Alphacrucis University College Limited and Controlled Entities

ABN 13 072 747 187

Consolidated Financial Report

For the Year Ended 31 December 2023

Alphacrucis University College Limited and Controlled Entities

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Contents

For the Year Ended 31 December 2023

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Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 31 December 2023

	Note	2023 $	2022 $
Revenue	2	**24,719,425**	27,136,755
Employee benefits expense	3	**(13,457,294)**	(14,669,312)
Cost of services (third party provider fees)		**(3,702,111)**	(7,182,088)
Computer and IT expense		**(1,169,634)**	(1,035,903)
Contractors expense		**(1,150,677)**	(1,091,926)
Property expense		**(1,115,930)**	(1,126,855)
Travel and entertainment expense		**(869,886)**	(548,051)
Course delivery and other academic expenses		**(641,630)**	(315,608)
Cost of services (field trip expenses)		**(623,336)**	(468,707)
Advertising and promotions expense		**(517,451)**	(428,703)
Course accreditation and development expense		**(300,465)**	(151,792)
Payroll tax and WorkCover		**(223,022)**	(199,569)
Staff recruitment, training and development		**(200,691)**	(141,046)
Scholarships and financial assistance		**(171,810)**	(175,775)
Bad and doubtful debts		**(70,180)**	(38,242)
Consultants, agents and professional fees		**(55,063)**	(488,800)
Other expenses		**(611,018)**	(604,543)
Surplus/(deficit) before interest, tax, depreciation, amortisation and write-offs		**(160,773)**	(1,530,165)
Depreciation and amortisation expense	3	**(1,064,478)**	(994,922)
Interest expense	3	**(907,885)**	(570,905)
Write-off of intangible assets	11	**(1,053,749)**	-
Surplus/(deficit) for the year		**(3,186,885)**	(3,095,992)
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Net gain on revaluation of land and buildings		**3,367,903**	2,316,497
Items that will be reclassified to profit or loss when specific conditions are met			
Exchange differences on translating foreign controlled entities		**3**	2,192
Other comprehensive income for the year		**3,367,906**	2,318,689
Total comprehensive income for the year		**181,021**	(777,303)
Surplus/(deficit) attributable to:			
Members of the parent entity		**(3,182,836)**	(3,096,966)
Non-controlling interest		**(4,049)**	974
		(3,186,885)	(3,095,992)
Total comprehensive income attributable to:			
Members of the parent entity		**185,070**	(778,496)
Non-controlling interest		**(4,049)**	1,193
		181,021	(777,303)

The accompanying notes form part of these financial statements.

Alphacrucis University College Limited and Controlled Entities

ABN 13 072 747 187

Consolidated Statement of Financial Position

As at 31 December 2023

	Note	2023 $	2022 $
ASSETS			
Cash and cash equivalents	4	**225,780**	524,523
Trade and other receivables	5	**1,516,249**	2,044,520
Inventories	7	**9,330**	9,330
Financial assets	6	**5,263**	255,263
Other assets	8	**718,340**	764,759
Property, plant and equipment	10	**54,408,880**	51,367,364
Right-of-use assets	9	**463,687**	895,392
Intangible assets	11	**102,833**	1,369,382
TOTAL ASSETS		**57,450,362**	57,230,533
LIABILITIES			
Trade and other payables	12	**1,417,949**	1,373,648
Other liabilities	15	**3,208,423**	2,183,999
Lease liabilities	9	**516,089**	977,080
Provisions	14	**1,111,644**	1,376,444
Borrowings	13	**14,745,000**	15,049,126
TOTAL LIABILITIES		**20,999,105**	20,960,297
NET ASSETS		**36,451,257**	36,270,236
EQUITY			
Reserves	16	**25,690,418**	22,322,512
Retained earnings		**10,784,303**	13,967,139
Total equity attributable to members of the parent entity		**36,474,721**	36,289,651
Non-controlling interest		**(23,464)**	(19,415)
TOTAL EQUITY		**36,451,257**	36,270,236

The accompanying notes form part of these financial statements.

Alphacrucis University College Limited and Controlled Entities

ABN 13 072 747 187

Consolidated Statement of Changes in Equity

For the Year Ended 31 December 2023

2023

	Retained Earnings	Asset Revaluation Reserve	Foreign Currency Translation Reserve	Non-controlling Interests	Total
	$	$	$	$	$
Balance at 1 January 2023	**13,967,139**	**22,320,540**	**1,972**	**(19,415)**	**36,270,236**
Surplus/(deficit) attributable to members of the parent entity	**(3,182,836)**	**-**	**-**	**-**	**(3,182,836)**
Surplus/(deficit) attributable to non-controlling interests	**-**	**-**	**-**	**(4,049)**	**(4,049)**
Revaluation increment/(decrement)	**-**	**3,367,903**	**-**	**-**	**3,367,903**
Adjustments from translation of foreign controlled entities	**-**	**-**	**3**	**-**	**3**
Balance at 31 December 2023	**10,784,303**	**25,688,443**	**1,975**	**(23,464)**	**36,451,257**

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)	-	-	-	(3,096,966)
Surplus/(deficit) attributable to non-controlling interests	-	-	-	974	974
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

The accompanying notes form part of these financial statements.

Alphacrucis University College Limited and Controlled Entities

ABN 13 072 747 187

Consolidated Statement of Cash Flows

For the Year Ended 31 December 2023

	Note	2023 $	2022 $
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers, grants and donors		**26,630,228**	27,394,160
Payments to suppliers and employees		**(25,435,016)**	(28,971,587)
Interest received		**23,633**	6,341
Interest paid		**(907,885)**	(570,905)
Net cash provided by (used in) operating activities	21	**310,960**	(2,141,991)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property, plant and equipment		**(238,602)**	(293,168)
Payment for intangible asset		**(54,209)**	(169,229)
Redemption (Placement) of term deposits		**250,000**	(250,000)
Net cash provided by (used in) investing activities		**(42,811)**	(712,397)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Payment of lease liabilities		**(262,766)**	(248,175)
Payment of borrowings		**-**	(352,500)
Net cash provided by (used in) financing activities		**(262,766)**	(600,675)
Net increase (decrease) in cash and cash equivalents held		**5,383**	(3,455,063)
Cash and cash equivalents at the beginning of the year		**220,397**	3,675,460
Cash and cash equivalents at the end of the financial year	4(a)	**225,780**	220,397

The accompanying notes form part of these financial statements.

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 operates 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 18 to the financial statements.

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.

1 Summary of Significant Accounting Policies

(c) Revenue

Revenue from contracts with customers

The Parent Company is registered with the Australian Commonwealth Government as an Institute of Higher Education (and 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. A subsidiary in New Zealand also provides 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;
- 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.

1 Summary of Significant Accounting Policies

(d) 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 under Division 50 of the *Income Tax Assessment Act 1997*.

The subsidiary is a registered charity in New Zealand, and therefore is exempt from income tax in New Zealand.

(e) 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.

(f) 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.

(g) 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. 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.

1 Summary of Significant Accounting Policies

(g) Property, Plant and Equipment

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.

(h) 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.

1 Summary of Significant Accounting Policies

(i) 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.

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.

(j) 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.

1 Summary of Significant Accounting Policies

(k) 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.

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.

1 Summary of Significant Accounting Policies

(k) Financial instruments

Financial assets

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.

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.

(l) 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.

1 Summary of Significant Accounting Policies

(m) 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.

(n) 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 Revenue

	Note	2023 $	2022 $
Revenue from contracts with customers:			
- Gross student fees		**20,167,715**	23,473,959
- NZ Government grants		**575,606**	606,392
- NSW Government grants		**1,080,552**	518,720
		21,823,873	24,599,071
Revenue from other sources:			
- Rental income		**2,075,321**	1,745,078
- Donations and fundraising income		**752,915**	758,162
- Interest income		**23,633**	6,341
- Other sundry income		**43,683**	28,103
		2,895,552	2,537,684
Total revenue		**24,719,425**	27,136,755

3 Expenses

	Note	2023 $	2022 $
Employee benefits expense			
- Salaries, wages and other short-term benefits		**12,233,241**	13,442,737
- Superannuation contributions		**1,224,053**	1,276,243
- Less employee benefits capitalised as intangible assets	11	**-**	(49,668)
		13,457,294	14,669,312
Depreciation and amortisation expense			
- Depreciation of property, plant and equipment	10	**563,989**	546,031
- Depreciation of right-of-use assets	9	**233,480**	249,258
- Amortisation of intangible assets	11	**267,009**	199,633
		1,064,478	994,922
Interest expense			
- Interest expense on bank and other loans		**874,149**	521,980
- Interest expense on lease liabilities		**33,736**	48,925
		907,885	570,905
Rental expense on short-term and low-value leases			
- Property lease expenses		**118,677**	137,760
- Computer and IT lease expenses		**133,873**	140,636
		252,550	278,396

4 Cash and cash equivalents

	Note	2023 $	2022 $
Cash on hand		**7,254**	6,906
Cash at bank		**218,526**	517,617
		225,780	524,523

(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:

	Note	2023 $	2022 $
Cash and cash equivalents		**225,780**	524,523
Bank overdrafts	13	**-**	(304,126)
Balance as per consolidated statement of cash flows		**225,780**	220,397

5 Trade and other receivables

	2023 $	2022 $
Trade receivables	**248,910**	1,088,209
Provision for impairment	**(196,743)**	(144,643)
	52,167	943,566
Operating lease receivables	**936,319**	965,995
Accrued income	**495,000**	119,920
Other receivables	**32,763**	15,039
	1,516,249	2,044,520

6 Financial Assets

Financial assets at fair value through profit or loss

	2023 $	2022 $
Listed shares	**5,263**	5,263
	5,263	5,263

Financial assets at amortised cost

	2023 $	2022 $
Term deposits	**-**	250,000
	-	250,000

	2023 $	2022 $
Total financial assets	**5,263**	255,263

7 Inventories

	2023 $	2022 $
Finished goods	**9,330**	9,330
	9,330	9,330

8 Other assets

	2023 $	2022 $
Prepayments	**718,340**	747,427
Deposits	**-**	17,332
	718,340	764,759

9 Leases

Right-of-use assets

	Buildings $	Total $
2023		
Balance at the beginning of the year	**895,392**	**895,392**
Additions to right-of-use assets	**45,291**	**45,291**
Depreciation expense	**(233,480)**	**(233,480)**
Changes in right-of-use assets due to lease modifications	**(223,905)**	**(223,905)**
Balance at the end of the year	**483,298**	**483,298**

	Buildings $	Total $
2022		
Balance at the beginning of the year	1,098,729	1,098,729
Additions to right-of-use assets	45,921	45,921
Depreciation expense	(249,258)	(249,258)
Balance at the end of the year	895,392	895,392

The Group has several property leases for its campuses, with agreements between 5 to 10 years in length. 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.

9 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
	$	$	$	$	$
2023					
Lease liabilities	**221,322**	**324,990**	**-**	**546,312**	**516,089**
2022					
Lease liabilities	303,512	758,126	-	1,061,638	977,080

Operating leases

The Group leases out surplus space at its Parramatta property to commercial tenants. It also has an underground car park which is leased out to a commercial car parking operator. These leases have been classified as operating leases for financial reporting purposes and the assets are included as property, plant and equipment 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:

	2023	2022
	$	$
Operating leases		
Rental income	**1,856,577**	1,589,594
Total income relating to operating leases	**1,856,577**	1,589,594

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

< 1 year	**1,497,988**	1,489,684
Between 1 – 5 years	**4,882,684**	5,457,004
Greater than 5 years	**2,095,414**	3,019,082
Total undiscounted lease receivables	**8,476,086**	9,965,770

10 Property, plant and equipment

	Note	2023 $	2022 $
Land and buildings			
At fair value	(a)	**54,261,241**	50,841,454
Accumulated depreciation		**(1,152,836)**	(957,450)
Total land and buildings		**53,108,405**	49,884,004
Plant and equipment			
At cost		**650,190**	567,326
Accumulated depreciation		**(312,297)**	(268,818)
Total plant and equipment		**337,893**	298,508
Motor vehicles			
At cost		**14,408**	14,408
Accumulated depreciation		**(14,408)**	(14,408)
Total motor vehicles		**-**	-
Computer equipment			
At cost		**741,011**	708,945
Accumulated depreciation		**(691,266)**	(640,357)
Total computer equipment		**49,745**	68,588
Leasehold Improvements			
At cost		**305,790**	283,304
Accumulated amortisation		**(187,472)**	(142,593)
Total leasehold improvements		**118,318**	140,711
Library Books			
At cost		**2,188,771**	2,140,870
Accumulated depreciation		**(1,394,252)**	(1,165,317)
Total library books		**794,519**	975,553
Total property, plant and equipment		**54,408,880**	51,367,364

10 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 and Buildings	Plant and Equipment	Motor Vehicles	Computer Equipment	Leasehold Improvements	Library Books	Total
	$	$	$	$	$	$	$
Balance at the beginning of the year	49,884,004	298,508	-	68,588	140,711	975,553	51,367,364
Additions	51,884	82,864	-	32,067	23,886	47,901	238,602
Disposals	-	-	-	-	(1,000)	-	(1,000)
Depreciation expense	(195,386)	(43,479)	-	(50,910)	(45,279)	(228,935)	(563,989)
Revaluation increase recognised in equity	3,367,903	-	-	-	-	-	3,367,903
Balance at the end of the year	53,108,405	337,893	-	49,745	118,318	794,519	54,408,880

(a) Revaluation of property, plant and equipment

Land and buildings

Land and buildings located at the Group's Parramatta (NSW) and Woolloongabba (QLD) properties were valued by an independent valuer in October 2023 and November 2022 respectively. 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 based on the valuations provided.

11 Intangible Assets

	2023	2022
	$	$
Development costs		
At cost	**229,090**	1,914,586
Accumulated amortisation and impairment	**(229,090)**	(621,665)
Total development costs	**-**	1,292,921
Computer software		
At cost	**38,392**	104,113
Accumulated amortisation and impairment	**(30,544)**	(27,652)
Total computer software	**7,848**	76,461
Other intangible assets		
At cost	**119,930**	-
Accumulated amortisation and impairment	**(24,945)**	-
Total other intangible assets	**94,985**	-
Total intangible assets	**102,833**	1,369,382

Movements in carrying amounts of intangible assets

	Development costs	Computer software	Other intangible assets	Total
	$	$	$	$
Balance at the beginning of the year	1,292,921	76,461	-	1,369,382
Additions	-	-	54,209	54,209
Transfers	(147)	(64,261)	64,408	-
Amortisation expense	(239,025)	(4,352)	(23,632)	(267,009)
Write-offs	(1,053,749)	-	-	(1,053,749)
Balance at the end of the year	-	7,848	94,985	102,833

12 Trade and other payables

	Note	2023 $	2022 $
Trade payables		**329,032**	291,063
Sundry payables and accrued expenses		**1,088,917**	1,082,585
		1,417,949	1,373,648

13 Borrowings

	Note	2023 $	2022 $
Bank overdraft	(a), (b)	**-**	304,126
Bank loans	(a), (b)	**14,745,000**	14,745,000
		14,745,000	15,049,126

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

	2023 $	2022 $
First Mortgage:		
- freehold land and buildings	**50,279,444**	46,734,005
Floating charge:		
- other assets	**8,524,096**	12,115,153
	58,803,540	58,849,158

(b) Bank loan facility

	2023 $	2022 $
Loan facility	**14,745,000**	14,745,000
Amount utilised	**(14,745,000)**	(14,745,000)
Undrawn facility	**-**	-

As at 31 December 2023, 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 28 February 2025.

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.

14 Provisions

	2023	2022
	$	$
Employee benefits	**1,111,644**	1,376,444
	1,111,644	1,376,444

15 Other Liabilities

	2023	2022
Contract liabilities (deferred revenue)	**1,534,892**	1,433,016
CSP and Fee HELP funding received in advance	**1,673,531**	750,983
	3,208,423	2,183,999

16 Reserves

Asset revaluation reserve

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

17 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 (2022: $147,345).

18 Interests in Subsidiaries

Composition of the Group

	Country of Incorporation	Percentage Owned (%)* 2023	Percentage Owned (%)* 2022
Subsidiaries:			
Alphacrucis Limited	New Zealand	**90**	90

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

19 Financial Risk Management

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:

	2023	2022
	$	$
Financial assets		
Financial assets at amortised cost		
Cash and cash equivalents	**225,780**	524,523
Trade and other receivables	**1,516,249**	2,044,520
Financial assets at fair value through profit or loss (FVTPL)		
Listed shares	**5,263**	5,263
Total financial assets	**1,752,555**	2,579,569
Financial liabilities		
Financial liabilities at amortised cost		
Bank loans	**14,745,000**	14,745,000
Bank overdrafts	**-**	304,126
Trade and other payables	**1,417,948**	1,373,648
Lease liabilities	**516,089**	977,080
Total financial liabilities	**16,679,037**	17,399,854

20 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
Property, plant and equipment		
- Land and buildings (ii)	**53,108,405**	49,884,004
	53,113,668	49,889,267

(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.

21 Cash Flow Information

Reconciliation of result for the year to cashflows from operating activities

	2023 $	2022 $
Surplus/(deficit) for the year	**(3,186,885)**	(3,095,992)
Non-cash flows in surplus/(deficit):		
- depreciation and amortisation	**1,064,478**	994,922
- impairment of receivables	**52,100**	35,608
- (gain)/loss on disposal of property, plant and equipment	**1,000**	1,275
- intangible assets written-off	**1,053,749**	-
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	**327,671**	(795,964)
- (increase)/decrease in other assets	**46,419**	(197,012)
- increase/(decrease) in trade and other payables	**44,304**	39,074
- increase/(decrease) in provisions	**(264,800)**	219,283
- increase/(decrease) in other liabilities	**1,172,924**	656,815
Cashflow from operations	**310,960**	(2,141,991)

22 Related Parties

The Group's main related parties are as follows:

- 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 23.

- Other related parties, which includes 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.

Transactions with related parties

Other than the remuneration of key management personnel, there were no material transactions with related parties during the current or prior financial year.

23 Key Management Personnel Disclosures

The total remuneration paid (or payable) to key management personnel of the Group was $ 1,323,073 (2022: $ 1,320,210).

24 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 (except for cash and cash equivalents for the purpose of the Statement of Cash Flows, as cash and cash equivalents have been presented separately from bank overdrafts).

	2023	2022
	$	$
Statement of Financial Position		
Assets		
Cash and cash equivalents	**165,267**	402,660
Trade and other receivables	**1,833,233**	2,350,490
Inventories	**9,330**	9,330
Financial assets	**5,263**	255,263
Other assets	**709,979**	756,094
Property, plant and equipment	**54,311,699**	51,278,651
Right-of-use assets	**463,687**	895,392
Intangible assets	**102,833**	1,362,008
Total Assets	**57,601,291**	57,309,888
Liabilities		
Trade and other payables	**1,375,308**	1,312,636
Bank overdrafts	**-**	300,500
Bank loans	**14,745,000**	14,745,000
Lease liabilities	**516,089**	977,080
Short-term provisions	**1,097,723**	1,333,778
Other liabilities	**3,181,273**	2,176,503
Total Liabilities	**20,915,393**	20,845,497
Net Assets	**36,685,898**	36,464,391
Equity		
Retained earnings	**10,997,455**	14,143,852
Reserves	**25,688,443**	22,320,539
Total Equity	**36,685,898**	36,464,391

24 Parent Entity

	2023	2022
	$	$
Statement of Profit or Loss and Other Comprehensive Income		
Revenue	**23,826,740**	26,122,470
Employee benefits expense	**(12,825,626)**	(14,042,272)
Cost of services (third party provider fees)	**(3,702,111)**	(7,182,088)
Contractors expense	**(1,138,844)**	(1,056,196)
Property expense	**(1,004,529)**	(998,922)
Computer and IT expense	**(1,152,286)**	(925,392)
Travel and entertainment expense	**(848,716)**	(513,995)
Consultants, agents and professional fees	**(32,509)**	(453,105)
Cost of services (field trip expenses)	**(623,336)**	(468,707)
Advertising and promotions expense	**(511,687)**	(419,177)
Scholarships and financial assistance	**(171,810)**	(175,775)
Payroll tax and WorkCover	**(223,022)**	(161,188)
Course accreditation and development expense	**(266,889)**	(139,274)
Staff recruitment, training and development	**(178,697)**	(135,607)
Course delivery and other academic expenses	**(641,630)**	(312,948)
Bad and doubtful debts	**(70,180)**	(37,498)
Other expenses	**(584,608)**	(674,019)
Surplus/(deficit) before interest, tax, depreciation, amortisation and write-offs	**(149,740)**	(1,573,693)
Depreciation and amortisation expense	**(1,035,023)**	(970,577)
Interest expense	**(907,885)**	(561,460)
Write-off of intangible assets	**(1,053,749)**	-
Surplus/(deficit) for the year	**(3,146,397)**	(3,105,730)
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss		
Net gain on revaluation of land and buildings	**3,367,903**	2,316,497
Other comprehensive income for the year	**3,367,903**	2,316,497
Total comprehensive income for the year	**221,506**	(789,233)

24 Parent Entity

	2023	2022
	$	$
Statement of Cash Flows		
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from student fees, tenants and donors	**25,759,342**	26,184,940
Payments to suppliers and employees	**(24,554,669)**	(28,029,217)
Interest received	**41,346**	6,151
Interest paid	**(907,885)**	(561,460)
Net cash provided by (used in) operating activities	**338,134**	(2,399,586)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment	**(208,052)**	(274,270)
Payment for intangible asset	**(54,209)**	(169,462)
Redemption (placement) of term deposits	**250,000**	(250,000)
Net cash provided by (used in) investing activities	**(12,261)**	(693,732)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Borrowings procured (repaid)	**(300,500)**	300,500
Payment of lease liabilities	**(262,766)**	(250,366)
Net cash provided by (used in) financing activities	**(563,266)**	50,134
Net increase (decrease) in cash and cash equivalents held	**(237,393)**	(3,043,184)
Cash and cash equivalents at the beginning of the year	**402,660**	3,445,844
Cash and cash equivalents at the end of the financial year	**165,267**	402,660

25 Auditors' Remuneration

	2023	2022
	$	$
Remuneration of the auditor, Saward Dawson for:		
- auditing the financial statements	**37,000**	37,000
- taxation services	**3,300**	1,100
	40,300	38,100
Remuneration of other auditors of subsidiaries, JSA Audit for:		
- auditing the financial statements of subsidiaries	**7,530**	14,880
- fees for other assurance services and agreed-upon-procedures	**3,150**	880
	10,680	15,760
	50,980	53,860

26 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.

27 Company Details

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

Alphacrucis University College Limited
30 Cowper Street
Parramatta NSW 2150

Alphacrucis University College Limited and Controlled Entities

ABN 13 072 747 187

Directors' Declaration

The directors of the Parent Company 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 2023 and of its financial performance for the year ended on that date, in accordance with Australian Accounting Standards - Simplified Disclosures;
- 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 2022*.

Director S G Fogarty .... Director ....

Date: 22nd April 2024

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 2023, 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

Saward Dawson

Jeffrey Tulk

Jeffrey Tulk
Partner

Blackburn

Date: 22 April 2024

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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

Opinion

We have audited the financial report of Alphacrucis University College Limited and Controlled Entities (the Parent Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2023, 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 material accounting policy information, 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 2023 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 2022*.

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 (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Responsibilities of Directors for the Financial Report

The directors of Parent Company 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.

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SAWARD DAWSON

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.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/auditors_responsibilities/ar3.pdf. This description forms part of our auditor's report.

Saward Dawson

Saward Dawson

Jeffrey Tulk

Jeffrey Tulk
Partner

Blackburn

Date: 22 April 2024

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