has adopted the revised Conceptual Framework from 1 January 2020. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards, but it has not had a material impact on the consolidated entity's financial statements.

Alphacrucis University College Limited and Controlled Entities

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Notes to the Financial Statements

For the Year Ended 31 December 2022

1 Summary of Significant Accounting Policies

(b) Basis for consolidation

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

The consolidated entity has adopted AASB 1060 from 1 January 2022. The standard provides a new Tier 2 reporting framework with simplified disclosures.

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the parent has control. Control is established when the parent is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity.

(c) Comparative amounts

Comparatives have been restated. See Note 25 for more details.

(d) Revenue

Revenue from contracts with customers

The Parent Company is registered with the Australian Commonwealth Government as an Institute of Higher Education (and a University College effective from 25 January 2022), offering courses at sub-graduate, undergraduate, graduate and higher degree research level recognised by the Tertiary Education Quality Standards Agency (TEQSA). The Parent Company is also an approved VET Provider. The Parent Company is registered as a Registered Training Organisation (RTO) with the Australian Skills Quality Authority (ASQA) and is the developer and owner of several courses accredited through ASQA. The Parent Company earns revenue from customers principally from the provision of teaching of units of study as described above. Subsidiaries in New Zealand also provide similar levels of higher education and training.

Revenue is recognised when performance obligations under its contract with the customer has been satisfied. This is typically when the applicable semester of study or research support has been completed. Revenue is only recognised to the extent that there is a high probability that a significant reversal of revenue will not occur.

A receivable will be recognised when the service has been completed. The Group's right to consideration is deemed unconditional at this time as only the passage of time is required before payment of that consideration is due. Consideration paid by the customer in advance of the completion of the work is recognised as a contract liability.

Donations, grants and bequests

When the Group receives donations, grants or bequests, it assesses whether a contract exists, and whether the contract is enforceable and has sufficiently specific performance obligations in accordance with AASB 15.

When these conditions are satisfied, the Group:

- identifies each performance obligation relating to the donation, grant or bequest;

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Notes to the Financial Statements

For the Year Ended 31 December 2022

1 Summary of Significant Accounting Policies

(d) Revenue

- recognises a contract liability for its obligations under the contract; and
- recognises revenue as it satisfies its performance obligations.

When the contract is not enforceable or does not have sufficiently specific performance obligations, the donation, grant or bequest is recognised immediately in profit or loss.

Government grants received in 2021 under the Australian Government cash flow boost initiative have been recognised as revenue when the Group became entitled to receive the grants, which was assessed to be the time at which the applicable Activity Statements were lodged with the Australian Taxation Office.

Rental income

Rental income from operating leases are recognised on a straight-line basis over the period of the lease term so as to reflect a constant periodic rate of return. Accrued income recognised to reflect income on a straight-line basis is recognised within trade and other receivables.

(e) Income Tax

The Parent Company is a charity registered with the Australian Charities and Not-for-profits Commission. Accordingly, it is exempt from income tax in Australia under Division 50 of the *Income Tax Assessment Act 1997*.

Subsidiaries are also charities registered with Charities Services New Zealand, and are therefore exempt from income tax in New Zealand.

(f) Goods and Services Tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO) or the New Zealand Inland Revenue Department (IRD). The net amount of GST recoverable from, or payable to, the ATO and IRD is included as part of receivables or payables in the consolidated statement of financial position.

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

(g) Inventories

Inventories are measured at the lower of cost and current replacement cost. Inventories acquired at no cost, or for nominal consideration are valued at the current replacement cost as at the date of acquisition.

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Notes to the Financial Statements

For the Year Ended 31 December 2022

1 Summary of Significant Accounting Policies

(h) Property, Plant and Equipment

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

Land and buildings

Land and buildings are shown at their fair value based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings. Where an independent valuer provides a valuation range, it is the policy of the Group to adopt a valuation at the lower end of the valuation range. In periods when land and buildings are not subject to independent valuation, the directors conduct directors' valuations to ensure the carrying amount for the land and buildings is not materially different to the fair value.

Increases in the carrying amount arising on revaluation of property, plant and equipment recognised at fair value are recognised in other comprehensive income and accumulated in the asset revaluation reserve in equity. Revaluation decreases that offset previous increases of the same class of assets shall be recognised in other comprehensive income. All other decreases are recognised in profit or loss.

Any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Plant and equipment

Plant and equipment are measured on the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of plant and equipment is greater than its estimated recoverable amount, the carrying amount is written down immediately to its estimated recoverable amount and impairment losses are recognised in profit or loss.

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

Depreciation

The depreciable amount of all property, plant and equipment, except for freehold land, is depreciated on a straight-line basis from the date that management determine that the asset is available for use.

The depreciation rates used for each class of depreciable asset are shown below:

Asset class	Depreciation rate
Buildings and Improvements	1.25 - 2%
Motor Vehicles	22.5%
Plant and Equipment	10 - 30%

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

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Notes to the Financial Statements

For the Year Ended 31 December 2022

1 Summary of Significant Accounting Policies

(i) Intangibles

Software

Software has a finite life and is carried at cost less any accumulated amortisation and impairment losses. Software costs are amortised on a systematic basis over the useful life of the asset.

Research and development

Expenditure during the research phase of a project is recognised as an expense when incurred. Development costs are capitalised only when technical feasibility studies identify that the project will deliver future economic benefits, and the expenditure attributable to the development of the asset can be measured reliably. The expenditure capitalised includes the cost of materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use, and capitalised borrowing costs. Other development expenditure is recognised in profit or loss as incurred.

Capitalised development costs are measured at cost less accumulated amortisation and accumulated impairment losses. Development costs have a finite life and are amortised on a systematic basis matched to the future economic benefits over the useful life of the project.

(j) Leases

Right-of-use asset

At the lease commencement, the Group recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where the Group believes it is reasonably certain that the option will be exercised.

The right-of-use asset is measured using the cost model where cost on initial recognition comprises of the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration less any lease incentives received.

The right-of-use asset is depreciated over the lease term on a straight line basis and assessed for impairment in accordance with the impairment of non-financial assets accounting policy.

Lease liability

The lease liability is initially measured at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Group's incremental borrowing rate is used.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is remeasured whether there is a lease modification, change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI) or a change in the Group's assessment of lease term.

Where the lease liability is remeasured, the right-of-use asset is adjusted to reflect the remeasurement or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

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Notes to the Financial Statements

For the Year Ended 31 December 2022

1 Summary of Significant Accounting Policies

(j) Leases

Exceptions to lease accounting

The Group has elected to apply the exceptions to lease accounting for both short-term leases (i.e. leases with a term of less than or equal to 12 months) and leases of low-value assets. The Group recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

(k) Impairment of non-financial assets

At the end of each reporting period the Group determines whether there is an evidence of an impairment indicator for non-financial assets. Where an indicator exists (and regardless for goodwill, indefinite life intangible assets and intangible assets not yet available for use), the recoverable amount of the asset is estimated. Where assets do not operate independently of other assets, the recoverable amount of the relevant cash-generating unit (CGU) is estimated.

The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit. Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss.

Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss, except for goodwill.

(l) Financial instruments

Financial instruments are recognised initially on the date that the Group becomes party to the contractual provisions of the instrument. On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification

On initial recognition, the Group classifies its financial assets into the following categories, those measured at:

- amortised cost
- fair value through profit or loss - FVTPL

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets.

Alphacrucis University College Limited and Controlled Entities

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Notes to the Financial Statements

For the Year Ended 31 December 2022

1 Summary of Significant Accounting Policies

(I) Financial instruments

Financial assets

Financial assets at amortised cost

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows are solely payments of principal and interest on the principal amount outstanding.

The Group's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the consolidated statement of financial position.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment. Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

Financial assets at fair value through profit or loss

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss (FVTPL).

Net gains or losses, including any interest or dividend income are recognised in profit or loss.

Impairment of financial assets

Impairment of financial assets is recognised on an expected credit loss (ECL) basis for the following assets:

- financial assets measured at amortised cost

Trade receivables

Impairment of trade receivables have been determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The Group has determined the probability of non-payment of the receivable and multiplied this by the amount of the expected loss arising from default.

The amount of the impairment is recorded in a separate allowance account with the loss being recognised in finance expense. Once the receivable is determined to be uncollectable then the gross carrying amount is written off against the associated allowance.

Where the Group renegotiates the terms of trade receivables due from certain customers, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

Alphacrucis University College Limited and Controlled Entities

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Notes to the Financial Statements

For the Year Ended 31 December 2022

1 Summary of Significant Accounting Policies

(l) Financial instruments

Financial assets

Other financial assets measured at amortised cost

Impairment of other financial assets measured at amortised cost are determined using the expected credit loss model in AASB 9. On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced significant increase in credit risk, the lifetime losses are estimated and recognised.

Financial liabilities

The Group measures all financial liabilities initially at fair value less transaction costs. Subsequently, financial liabilities are measured at amortised cost using the effective interest rate method. The financial liabilities of the Group comprise trade payables, bank and other loans and lease liabilities.

(m) Cash and cash equivalents

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

Bank overdrafts also form part of cash equivalents for the purpose of the consolidated statement of cash flows and are presented within current liabilities on the consolidated statement of financial position.

(n) Employee benefits

Provision is made for the Group's liability for employee benefits, those benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits expected to be settled more than one year after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Cashflows are discounted using market yields on high quality corporate bond rates, with terms to maturity that match the expected timing of cashflows. Changes in the measurement of the liability are recognised in profit or loss.

Alphacrucis University College Limited and Controlled Entities

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Notes to the Financial Statements

For the Year Ended 31 December 2022

1 Summary of Significant Accounting Policies

(o) Foreign currency transactions and balances

Group companies

The financial results and position of foreign subsidiaries whose functional currency is different from the Group's presentation currency are translated as follows:

- assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
- income and expenses are translated at average exchange rates for the period where the average rate approximates the rate at the date of the transaction; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the Group's foreign currency translation reserve in the consolidated statement of financial position. These differences are recognised in the consolidated statement of profit or loss and other comprehensive income in the period in which the operation is disposed.

2 Change in Accounting Policy

The Group has changed its accounting policy in relation to the recognition and measurement of intangible assets (computer software). As a result of the IFRIC interpretation on cloud computing implementation costs the Directors have assessed that previously capitalised software costs did not meet the definitions according to the new guidance. Accordingly the comparative balances have been restated.

The effect of the change in accounting policy on the financial statements for the year ended 31 December 2022 is as follows:

	Previously stated \$	31 December 2021 Adjustments \$	Restated \$	Previously stated \$	1 January 2021 Adjustments \$	Restated \$
Consolidated Statement of Profit or Loss and Other Comprehensive Income						
Depreciation and amortisation expense	1,079,581	(140,267)	939,314			
Telephone and IT expense	918,476	203,288	1,121,764			
Surplus/(deficit) for the year	(46,215)	(63,021)	(109,236)	-	-	-
Consolidated Statement of Financial Position						
Intangible assets	2,041,123	(641,337)	1,399,786	1,793,722	(578,316)	1,215,406
Retained earnings	17,705,442	(641,337)	17,064,105	17,756,764	(578,316)	17,178,448

Alphacrucis University College Limited and Controlled Entities

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Notes to the Financial Statements

For the Year Ended 31 December 2022

3 Revenue

	2022	2021
Note	\$	Restated \$
Revenue from contracts with customers:		
- Gross student fees	23,473,959	24,768,795
- NZ Government grants	606,392	896,462
- NSW Government grants	518,720	95,978
	24,599,071	25,761,235
Revenue from other sources:		
- Rental income	1,745,078	1,980,016
- Donations and fundraising income	758,162	514,423
- Interest income	6,341	779
- Australian Government grants (JobKeeper)	-	675,300
- Other sundry income	28,103	20,597
	2,537,684	3,191,115
Total revenue	27,136,755	28,952,350

4 Expenses

Employee benefits expense		
- Salaries, wages and other short-term benefits	13,442,737	11,913,406
- Superannuation contributions	1,276,243	1,067,723
- Less employee benefits capitalised as intangible assets	12 (49,668)	(282,877)
	14,669,312	12,698,252
Depreciation and amortisation expense		
- Depreciation of property, plant and equipment	11 546,031	529,664
- Depreciation of right-of-use assets	10 249,258	242,904
- Amortisation of intangible assets	12 199,633	166,746
	994,922	939,314
Interest expense		
- Interest expense on bank and other loans	521,980	298,635
- Interest expense on lease liabilities	48,925	58,775
	570,905	357,410
Leases		
- Short term and low value lease payments	278,396	282,572
Net foreign exchange loss		
- Net foreign exchange loss	11,057	-
Receivables		
- Bad and doubtful debts	38,242	55,560

Alphacrucis University College Limited and Controlled Entities

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Notes to the Financial Statements

For the Year Ended 31 December 2022

5 Cash and cash equivalents

	Note	2022 \$	2021 \$
Cash on hand		6,906	6,196
Cash at bank		517,617	3,669,264
		<u>524,523</u>	<u>3,675,460</u>

(a) Reconciliation of cash

Cash and Cash equivalents reported in the consolidated statement of cash flows are reconciled to the consolidated statement of financial position as follows:

Cash and cash equivalents		524,523	3,675,460
Bank overdrafts	14	(304,126)	-
Balance as per consolidated statement of cash flows		<u>220,397</u>	<u>3,675,460</u>

6 Trade and other receivables

Trade receivables		2,705,628	1,727,588
Provision for impairment		(144,643)	(109,035)
		<u>2,560,985</u>	<u>1,618,553</u>
Operating lease receivables		965,995	974,108
Other receivables		15,039	189,002
		<u>3,542,019</u>	<u>2,781,663</u>

7 Inventories

Finished goods		9,330	9,330
		<u>9,330</u>	<u>9,330</u>

8 Financial Assets

Financial assets at fair value through profit or loss

Listed shares		5,263	5,263
Other financial assets		250,000	-
		<u>255,263</u>	<u>5,263</u>

The listed ordinary shares have been valued based on their quoted market prices in active markets.

Alphacrucis University College Limited and Controlled Entities

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Notes to the Financial Statements

For the Year Ended 31 December 2022

9 Other assets

	2022	2021
	\$	\$
Prepayments	747,427	550,415
Deposits	17,332	17,332
	<u>764,759</u>	<u>567,747</u>

10 Leases

Right-of-use assets

	Buildings	Total
	\$	\$
Year ended 31 December 2022		
Balance at the beginning of the year	1,098,729	1,098,729
Depreciation expense	(249,258)	(249,258)
Additions to right-of-use assets	45,291	45,291
Changes in right-of-use assets due to remeasurements of lease liabilities	630	630
Balance at the end of the year	<u>895,392</u>	<u>895,392</u>

	Buildings	Total
	\$	\$
Year ended 31 December 2021		
Balance at the beginning of the year	1,336,110	1,336,110
Depreciation expense	(242,904)	(242,904)
Changes in right-of-use assets due to remeasurements of lease liabilities	5,523	5,523
Balance at the end of the year	<u>1,098,729</u>	<u>1,098,729</u>

The Group has three separate land and building leases for its campuses, with agreements between 5 to 10 years. The option to extend or terminate is contained in one of the property lease. These clauses allow the Group to manage leases in order to align with its strategies. Extension or termination options which were probable to be exercised have been included in the calculation of the right-of-use assets and lease liabilities.

Alphacrucis University College Limited and Controlled Entities

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Notes to the Financial Statements

For the Year Ended 31 December 2022

10 Leases

Lease liabilities

The maturity analysis of lease liabilities based on contractual undiscounted cash flows is shown in the table below:

	< 1 year	1 - 5 years	> 5 years	Total undiscounted lease liabilities	Lease liabilities included in this Consolidated Statement Of Financial Position
	\$	\$	\$	\$	\$
2022					
Lease liabilities	303,512	758,126	-	1,061,638	977,080
2021					
Lease liabilities	294,217	1,015,071	-	1,309,288	1,181,525

Operating leases

The Group leases out surplus space in its building to commercial tenants. it also has a commercial underground car park which is leased out to a commercial . These leases have been classified as operating leases for financial reporting purposes and the assets are included as property in the consolidated statement of financial position (refer note).

The amounts recognised in the consolidated statement of profit or loss and other comprehensive income relating to operating leases where the Group is a lessor are shown below:

	2022	2021
	\$	\$
Operating leases		
Rental income	1,589,594	1,879,501
Total income relating to operating leases	1,589,594	1,879,501

Maturity analysis of lease receivables showing the undiscounted lease payments to be received after reporting date for operating leases:

< 1 year	1,489,684	1,661,896
Between 1 – 5 years	6,380,672	6,946,687
Greater than 5 years	2,095,414	3,019,082
Total undiscounted lease receivable	9,965,770	11,627,665

Alphacrucis University College Limited and Controlled Entities

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Notes to the Financial Statements

For the Year Ended 31 December 2022

11 Property, plant and equipment

	Note	2022 \$	2021 \$
LAND AND BUILDINGS			
Freehold land			
At directors' valuation	(a)	37,427,306	35,110,809
Buildings			
At directors' valuation	(a)	13,414,148	13,286,667
Accumulated depreciation		(957,450)	(766,475)
Total buildings		12,456,698	12,520,192
Total land and buildings		49,884,004	47,631,001
PLANT AND EQUIPMENT			
Plant and equipment			
At cost		567,326	529,459
Accumulated depreciation		(268,818)	(229,894)
Total plant and equipment		298,508	299,565
Motor vehicles			
At cost		14,408	14,408
Accumulated depreciation		(14,408)	(14,408)
Total motor vehicles		-	-
Computer equipment			
At cost		708,945	697,907
Accumulated depreciation		(640,357)	(583,567)
Total computer equipment		68,588	114,340
Leasehold Improvements			
At cost		283,304	282,034
Accumulated amortisation		(142,593)	(102,240)
Total leasehold improvements		140,711	179,794
Library Books			
At cost		2,140,870	2,033,235
Accumulated depreciation		(1,165,317)	(952,930)
Total library books		975,553	1,080,305
Total plant and equipment		1,483,360	1,674,004
Total property, plant and equipment		51,367,364	49,305,005

Alphacrucis University College Limited and Controlled Entities

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Notes to the Financial Statements

For the Year Ended 31 December 2022

11 Property, plant and equipment

Movements in Carrying Amounts

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

	Land	Buildings	Plant and Equipment	Motor Vehicles	Computer Equipment	Leasehold Improvements	Library Books	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Balance at the beginning of the year	35,110,809	12,520,192	299,565	-	114,340	179,794	1,080,305	49,305,005
Additions	-	127,482	38,661	-	16,322	1,270	109,433	293,168
Disposals	-	-	(52)	-	-	-	(1,223)	(1,275)
Depreciation expense	-	(190,976)	(39,666)	-	(62,074)	(40,353)	(212,962)	(546,031)
Revaluation increase recognised in equity	2,316,497	-	-	-	-	-	-	2,316,497
Balance at the end of the year	37,427,306	12,456,698	298,508	-	68,588	140,711	975,553	51,367,364

(a) Revaluation of property, plant and equipment

Land and buildings

Land and buildings located at the Group's Parramatta property (NSW) and Woolloongabba (QLD) were valued by an independent valuer in November 2022. The critical assumptions adopted in determining the valuation included the location of the land and buildings, the current strong demand for land and buildings in the area and recent sales data for similar properties.

The directors reviewed the key assumptions adopted by the valuers and have revalued the properties upwards based on the valuation provided by the valuers.

Alphacrucis University College Limited and Controlled Entities

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Notes to the Financial Statements

For the Year Ended 31 December 2022

12 Intangible Assets

	2022	2021
	\$	Restated \$
Development costs		
Cost	1,672,690	1,621,080
Accumulated amortisation and impairment	(608,250)	(443,147)
Net carrying value	1,064,440	1,177,933
Intangible assets under development and Computer software		
At cost	346,009	230,621
Accumulated amortisation and impairment	(41,067)	(8,768)
Net carrying value	304,942	221,853
Total intangible assets	1,369,382	1,399,786

Movements in carrying amounts of intangible assets

	Development costs	Intangible assets under development and Computer software	Total
	\$	\$	\$
Restated Balance at the beginning of the year	1,177,933	221,853	1,399,786
Additions	54,073	115,388	169,461
Disposals			
Amortisation	(167,566)	(32,299)	(199,865)
Balance at the end of the year	1,064,440	304,942	1,369,382

Alphacrucis University College Limited and Controlled Entities

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Notes to the Financial Statements

For the Year Ended 31 December 2022

13 Trade and other payables

	Note	2022 \$	2021 \$
Trade payables		291,063	367,177
Sundry payables and accrued expenses		1,082,585	967,397
		<u>1,373,648</u>	<u>1,334,574</u>

14 Borrowings

Bank overdraft	(a), (b)	304,126	-
Bank loans	(a), (b)	14,745,000	14,745,000
Other loans		-	352,500
		<u>15,049,126</u>	<u>15,097,500</u>

(a) The carrying amounts of non-current assets pledged as security for bank loans are:

First Mortgage:

- freehold land and buildings	46,734,005	44,591,490
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Floating charge:

- other assets	12,115,153	14,514,324
	<u>58,849,158</u>	<u>59,105,814</u>

(b) Bank loan facility

Loan facility	14,745,000	15,742,345
Amount utilised	(14,745,000)	(14,892,345)
Undrawn facility	-	850,000

As at 31 December 2022, Alphacrucis College Limited had total borrowing facilities (including bank overdrafts) with the Commonwealth Bank of Australia approved to an amount of \$15,742,345.

The bank loan facility includes a market rate loan facility that is interest-only, and repayable in full on the applicable maturity date. This loan, totalling \$14,745,000, is due to mature on 31 July 2023. Renewal of this loan is under negotiation, and the Directors are confident this will be resolved prior to the loan maturity date.

In addition to the market rate loans, there is an overdraft facility in place with a limit of \$800,000. The remaining loan facilities relate to bank guarantees (with respect to property leases) and corporate credit card facilities.

Alphacrucis University College Limited and Controlled Entities

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Notes to the Financial Statements

For the Year Ended 31 December 2022

15 Provisions

	2022	2021
	\$	\$
Employee benefits	1,376,444	1,157,161
	<u>1,376,444</u>	<u>1,157,161</u>

16 Other Liabilities

Contract liabilities (unearned revenue)	2,930,515	1,850,031
Fee HELP received in advance	750,983	1,174,652
	<u>3,681,498</u>	<u>3,024,683</u>

17 Reserves

Asset revaluation reserve

The asset revaluation reserve records unrealised gains on revaluation of property, plant and equipment recorded at fair value.

18 Contingencies

Contingent Liabilities

The Group had the following contingent liabilities at the end of the reporting period:

- Bank guarantee in respect of property leases to the value of \$147,345 (2021: \$147,345).

19 Key Management Personnel Disclosures

The total remuneration paid (or payable) to key management personnel of the Group was \$ 1,320,210 (2021: \$ 1,223,548).

20 Interests in Subsidiaries

Composition of the Group

	Country of Incorporation	Percentage Owned (%)* 2022	Percentage Owned (%)* 2021
Subsidiaries:			
Alphacrucis Limited	New Zealand	90	90
Alphacrucis International College Limited	New Zealand	-	90

*The percentage of ownership interest held is equivalent to the percentage voting rights for all subsidiaries.

Alphacrucis Limited and Alphacrucis International College Limited has been amalgamated in the current year.

Alphacrucis University College Limited and Controlled Entities

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Notes to the Financial Statements

For the Year Ended 31 December 2022

21 Cash Flow Information

Reconciliation of result for the year to cashflows from operating activities

	2022	2021
	\$	\$
Surplus/(deficit) for the year	(3,095,992)	(46,215)
Non-cash flows in surplus/(deficit):		
- depreciation and amortisation	994,922	1,079,581
- impairment of receivables	35,608	39,581
- (gain)/loss on disposal of property, plant and equipment	1,275	-
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	(795,964)	16,491
- (increase)/decrease in other assets	(197,012)	(14,929)
- increase/(decrease) in trade and other payables	39,074	(248,166)
- increase/(decrease) in provisions	219,283	(250,019)
- increase/(decrease) in other liabilities	656,815	1,733,794
Cashflow from operations	<u>(2,141,991)</u>	<u>2,310,118</u>

22 Fair Value Measurement

The Group has the following assets, as set out in table below, that are measured at fair value on a recurring basis after their initial recognition. The Group does not subsequently measure any liabilities at fair value on a recurring basis and has no assets or liabilities that are measured at fair value on a non-recurring basis.

Recurring fair value measurements

Financial assets

- Listed shares (i)	5,263	5,263
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Property, plant and equipment

- Land and buildings (ii)	49,884,004	47,631,001
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Total

<u>49,889,267</u>	<u>47,636,264</u>
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(i) For investments in listed shares, the fair values have been determined based on closing quoted bid prices at the end of the reporting period.

(ii) For land and buildings, the fair values are based on a directors' valuation taking into account an external independent valuation performed, which used comparable market data for similar properties.

Alphacrucis University College Limited and Controlled Entities

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Notes to the Financial Statements

For the Year Ended 31 December 2022

23 Related Parties

The Group's main related parties are as follows:

(a) Key management personnel

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity is considered key management personnel.

For details of disclosures relating to key management personnel, refer to Note 19: Key Management Personnel Compensation.

(b) Other related parties

Other related parties include immediate family members of key management personnel and entities that are controlled or significantly influenced by those key management personnel, individually or collectively with their immediate family members.

(c) Transactions with related parties

Other than the fixed salary of a full-time employee of the Group, there was no remuneration paid or payable to directors of the Group during the year. Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

24 Auditors' Remuneration

Remuneration of the auditor, Saward Dawson for:

- auditing or reviewing the financial statements	35,000	29,500
- other services- preparation of financial reports	2,000	1,500

Remuneration of other auditors of subsidiaries, JSA Audit for:

- auditing or reviewing the financial statements of subsidiaries	14,880	16,229
- fees for other assurance services and agreed-upon-procedures	880	-

Total	52,760	47,229
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Alphacrucis University College Limited and Controlled Entities

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Notes to the Financial Statements

For the Year Ended 31 December 2022

25 Liquidity Analysis

The Group has presented the Statement of Financial Position in descending order of liquidity. The table below summarises the expected timing of the recovery of assets and settlement of liabilities.

	Expected to be recovered/settled no more than 12 months after the reporting period		Expected to be recovered/settled more than 12 months after the reporting period		Total	
	2022	2021	2022	2021	2022	2021
	\$	\$	\$	\$	\$	\$
Assets						
Cash and cash equivalents	524,523	3,675,460	-	-	524,523	3,675,460
Trade and other receivables	3,542,019	2,781,663	-	-	3,542,019	2,781,663
Inventories	9,330	9,330	-	-	9,330	9,330
Financial assets	255,263	5,263	-	-	255,263	5,263
Other assets	764,759	567,747	-	-	764,759	567,747
Property, plant and equipment	-	-	51,367,364	49,305,005	51,367,364	49,305,005
Right-of-use assets	-	-	895,392	1,098,729	895,392	1,098,729
Intangible assets	-	-	1,369,382	1,399,786	1,369,382	1,399,786
	5,095,894	7,039,463	53,632,138	51,803,520	58,728,032	58,842,983
Liabilities						
Trade and other payables	1,373,648	1,334,574	-	-	1,373,648	1,334,574
Other liabilities	3,681,498	3,024,683	-	-	3,681,498	3,024,683
Lease liabilities	265,043	246,192	712,037	935,333	977,080	1,181,525
Provisions	1,088,229	865,903	288,215	291,258	1,376,444	1,157,161
Borrowings	15,049,126	352,500	-	14,745,000	15,049,126	15,097,500
	21,457,544	5,823,852	1,000,252	15,971,591	22,457,796	21,795,443

Alphacrucis University College Limited and Controlled Entities

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Notes to the Financial Statements

For the Year Ended 31 December 2022

26 Financial Risk Management

The Group is exposed to a variety of financial risks through its use of financial instruments. The main risks the Group is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk, foreign currency risk and equity price risk. The Group's financial instruments consist mainly of deposits with banks, accounts receivable and payable, bank loans and bank overdrafts, and lease liabilities.

The totals for each category of financial instruments, measured in accordance with AASB 9 as detailed in the accounting policies to these financial statements, are as follows:

	2022 \$	2021 \$
Financial assets		
Financial assets at amortised cost		
Cash and cash equivalents	524,523	3,675,460
Trade and other receivables	3,542,019	2,781,664
Financial assets at fair value through profit or loss (FVTPL)		
Listed shares	5,263	5,263
Total financial assets	4,082,331	6,472,913
Financial liabilities		
Financial liabilities at amortised cost		
Trade and other payables	1,373,648	1,334,574
Bank overdrafts	304,126	-
Bank loans	14,745,000	14,745,000
Other loans	-	352,500
Lease liabilities	977,080	1,181,525
Total financial liabilities	34,799,708	34,874,698

Alphacrucis University College Limited and Controlled Entities

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Notes to the Financial Statements

For the Year Ended 31 December 2022

27 Parent Entity

The following information has been extracted from the books and records of the parent, Alphacrucis University College Limited, and has been prepared in accordance with Accounting Standards. The financial information for the parent entity has been prepared on the same basis as the consolidated financial statements.

	2022	2021
	\$	Restated \$
Statement of Financial Position		
Assets		
Cash and cash equivalents	402,660	3,445,844
Trade and other receivables	3,889,760	2,742,042
Inventories	9,330	9,330
Financial assets	255,263	5,263
Other assets	756,094	561,519
Property, plant and equipment	51,278,651	49,223,896
Right-of-use assets	895,392	1,098,729
Intangible assets	1,362,008	1,377,854
Total Assets	58,849,158	58,464,477
Liabilities		
Trade and other payables	1,312,636	1,273,345
Lease liabilities	977,080	1,181,525
Short-term provisions	1,333,778	1,107,294
Borrowings	15,045,500	14,745,000
Other liabilities	3,715,773	2,903,688
Total Liabilities	22,384,767	21,210,852
Net Assets	36,464,391	37,253,625
Equity		
Retained earnings	14,143,852	17,249,582
Revaluation surplus	22,320,539	20,004,043
Total Equity	36,464,391	37,253,625

Alphacrucis University College Limited and Controlled Entities

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Notes to the Financial Statements

For the Year Ended 31 December 2022

27 Parent Entity

	2022	2021
	\$	Restated \$
Statement of Profit or Loss and Other Comprehensive Income		
Revenue	26,122,470	27,596,545
Employee benefits expense	(14,042,272)	(11,940,776)
Cost of services (third party provider fees)	(7,182,088)	(8,793,949)
Contractors expense	(1,056,196)	(1,353,959)
Property expense	(998,922)	(981,769)
Telephone and IT expense	(925,392)	(1,104,039)
Travel and entertainment expense	(513,995)	(305,722)
Consultants and professional fees	(453,105)	(166,754)
Cost of services (field trip expenses)	(468,707)	-
Advertising and promotions expense	(419,177)	(477,252)
Scholarships and financial assistance	(175,775)	(191,679)
Office expense	(161,188)	(156,114)
Course accreditation and development expense	(139,274)	(24,766)
Staff recruitment, training and development	(135,607)	(114,928)
Course delivery and other academic expenses	(312,948)	(98,652)
Bad and doubtful debts	(37,498)	(54,695)
Other expenses	(674,019)	(601,944)
Surplus/(deficit) before interest, tax, depreciation and amortisation	(1,573,693)	1,229,547
Depreciation and amortisation expense	(970,577)	(897,818)
Interest expense	(561,460)	(334,493)
Income tax expense	-	-
Surplus/(deficit) from operating activities	(3,105,730)	(2,764)
Write-off of rent receivable on settlement with tenant	-	(157,536)
Surplus/(deficit) for the year	(3,105,730)	(160,300)
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss		
Net gain on revaluation of land and buildings	2,316,497	-
Other comprehensive income for the year	(789,233)	(160,300)
Total comprehensive income	(789,233)	(160,300)

Alphacrucis University College Limited and Controlled Entities

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Notes to the Financial Statements

For the Year Ended 31 December 2022

28 Events Occurring After the Reporting Date

No matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

29 Company Details

The registered office of and principal place of business of the parent company is:

Alphacrucis University College Limited and Controlled Entities
30 Cowper Street
Parramatta NSW 2150

Alphacrucis University College Limited and Controlled Entities

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Directors' Declaration

The directors of the Group declare that in the directors' opinion:

- there are reasonable grounds to believe that the Group is able to pay all of its debts, as and when they become due and payable;
- the financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2022 and of its financial performance for the year ended on that date, in accordance with Australian Accounting Standards - Simplified Disclosure;
- the financial statements and notes satisfy the requirements of the *Australian Charities and Not-for-profits Commission Act 2012*; and
- The amount of Australian Government financial assistance expended during the reporting period was for the purpose for which it was intended, and Alphacrucis College Limited has complied with applicable legislation, contracts, agreements and program guidelines in making expenditure.

Signed in accordance with subsection 60.15(2) of the *Australian Charities and Not-for-profit Commission Regulation 2013*.

Director 

Director 

Date: 22/03/2023

Alphacrucis University College Limited and Controlled Entities

ABN 13 072 747 187

Auditors Independence Declaration to the Directors of Alphacrucis University College Limited and Controlled Entities and Controlled Entities

I declare that, to the best of my knowledge and belief, during the year ended 31 December 2022, there have been:

- (i) no contraventions of the auditor independence requirements as set out in section 60-40 of the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.


Saward Dawson

Jeffrey Tulk
Partner

Blackburn

Date: 22 March 2023

Alphacrucis University College Limited and Controlled Entities

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Independent Audit Report to the members of Alphacrucis University College Limited and Controlled Entities

Opinion

We have audited the financial report of Alphacrucis University College Limited and Controlled Entities (the Group), which comprises the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion the financial report of Alphacrucis University College Limited and Controlled Entities has been prepared in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- (i) giving a true and fair view of the Group's financial position as at 31 December 2022 and of its financial performance for the year ended; and
- (ii) complying with Australian Accounting Standards - Simplified Disclosures and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* (ACNC Act) and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Responsibilities of Directors for the Financial Report

The directors of the Group are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards - Simplified Disclosures and the ACNC Act, and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

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

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

Alphacrucis University College Limited and Controlled Entities

ABN 13 072 747 187

Independent Audit Report to the members of Alphacrucis University College Limited and Controlled Entities

Auditor's Responsibilities for the Audit of the Financial Report

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

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

We also:

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

Alphacrucis University College Limited and Controlled Entities

ABN 13 072 747 187

Independent Audit Report to the members of Alphacrucis University College Limited and Controlled Entities

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


Saward Dawson

Jeffrey Tulk
Partner

Blackburn

Date: 22 March 2023