# Torrens University Australia Limited ABN 99 154 937 005

Annual Report
31 December 2022

# **Torrens University Australia Limited For the year ended 31 December 2022**

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Torrens University Australia Limited is a company limited by shares, incorporated and domiciled in Australia.

The financial statements were authorised for issue by the directors on 29<sup>th</sup> March 2023. The directors have the power to amend and reissue the financial statements.

### Torrens University Australia Limited Corporate Directory For the year ended 31 December 2022

Directors Gregory John Crafter

James Varghese Laura Anderson Linda Mary Brown Daniel Wayne Jackson Raymond Karl McDonnell Michael James Reed

Gerard Sutton (Resigned 31 December 2022)

Secretary Julie Craig

Principal registered office in Australia Torrens University Australia Limited,

17/51 Foveaux Street Surry Hills NSW 2010

Auditor PricewaterhouseCoopers

One International Towers

Watermans Quay

Barangaroo, NSW, 2000

Solicitors DLA Piper

Level 22

1 Martin Place

Sydney, NSW 2000

Bankers Bank of America Merrill Lynch

Level 34

1 Farrer Place

Sydney, NSW 2000

Commonwealth Bank of Australia

Floor 27

201 Sussex Street Sydney, NSW 2000

Website address www.torrens.edu.au

# Torrens University Australia Limited Directors' Report For the year ended 31 December 2022

The directors present their report together with the financial report of Torrens University Australia Limited ("the Company") for the year ended 31 December 2022 and the auditor's report thereon.

### **Directors**

The following persons were directors of the Company during the financial year and up to the date of the report:

Gregory John Crafter
James Varghese
Laura Anderson
Linda Mary Brown
Daniel Wayne Jackson
Raymond Karl Mc Donnell
Michael James Reed
Gerard Sutton (Resigned 31 December 2022)

### **Company Secretary**

Julie Craig

### **Meetings of Members**

The numbers of meetings of the members of the Torrens University Board of Directors and of each committee held during the year ended 31 December 2022, and the numbers of meetings attended by each member were:

Member	Governing Bo	oard Meetings
	Α	В
Chancellor		
Jim Varghese, AM	3	4
Members		
Linda Brown	4	4
Hon Greg Crafter AO	4	4
Emeritus Professor Gerard Sutton AO	4	4
Laura Anderson	4	4
Michael Reed	4	4
Karl McDonnell	3	4
Daniel Jackson	4	4

A = Number of meetings attended

B = Number of meetings held during the time the member held office or was a member of the committee during the year

### Torrens University Australia Limited Directors' Report For the year ended 31 December 2022

### **Meetings of Members (continued)**

Meetings of Committees	AUDIT.	RISK &	ACADEMI	C BOARD
	FINANCE			
	Α	В	Α	В
Members				
Jim Varghese, AM	4	4	<b>=</b> 8	525
Linda Brown	4	4	ien.	( <del>*</del> )
Hon Greg Crafter AO	4	4		7
Emeritus Professor Gerard Sutton AO	4	4	(#):	(=)
Michael Reed	4	4	<b>=</b> 0	(=)
Daniel Jackson	4	4	- P	•
Professor Andrew Flitman (Chair)	-	-	8	8
Professor Eddie Blass			0	3
Professor Helmut Lueckenhausen	( <b>a</b> :	127	8	8
Professor Alwyn Louw	:=:	: <b>+</b> 3	7	8
Professor Kerry London	€	5.	7	8
Professor Scott Thompson-Whiteside	2#1	*	7	8
Professor Matthew Mundy	<u> </u>	. <del></del>	2	2
Associate Professor Pam Megaw	-	3	6	6
Associate Professor Ella Henry	41	<b>\$</b> 6	1	1
Dr Gregory Harper	:#3	#1	6	8
Dr Michael Rowe	¥9	ē.	8	8
Dr Moana Nepia	-1	2	4	4
Fionna Scott-Milligan	90		7	8
Eoghan Hogan	20		4	8
Steve Dorner	47	2	7	8
Jim Murray	-		7	8
Lisa Casanelia	-	<u> </u>	7	8
Nathan Scoular	-	2	8	8
Bonnie Kea			4	8
Rochelle Morris		-	4	8
Student Members				
Mark Langereis		-	6	8
Simon Hallgath-Jolly		Tig.	2	3
Skye Meredith	-	(6	3	4
_eigh Punivalu	2	V <u>e</u>	0	3
Michael Allred	-	10.50	6	8

A = Number of meetings attended

B = Number of meetings held during the time the member held office or was a member of the committee during the year

# Torrens University Australia Limited Directors' Report For the year ended 31 December 2022

### Principal activities

The principal activity of the Company during the course of the financial year was the provision of education services.

### **Dividends**

There were no dividends paid by the Company during the financial year.

### **Review of operations**

The Company's profit from ordinary activities after providing for income tax amounted to \$33,640,000 (2021: profit of \$34,731,000).

### Significant changes in the state of affairs

There were no other significant changes in the nature of the activity of the Company during the year.

### Likely developments and expected results of operations

At the date of this report there are no other likely developments in the operations of the Company which would materially impact the results of Torrens University Australia Limited.

### Events since the end of the financial year

No matters or circumstances have arisen since 31 December 2022 that have significantly affected the Company's operations, results or state of affairs or may do so in future years.

### **Environmental regulation**

The Company's operations are not subject to any particular and significant environmental regulation under a law of the Commonwealth or of a State or Territory.

### Insurance of officers and indemnities

### Indemnification of Officers

All directors are covered by an indemnity in accordance with Torrens University Australia Limited's constitution.

### Insurance premiums

Strategic Education, Inc. (SEI, the ultimate parent company of the Company) has paid premiums in respect of directors' and officers' liability and legal expenses insurance contracts during 2022 and since the end of the financial year, SEI has paid or agreed to pay on behalf of the Company, premiums in respect of such insurance contracts. Such insurance contracts insure persons who are or have been directors or executive officers of the Company against certain liabilities arising from their role (subject to specific exclusions).

The directors have not included details of the nature of the liabilities covered or the amount of the premiums paid in respect of the directors' and officers' liability and legal expenses insurance contracts, as such disclosure is prohibited under the terms of the contract.

# Torrens University Australia Limited Directors' Report For the year ended 31 December 2022

### Rounding amounts

The Company is of a kind referred to in Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the Directors' Report and Financial Statements. Amounts in the Directors' Report and Financial Statements have been rounded off to the nearest thousand dollars in accordance with the instrument.

### **Auditors**

### Indemnity of auditors

The Company has agreed to indemnify its auditors, PricewaterhouseCoopers, to the extent permitted by law, against any claim by a third party arising from a breach of the agreement with PricewaterhouseCoopers entered into by Torrens Global Education Services Pty Ltd (a related party) on behalf of the Company. The indemnity stipulates that the Company will meet the full amount of any such liabilities including a reasonable amount of legal costs.

PricewaterhouseCoopers continues in office in accordance with section 327 of the *Corporations Act* 2001.

### Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 6.

This report is made in accordance with a resolution of the directors:

Director Linda Brown

Place: Sydney

Date: 29th March 2023



### Auditor's Independence Declaration

As lead auditor for the audit of Torrens University Australia Limited for the year ended 31 December 2022, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

Ben Meacock

Partner

PricewaterhouseCoopers

Sydney 29 March 2023

### Torrens University Australia Limited Statement of profit and loss For the year ended 31 December 2022

	Note	2022 \$'000	2021 \$'000
Revenue from contracts with customers	3	295,641	300,123
Operating expenses			
Related party expenses	4(a)	(82,335)	(83,720)
Employee related expenses	4(b)	(131,372)	(128,573)
Sales and marketing	, ,	(22,426)	(25,986)
Operations and administration		(5,436)	(5,095)
Repairs and maintenance		(9)	(147)
Equipment, Materials and Supplies		(1,634)	(995)
Amortisation expense	10(c)	(2,683)	(3,009)
Depreciation expense	10(a),10(b)	(1,260)	(2,574)
Finance costs	4(c)	(552)	(191)
Related party interest expense		<b>a</b>	(9)
Net foreign exchange (losses)		(105)	(172)
Operating Profit	,	47,829	49,652
Finance Income	4(d)	194	6
Profit before income tax		48,023	49,658
Income tax expense	5	(14,383)	(14,927)
Profit for the period	V	33,640	34,731

The above statement of profit and loss should be read in conjunction with the accompanying notes.

### Torrens University Australia Limited Statement of comprehensive income For the year ended 31 December 2022

	2022 \$'000	2021 \$'000
Profit for the year	33,640	34,731
Total comprehensive profit for the year	33,640	34,731
Total comprehensive profit for the year is attributable to:		
Owners of Torrens University Australia Limited	33,640	34,731

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

### Torrens University Australia Limited Statement of financial position For the year ended 31 December 2022

•		2022	2021
ACCETC	Note	\$'000	\$'000
ASSETS Current assets			
	C	67.007	00.000
Cash and cash equivalents Restricted cash	6 6	67,967	26,660
Trade and other receivables	7	14,040	9,187
Prepayments	8	3,642 860	3,179
Other financial assets	9	6,783	411 36,891
Total current assets	9	93,292	76,328
	-	,	, , ,
Non-current assets	2/5)	4.040	700
Deferred contract costs	3(b)	1,049	782
Prepayments	8	5	15
Other financial assets	9	79,811	64,771
Property, plant and equipment	10(a)	381	1,233
Right-of-use assets	10(b)	1,303	2,078
Intangible assets	10(c)	40,211	39,413
Deferred tax assets	5	4,607	4,353
Total non-current assets		127,367	112,645
Total assets		220,659	188,973
LIABILITIES			
Current liabilities			
Trade and other payables	11	3,885	9,221
Lease liabilities	10(b)	699	744
Other financial liabilities	12	15,668	734
Employee provisions	13	4,365	3,828
Provisions	14	573	615
Contract liabilities	15	45,662	25,940
Total current liabilities		70,852	41,082
Non-current liabilities			
Lease liabilities	10(b)	000	1 761
Other financial liabilities	12	808	1,761
Employee provisions	13	1,336	30,524
Provisions	14	1,330	1,107
Total non-current liabilities		2 144	476
Total liabilities		2,144	33,868
Total habinties	·	72,996	74,950
Net assets	<del></del>	147,663	114,023
EQUITY			
Contributed equity	16	E4 000	E4 000
Reserves	16 16	51,000	51,000
Accumulated profits	16	06.000	50,643
	-	96,663	12,380
Total equity	<del></del>	147,663	114,023

The above statement of financial position should be read in conjunction with the accompanying notes.

### Torrens University Australia Limited Statement of changes in equity For the year ended 31 December 2022

	Contributed Equity	Reserves	Accumulated Profits/ (Losses)	Total
	\$'000	\$'000	\$'000	\$'000
Balance as at 1 January 2021	51,000	50,643	(22,351)	79,292
Profit for the year	=	- 3	34,731	34,731
Balance as at 31 December 2021	51,000	50,643	12,380	114,023
Balance as at 1 January 2022	51,000	50,643	12,380	114,023
Profit for the year	₽.		33,640	33,640
Transfers of reserves to retained earnings	6 -	(50,643)	50,643	-
Balance as at 31 December 2022	51,000		96,663	147,663

The amounts recognised directly in equity are disclosed net of tax.

The above statement of changes in equity should be read in conjunction with the accompanying notes.

### Torrens University Australia Limited Statement of cash flows For the year ended 31 December 2022

		2022 \$'000	2021 \$'000
	Note		
Cash flows from operating activities			
Receipts from student fees and other customers		182,408	192,984
FEE-HELP Student Payments	23	127,275	118,605
Australian Research Grants (inclusive of GST)	24	443	627
Payments to suppliers and employees (inclusive of GST)		(166,728)	(162,437)
Cash paid to related parties for operating activities	_	(98,235)	(120,926)
		45,163	28,853
Interest received	47-15	404	0
Interest and other finance costs	4(d)	194	6
	4(c)	(552)	(191)
Net cash inflows from operating activities	:-	44,805	28,668
Cash flows from investing activities			
Payments for intangible assets		(3,498)	(5,939)
Net cash outflows from investing activities	> <del>-</del>	(3,498)	(5,939)
Cash flows from financing activities			
*Principal elements of lease payments		2	27
Repayments made on loans from related parties		#	(5,001)
Net cash outflows from financing activities	==	•	(5,001)
Net increase in cash and cash equivalents		41,307	17,728
Cash and cash equivalents at beginning of financial period		26,660	8,932
Cash and cash equivalents at end of financial period	6(a) _	67,967	26,660

The above statement of cash flows should be read in conjunction with the accompanying notes.

<sup>\*</sup>Lease payments to vendors are paid on behalf of the Company by Torrens Global Education Services Pty Ltd, which is a related party of Torrens University Australia Limited.

### 1 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these single entity financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the single entity of Torrens University Australia Limited (the "Company").

### (a) Basis of preparation

As per AASB1054 Australian Additional Disclosures, the annual financial statements represent the audited general purpose financial statements of the Company. They have been prepared on an accrual basis and comply with the Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board.

The Company applies Tier 1 reporting requirements.

Additionally, the statements have been prepared in accordance with statutory requirements stated in Higher Education Support Act 2003 (Financial Statement Guidelines).

(i) Date of authorisation for issue
The financial statements were authorised for issue by the Company on 29th March 2023.

### (ii) Historical cost convention

The financial statements have been prepared under the historical cost basis, as modified by the revaluation of financial assets and liabilities (including derivative instruments) at fair value through profit or loss.

Certain reclassification of prior year figures have been performed to enhance comparability.

# (iii) New and amended standards adopted by the Company The Company has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2022:

 AASB 2020-3 Amendments to Australian Accounting Standards —Annual Improvements 2018–2020 and Other Amendments [AASB 1, AASB 3, AASB 9, AASB 116, AASB 137 & AASB 141]

The Company also elected to adopt the following amendments early:

• AASB 2021-5 Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction [AASB 112]

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(iv) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2022 reporting periods and have not been early adopted by the Company. These standards are not expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

### 1 Summary of significant accounting policies (continued)

### (b) Foreign currency translation

### (i) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which it operates ('the functional currency'). The financial statements are presented in Australian dollars, which is the Company's functional and presentation currency.

### (ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

### (c) Revenue recognition for contracts with customers

### (i) Tuition Revenue

All tuition revenue is recognised under fixed-price and variable price contracts. Revenue from providing services is recognised in the accounting period in which the services are rendered.

For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously. This is determined based on the actual in-class instruction days over the academic term that have passed relative to the total expected academic term.

No contracts include multiple deliverables therefore there is no need to account for separate performance obligations.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

### (ii) Non-Tuition Revenue

### Accommodation

The Company provides student accommodation services to students at one of its campuses. Revenue from providing services through these operations is recognised over time when the service has been provided and the customer has received and used the benefit simultaneously.

No contracts include multiple deliverables therefore there is no need to account for separate performance obligations. No estimates of revenue, costs or extent of progress toward completion is required.

- 1 Summary of significant accounting policies (continued)
- (c) Revenue recognition for contracts with customers (continued)
- (ii) Non-Tuition Revenue (continued)

### Royalty Income

The Company has arrangements with other education providers for which it does not provide education services but will issue accreditation to the students of that institution where they fulfil the necessary requirements for approved courses. The Company is acting as an agent in these arrangements and recognises revenue over time.

The Company is principal in all academic agreements which result in a customer receiving an academic qualification from the Company. However, in certain other limited situations, when another party is involved in providing goods or services to its customer, the Company determines whether it is a principal or an agent in these transactions by evaluating the nature of its promise to the customer. The Company is a principal and records revenue on a gross basis if it controls the promised goods or services before transferring them to the customer. However, if the Company's role is only to arrange for another entity to provide the goods or services, then the Company is an agent and will need to record revenue at the net amount that it retains for its agency services.

### Equipment and Uniform Income

The Company sells other items that are necessary for students to complete their course including course equipment and uniforms. Revenue from the sale of goods is recognised when the entity sells a product to the customer at a point in time.

As these items are required for completion of a course, there is no formal returns policy. The Company's obligation to repair or replace faulty products under the standard warranty terms is recognised as a provision.

### (iii) Other Revenue

The Company has recognised revenue from the state and local granting bodies either at a point in time when the performance obligations are satisfied or over time using the input method as services are provided using the principles of AASB 15.

### (iv) Financing components

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

### (v) Deferred Contract Costs and Contract Liabilities

The Company records a deferred contract cost on the statement of financial position reflecting related agent fees associated with enrolling students to courses. These costs will be recognised in the statement of profit and loss when the performance obligation is delivered to the students.

The Company records a contract liability on the statement of financial position reflecting fees received in advance for future study periods.

### 1 Summary of significant accounting policies (continued)

### (d) Interest Income

Interest income is recognised in the Company's bank accounts when the amount can be reliably measured and it is probable that future economic benefits will flow to the entity.

### (e) Income tax

The income tax expense for the year is the tax payable on the current year's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

On the 23<sup>rd</sup> of December 2013, Torrens University Australia Limited (Torrens) entered into a Multiple Entity Consolidated (MEC) tax group. As a consequence, these entities included in the MEC group are taxed as a single entity and the tax liability as at 31 December 2022 is held by the head entity, SEI Australia Holdings Pty Ltd. Deferred taxes continue to be recognised by each entity in the tax consolidated group and are not transferred to the head entity.

Additionally, the entities in the tax consolidated group have entered into a tax funding agreement (TFA) whereby each entity is liable to fund the tax liability of the group as if it were a tax payer in its own right. This funding may occur via a debit or credit to an intercompany account detailed in Note 18.

### (f) Leases

(i) The Company's leasing activities and how these are accounted for

The Company leases various properties and equipment. Rental contracts are typically made for fixed periods of 1 to 10 years but may have extension options as described in (ii) below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Contracts may contain both lease and non-lease components. The Company allocates the consideration in the contract to the lease and non-lease components based on their relative standalone prices. However, for leases of real estate for which the Company is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

### 1 Summary of significant accounting policies (continued)

### (f) Leases (continued)

(i) The Company's leasing activities and how these are accounted for (continued)
The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the Company's incremental borrowing rate.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date, less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option. Low-value assets comprise IT equipment and small items of office furniture.

### (ii) Extension and termination options

Extension and termination options are included in a number of property and equipment leases across the Company. The majority of extension and termination options held are exercisable only by the Company and not by the respective lessor. Management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option.

### (iii) Residual value guarantees

The Company sometimes provides residual value guarantees in relation to equipment leases.

### (g) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets held by the Company are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

### 1 Summary of significant accounting policies (continued)

### (h) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Torrens restricted cash balance consists of international student deposits paid prior to the commencement of their first term of study. Once the international students start their first day of class, the initial cash deposit and any future payments are no longer considered restricted.

### (i) Trade receivables

### (i) Classification as trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Company holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

### (ii) Impairment of trade receivables

The Company applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables which is recognised in the allowance for doubtful accounts.

### (i) Other financial assets at amortised cost

### (i) Classification of financial assets at amortised cost

The Company classifies its financial assets as at amortised cost only if both of the following criteria are met:

- the financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost include the following debt investments:

	2022 Current Non- Total		Current	2021 Non-	Total	
		Current			Current	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Related party receivables	6,783	79,811	86,594	36,891	64,771	101,662
	6,783	79,811	86,594	36,891	64,771	101,662

### (ii) Other receivables

These amounts generally arise from transactions outside the usual operating activities of the Company. Interest may be charged at commercial rates where the terms of repayment exceed six months. Collateral is not normally obtained.

Further information relating to loans to related parties is set out in Note 18.

### 1 Summary of significant accounting policies (continued)

### (k) Intangible Assets

### (i) Goodwill

Goodwill is not amortised but it is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes.

### (ii) Brand and licences

Brands and licences are carried at cost less accumulated amortisation. Amortisation is recognised so as to write off the cost or valuation of the asset over their useful lives, using the straight-line method so as to generally write off the cost of the brand and licence over its estimated useful life.

### (iii) Curriculum Development, Accreditation and Software

Costs incurred in developing products or systems and costs incurred in acquiring software and licenses that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to intangible assets. Costs capitalised include external direct costs of materials and service, employee costs and an appropriate portion of relevant overheads.

Course development expenditure is recognised as an asset at cost less any impairment losses. Once delivery of the course to which the development costs relate has commenced the associated costs are amortised over the life of the accreditation which is five years.

SoftwareCurriculum and course development5 years

### (iv) Customer relationships

Acquired customer relationships have a finite useful life and are carried at fair value at acquisition date less accumulated amortisation and impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of the asset over its estimated useful life, which is five years.

### (v) Website development

Website developments have a finite useful life and are carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of the asset over its estimated useful life, which is three years.

### (I) Property, plant and equipment

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit of loss during the reporting periods in which they are incurred.

### 1 Summary of significant accounting policies (continued)

### (I) Property, plant and equipment (continued)

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their costs, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements and certain leased plant and equipment, the shorter lease term as follows:

Leasehold improvements
 Furniture and equipment
 Computers
 1-15 years
 3-8 years
 3-5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

### (m) Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period.

### (n) Provisions

Provisions for legal claims, service warranties and make good obligations are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting year. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

### (o) Employee benefits

### (i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the statement of financial position.

### 1 Summary of significant accounting policies (continued)

### (o) Employee benefits (continued)

### (ii) Other long-term employee benefit obligations

The liabilities for long service leave and annual leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

Expected future payments are discounted using market yields at the end of the reporting period of high quality corporate bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows.

Some staff are employed by Think: Education Services Pty Ltd or Torrens Global Education Services Pty Ltd, which are related companies and the expenses including on-costs are recharged to the Company when incurred. Provisions for employee benefits are held by the related company as it holds the legal liability.

### (iii) Bonus plans

The Company recognises a bonus provision where contractually obliged or where there is a past practice that has created a constructive obligation.

### (iv) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Company recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or to providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

### (p) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

### (q) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the year of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the year of the facility to which it relates.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

### 1 Summary of significant accounting policies (continued)

### (q) Borrowings (continued)

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting year.

### (r) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables are stated inclusive of the amount of GST receivable.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

### (s) Rounding of amounts

The Company is of a kind referred to in ASIC Legislative Instrument 2016/191 relating to the 'rounding off' of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with the instrument to the nearest thousand dollars unless otherwise stated.

### 2 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

### (i) Impairment of non-financial assets

The Company tests whether goodwill has suffered any impairment on an annual basis. For the 2022 and 2021 reporting period, the recoverable amount of the cash-generating unit (CGU) was determined based on value in use and fair value less costs of disposal (FVLCOD) calculations respectively which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates. Cost of disposal is estimated based on the Company's experience with disposal of assets and on industry benchmarks.

There were no reasonably possible changes in any of the key assumptions that would have resulted in an impairment write-down in the CGU.

### 3 Revenue from contracts with customers

### (a) Disaggregation of revenue from contracts with customers

The Company derives revenue from the transfer of goods and services over time and at a point in time in the following major categories:

## Australian Government financial assistance including Australian Government Loan Programs and Fee-Paying tuition revenue

7 oo 7 aynig talaan to onaa	2022	2021
Higher Education Loan Programs	\$'000	\$'000
FEE-HELP	120,550	110,972
VET Student Loan Program	532	59
Total Higher Education Loan Programs	121,082	111,031
Fee-paying course fees and charges		
Fee-paying onshore overseas students	99,092	152,681
Fee-paying offshore overseas students	61,717	24,922
Fee-paying domestic postgraduate students	1,703	1,741
Fee-paying domestic undergraduate students	5,217	5,671
Fee-paying domestic non-award students	33	107
Total Fee-paying course fees and charges	167,762	185,122
Total tuition revenue	288,844	296,153
Non-tuition fees and charges		
Student accommodation	1,896	320
Royalty Income	332	363
Other income	2,716	1,212
Total other fees and charges	4,944	1,895
Education Research		
Research Training Program	202	150
Research Support Program	209	419
Total Education Research grants	411	570
Australian Research Council		
Linkages	35	2.00
Discovery	155	~
Total ARC	190	(B)
Other Australian Research Grants		
PHIDU Grant	796	856
NHMRC Grant	152	230
Other Grants	304	419
Total Other ARG	1,252	1,505
Revenue timing of recognition		
At a point in time	2,716	1,212
Over time	292,925	298,911
Total revenue	295,641	300,123
Total income from continuing operations	295,641	300,123

Government funding referenced in this note is obtained by students via FEE-HELP loans and there is no direct financial assistance from the government to the Provider.

### 3 Revenue from contracts with customers (continued)

### (a) Disaggregation of revenue from contracts with customers (continued)

### (i) Revenue – Disaggregation by Teaching Vertical

	Business	Design	Education	Health	Hospitality	Other	Total
2022	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Tuition Revenue	99,772	70,695	7,940	77,594	32,843	i.=	288,844
Non-tuition Revenue	<u>.</u>	, <del>ĝ</del>	77/		ā	6,797	6,797
	99,772	70,695	7,940	77,594	32,843	6,797	295,641
Timing of re	evenue recog	nition:					
At a point in time	-	· · ·	=1	-	-	2,716	2,716
Over time	99,772	70,695	7,940	77,594	32,843	4,081	292,925
	99,772	70,695	7,261	77,594	32,843	6,797	295,641
	Business	Design	Education	Health	Hospitality	Other	Total
2021	Business \$'000	Design \$'000	Education \$'000	Health \$'000	Hospitality \$'000	Other \$'000	Total \$'000
<b>2021</b> Tuition Revenue		_					
	\$'000	\$'000	\$'000	\$'000	\$'000		\$'000
Tuition Revenue Non-tuition	\$'000	\$'000	\$'000	\$'000	<b>\$'000</b> 29,662	\$'000 	<b>\$'000</b> 296,153
Tuition Revenue  Non-tuition  Revenue	<b>\$'000</b> 127,935	\$'000 61,367 - <b>61,367</b>	<b>\$'000</b> 6,155	<b>\$'000</b> 71,034	<b>\$'000</b> 29,662	<b>\$'000</b>  3,970	<b>\$'000</b> 296,153 3,970
Tuition Revenue  Non-tuition  Revenue	\$'000 127,935 - 127,935	\$'000 61,367 - <b>61,367</b>	<b>\$'000</b> 6,155	<b>\$'000</b> 71,034	<b>\$'000</b> 29,662	<b>\$'000</b>  3,970	<b>\$'000</b> 296,153 3,970
Tuition Revenue  Non-tuition Revenue  Timing of re	\$'000 127,935 - 127,935	\$'000 61,367 - <b>61,367</b>	<b>\$'000</b> 6,155	<b>\$'000</b> 71,034	<b>\$'000</b> 29,662	\$'000  3,970 <b>3,970</b>	\$'000 296,153 3,970 <b>300,123</b>

### (b) Assets recognised from costs incurred to obtain a contract

The Company has recognised an asset in relation to deferred commission costs.

	2022	2021
	\$'000	\$'000
Deferred commission asset	1,049	782

The asset is amortised on a straight-line basis over the term of the specific contract it relates to, consistent with the pattern of recognition of the associated revenue.

No asset is recognised where the period of amortisation is one year or less.

### 3 Revenue from contracts with customers (continued)

### (c) Assets and liabilities related to contracts with customers

The following table shows how much of the revenue recognised in the relates to carried-forward Deferred Revenue (included within contract		eriod
	2022	2021
Revenue recognised that was included in the deferred revenue contract liability balance at the beginning of the period	\$'000	\$'000

Tuition Revenue 3,071 2,887

### 4 Other income and expense items

Profit before income tax expense includes the following specific income and expenses:

	2022	2021
(a) Related party expenses	\$'000	\$'000
Cost allocation	82,335	83,720
(b) Employee related expenses		
(i) Costs allocated and paid on behalf of the Company by related	l parties	
	2022	2021
Academic	\$'000	\$'000
Salaries (including Annual and Long Service Leave)	15,035	19,973
Contributions to superannuation	1,521	1,923
Payroll tax	854	957
Worker's compensation	94	98
Other	1	12
Total academic	17,505	22,963
Non-academic		
Salaries (including Annual and Long Service Leave)	47,983	45,412
Contributions to superannuation	4,525	3,405
Payroll tax	2,642	2,121
Worker's compensation	298	270
Share based payment	1,086	1,505
Total non-academic	56,534	52,713
Total cost allocation of employee related expenses	74,039	75,676

### 4 Other income and expense items (continued)

Profit before income tax expense includes the following specific income and expenses:

(b) Employee related expenses (continued)		
(ii) Costs paid by the Company	2022	2021
	\$'000	\$'000
Academic		
Salaries (including Annual and Long Service Leave)	47,447	45,145
Contributions to superannuation	4,869	4,373
Payroll tax	2,690	2,267
Worker's compensation	<b>≅</b>	265
Other	33	5
Total academic	55,039	52,055
Non-academic		
Salaries (including Annual and Long Service Leave)	2,123	723
Contributions to superannuation	94	67
Payroll tax	57	44
Worker's compensation	20	7
Other	-	1
Total non-academic	2,294	842
Total employee related expenses (including cost allocation)	131,372	128,573
	2022	2021
(c) Finance costs	\$'000	\$'000
Interest and finance charges paid/payable for lease liabilities not at fair value through profit or loss	50	162
Other	502	29
Total finance costs	552	191
	2022	2021
(d) Finance income	\$'000	\$'000
Interest income from financial assets held for cash management purposes	194	6
Total finance income	194	6

### 5 Income tax

(a) Income tax expense / (benefit)	2022 \$'000	2021 \$'000
Current tax expense	13,798	14,122
Deferred tax expense	611	779
Adjustments in respect of current income tax of prior periods	839	(13)
Adjustments in respect of deferred income tax of prior periods	(865)	
· · · · · · · · · · · · · · · · · · ·	14,383	14,888
Withholding tax paid by affiliates overseas	Ξ.	39
Income Tax expense	14,383	14,927
Deferred income tax expense included in income tax expense comprises:		
(Increase)/decrease in deferred tax assets	(254)	766
Total deferred tax (benefit)/expense	(254)	766
(b) Numerical reconciliation of income tax expense / (benefit) to p	rima facie tax pa	yable
	2022	2021
	\$'000	\$'000
Profit from continuing operations before income tax expense	48,023	49,658
Tax at Australian tax rate of 30% (2021: 30%)	14,407	14,897
Tax at Australian tax rate of 30% (2021: 30%)	14,407	14,007
Tax effect of amounts which are not deductible/(taxable) in calculating tax	able income:	
Entertainment	2	4
Adjustments in respect of current income tax of prior periods	839	(13)
Adjustments in respect of deferred income tax of prior periods	(865)	350
Withholding tax paid by affiliates overseas		39
Income Tax expense	14,383	14,927

# Notes to the financial statements for the year ended 31 December 2022 Torrens University Australia Limited

# 5 Income tax (continued)

(c) Deferred tax assets

2022 2021 \$'000 \$'000	2,108 2,071	= 113	146 132	1,710 1,481		(391)	139 138	443 418	4,607 4,353
The balance comprises temporary differences attributable to:	Deferred tax asset in respect of doubtful debts and returned checks	Deferred tax asset in respect of asset retirement obligation	Deferred tax asset in respect of accrued expenses	Deferred tax asset in respect of employee benefits	Deferred tax asset in respect of lease liabilities	Deferred tax liability in respect of right of use assets	Deferred tax asset in respect of unrealised foreign exchange gain	Deferred tax asset in respect of depreciation	Net deferred tax assets

Total	5,119	(992)	4,353	254	4,607
Depreciation	453	(32)	418	25	443
Unrealised FX gain / (loss)	134	4	138	~	139
Right of use assets	(825)	825	ě	(391)	(391)
Lease liabilities	955	(922)	×	452	452
Employee benefits	1,584	(103)	1,481	229	1,710
Accrued	81	51	132	14	146
Asset retirement obligation	92	18	113	(113)	ř
Doubtful debts/returned cheques	2,642	(571)	2,071	37	2,108

Charged/(Credited) to the statement of profit and loss

At 1 January 2021

Movements

At 31 December 2021

Charged/(Credited) to the statement of profit and loss

At 31 December 2022

6 Cash and cash equivalents	2022	2021
·	\$'000	\$'000
Cash and cash equivalents (a)	67,967	26,660
Restricted cash (b)	14,040	9,187
	82,007	35,847

### (a) Reconciliation to cash flow statement

The above figures reconcile to the amount of cash shown in the statement of cash flows at the end of the financial year excluding the restricted cash balance.

### (b) Restricted Cash

The above restricted cash balance represents tuition fees received from international students that are restricted under ESOS Act 2000. Funds are only released from restricted cash once the requirements of the ESOS Act 2000 have been met.

7 Trade and other receivables	2022 \$'000	2021 \$'000
Australian Government financial assistance receivable (a)	455	59
Trade receivables (b)	7,965	9,007
Allowance for doubtful accounts (c)	(6,452)	(6,290)
Other receivables	1,674	403
	3,642	3,179

### (a) Government Financial assistance

At period end, the Company required VET Student Loan (VSL) and FEE HELP advances in excess of what was received as of 2022 and 2021 respectively. The additional funding is expected to be recovered in the next twelve months and therefore is classified as current.

### (b) Classification as trade receivables

Trade receivables are amounts due from students for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and therefore are all classified as current.

### (c) Movement in allowance for doubtful accounts

(s) morement in anomalies is assume assume	2022 \$'000	2021 \$'000
Opening allowance for doubtful accounts as at 1 January	(6,290)	(5,440)
Increase in allowance recognised in profit or loss during the year	(2,737)	(3,566)
Receivables written off during the year as uncollectible	2,421	1,465
Unused amount reversed	154	1,251
Closing allowance for doubtful accounts at 31 December	(6,452)	(6,290)

8 Prepayments	2022	2021
	\$'000	\$'000
Current	860	411
Non-Current	5	15
	865	426
9 Other financial assets	2022	2021
Current	\$'000	\$'000
Receivables from related parties (Note 18 (b))	6,783	36,891
	6,783	36,891
Non-Current		
Receivables from related parties (Note 18 (b))	79,811	64,771
	79,811	64,771

For terms and conditions relating to related party receivables, refer to Note 18.

### 10 Non-financial assets and liabilities

### (a) Property, plant and equipment

	Furniture and Equipment	Computer Equipment	Leasehold Improvements	Total
At 1 January 2021	_4	_4	p.rotromonto	
Cost	10,070	7,297	11,655	29,022
Accumulated depreciation	(8,056)	(6,582)	(8,177)	(22,815)
Net book value	2,014	715	3,478	6,207
Year ended 31 December 2021				
Opening net book amount	2,014	715	3,478	6,207
Additions	_,0	-	0,110	0,201
Disposals	(222)	1.50	( <del>-</del>	(222)
Transfers	9		(2,862)	(2,853)
Depreciation charge	(972)	(658)	(269)	(1,899)
Closing net book amount	829	. 57	347	1,233
At 31 December 2021				
Cost	8,233	7,297	5,948	21,478
Accumulated depreciation	(7,404)	(7,240)	(5,601)	(20,245)
Net book amount	829	57	347	1,233
Year ended 31 December 2022				
Opening net book amount	829	57	347	1,233
Additions	· ·	·		
Disposals	(2)	: <b>=</b> 3	(69)	(71)
Depreciation charge	(608)	(57)	(116)	(781)
Closing net book amount	219	740	162	381
At 31 December 2022				
Cost	8,225	7,297	5,630	21,152
Accumulated depreciation	(8,006)	(7,297)	(5,468)	(20,771)
Net book amount	219		162	381

Fixed assets are depreciated over their estimated useful life (as listed below) on a straight-line basis:

- Furniture and equipment: 3-8 years;
- Computer equipment: 3-5 years; and:
- Leasehold improvements: 1-15 years.

### 10 Non-financial assets and liabilities (continued)

### (b) Leases

This note provides information for leases where the Company is a lessee. There are no leases where the Company is lessor.

### (i) Amounts recognised in the statement of financial position

The statement of financial position shows the following amounts relating to leases:

	2022	2021
	\$'000	\$'000
Right-of-use assets		
Buildings	1,303	2,078
-	1,303	2,078
Lease liabilities		
Current	699	744
Non-Current	808	1,761
	1,507	2,505

Future lease payments in relation to lease liabilities as at period end are as follows:

Within one year	767	870
Later than 1 year but not later than 5 years	833	1,869
Later than 5 years	-	<b>#</b> /
•	1,600	2,739

Additions to the right-of-use assets during the 2022 financial year were NIL (2021 - NIL),

### (ii) Amounts recognised in the statement of profit and loss

The statement of profit and loss shows the following amounts relating to leases:

### Depreciation charge of right-of-use assets

Buildings		479	675
	1	479	675
Interest expense (included in finance costs)	4(c)	50	162
,	-	50	162
	<del>)</del>		

All lease payments are paid by Torrens Global Education Services Pty Ltd or its related bodies corporate (other than the Company). The total lease cash outflows paid on behalf of the Company in 2022 was \$751,454 (2021 \$845,051).

### 10 Non-financial assets and liabilities (continued)

### (c) Intangible assets

	Goodwill	Brand	Software & Other	Total
	\$'000	\$'000	\$'000	\$'000
At 1 January 2021				
Cost	30,550	4,691	21,401	56,642
Accumulated amortisation	. <del></del>	(4,691)	(13,245)	(17,936)
Net book amount	30,550	*	8,156	38,706
Year ended 31 December 2021				
Opening net book amount	30,550	*	8,156	38,706
Additions		=:	5,939	5,939
Disposals	i <del>a</del>	=	(122)	(122)
Transfers	·	=	(2,101)	(2,101)
Amortisation charge		₹.	(3,009)	(3,009)
Closing net book amount	30,550	18	8,863	39,413
At 31 December 2021				
Cost	30,550	4,691	24.010	59,251
Accumulated amortisation	i i	(4,691)	(15,147)	(19,838)
Net book amount	30,550	N.E.	8,863	39,413
Year ended 31 December 2022				
Opening net book amount	30,550	1.75	8,863	39,413
Additions	E	-	3,498	3,498
Disposals	8	-	(17)	(17)
Transfers	€	-		\
Amortisation charge	<b>a</b>	927	(2,683)	(2,683)
Closing net book amount	30,550		9,661	40,211
At 31 December 2022				
Cost	30,550	4.691	27,609	62,850
Accumulated amortisation	-	(4,691)	(17,948)	(22,639)
Net book amount	30,550		9,661	40,211

Intangible assets are amortised over their estimated useful life (as listed below) on a straight-line basis:

- Goodwill not amortised;
- Brands 5 years;
- Curriculum and course development 5 years;
- Software 3-5 years;
- Website development 1-3 years.

### (i) Significant estimate: key assumption used for value-in-use calculations

		2022	2021
Revenue Growth Rate to 2027	CAGR	9.43%	15.44%
Perpetual Growth Rate:	Tertiary Education CPI	1.57%	1.63%
Discount Rate:	<u>-</u>	10.10%	10.11%
Cash CAPEX Rate:	Historical for past 5 years	2.87%	4.29%

Management determined future cash flow based on past performance and its expectations for the future. The value-in-use calculation performed for the period ended 31 December 2022 showed that there is no impairment to the goodwill.

11 Trade and other payables	2022	2021
. ,	\$'000	\$'000
Trade and other payables	341	75
Current Tax Payable	18	37
Accrued expenses	3,526	9,109
	3,885	9,221
12 Other financial liabilities	2022	2021
	\$'000	\$'000
Current		
Payables to related parties (Note 18 (b))	15,668	734
	15,668	734
Non-current	<u> </u>	
Payables to related parties (Note 18 (b))		30,524
	(E)	30,524
13 Employee Provisions	2022	2021
	\$'000	\$'000
Current		
Annual leave	2,213	2,231
Long-service leave	2,152	1,597
· ·	4,365	3,828
Non-current		
Long-service leave	1,336	1,107
	1,336	1,107
14 Provisions	2022	2021
	\$'000	\$'000
Current		
Provision for credit notes (a)	573	615
	573	615
Non-current		
Make good provision	-	476
		476

### (a) Provision for credit notes

Revenue provision made in relation to expected late credit notes on both active and inactive study period.

14 Provisions (continued)	2022	2021
Provision for credit notes	\$'000	\$'000
Carrying amount at start of the year	615	3,365
Utilised	(615)	(3,334)
Arising during the year	573	584
Carrying amount at end of the year	573	615
Make good		
Carrying amount at start of the year	476	449
Utilised	(476)	<b>≔</b> (
Arising during the year	·	27
Carrying amount at end of the year	*	476
15 Contract liabilities	2022	2021
	\$'000	\$'000
Deferred income	3,415	3,071
Fees in advance (a)	34,943	22,290
Australian Government student loans in advance (b)	7,304	579
	45,662	25,940

### (a) Fees in advance

Cash deposits received which will be applied to invoices in a future study period.

### (b) Government student loans in advance

During the period, the Company received FEE-HELP advances which were not utilised at period end. They will be utilised against future students balances once incurred.

### 16 Contributed equity

Authorised and fully paid issued ordinary shares:	No. of Shares	\$'000
As 1 January 2021	51,000,002	51,000
Issued during the financial year		-
At 31 December 2021	51,000,002	51,000
As 1 January 2022 Issued during the financial year	51,000,002	51,000
At 31 December 2022	51,000,002	51,000

Ordinary shares have no par value and entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

2022	2021
\$'000	\$'000
*	2,331
\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\	48,312
5#0	50,643
	\$'000 - -

### 16 Contributed equity (continued)

### a) Common control reserve

Common control reserve has arisen from the following transactions:

### Purchase of Blue Mountains International Hotel Management School

During 2016, a common control reserve has arisen on the purchase of Blue Mountains International Hotel Management School Pty Limited which was another entity within the Laureate group. The difference between the aggregate book values of the assets and liabilities at the date of transaction and the consideration given has been recorded in the common control reserve for (\$21,646,000).

### Purchase of Billy Blue College of Design

During 2016, a common control reserve has arisen on the purchase of Billy Blue College of Design from Think: Colleges Pty Ltd, another entity within the Laureate group. The difference between the aggregate book values of the assets and liabilities at the date of transaction and the consideration given has been recorded in the common control reserve for \$14,486,000.

Debt Forgiven to Blue Mountains International Hotel Management School Pty Limited During 2018, Torrens University Australia Limited agreed to forgive the debt to Blue Mountains International Hotel Management School Pty Limited (a commonly controlled entity) at 31 December 2018. The debt of (\$1,694,000) which has been forgiven has been recorded in the common control reserve.

Purchase of APM: ACNT: ANCB; CATC; JNI; SSNT and WBCH assets

On 31 December 2019, the Company bought the assets of the below colleges from Think: Colleges Pty Ltd, Think: Education Group Pty Ltd and Think: Education Services Pty Ltd.

- APM College of Business and Communication (APM)
- Australasian College of Natural Therapies (ACNT)
- Australian National College of Beauty (ANCB)
- CATC Design School (CATC)
- Jansen Newman Institute (JNI)
- Southern School of Natural Therapies (SSNT)
- William Blue College of Hospitality Management (WBCH)

The difference between the aggregate book values of the assets at the date of transaction and the consideration given has been recorded in the common control reserve for \$11,185,182.

### Transfer of Common Control Reserve to Retained Earnings

During 2022, it was decided to convert the balance of \$2,331,000 from the Common Control Reserve into Retained Earnings. This will allow funds to become available for any future dividend distributions to Strategic Education Inc. (SEI), the Ultimate Parent Company of the Company.

### b) Capital reserve

During 2017, Blue Mountains International Hotel Management School Pty Limited (a commonly controlled entity), agreed to forgive the debt to Torrens University Australia Limited at 31 December 2017. The debt of \$48,312,000 which has been forgiven has been recorded as a deemed equity contribution in the Capital reserve.

### Transfer of Capital Reserve to Retained Earnings

During 2022, it was decided to convert the balance of \$48,312,000 from the Capital Reserve into Retained Earnings. This will allow funds to become available for any future dividend distributions to Strategic Education Inc. (SEI), the Ultimate Parent Company of the Company.

# 17 Key management personnel compensation

### (a) Directors

The following persons were directors of the Company during the financial year:

Gregory John Crafter
James Varghese
Laura Anderson
Linda Mary Brown
Daniel Wayne Jackson
Raymond Karl McDonnell
Michael James Reed
Gerard Sutton (Resigned 31 December 2022)

### (b) Other key management personnel

The Company considers the following individuals key management personnel as they have the authority and responsibility for planning, directing and controlling activities of the Company:

Julie Craig, Company Secretary and VP, Governance, Strategy & Student Administration

Linda Brown, Chief Executive Officer

Alwyn Louw, Vice-Chancellor

Scott Luckett, Chief Financial Officer

Hugo Contente, Vice President (People and Talent)

Jerome Casteigt, Chief Commercial Officer and General Manager (Business and Hospitality)

Kath Curry, General Manager (Health and Education)

Paul Brafield, Vice President (Digital and Global Enterprise)

Todd Wegner, Vice President (Strategy, Risk and Communications) (Effective 1st February 2023)

### (c) Key management personnel compensation

All key management personnel compensation including directors for the Company and its related parties within Australia is paid by Torrens Global Education Services Pty Ltd or its related bodies corporate (other than the Company). The below reflects the cost allocation of amounts paid by the Company to Torrens Global Education Services Pty Ltd or its related bodies for the provision of key management personnel services.

2022	2021
\$	\$
7,906,340	8,183,508
7,906,340	8,183,508

# (d) Loans to key management personnel and their related parties

There have been no loans to key management personnel during the financial year.

# 17 Key management personnel compensation (continued)

# (e) Key management personnel and director transactions

Strategic Education Inc. (SEI), the Ultimate Parent of the Company, maintains the 2018 Equity Compensation Plan under which various performance-based with service conditions incentive awards may be granted to eligible officers and employees. The SEI 2018 Equity Compensation Plan (the Plan) became effective on 4 September 2018. The Plan is designed to provide long-term incentives for employees (including executive directors) to deliver long-term shareholder returns. Under the Plan, participants are granted awards which vest if certain service or performance conditions are met. Compensation from the scheme will be paid by Torrens Global Education Services Pty Ltd and allocated to the Company.

### 18 Related party transactions

# (a) Parent entities

The immediate parent entity and ultimate Australian parent entity of the Company is SEI Higher Education Holdings Pty Ltd which at 31 December 2022 owns 100% (31 December 2021: 100%) of the issued ordinary shares of the Company. As of 31 December 2021, the ultimate parent entity and controlling party is Strategic Education, Inc. which owns 100% (31 December 2021: 100%) of the issued ordinary shares in the Company.

(b) Transactions with related parties	2022 \$'000	2021 \$'000
Current assets		
Receivables from other related parties (Note 9)	6,783	36,891
,	6,783	36,891
This is made up of the following balances:		
SEI Higher Education Holdings Pty Ltd	-	747
Think: Education Group Pty Ltd	꾶	211
Torrens Global Education Holdings Pty Ltd	2	937
Think: Colleges Pty Ltd	6,781	34,996
SEI Australia Education Pty Ltd	1	≘
Latino American Education Holdings Pty Ltd	1	-
• ,	6,783	36,891
Non-current assets	-	<del></del> 2
Receivables from other related parties (Note 9)	79,811	64,771
	79,811	64,771
This is used any of the following belonger		
This is made up of the following balances:	1,498	_
Think: Education Group Pty Ltd	·	=
Think: Education Services Pty Ltd	19,959	
SEI Australia Education Pty Ltd	50.054	13,105
Torrens Global Education Services Pty Ltd	58,354	51,666
	79,811	64,771

# 18 Related party transactions (continued)

# (b) Transactions with related parties (continued)

In the current year, receivables from related parties primarily relate to:

• Expense amounts paid by Torrens University Australia Limited on behalf of other entities within the SEI Australia Group.

	2022 \$'000	2021 \$'000
Current liabilities		
Payables to other related parties (Note 12)	(15,668)	(734)
• • • • • • • • • • • • • • • • • • • •	(15,668)	(734)
This is made up of the following balances:	7	
SEI Australia Holdings Pty Ltd	(14,637)	-
Media Design School, LTD	(353)	(186)
Strategic Education Inc	(22)	(16)
Blue Mountains Hotel Management Consulting (Shanghai) Co. Ltd	(656)	(532)
	(15,668)	(734)
Non-current liabilities	-	
Payables to other related parties (Note 12)	2	(30,524)
	-	(30,524)
This is made up of the following payable balance:	<del></del>	
SEI Australia Holdings Pty Ltd	=	(22,502)
Think: Education Services Pty Ltd		(8,022)
	2	(30,524)
Loans from ultimate holding company	3	
Movement in the loan payable to Strategic Education, Inc.		
Opening balance	<del>-</del>	(4,992)
Loans advanced	78	9
Loan repayments	18	5,001
Interest charged	( <del>*</del>	(9)
Closing balance	(#	

### 18 Related party transactions (continued)

# (b) Transactions with related parties (continued)

Repayment of loan principal and interest charged had been made fully to Strategic Education, Inc. at 31 December 2021.

In the current year, payables to related parties relate to the following:

Recharges for payroll and administrative expense incurred by Think: Colleges Pty Ltd on the Company's behalf.

# 19 Commitments and pledged assets

# (a) Assets pledged as security

At 31 December 2022, the Company does not have any assets pledged as security,

# 20 Subsequent events

In the interval between the end of the financial year and the date of this report there has not arisen any other item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Company, the result of these operations, or the state of affair of the Company, currently or in the future financial years.

# 21 Remuneration of auditors

During the year the following fees were paid or payable for services provided by PricewaterhouseCoopers Australia (PwC) as the auditor of the Company, Torrens University Australia Limited, by PwC's related network firms and by non-related audit firms:

(a) Auditors of the Company – PwC and related network firms	2022 \$	2021 \$
Audit of financial reports	840,735	636,855
Total audit of financial reports	840,735	636,855
Other statutory assurance services	3₩3	236,000
Other services		
Tax compliance services	42,987	80,000
Total other non-audit services	42,987	316,000
Total services provided by PwC	883,722	952,855
(b) Other auditors and their related network firms		
Other assurance services	435,957	483,048
Other services	57,477	12
Total services provided by other auditors (excluding PwC)	493,434	483,048

# 22 Reconciliation of loss after income tax to net cash flows from operating activities

Cash flows from operating activities  Profit for the financial year		<b>2022</b> <b>\$'000</b> 33,640	<b>2021</b> <b>\$'000</b> 34,731
Adjustments for:			
Interest expense on related party loans		÷	9
Amortisation Expense 1	0(c)	2,683	3,009
Lightediation Evapped	0(a), l0(b)	1,260	2,574
Loss on disposal of plant and equipment		71	222
Loss on disposal of intangibles		17	122
Unrealised loss on foreign exchange		=	15
		37,671	40,682
Change in operating assets and liabilities			
(Increase)/Decrease in restricted cash		(4,853)	2,967
(Increase)/Decrease in trade and other receivables		(463)	5,486
(Increase)/Decrease in prepayments		(439)	172
Decrease in deferred contract costs		(267)	1,096
Decrease/(Increase) in other financial assets		15,068	(34,755)
(Increase)/Decrease in deferred tax asset		(254)	766
(Decrease)/Increase in trade and other payables		(5,336)	50
Increase in contract liabilities		19,722	3,564
(Decrease) in lease liabilities		(702)	(680)
Increase/(Decrease) in employee provisions		766	(347)
(Increase) in provisions		(518)	(2,723)
(Increase)/Decrease in other financial liabilities		(15,590)	12,390
Net cash inflows from operating activities		44,805	28,668

# 23 Higher Education Loan Programs (excluding OS-HELP)

		FEE-H	IELP
	Note	2022	2021
		\$'000	\$'000
Cash Payable/(Receivable) at beginning of year		579	(7,054)
Financial assistance received in Cash during the reporting period		127,275	118,605
Cash available for period	-	127,854	111,551
Revenue and income earned	3(a) =	120,550	110,972
Cash Payable/(Receivable) at end of year	15	7,304	579
		VET Stude	ent Loan
	Note	2022	2021
		\$'000	\$'000
Cash (Receivable) at beginning of year		(59)	-
Financial assistance received in Cash during the reporting period		136	-
Cash available for period	-	77	-
odori dvalidolo for period			
Revenue and income earned	3(a) =	532	59

# 24 Department of Education and Research

		Research Training Program		Research Support Program		TOTAL	
	Note	2022	2021	2022	2021	2022	2021
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assistance received in cash during the reporting period*		194	131	209	419	403	550
Net adjustments		8	20	=		8	20
Revenue for the period	3(a)	202	151	209	419	411	570
Surplus from the previous year		22	41	â	=	22	41
Total revenue including accrued revenue	-	224	192	209	419	433	611
Less expenses including accrued expenses		(211)	(170)	(209)	(419)	(420)	(589)
Surplus for reporting period	S=	13	22	9	*	13	22
	7.5						

<sup>\*</sup> total cash received from the Australian Government for the program, excluding GST

### 25 Financial risk management

## **Objectives and Policies**

The Company's activities expose it to a variety of financial risks including market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Company. The Company uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and foreign exchange risks, and ageing analysis for credit risk.

The Company's financial instruments consist mainly of cash and cash equivalents, other financial assets, trade receivables and trade and other payables.

# (a) Market risk

# (i) Foreign exchange risk

The Company's direct financial exposure to foreign exchange risk lies in its purchase of goods and services in foreign currency. Management does not consider the financial impact of foreign exchange risk to be material for further disclosure and analysis.

### (ii) Interest rate risk

The Company's exposure to interest rate risk arises predominantly from cash and cash equivalents bearing variable interest rates. Management does not consider the financial impact of interest rate risk to be material for further disclosure and analysis.

#### (iii) Price risk

The Company is not exposed to any significant price risk.

### (b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company.

The Company does not have any material credit risk exposure to any single receivable or group of trade receivables. The Company's exposure to credit risk is influenced mainly by characteristics of each student. Receivable balances are monitored on an ongoing basis to ensure that the exposure to bad debts is not significant. The Company has established an allowance for doubtful accounts that represents their estimate of expected losses in respect of receivables. An analysis of the allowance of doubtful accounts at the reporting date has been provided in Note 7.

# (c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as and when they fall due. The Company manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

# 25 Financial Risk Management (continued)

# (c) Liquidity risk (continued)

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows, which may not reconcile to the statement of financial position.

	Within 1 year		1 – 5 years		Total			
	2022	2022 2021		2022 2021 2022 2021		2021	2022	2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000		
Trade and other payables	341	112	246	8	341	112		
Accrued expenses	3,526	9,109	1/ <u>44</u>	-	3,526	9,109		
Lease liabilities	767	870	833	1,869	1,600	2,739		
Total financial liabilities	4,634	10,091	833	1,869	5,467	11,960		

# 26 Fair value measurements

The Company does not carry any assets and liabilities requiring measurement at fair value on a recurring nor non-recurring basis as of the period ended 31 December 2022.

# **Torrens University Australia Limited**

#### **Directors' Declaration**

In the directors' opinion:

- (a) the financial statements and notes set out on pages 7 to 43 are in accordance with the *Corporations Act 2001*, including;
  - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
  - (ii) giving a true and fair view of the entity's financial position as at 31 December 2022 and of its performance for the financial year ended on that date, and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

Linda Brown

**Director** 

**Sydney** 

Date: 29th March 2023



# Independent auditor's report

To the members of Torrens University Australia Limited

# Our opinion

In our opinion:

The accompanying financial report of Torrens University Australia Limited (the Company) is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Company's financial position as at 31 December 2022 and of its financial performance for the year then ended
- (b) complying with Australian Accounting Standards and the Corporations Regulations 2001.

#### What we have audited

The financial report comprises:

- the statement of financial position as at 31 December 2022
- the statement of comprehensive income for the year then ended
- the statement of profit or loss for the year then ended
- the statement of changes in equity for the year then ended
- the statement of cash flows for the year then ended
- the notes to the financial statements, which include significant accounting policies and other explanatory information
- the directors' declaration.

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

### Independence

We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

#### Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 31 December 2022, but does not include

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the financial report and our auditor's report thereon. Prior to the date of this auditor's report, the other information we obtained included Corporate directory Directors' report.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Company 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 Company or to cease operations, or have no realistic alternative but to do so.

# Auditor's responsibilities for the audit of the financial report

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



A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:http://www.auasb.gov.au/auditors\_responsibilities/ar4.pdf, This description forms part of our auditor's report.

PricewaterhouseCoopers

Pricewaterhouse Coopers

Ben Meacock Partner

Sydney 29 March 2023