iCollege

Annual Report

2022

Cover: **'Rocket Boy' 3D Artwork**
Kristoffer Berg (*AIT bachelor degree graduate*)

Corporate Directory

DIRECTORS

Catherine (Cass) O'Connor – Independent non-executive chair (appointed 29 July 2022)
Simon Tolhurst – Independent non-executive director (Independent chairman until 29 July 2022)
William Deane – Independent non-executive director (appointed 8 November 2021)
Sandra Hook – Independent non-executive director (appointed 8 November 2021)
Ashish Katta – Non-executive director (resigned 29 July 2022)
Badri Gosavi – Executive director (resigned 29 July 2022)

COMPANY SECRETARY

Lisa Jones

REGISTERED OFFICE

Level 2, 7 Kelly Street
Ultimo
NSW 2007
Telephone: +61 (02) 8355 3820
Email: investors@icollege.edu.au
Website: www.icollege.edu.au

SHARE REGISTRY

Advanced Share Registry Ltd
110 Stirling Highway
Nedlands WA 6009
Telephone: +61 (08) 9389 8033
Toll Free: 1300 113 258
Fax: +61 (08) 6370 4203
Email: admin@advancedshare.com.au
Website: https://www.advancedshare.com.au

CORPORATE GOVERNANCE STATEMENT

The statement approved on 28 September 2022 can be found at the following URL:
https://icollege.edu.au/investor-centre/

AUDITOR

Hall Chadwick WA Audit Pty Ltd
283 Rokeby Road
Subiaco WA 6008
Telephone: +61 (08) 9426 0666

SECURITIES EXCHANGE

ASX: ICT
Australian Securities Exchange
Level 40, Central Park
152-158 St Georges Terrace
Perth WA 6000
Telephone: 131 ASX (131 279) – within Australia
Telephone: +61 (02) 9338 0000
Website: www.asx.com.au

ASIC REGISTRATIONS

ACN: 105 012 066
ABN: 75 105 012 066

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Chair and CEO Letter

We are delighted to present this 2022 Annual Report to our shareholders, and we thank you for your support.

Letter from the Chair and CEO

Dear iCollege Shareholders,

FY22 was a transformative year for iCollege, which included completing the acquisition of RedHill to expand our addressable markets and unlock new growth opportunities, and re-igniting our international student revenues when Australia's borders re-opened in late December 2021.

We take this opportunity to thank our iCollege employees for their ongoing resilience and determination as we emerged from covid shut downs, successfully integrated the RedHill acquisition, activated new growth initiatives, and maintained our focus on delivering great student experiences and outcomes.

Our achievements in these challenging times are testament to the energy and agility of our people, and our collaborative and results driven culture. Pleasingly, this culture has remained evident among all employees and the Board despite navigating some material organisational changes.

There are emerging tail-winds for both international and domestic student markets, and we have bold growth aspirations for FY23 and beyond. We're determined to remain focused on turbo-charging existing businesses and using our performance momentum and balance sheet strength to actively consider other growth opportunities.

To support our growth ambitions we will continue to lift our governance and management capabilities, and create support structures to ensure that students receive the educational experiences they want and deserve.

We are delighted to present this 2022 Annual Report to our shareholders, and we thank you for your support.

Cass O'Connor
Chair of the Board of Directors

Glenn Elith
Chief Executive Officer

28 September 2022, Sydney

Directors' Report

The directors present their report, together with the financial statements, on the consolidated entity (referred to as the 'consolidated entity' or 'iCollege') consisting of iCollege Limited (referred to as the 'company' or 'parent entity') and the entities it controlled for the year ended 30 June 2022 ('FY22').

Directors

The following persons were directors of the company during the whole of the financial year and up to the date of this report unless otherwise noted:

Cass O'Connor – Independent non-executive chair (appointed 29 July 2022)

Simon Tolhurst – Independent non-executive director (Independent chairman until 29 July 2022)

William Deane – Independent non-executive director (appointed 8 November 2021)

Sandra Hook – Independent non-executive director (appointed 8 November 2021)

Ashish Katta – Non-executive director (resigned 29 July 2022)

Badri Gosavi – Executive director (resigned 29 July 2022)

Each of the directors is an independent director other than Badri Gosavi, who was an executive director and Ashish Katta who was an executive director until 8 November 2022 and was not considered independent due to his previous role as CEO of iCollege and his substantial shareholding in iCollege.

Information on Directors

Cass O'Connor

TITLE:
Independent non-executive Chair

QUALIFICATIONS:
Bachelor of Business (UTS)

Graduate of the Australian Institute of Company Directors (GAICD)

EXPERIENCE AND EXPERTISE:
Cass has over 30 years' executive and non-executive experience which spans various industries including investment banking, private equity, media, technology, real estate and the arts. In addition to running her own corporate advisory firm, Cass currently chairs Carriageworks, the largest multi-arts precinct in Australia; TRIBE, a global generator of creator content and :Different, a full tech stack property management business, backed by venture capital.

She recently Chaired Prime Media Group (ASX: PRT) through its successful sale to Seven West Media (ASX: SWM).

OTHER CURRENT LISTED DIRECTORSHIPS: None

FORMER DIRECTORSHIPS *(IN THE LAST 3 YEARS)*:
Prime Media Group (ASX: PRT) - 21 April 2015 to 31 March 2022.

SPECIAL RESPONSIBILITIES:
Cass is the Chair of the Board of Directors.

INTERESTS IN SHARES: 200,000 ordinary shares

INTERESTS IN OPTIONS: None

Simon Tolhurst

TITLE:
Non-executive Director

QUALIFICATIONS:
Bachelor of Laws, Master of Laws (Hons), Grad Dipl Legal Practice, Solicitor to the Supreme Court Queensland, Solicitor High Court of Australia

EXPERIENCE AND EXPERTISE:
Simon is a Partner in HWL Ebsworth's Brisbane office and has over 25 years of legal experience. Named in the Australian Financial Review's Best Lawyers™ as one of Australia's best lawyers in the Litigation category. Recognised in Doyle's Guide as a Leading Commercial Litigation and Dispute Resolution Lawyer. Member of HWL Ebsworth National Competition Law and Anti-Trust Group that was recently recognised as a leading firm by both Chambers and Legal 500. Experience includes directorships on a number of private companies including those in the transport industry, oil and gas industry and coal industry.

OTHER CURRENT LISTED DIRECTORSHIPS: None

FORMER DIRECTORSHIPS *(IN THE LAST 3 YEARS)*: None

SPECIAL RESPONSIBILITIES:
Simon is a member of the Nomination and Remuneration Committee and the Audit and Risk Management Committee. He ceased being the Chair of iCollege on 29 July 2022.

INTERESTS IN SHARES: 7,155,467 ordinary shares

INTERESTS IN OPTIONS: None

William Deane

TITLE:
Non-executive Director

QUALIFICATIONS:
BA (University of Sydney), LLB (Bond University)

EXPERIENCE AND EXPERTISE:
Will is a managing director of Exto Partners Australia Pty Ltd, a Sydney-based private investment firm formed in 2003. Will is a director of several of Exto Partners' unlisted investee companies and is experienced at building high growth companies. He has practised as a corporate lawyer in Australia with Ashurst (formerly Blake Dawson) and in the United States with Skadden Arps and Sidley Austin. As a lawyer he focussed on equity capital markets and mergers and acquisitions.

OTHER CURRENT LISTED DIRECTORSHIPS:
Managing Director of Exto Partners Australia Pty Ltd, a venture capital firm specialising in technology investments.

FORMER DIRECTORSHIPS *(IN THE LAST 3 YEARS)*:
Building IQ Inc (ASX: BIQ), resigned 18 June 2022.
RedHill Education Limited (ASX: RDH), resigned 1 October 2021.

SPECIAL RESPONSIBILITIES:
Will is the Chair of the Audit and Risk Management Committee.

INTERESTS IN SHARES:
2,419,337 ordinary shares are beneficially held through Exto Partners Australia Pty Ltd and due to the ownership structure of that company Will only claims an interest in 50% of those ordinary shares.

INTERESTS IN OPTIONS: None

Sandra Hook

TITLE:
Non-executive Director

QUALIFICATIONS:
Graduate of the Australian Institute of Company Directors (GAICD)

EXPERIENCE AND EXPERTISE:
Sandra has over 25 years' experience in sales and marketing, building and leading commercially successful businesses, driving growth and leading change. She has a track record in delivering brand and portfolio strategies, transitioning traditional organisations in rapidly evolving environments and brings a strong focus on customer-centric growth and digital transformation at Board level.

Sandra was formerly Managing Director and CEO of NewsLifeMedia, a division of News Limited, CEO of News Magazines, and various senior executive roles with Australia's largest media companies including News Limited, Foxtel, Federal Publishing Company, Murdoch Magazines and Fairfax.

OTHER CURRENT LISTED DIRECTORSHIPS:
Sandra is currently a non-executive director of MedAdvisor Limited (ASX: MDR) and IVE Group Limited (ASX: IGL).

FORMER DIRECTORSHIPS *(IN THE LAST 3 YEARS)*:
RedHill Education Limited (ASX: RDH), resigned 1 October 2021.
RXP Services Limited (ASX: RXP), resigned 1 November 2020.

SPECIAL RESPONSIBILITIES:
Sandra is the Chair of the Nominations and Remuneration Committee and a member of the Audit & Risk Management.

INTERESTS IN SHARES: 395,837 ordinary shares

INTERESTS IN OPTIONS: None

Former directorships (in the last 3 years) quoted above are directorships held in the last 3 years for listed entities only and excludes directorships in all other types of entities, unless otherwise stated.

Company Secretary

Lisa Jones was appointed as Company Secretary on 8 November 2021. Lisa is an experienced corporate lawyer and corporate governance professional with more than 20 years' experience in commercial law and corporate affairs, working with both public and private companies in Australia and in Europe. Lisa has particular experience working with high growth and emerging companies in the technology, biotech and oil & gas sectors. She was a senior associate in the corporate & commercial practice of Allen Allen & Hemsley and has held executive positions with private and public listed companies in Australia and in Italy.

Stuart Usher resigned as Company Secretary on 8 November 2021.

Operating and Financial Review

PRINCIPAL ACTIVITIES

During the financial year, the Company's principal activities were:

- Delivering high quality English language, building and construction, hospitality, healthcare, creative digital technologies, managerial, marketing, computer coding and interior design and styling courses; and
- Providing education recruitment agency services to international students.

FY22 FINANCIAL PERFORMANCE

	Year ended 30 June 2022 $'000	Year ended 30 June 2021 $'000
Revenue from ordinary operations	46,819	16,277
EBITDA incl. M&A costs	343	2,021
EBITDA excl. M&A costs	3,585	2,626
Net profit / (loss) after tax	(8,695)	308
Cash flows from operations incl. M&A	11,200	684
Cash flow from operations excl. M&A	17,013	684

NON-IFRS INFORMATION

The Company reports EBITDA in addition to the Profit after Tax. EBITDA is a financial measure which is not prescribed by Australian Accounting Standards ('AAS') and represents the statutory profit under AAS adjusted for specific non-cash and significant items. The Company's directors consider EBITDA to reflect the core earnings of the consolidated entity. A reconciliation between EBITDA and profit after income tax for the year ended 30 June 2022 is noted below:

Net Profit / (loss) to EBITDA reconciliation	Year ended 30 June 2022 $'000	Year ended 30 June 2021 $'000
Net profit / (loss) after tax	(8,695)	308
ADD BACK:		
Depreciation & amortisation	7,764	1,437
Finance costs	1,776	392
Less:		
Income tax benefit	(502)	(116)
EBITDA	**343**	**2,021**
ADD BACK ABNORMAL EXPENSES:		
Merger and acquisition costs	3,242	605
EBITDA excluding M&A costs	**3,585**	**2,626**

Comments on Financial Performance

Highlights for FY22 included:

- Record revenue of $46.8 million, up 187% against the previous corresponding period (pcp) (FY21: $16.3m);
- EBITDA (excluding M&A costs) of $3.6 million, up $1.0 million against pcp (FY21: $2.6 million);
- Exceptional operating cash flows (excluding M&A costs) of $17.0 million, up $16.3 million against pcp; and
- Strong balance sheet position with $30.2 million cash on hand at the end of June 2022 (including term deposits of $3.1 million) to fund future growth.

No Declaration of Dividend

No dividend will be declared in relation to FY22.

Operational Review

iCollege operates a group of 11 education businesses plus a global international student recruitment agency. We currently educate and inspire approximately 22,000 students across the ELICOS, Vocational and Higher Education sectors. Our broad and diverse mix of domestic and international students undertake their courses either online or at our 11 campuses located across Australia. In addition to this, some of our students are offered work placement and internship opportunities to complement their learning experience and assist to achieve job outcomes.

Highlights for FY22 included:

- Completion of the acquisition of RedHill Education Limited (RedHill) with financial results consolidated effective from 1 October 2021;
- Integration of RedHill has been completed and cost synergies in excess of the targeted amount of $1.0 million - $1.3 million have been achieved;
- Positive government support for international students returning to Australia;
- Strong growth in lead indicators including prospective international student inquiries, letters of offer and confirmed new student enrolments into iCollege courses; and
- An increase in deferred revenues of $16.4 million from December 2021 following the reopening of Australia's international borders.

GREENWICH SEGMENT

Greenwich operating segment revenues in FY22 were $17.8 million for the period post acquisition of RedHill. Greenwich English language course revenues were $6.4 million, and Greenwich vocational management course revenues were $11.4 million.

Vocational student numbers and revenues grew in FY22 against pcp due to students choosing to remain in Australia and continue studying while international borders were closed.

English language student numbers started materially increasing in 2H22 when Australia's borders re-opened to international students, and English language revenues are expected to be a larger proportion of the revenue mix in FY23.

SERO/CELTIC/CTI (SCC) SEGMENT

SCC operating segment revenues in FY22 were $15.9 million, a reduction of $0.4 million against pcp. Domestic student revenues increased by 12% against pcp due to strong growth in Celtic healthcare courses (which grew 58%).

Sero international student revenues declined 18% against pcp due to Australian international borders being closed until the end of December 2021.

CTI revenues declined 25% in FY22 against pcp, with student enrolments and progression constrained by construction industry workforce shortages (students prioritising practical, on-site work over study).

Segment results declined against pcp due to increased marketing spend and labour costs in anticipation of revenue growth. Spending was reduced during 2H22 to reflect trading conditions.

GO STUDY SEGMENT

Go Study operating segment revenues in FY22 were $3.4 million for the period post acquisition. Offshore offices contributed approximately 25% of revenues in the period, down from pre-COVID levels of approximately 40% of total revenues. Offshore revenues are expected to grow strongly in FY23.

TECHNOLOGY & DESIGN SEGMENT

Technology & Design operating segment revenues in FY22 were $10.3 million for the period post acquisition of RedHill. Revenues in the period were impacted by international border closures and other COVID-19 pandemic impacts affecting student study patterns.

No further information in respect of iCollege's business strategies and prospects has been included, as the directors believe that this information is of a confidential nature in a highly competitive industry and that more detail would be likely to result in unreasonable prejudice to iCollege.

Key Risks to Achieving Financial Outcomes in Relation to Future Prospects

This section describes some of the material business risks that are partially or completely outside of the control of iCollege and could have an adverse impact on future financial performance or outcomes. The risks set out below are not exhaustive, and the likelihood of occurrence and consequences of risks may change over time.

REGULATORY REGISTRATIONS AND ACCREDITATIONS:

iCollege is unable to manage the impact of future regulatory changes, is unable to retain existing registrations or experiences delays in obtaining new approvals of registrations or certifications.

INTERNATIONAL STUDENT VISA AND IMMIGRATION POLICIES:

iCollege is unable to manage the impacts of any future changes to international student visa requirements or to Australian immigration policies for students from iCollege's source markets.

EXPOSURE TO AUSTRALIAN GOVERNMENT FUNDING AND TUITION LOAN ARRANGEMENTS:

Future changes to HELP legislation or regulations, or an inability by iCollege to retain or renew Higher Education Loan Program accreditations.

TECHNOLOGY PLATFORMS MAY BE DISRUPTED, FAIL OR BE INSUFFICIENT:

iCollege's critical systems, platforms and technology infrastructure are compromised by a cyber, vendor or internal event.

PROTECTION AND SECURITY OF PERSONAL INFORMATION AND DATA:

iCollege fails to comply with laws, regulations or other commitments made including privacy obligations.

COMPETITION AND MARKET DISRUPTION:

iCollege fails to anticipate or respond to changing market conditions and student expectations and preferences.

RELIANCE UPON THIRD PARTY AGENTS:

iCollege fails to maintain and develop positive relationships with a diverse mix of international student agents.

HUMAN RESOURCES AND ORGANISATIONAL CULTURE:

iCollege is unable to maintain and build upon an agile and resilient culture that is built upon talented people, ethical behaviours and a student centric mindset.

SERVICE DELIVERY QUALITY AND STUDENT SATISFACTION:

iCollege fails to provide a positive student experience including quality learning outcomes.

INDUSTRY AND BRAND REPUTATION:

iCollege is unable to maintain its good reputation with other industry stakeholders or is impacted by allegations of poor practices at other industry participants.

Significant Changes in the State of Affairs

Other than as already stated, there were no significant changes in the state of affairs of the consolidated entity during the financial year.

Matters Subsequent to the End of the Financial Year

On 29 July 2022 the Company announced a series of Board changes. Cass O'Connor was appointed as an independent non-executive director and as chair of the Board. Simon Tolhurst stepped down as chair of the Board and remains as an independent non-executive director. On the same day, Ashish Katta and Badri Gosavi resigned from the Board.

On 22 August 2022 the Company repaid in full the secured long-term loan of $223,960 referred to in Note 18.

Apart from the matters noted above, there has been no additional matter or circumstance that has arisen after balance sheet date that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future reporting periods.

Environmental Regulation

The consolidated entity is not subject to any significant environmental regulation under Commonwealth or State law.

Meetings of Directors

The number of meetings of the company's directors ('the Board') and of each board committee held during the year ended 30 June 2022, and the number of meetings attended by each director are as follows:

	Board		Audit and Risk Management Committee		Remuneration Committee		Nominations Committee	
	Attended	Held	Attended	Held	Attended	Held	Attended	Held
Simon Tolhurst	19	19	1	1	1	1	1	1
William Deane	11	10	1	1	1	1	1	1
Sandra Hook	11	10	1	1	1	1	1	1
Asish Katta	19	19						
Badri Gosavi	19	19						

Held: represents the number of meetings held at which the director was eligible to attend, during the time the director held office or was a member of the relevant committee.

Cass O'Connor was appointed as a director on 29 July 2022 and did not attend any meetings during the year ended 30 June 2022.

Remuneration Report (Audited)

The remuneration report details the director and other key management personnel ('KMP') remuneration arrangements for the consolidated entity and the parent entity.

KMP are defined as those who have the authority and responsibility for planning, directing and controlling the activities of the consolidated entity, directly or indirectly, including any director of the entity, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

The remuneration report is set out under the following main headings:

A. Principles used to determine the nature and amount of remuneration

B. Details of remuneration

C. Service agreements

D. Share-based compensation

E. Additional disclosures relating to key management personnel

F. Other transactions with KMP

A. PRINCIPLES USED TO DETERMINE THE NATURE AND AMOUNT OF REMUNERATION

The Remuneration Committee is responsible for determining and reviewing remuneration arrangements for directors and executives. The performance of the consolidated entity depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performing and high quality personnel.

Remuneration of Directors and senior management is determined with regard to the performance of the Company, the performance and skills and experience of the particular person and prevailing remuneration expectations in the market. Details of remuneration of Directors and Key Management Personnel (KMP) are disclosed in the Remuneration Report. The performance and remuneration of the senior management team is reviewed at least annually.

Following the RedHill acquisition, iCollege is a much larger organisation. The Remuneration Committee is developing a structured executive remuneration framework designed to be market competitive and complementary to the reward strategy of the consolidated entity. The Remuneration Committee from time to time use external consultants to assist in development of remuneration strategy, as detailed in the 'Use of remuneration consultants' section below.

In accordance with best practice corporate governance, the structure of executive and non-executive director remuneration is dealt with separately.

Non-executive director remuneration

The approved aggregate maximum amount payable to non-executive directors as director fees (excluding salary payments to the executive directors) is $550,000 per annum.

Fees paid to non-executive directors reflect the demands which are made on, and the responsibilities of, the directors. These fees are reviewed annually to ensure they are appropriate and in line with the market.

The Chair's fees are determined independently of the fees of other non-executive directors based on comparative roles in the external market. The Chair is not present at any discussions relating to the determination of their own remuneration.

Non-executive directors may be offered equity as part of their remuneration, subject to shareholder approval.

Executive remuneration

Senior executives are engaged under the terms of individual employment contracts. Such contracts are based upon standard terms drafted by the Company’s lawyers. Executive Directors do not receive any directors’ fees in addition to their remuneration arrangements. Base salaries are set to reflect the market salary for a position and individual of comparable responsibility and experience. Base salaries are regularly compared with the external market and during recruitment activities generally. It is the policy of the Company to maintain a competitive salary structure to ensure continued availability of experienced and effective management and staff.

Executives are prohibited from entering into transactions or arrangements which limit the economic risk of participating in unvested entitlements.

FIXED REMUNERATION

Fixed remuneration is reviewed annually by the Board. The process consists of a review of relevant comparative remuneration in the market and internally and, where appropriate, external advice on policies and practices. The Committee has access to external, independent advice where necessary.

Executives are given the opportunity to receive their fixed (primary) remuneration in a variety of forms including cash and fringe benefits such as motor vehicles and expense payment plans. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost for the Group.

VARIABLE REMUNERATION

The short-term incentives ('STI') program is designed to align the targets of the business units with the targets of those executives responsible for meeting those targets. STI payments are granted to executives based on specific annual targets and key performance indicators ('KPI') being achieved. KPI's include profit contribution, customer satisfaction, leadership contribution and product innovation management.

The Company intend to introduce a long term incentive scheme during FY23.

The directors consider that there is a positive correlation between the company's remuneration policies and its financial performance.

Use of remuneration consultants

The Remuneration Committee did not engage the services of remuneration consultants during the year.

Voting and comment made on the Group's 2021 Annual General Meeting

The Company received 99.98% of "yes" votes on its remuneration report for the 2021 financial year. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

B. Details of Remuneration

Amounts of remuneration

Details of the remuneration of the directors and other key management personnel (defined as those who have the authority and responsibility for planning, directing and controlling the major activities of the consolidated entity) are set out in the following tables.

The key management personnel of the consolidated entity during the year ended 30 June 2022 comprised the directors of iCollege Limited, Glenn Elith the Chief Executive Officer, and Michael Fahey, the Chief Financial Officer.

	Short term benefits			Post employment benefits	Long-term benefits	Share-based payments		
	Cash salary & fees**	Annual leave**	Bonus	Super-annuation	Long service leave***	Equity-settled	Termination payment	Total
2022								
Non-Executive Directors:								
Simon Tolhurst****	100,000	-	25,000	-	-	-	-	125,000
William Deane	71,250	-	-	-	-	-	-	71,250
Sandra Hook	68,651	-	-	-	-	-	-	68,651
Ashish Katta****	159,946	(62,053)	50,000	13,610	-	-	204,400	365,903
Executive Director:								
Badri Gosavi****	336,737	16,769	100,000	16,092	-	-	-	469,598
Other Key Management Personnel:								
Glenn Elith*	333,701	(39,713)	186,857	17,676	24,135	-	-	522,656
Michael Fahey*	243,564	16,754	159,062	17,676	-	-	-	437,056
	1,313,849	**(68,243)**	**520,919**	**65,054**	**24,135**	**-**	**204,400**	**2,060,114**

*Bonus payments were assessed and accrued on a performance basis.

**Cash salary and fees represent base salary. Annual leave amounts represent movements in the annual leave provision.

***Other long-term benefits as per Corporations Regulation 2M.3.03(1) Item 8. The amounts disclosed in this column represent the movements in the long service leave provision.

****Bonus payments represent completion payments following the RedHill acquisition.

Remuneration for William Deane, Sandra Hook, Glenn Elith and Michael Fahey is for the period 1 October 2021 to 30 June 2022 being the period when they were engaged by iCollege following the acquisition of RedHill.

	Short term benefits	Post employment benefits	Long-term benefits	Share-based payments	
	Salary fees & leave	Super-annuation	Long service leave	Equity-settled	Total
2021					
Non-Executive Director:					
Simon Tolhurst*	-	-	-	80,000	80,000
Executive Directors:					
Ashish Katta	259,040	-	-	-	259,040
Badri Gosavi	259,040	-	-	-	259,040
	518,080	**-**	**-**	**80,000**	**598,080**

*Mr Tolhurst elected to receive ordinary shares in lieu of director fees, approved by shareholders at the 2021 AGM.

C. Service Agreements

Remuneration and other terms of employment for continuing key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name:	Glenn Elith
Title:	Chief Executive Officer
Agreement commenced:	1 October 2021
Term of agreement:	Mr Elith is employed under a continuing contract with no fixed term.
Details:	Gross salary per annum of $447,428 plus statutory superannuation. 4 months termination notice by either party.

Name:	Michael Fahey
Title:	Chief Financial Officer
Agreement commenced:	1 October 2021
Term of agreement:	Mr Fahey is employed under a continuing contract with no fixed term.
Details:	Gross salary per annum of $336,251 plus statutory superannuation. 12 weeks termination notice by either party.

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

D. Share-based Compensation

Issue of shares

During the year ended 30 June 2022 no directors or KMP were issued iCollege shares.

iCollege intends to establish a long-term incentive scheme during FY2023.

E. Additional Disclosures Relating to Key Management Personnel

Shareholding

The number of shares in the company held during the financial year by each director and other members of KMP of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals	Balance at the end of the year
Ordinary shares					
Simon Tolhurst	7,155,467	-	-	-	7,155,467
William Deane*	-	-	2,419,337	-	2,419,337
Sandra Hook	-	-	395,837	-	395,837
Ashish Katta	56,550,000	-	-	(10,000,000)	46,550,000
Badri Gosavi	12,000,000	-	-	-	12,000,000
Glenn Elith	-	-	11,490,782	-	11,490,782
Michael Fahey	-	-	2,464,099	-	2,464,099
	75,705,467	**-**	**16,770,055**	**(10,000,000)**	**82,475,522**

*William Deane holds the beneficial interest in ordinary shares through Exto Partners Australia Pty Ltd and due to the ownership structure of that company he only claims an interest in 50% of these ordinary shares.

Options

No KMP hold options to acquire shares in iCollege Limited at the date of this report.

F. Other Transactions with KMP

The loan outstanding payable to Mr Ashish Katta of $380,000 at 30 June 2021 has been fully repaid during the year.

There was a loan outstanding receivable from Sero Learning Pty Ltd, of which Mr Ashish Katta is a director and shareholder at 30 June 2021 of $261,302. Following the completion of a detailed reconciliation, cash of $76,274 and fixed assets with a value of $55,070 were transferred to iCollege in February 2022 as full settlement of this loan outstanding. As part of this settlement, an impairment of $130,000 has been recorded against this receivable.

A payment of $8,967 was made to Gosavi Pty Limited for catering expenses. Gosavi Pty Limited is a related part of Badri Gosavi.

In addition to the remuneration paid to KMP, amounts to related parties of the CEO totalling $20,917 were paid during the period for administrative support services (year ended 30 June 2021: $nil).

Simon Tolhurst is a partner of the law firm HWL Ebsworth, which was paid legal fees of $16,355 on normal commercial terms and conditions.

This concludes the remuneration report, which has been audited.

Shares Under Option

Unissued ordinary shares of iCollege Limited under option at the date of this report are as follows:

Grant date	Expiry date	Number under option	Exercise prices
10/07/2020	10/07/2023	10,000,000	$0.05
09/11/2020	09/11/2023	12,000,000	$0.15
09/11/2020	09/11/2023	3,000,000	$0.15
20/05/2021	09/11/2023	2,000,000	$0.15
Total		**27,000,000**	

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the company or of any other body corporate.

Indemnity and Insurance of Officers

The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where the liability arises out of conduct involving a lack of good faith.

During the financial year, the company paid an insurance premium in respect of a directors' and officers' liability insurance policy to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of liability and the amount of the premium.

Indemnity and Insurance of Auditor

The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related party against a liability incurred by the auditor. During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Proceedings on Behalf of The Company

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

Non-Audit Services

During the year, Hall Chadwick WA Pty Ltd provided no services in addition to their statutory audit services. Non-audit fees amounted to $nil (FY21: $nil). There have been non-audit services provided by the auditor during the financial year. Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 32 to the financial statements.

In the event that non-audit services are provided by Hall Chadwick WA Audit Pty Ltd, the Board has established certain procedures to ensure that the provision of non-audit services are compatible with, and do not compromise, the auditor independence requirements of the Corporations Act 2001. These procedures include:

- Non-audit services will be subject to the corporate governance procedures adopted by the Company and will be reviewed by the Board to ensure they do not impact the integrity and objectivity of the auditor; and
- Ensuring non-audit services do not involve reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

Officers of the Company Who are Former Audit Partners of Hall Chadwick WA Audit Pty Ltd

There are no officers of the company who are former audit partners of Hall Chadwick WA Audit Pty Ltd.

Rounding of Amounts

The company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded-off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Auditors Independence Declaration

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

Auditor

Hall Chadwick WA Audit Pty Ltd continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors,

William Deane

Chair of the Audit and Risk Management Committee

28 September 2022

Auditor's Independence Declaration

HALL CHADWICK

To the Board of Directors,

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

As lead audit director for the audit of the financial statements of iCollege Limited for the financial year ended 30 June 2022, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

Yours Faithfully

Hall Chadwick

HALL CHADWICK WA AUDIT PTY LTD

D M BELL CA
Director

Dated this 28th day of September 2022
Perth, Western Australia

Financial Report

30 JUNE 2022

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For The Year Ended 30 June 2022

	Note	30 June 2022 $'000	30 June 2021 $'000
Revenue from continuing operations	3a	46,819	16,277
Cost of sales		(18,085)	(7,239)
Gross profit		**28,734**	**9,038**
Other income	3b	1,482	918
Interest revenue	3b	9	1
Salaries and employee benefits expense		(16,280)	(3,506)
Depreciation and amortisation expense	5	(7,764)	(1,437)
Impairment of assets	10	(120)	-
Impairment of receivables		(617)	(265)
Property and occupancy costs		(2,199)	(327)
Professional and consulting fees		(1,586)	(1,437)
Marketing expenses		(2,830)	(759)
Public company related costs		(890)	(288)
Mergers and acquisition costs		(3,242)	(605)
Other expenses		(2,118)	(749)
Finance costs	5	(1,776)	(392)
Profit / (loss) before tax		**(9,197)**	**192**
Income tax benefit	6	502	116
Net profit / (loss) for the year		**(8,695)**	**308**
Other comprehensive income for the year net of tax		43	-
Total comprehensive income attributable to members of the parent entity		**(8,652)**	**308**
Earnings per share: Basic and diluted profit / (loss) per share (cents per share)	33	(0.94)	0.05

The consolidated statement of profit or loss and other comprehensive income is to be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

For The Year Ended 30 June 2022

	Note	30 June 2022 $'000	30 June 2021 $'000
CURRENT ASSETS			
Cash and cash equivalents	7	27,161	4,549
Trade receivables	8	7,355	652
Inventories	9	174	179
Prepayments and other assets	10	7,309	1,033
Total current assets		**41,999**	**6,413**
NON-CURRENT ASSETS			
Property, plant and equipment	11	6,383	515
Right-of-use assets	12	17,699	3,199
Intangible assets	15	65,559	2,230
Prepayments and other assets	10	3,050	478
Total non-current assets		**92,691**	**6,422**
Total assets		**134,690**	**12,835**
CURRENT LIABILITIES			
Trade and other payables	16	10,665	3,307
Contract liabilities	17	30,652	1,614
Borrowings	18	138	1,126
Lease liabilities	13	5,375	389
Employee benefits	19	2,222	361
Provisions	14	397	-
Total current liabilities		**49,449**	**6,797**
NON-CURRENT LIABILITIES			
Borrowings	18	224	224
Deferred tax liabilities	20	5,045	622
Employee benefits	19	131	-
Provisions	14	2,625	-
Lease liabilities	13	15,648	3,205
Total non-current liabilities		**23,673**	**4,051**
Total liabilities		**73,122**	**10,848**
Net assets		**61,568**	**1,987**
EQUITY			
Issued capital	21	102,427	34,194
Reserves	22	3,122	3,079
Accumulated losses	23	(43,981)	(35,286)
Total equity		**61,568**	**1,987**

The consolidated statement of financial position is to be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

For The Year Ended 30 June 2022

	Note	Contributed equity $'000	Accumulated losses $'000	Share-based payments reserve $'000	Foreign currency translation reserve $'000	Total equity $'000
Balance at 1 July 2021		**34,194**	**(35,286)**	**3,079**	**-**	**1,987**
Profit / (loss) for the year		-	(8,695)	-	-	(8,695)
Other comprehensive income for the year		-	-	-	43	43
Total comprehensive income for the year		**-**	**(8,695)**	**-**	**43**	**(8,652)**
Transactions with owners						
Shares issued at net cost	21	68,233	-	-	-	68,233
Balance as at 30 June 2022		**102,427**	**(43,981)**	**3,079**	**43**	**61,568**

For The Year Ended 30 June 2021

	Note	Contributed equity $'000	Accumulated losses $'000	Share-based payments reserve $'000	Foreign currency translation reserve $'000	Total equity $'000
Balance at 1 July 2020		**29,986**	**(35,594)**	**1,957**	**-**	**(3,651)**
Profit for the year		-	308	-	-	308
Total comprehensive income for the year		**-**	**308**	**-**	**-**	**308**
Transactions with owners						
Shares issued at net cost	21	4,208	-	-	-	4,208
Options issued at fair value		-	-	1,122	-	1,122
Balance as at 30 June 2021		**34,194**	**(35,286)**	**3,079**	**-**	**1,987**

The consolidated statement of changes in equity is to be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

For The Year Ended 30 June 2022

	Note	30 June 2022 $'000	30 June 2021 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		63,781	13,813
Receipts from government (JobKeeper / JobSaver)	3(b)	1,482	811
Interest (paid) / received		(80)	(14)
Payment to suppliers and employees		(48,170)	(13,926)
Payments related to mergers and acquisitions		(5,813)	-
Net cash from operating activities		**11,200**	**684**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		(2,271)	(380)
Payments for intangibles		(656)	-
Cash acquired upon the acquisition of RedHill		21,343	-
Net cash provided by / (used in) investing activities		**18,416**	**(380)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings		(583)	(645)
Proceeds from borrowings		95	-
Repayments of security deposits		(291)	(361)
Proceeds from issue of shares net of issue costs		-	5,114
Repayment of finance lease liabilities over IT equipment		(16)	-
Repayment of lease liabilities – interest component		(1,687)	(225)
Repayment of lease liabilities – principal component		(4,522)	(483)
Net cash provided by / (used in) financing activities		**(7,004)**	**3,400**
NET INCREASE IN CASH AND CASH EQUIVALENTS		**22,612**	**3,704**
Cash and cash equivalents at the beginning of the year		4,549	845
Cash and cash equivalents at the end of the year	**7**	**27,161**	**4,549**

The consolidated statement of cash flows is to be read in conjunction with the accompanying notes.


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Notes to the Consolidated Financial Statements

Changes in classification of amounts following the acquisition of RedHill Education Limited

Following the acquisition of RedHill Education Limited (RedHill) on 1 October 2021, the accounting policies of both organisations have been reviewed and aligned. This has resulted in some changes in classification of certain income statement, balance sheet and cash flow statement accounts and these changes have been reflected in the prior comparative period. There has been no change in the net assets or net profit or net movement in cash and cash equivalents of the organisation in the prior period.

NOTE 1. Significant Accounting Policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

REPORTING ENTITY

The Financial Report covers iCollege Ltd **(iCollege or the Company)** and its controlled entities **(the consolidated entity)** iCollege is a for profit company limited by shares whose shares are publicly traded on the Australian Securities Exchange **(ASX)**. The Company is primarily involved in businesses which deliver accredited and non-accredited English language, vocational education and higher education course as well as education recruitment agency services to international students.

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only.

1.1 BASIS OF PREPARATION

The Financial Report has been prepared on the historical cost and accrual basis except where stated otherwise.

These financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board (AASB) and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and the *Corporations Act 2001 (CTH).*

Australian Accounting Standards Board set out accounting policies that the AAS Board has concluded would result ina financial report containing relevant and reliable information about transactions, event and conditions to which they apply. Compliance with AASBs ensures that the financial statements and notes also comply with IFRS as issued by the IASB.

iCollege Limited's full financial statements for the year ended 30 June 2022 have been approved by the Board, reported on by the auditors, and filed with the Australian Securities and Investments Commissions.

The Group's full financial statements have been prepared in accordance with the disclosure requirements of the Corporations Act 2001.

1.2 ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the AASB that are mandatory for the current reporting period. Any new, revised or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:
Conceptual Framework for Financial Reporting (Conceptual Framework)

The consolidated entity has adopted the revised Conceptual Framework from 1 July 2021. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards, but it has not had a material impact on the consolidated entity's financial statements.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding reporting period, unless otherwise stated. When the presentation or classification of items in the financial report is amended, comparative amounts are also reclassified.

1.3 GOING CONCERN

The financial report has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realization of assets and the settlement of liabilities in the ordinary course of business. The Company completed an off-market takeover of RedHill, iCollege Ltd now owns all of the issued share capital of RedHill and RedHill became a wholly owned subsidiary of iCollege effective 1 October 2021.

Following the resumption of international travel and the return of international students to Australia, the Company has traded strongly in the second half of FY22 and generated $11.2 million of Operating Cash Flow during FY22. As at 30 June 2022, the consolidated entity held $27.2 million of cash and cash equivalents, an increase of $7.8 million from December 2021. In addition to cash and cash equivalents, there are term deposits of $3.1 million classified within non-current assets.

Greenwich, Sero and Go Study (in particular) have seen significant increases in student inquiries and enrolments. This has translated into higher future revenues in 2H22 and this trend is expected to continue in FY23.

The directors have a reasonable expectation that the consolidated entity has sufficient funds on hands to pay its debts as and when they fall due over the next twelve months.

1.4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience, historical collection rates, the impact of the COVID-19 pandemic and forward-looking information that is available. The allowance for expected credit losses, as disclosed in note 8, is calculated based on the information available at the time of preparation. The actual credit losses incurred in future years may be higher or lower.

Estimation of useful lives of assets

The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Income tax

The consolidated entity is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The consolidated entity recognises liabilities for anticipated tax audit issues based on the consolidated entity's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences only if the consolidated entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Management have exercised their judgement in determining if it is probable that sufficient future taxable income will be available to utilise all tax losses. The directors consider it prudent to not recognise the deferred tax assets until there is more certainty in relation to the probability that the consolidated entity will have sufficient future taxable profits available against which the unused tax losses and unused tax credits can be utilised. The directors have assessed the carrying value of deferred tax assets in the consolidated entity as appropriate at 30 June 2022.

Lease term

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the consolidated entity's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The consolidated entity reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances. Most extension options in vehicle leases have not been included in the lease liability, because the consolidated entity could replace the assets without significant cost or business disruption.

Incremental borrowing rate

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the consolidated entity estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

Lease make good provision

A provision has been made for the present value of anticipated costs for future restoration of leased premises. The provision includes future cost estimates associated with closure of the premises. The calculation of this provision requires assumptions such as application of closure dates and cost estimates. The provision recognised for each site is periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs for sites are recognised in the statement of financial position by adjusting both the expense or asset, if applicable, and provision.

Share-based payments

The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an internal valuation using a Black-Scholes option pricing model.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The judgements, estimates and assumptions are applied in the consolidated financial statements, including the key sources of estimation uncertainty were the same as those applied in the consolidated entity's last annual financial statements for the year ended 30 June 2021.

Impairment

The consolidated entity assess impairment at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment indicator exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

To determine value in use, management has estimated expected future cash flows from each cash generating unit (CGU) and also determined a suitable discount rate in order to calculate the present value of those cash flows. The data used for impairment testing is directly linked to the latest approved budget.

The discount rate calculation is based upon specific circumstances of the consolidated entity and is derived from its weighted average cost of capital.

1.5 ROUNDING OF AMOUNTS

The Company is of a kind referred to in Corporations Instrument 2016/191 (Rounding in Financial/Director's Reports), issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

1.6 FOREIGN CURRENCY TRANSLATION

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

Foreign currency transactions

Foreign currency transactions are translated into the Company's 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 financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

1.7 CURRENT AND NON-CURRENT CLASSIFICATION

Assets and liabilities are presented in the statement of financial position based on current and non-current classification. An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading;

it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

1.8 PRINCIPLES OF CONSOLIDATION

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of iCollege Ltd as at 30 June 2022 and the results of all subsidiaries for the year then ended. iCollege and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'. Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity 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 activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

1.9 REVENUE RECOGNITION

The consolidated entity recognises revenue as follows:

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the consolidated entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the consolidated entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Tuition related revenue

Tuition revenue and other education material related revenue are recognised when the consolidated entity satisfies its performance obligation by delivering tuition services and other educational material to the student over time.

Commission revenue

Commission revenue is recognised at the point in time at which the consolidated entity is deemed to have fulfilled its commitment as an agent by placing the student in the course of their choice. This usually occurs upon commencement of the course by the student, at which point in time non-refundable enrolment and tuition fees have been paid by them to the education provider.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Student co-contribution revenue for government funded courses

Administration fees for allowing the student to perform the required pre-admission literacy test are student co-contribution revenue. This revenue is recognised using the point in time recognition when the performance obligations are satisfied (i.e., when students have completed the literacy test for eligibility into the funded course and enrolments are confirmed).

Government funded courses

Revenue is recognised when the student has successfully completed the course and has submitted the claim to the government.

1.10 GOVERNMENT GRANTS

Grants from the government are recognised at their fair value when there is reasonable assurance that the grant will be received, and the consolidated entity will comply with all attached conditions. Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

1.11 INCOME TAX

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

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

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

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

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

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

The Company and its wholly owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. The Company and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'group allocation' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the Company also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the Company to the subsidiaries nor a distribution by the subsidiaries to the parent entity.

Where the consolidated group receives the Australian Government’s Research and Development Tax Incentive, the consolidated group accounts for the refundable tax offset under AASB 112. Funds are received as a rebate through the parent company’s income tax return.

1.12 CASH AND CASH EQUIVALENTS

Cash and cash equivalents include 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. Bank overdrafts are shown within borrowings in current liabilities on the Consolidated Statement of Financial Position.

1.13 TRADE AND OTHER RECEIVABLES

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The consolidated entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

1.14 PROPERTY, PLANT AND EQUIPMENT

Plant and equipment are stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment over their expected useful lives as follows:

Leasehold improvements	5-10 years
Plant and equipment	2-10 years
Motor vehicles	5 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

The cost of replacing part of an item of plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodies within the part will flow to the consolidated entity and its cost can be measured reliably. Any costs of the day-to-day servicing of plant and equipment are recognised in the income statement as an expense as incurred.

Leasehold improvements and plant and equipment under lease are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter. Any landlord incentives that are specific to leasehold improvements have been offset against the costs of those assets.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity.

1.15 ASSETS UNDER CONSTRUCTION

This expenditure includes net direct costs of construction, borrowing costs capitalised during construction and an appropriate allocation of attributable overheads.

Once a project is complete and is ready for operations, all aggregated costs of construction are transferred to either leasehold improvements or plant and equipment as appropriate.

1.16 RIGHT-OF-USE ASSETS

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

1.17 INTANGIBLE ASSETS

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Goodwill

Where an entity or operation is acquired in a business combination, the identifiable net assets acquired are measured at fair value. The excess of the fair value of the cost of the acquisition over the fair value of the identifiable net assets acquired is brought to account as goodwill. Goodwill is not amortised. Instead, goodwill is tested for impairment (if not already fully impaired) 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. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed. For the purposes of impairment testing, goodwill is allocated to each of the consolidated entity's cash-generating units (CGU) (or groups of CGUs) that is expected to benefit from the synergies of the combination. On disposal of the relevant CGU, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Brand names

Brand names acquired as part of a business combination are recognised at fair value on acquisition. Brand names are not amortised. Instead, brand names are tested for impairment (if not already fully impaired) 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. Impairment losses on brand names are taken to profit or loss and are not subsequently reversed.

Training materials

Training materials acquired as part of a business combination are recognised at fair value on acquisition. Training materials are amortised on a straight-line basis over seven years.

Agent relationships

Agent relationships acquired as part of a business combination are recognised at fair value on acquisition. Training materials are amortised on a straight-line basis over ten years.

No asset is recognised for internally generated agent relationships.

Software

Significant costs associated with software are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite useful life of between two and three years.

Copyrights and licenses

Course development expenditure includes copyrights and licenses which are 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, being their finite useful life between two and three years.

Research and development

Internally-generated intangible assets – research and development expenditure are recognised as an expense in the period in which it is incurred.

An internally generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- The intention to complete the intangible asset and use or sell it;
- The ability to use or sell the intangible asset;
- How the intangible asset will generate probable future economic benefits;
- The availability of adequate technical, financial, and other resources to complete the development and to use or sell the intangible asset; and
- The ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally generated asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Expenditures in relation to the development of identifiable and unique products, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets and amortised over their estimated useful lives. Any expenditure related to research is expensed as incurred.

Subsequent measurement

Amortisation of intellectual property is charged to operating expenses and/or cost of services on a straight-line basis over their estimated useful lives, from the date they are available for use. The residual values and useful lives are reviewed at each reporting date and adjusted, if appropriate. The following useful lives are used in the calculation of amortisation:

Brand names	not amortised but tested annually for impairment
Licensed operations	7 years
Training materials	7 years
Agent relationships	10 years
Course materials	2-3 years

Impairment of non-financial assets

Goodwill is not subject to amortisation and, if not already fully impaired, is tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed 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.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

1.18 TRADE AND OTHER PAYABLES

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature, they are measured at amortized cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

1.19 CONTRACT LIABILITIES

Contract liabilities relate to tuition fees invoiced but not yet earned in relation to all student tuition invoices. These invoiced tuition fees are recognized as revenue in monthly increments as education services are provided to the students.

1.20 LEASE LIABILITIES

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

The consolidated entity has elected not to recognize right-of-use assets and lease liabilities for short term leases that have a lease term of 12 months or less and do not contain a purchase option, and leases of low value assets.

The consolidated entity recognizes the lease payment associated with these leases as an expense on a straight-line basis over the lease term.

1.21 PROVISIONS

Provisions are recognised when the consolidated entity has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

1.22 EMPLOYEE BENEFITS

Short-term employee benefits

Liabilities for wages and salaries and other employee benefits expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Long-term employee benefits

Employee benefits not expected to be settled within 12 months of the reporting date are measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. 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 reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Share-based payments

The Company may provide benefits to employees (including directors) and consultants of the consolidated entity in the form of share-based payment transactions, whereby services are rendered in exchange for shares, options or rights over shares ('equity-settled transactions').

The cost of equity-settled transactions is measured at fair value on grant date. Fair value is independently determined using the Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions. For equity-settled transactions with market conditions, fair value is independently determined using the Monte-Carlo simulation.

The cost of equity-settled transactions is recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods. For equity-settled transactions with market conditions, the expense is recognised over the vesting period regardless of whether the market conditions are met since market conditions are taken into account when determining the fair value at grant date.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, they are treated as if they had vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award are treated as if they were a modification.

Termination benefits

When applicable, the consolidated entity recognises a liability and expense for termination benefits at the earlier of:

- The date when the consolidated entity can no longer withdraw the offer for termination benefits; and
- When the consolidated entity recognises costs for restructuring pursuant to AASB 137 Provisions, Contingent Liabilities and Contingent Assets and the costs include termination benefits.

In either case, unless the number of employees affected is known, the obligation for termination benefits is measured on the basis of the number of employees expected to be affected. Termination benefits that are expected to be settled wholly before 12 months after the annual reporting period in which the benefits are recognised are measured at the (undiscounted) amounts expected to be paid. All other termination benefits are accounted for in the same basis as other long-term employee benefits.

1.23 ISSUED CAPITAL

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

1.24 EARNINGS PER SHARE

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the shareholders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential on ordinary shares at balance date and the weighted average number of ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares during the financial year.

1.25 GOODS AND SERVICES TAX (‘GST’) AND OTHER SIMILAR TAXES

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

Receivables and payables are stated inclusive of the amount of GST receivable or payable.
The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

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 tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

1.26 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 period of the borrowings using the effective interest method and include:

- Interest on bank overdrafts;
- Interest on short-term and long-term borrowings;
- Interest on finance leases; and
- Unwinding of the discount on provisions.

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 period of the facility to which it relates.

Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

Borrowings are removed from the Statement of Consolidated 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. Borrowings are classified as current liabilities unless the consolidated entity has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

1.27 CONVERTIBLE NOTES

The component parts of convertible notes issued by the consolidated entity are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. Conversion options that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recognised as a liability on an amortised cost basis using the effective interest method until extinguishment upon conversion or at the instrument's maturity date. The remainder of the proceeds is allocated to the conversion option. This is recognised and included in shareholders' equity, net of income tax effects.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will be transferred to share premium. Where the conversion option remains unexercised at the maturity date of the convertible note, the balance recognised in equity will be transferred to retained profits. No gain or loss is recognised in the profit or loss upon conversion or expiration of the conversion option.

Transactions costs that relate to the issue of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognised directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortised over the lives of the convertible notes using the effective interest method.

1.28 INVENTORIES

Inventories are valued at the lower of cost and net realisable value. Costs incurred to bringing each product to its present location and condition are accounted for as the cost of purchase.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

1.29 BUSINESS COMBINATIONS

Business combinations are accounted for using the acquisition method regardless of whether equity instruments or other assets are acquired, as at the acquisition date, which is the date on which control is transferred to the consolidated entity. Control exists when the consolidated entity is exposed to variable return from another entity and has the ability to affect those returns through its power over the entity.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued, or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the consolidated entity remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

The consolidated entity measures goodwill at the acquisition date as:

- The fair value of the consideration transferred; plus
- The recognised amount of any non-controlling interests in the acquiree; plus
- If the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- The net recognised amount of the identifiable assets acquired, and liabilities assumed.

The excess of the consideration transferred and the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the consolidated entity’s share of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

The consideration transferred does not include amounts related to settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the consolidated entity incurs in connection with a business combination are expensed as incurred.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity’s incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured, and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

Subsidiaries

Subsidiaries are entities controlled by the consolidated entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date the control commences until the date the control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the consolidated entity.

Equity interests in a subsidiary not attributable, directly, or indirectly, to the consolidated entity are presented as non-controlling interests. The consolidated entity initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary's net assets on liquidation at either fair value or at the non-controlling interests' proportionate share of the subsidiary's net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and state of comprehensive income.

The grant by the Company of options over its equity instruments to the employees of subsidiary undertakings in the consolidated entity is treated as capital contribution to that subsidiary undertaking. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Upon the loss of control, the consolidated entity derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the consolidated entity retains any interest in the previous subsidiary, then such interests are measured at fair value at the date control is lost. Subsequently it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

1.30 FAIR VALUE OF ASSETS AND LIABILITIES

The consolidated entity measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable AASB.

Fair value is the price of the consolidated entity would receive to sell an asset or would have to pay to transfer a liability in an orderly unforced transaction between independent, knowledgeable, and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded on an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximised the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also considers a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

Fair value hierarchy

AASB 13 Fair Value Measurement requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

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Level 1	Level 2	Level 3
Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.	Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.	Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

The consolidated entity would change the categorisation within the fair value hierarchy only in the following circumstances:

- If a market that was previously considered active (Level 1) became inactive (Level 2 or Level 3) or vice versa; or
- If significant inputs that were previously unobservable (Level 3) became observable (Level 2) or vice versa.

When a change in the categorisation occurs, the consolidated entity recognises transfers between levels of the fair value hierarchy (i.e., transfers into and out of each level of the fair value hierarchy) on the date the event or change in circumstances occurred.

Valuation techniques

The consolidated entity selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the consolidated entity are consistent with one or more of the following valuation approaches:

- **Market approach:** valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities;
- **Income approach:** valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value; and
- **Cost approach:** valuation techniques that reflect the current replacement cost of an asset as its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the consolidated entity gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

1.31 OPERATING SEGMENTS

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Identification of reportable operating segments

The consolidated entity is organised into four operating segments: Technology & Design, Greenwich, Go Study and Sero/Celtic/CTI. These operating segments are based on the internal reports that are reviewed and used by the Chief Executive Officer who is identified as the CODM in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

The CODM reviews both adjusted earnings before interest, tax, depreciation and amortisation ('EBITDA') and profit before income tax.

The information reported to the CODM is on at least a monthly basis.

Types of products and services

The principal products and services of each of these operating segments are as follows:

TECHNOLOGY & DESIGN

An Australian provider of face-to-face and online courses in information technology, digital design, interactive multimedia, computer coding, digital marketing, games and apps programming, and interior design.

GREENWICH

An Australian provider of English Language Intensive Courses for Overseas Students ('ELICOS'), and Vocational Education and Training ('VET') courses for overseas students.

GO STUDY

An international student advisory and recruitment agency with operations in Australia (Sydney, Melbourne, Brisbane, Gold Coast, Perth), Europe (Spain, France, Italy) and South America (Colombia, Chile).

SERO/CELTIC/CTI

An Australian provider of face to face and online VET courses to both domestic and international students. Courses cover Commercial Cookery, Hospitality, Business, Community Services, Healthcare, Construction, English, and Information Technology.

Intersegment transactions

Intersegment transactions were made at market rates. Intersegment transactions are eliminated on consolidation.

Intersegment receivables, payables and loans

Intersegment loans are initially recognised at the consideration received. Intersegment loans receivable and loans payable that earn or incur non-market interest are not adjusted to fair value based on market interest rates. Intersegment loans are eliminated on consolidation.

Major customers

The consolidated entity has no significant individual customers.

NOTE 2. Acquisition of Subsidiary

Acquisition of RedHill Education Limited

On 1 October 2021, iCollege Limited (iCollege) announced to the ASX that the Off-market Takeover Offer for RedHill became unconditional given the iCollege interest in RedHill exceeded 90% which represented the minimum acceptance condition. iCollege then proceeded with the compulsory acquisition of any RedHill shares that it did not own in accordance with the Corporations Act. Following completion of the compulsory acquisition process, iCollege owns all of the issued share capital of RedHill and RedHill became a wholly owned subsidiary of iCollege.

RedHill delivers vocational and higher education courses in English language, digital technologies, and interior design to over 20,000 domestic and international students each year and operates an international student advisory and recruitment agency. The organization operates a number of specialist businesses in the private tertiary education market in Australia.

Total consideration of the transaction is calculated as follows:

52,344,897 (total RedHill shares) x 9.5 * $0.135 = $67,132,339

On 1 October 2021 the net assets for RedHill Education Limited was $1,585,058

The initial accounting for the acquisition of RedHill was provisionally determined at the end of the half- year with total goodwill arising on the transaction calculated as follows: $67,132,339 - $1,585,058 = $65,547,281.

At the date of finalisation of this year's financial report, the necessary market valuations and other calculations had been finalised and the fair value of the acquired assets and liabilities noted above have been determined as per AASB 3 and AASB 138 performed by an independent party.

The provisional and final fair value of the identifiable assets and liabilities of RedHill as at the date of acquisition is shown in the table below:

	Note	Fair value recognised on acquisition - provisional '000s	Adjustments to provisional fair value '000s	Fair value recognised on acquisition - final '000s
ASSETS				
Cash and cash equivalents		21,343	-	21,343
Trade receivables		6,474	-	6,474
Prepayments		3,870	-	3,870
Right-of-use assets		9,155	6,062	15,217
Property, plant and equipment		3,194	1,724	4,918
Other intangible assets		709	(709)	-
Brand names		-	9,562	9,562
Training materials		-	7,993	7,993
Agent relationship		-	8,432	8,432
Total assets		**44,745**	**33,064**	**77,809**
LIABILITIES				
Trade and other payables		(7,199)	-	(7,199)
Contract liabilities		(14,030)	-	(14,030)
Lease liabilities		(18,714)	-	(18,714)
Employee benefits		(1,950)	-	(1,950)
Provisions		(1,267)	(1,336)	(2,603)
Deferred tax liabilities		-	(4,928)	(4,928)
Total liabilities		**(43,160)**	**(6,264)**	**(49,424)**
Net assets		**1,585**	**26,800**	**28,385**
Goodwill arising on acquisition	15	65,547	(26,800)	38,747
PURCHASE CONSIDERATION		**67,132**	**-**	**67,132**
Issue of shares	21	67,132	-	67,132
Analysis of cash flows on acquisition				
Net cash acquired		21,343	-	21,343
Cash paid		-	-	-
Net cash outflow		**-**	**-**	**-**

On 25 October 2021 a total of 467,245,747 ordinary shares were issued as part of a transaction previously announced to the market on 1 October 2021. A further 30,030,841 ordinary shares were issued upon completion of the compulsory acquisition process on 4 November 2021.

The acquisition was a 100% scrip-based transaction with the purchase price being funded via the issuance of iCollege shares in exchange for RedHill shares. The only cash flows associated with the acquisition were transaction related costs including legal fees, fees payable to advisors and related costs which totalled $3.3 million in the year ended 30 June 2022. Payments of merger related costs of $5.8 million have been included in the statement of cash flows. The difference between expenses and cash flows is mainly due to payments to advisors to RedHill accrued as at 1 October 2021 and paid subsequently.

Goodwill is attributed to the expected synergies and other benefits from combining the activities of RedHill to the Group. An allocation of intangibles has been undertaken with $9,562,000 allocated to Brand Names, $7,993,000 allocated to Training Materials, $8,432,000 allocated to Agent Relationships and the remainder, $38,747,000, allocated to Goodwill (refer to Note 15).

Revenue generated from the RedHill acquisition for the period from acquisition to 30 June 2022 was $30.9 million.

At the date of acquisition, RedHill had cash on hand of $21.3 million, plus term deposits in support of bank guarantees of $2.5 million.

No additional costs were incurred in relation to the issue of shares associated with the acquisition of RedHill.

NOTE 3. Revenue and Other Income

	30 June 2022 $'000	30 June 2021 $'000
a. REVENUE		
Tuition related revenue	44,043	16,277
Commission revenue	2,776	-
Revenue from continuing operations	**46,819**	**16,277**
Revenue from contracts with customers	46,819	16,277
Geographical regions		
Australia	46,044	16,277
Europe	682	-
South America	93	-
	46,819	**16,277**
Timing of revenue recognition		
Goods transferred at a point in time	2,776	-
Services transferred over time	44,043	16,277
	46,819	**16,277**
b. OTHER INCOME		
JobKeeper & ATO Cash Flow Boost	-	918
NSW JobSaver scheme	1,482	-
Interest income	9	1
	1,491	**919**

The New South Wales Government's JobSaver scheme was an incentive to help maintain employee headcount and provide cash flow support to businesses. Under the scheme, government subsidies of $1,482,000 (FY21: nil) were received. The consolidated entity became eligible for payments during the current year and payments ceased in December 2021. The amounts received have been recognised as other income in the consolidated statement of profit or loss.

NOTE 4. Operating Segments

Identification of reportable operating segments

The consolidated entity is organised into four operating segments: Technology & Design, Greenwich, Go Study and Sero/Celtic/CTI. These operating segments are based on the internal reports that are reviewed and used by the Chief Executive Officer who is identified as the Chief Operating Decision Maker (CODM) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

The CODM reviews both adjusted earnings before interest, tax, depreciation, and amortisation ('EBITDA') and profit before income tax. The information reported to the CODM is on at least a monthly basis.

Types of products and services

The principal products and services of each of these operating segments are as follows:

TECHNOLOGY & DESIGN

A provider of face-to-face and online courses in information technology, digital design, interactive multimedia, computer coding, digital marketing, games and apps programming, and interior design.

GREENWICH

An Australian provider of English Language Intensive Courses for Overseas Students ('ELICOS'), and Vocational Education and Training ('VET') courses for overseas students.

GO STUDY

An international student advisory recruitment agency with offices in Australia (Sydney, Melbourne, Brisbane, Gold Coast, Perth), Europe (Spain, France, Italy) and South America (Colombia, Chile).

SERO/CELTIC/CTI

An Australian provider of face-to-face and online VET courses to both domestic and international students. Courses cover Commercial Cookery, Hospitality, Business, Community Services, Healthcare, Construction, ELICOS, and Information Technology.

Intersegment transactions

Intersegment transactions were made at market rates. Intersegment transactions are eliminated on consolidation.

Intersegment receivables, payables and loans

Intersegment loans are initially recognised at the consideration received. Intersegment loans receivable and loans payable that earn or incur non-market interest are not adjusted to fair value based on market interest rates. Intersegment loans are eliminated on consolidation.

	Technology & Design $'000	Greenwich $'000	Go Study $'000	Sero/ Celtic/CTI $'000	Intersegment/ elimination/ unallocated $'000	Total $'000
Year ended 30 June 2022						
SEGMENT INCOME						
Revenue from customers	10,345	17,752	2,775	15,868	79	46,819
Intersegment revenue			611		(611)	-
Other income	3	(6)	9	-	3	9
Government grants	-	-	-	-	1,482	1,482
Total income	**10,348**	**17,746**	**3,395**	**15,868**	**953**	**48,310**
Segment operating result	**2,241**	**5,759**	**46**	**1,032**	**1,485**	**10,563**
Cost of goods sold	-	-	-	-	-	-
Depreciation and amortisation	(1,722)	(2,122)	(46)	(844)	(3,030)	(7,764)
Salaries and employee costs	-	-	-	-	(5,189)	(5,189)
Finance costs	-	-	-	-	(1,776)	(1,776)
Impairment of assets	-	-	-	-	(120)	(120)
Impairment of receivables	-	-	-	-	(2)	(2)
Property and occupancy costs	-	-	-	-	8	8
Professional and consulting	-	-	-	-	(1,085)	(1,085)
Marketing expenses	-	-	-	-	(122)	(122)
Public company related costs	-	-	-	-	(887)	(887)
Mergers and acquisition costs	-	-	-	-	(3,242)	(3,242)
Other expenses	-	-	-	-	419	419
Profit/(loss) before income tax	**519**	**3,637**	**-**	**188**	**(13,541)**	**(9,197)**
Income tax expense						**502**
Profit/(loss) after income tax						**(8,695)**
30 June 2022						
SEGMENT ASSETS AND LIABILITIES						
Segment assets	15,163	48,801	4,923	10,481	55,322	**134,690**
Segment liabilities	13,198	37,282	1,552	9,462	11,628	**73,122**
Net assets	**1,965**	**11,519**	**3,371**	**1,019**	**43,694**	**61,568**

	Financing $'000	Education services $'000	Consolidated $'000
Year ended 30 June 2021			
SEGMENT INCOME			
Revenue from customers	-	16,290	16,290
Other income	-	-	-
Finance income	-	1	1
ATO Cash Flow Boost	-	252	252
JobKeeper subsidy	-	684	684
EMDG income	-	32	32
Total income	**-**	**17,259**	**17,259**
SEGMENT EXPENSES			
Cost of goods sold	-	(7,824)	(7,824)
Finance costs	(80)	(312)	(392)
Depreciation and amortisation	(624)	(812)	(1,436)
Net other costs	(1,978)	(5,437)	(7,415)
Total expenses	**(2,682)**	**(14,385)**	**(17,067)**
Segmented profit / (loss) before income tax	**(2,682)**	**2,874**	**192**
30 June 2021			
SEGMENT ASSETS AND LIABILITIES			
Reportable segment assets	4,785	7,773	12,558
Reportable segment liabilities	3,019	7,552	10,571
Net assets	**1,766**	**221**	**1,987**

NOTE 5. Expenses

	30 June 2022 $'000	30 June 2021 $'000
Profit / (loss) before tax includes the following specific expenses:		
DEPRECIATION		
Leasehold improvements	718	-
Plant and equipment	603	67
Land and buildings right-of-use assets	4,374	754
Office equipment right-of-use assets	8	-
AMORTISATION		
Licensed operation	564	616
Course materials	9	-
Training materials	856	-
Agent relationship	632	-
Total depreciation and amortisation	**7,764**	**1,437**
FINANCE COSTS		
Unwind of the discount of provisions	161	-
Interest and finance charges paid/payable on lease liabilities	1,526	225
Other interest charges	89	167
Finance costs expensed	**1,776**	**392**
LEASES		
Short-term lease payments	582	4
Low-value assets lease payments	56	-
Total short term and low value lease payments	**638**	**4**
SUPERANNUATION EXPENSE		
Defined contribution superannuation expense	**1,981**	**515**

Additional information on depreciation and amortisation expense

Following the completion of the acquisition accounting for the RedHill acquisition changes were recorded in the values of both intangible assets and right-of-use assets to reflect their fair value on the date of acquisition. These changes have resulted in additional depreciation and amortisation expense in FY22.

Identified intangible assets have been recognised on the balance sheet and are being amortised over their useful lives. Total amortisation of these intangibles in FY22 were $1.5 million. For further details, refer to Note 15.

Right-of-use assets previously impaired were revalued upwards effective from the date of acquisition. Total depreciation of these assets in FY22 were $1.7 million. For further details, refer to Note 12.

NOTE 6. Income Tax

	30 June 2022 $'000	30 June 2021 $'000
a. INCOME TAX BENEFIT		
Deferred tax	(502)	(116)
	(502)	**(116)**

b. RECONCILIATION OF INCOME TAX EXPENSE TO PRIMA FACIE TAX PAYABLE

The prima facie tax payable / (benefit) on profit / (loss) from ordinary activities before income tax in reconciled to the income tax expense as follows:

	30 June 2022 $'000	30 June 2021 $'000
Accounting profit / (loss) before tax	(9,197)	192
Prima facie tax on operating profit / (loss) at 25% (2021: 26%)	(2,299)	50
Add / (less) tax effect of:		
• Other non-deductible expenses	882	19
• Non assessable income	-	(66)
• Impact from change in tax rate on unrecognised DTAs	18	222
• Deferred tax assets relating to tax losses not recognised	2,085	(125)
• Other temporary differences not recognised	(1,188)	99
• Benefit from movement in temporary difference	-	(315)
Income tax expense / (benefit) attributable to operating loss	**(502)**	**(116)**

c. WEIGHTED AVERAGE EFFECTIVE TAX RATE	**%**	**%**
The applicable weighted average effective tax rates attributable to operating profit are as follows:	25.00%	(60.16%)

The tax rates used in the above reconciliations is the corporate tax rate of 25% payable by the Australian corporate entity on taxable profits under Australian tax law. The tax rate used in the previous reporting period was 26%.

Current tax assets		
Income tax receivable	-	-
d. BALANCE OF FRANKING ACCOUNT OF THE PARENT ENTITY AT YEAR END	1,506	nil
e. CURRENT TAX LIABILITIES		
Income tax payable	-	-

NOTE 7. Cash and Cash Equivalents

	30 June 2022 $'000	30 June 2021 $'000
a. CURRENT		
Cash at bank	27,161	4,549
	27,161	**4,549**

NOTE 8. Trade Receivables

	30 June 2022 $'000	30 June 2021 $'000
a. CURRENT		
Trade receivables	8,595	940
Less: Allowance for expected credit losses	(1,240)	(288)
	7,355	**652**

Allowance for expected credit losses

The consolidated entity has recognised a loss of $617,000 in profit or loss in respect of impairment of receivables for the year ended 30 June 2022 (2021: $265,000). The consolidated entity has adopted the simplified approach to expected credit losses (ECL) under AASB 9, which requires the recognition of lifetime ECL at all times.

NOTE 9. Inventories

	30 June 2022 $'000	30 June 2021 $'000
a. CURRENT		
Linguaskills bundles	174	179
	174	**179**

NOTE 10. Prepayments and Other Assets

	30 June 2022 $'000	30 June 2021 $'000
a. CURRENT		
Bank guarantees and other deposit	**522**	**193**
Prepayments	**543**	**105**
Deferred agent costs	4,795	-
Other current assets	1,449	735
	7,309	**1,033**
b. NON-CURRENT		
Bank guarantees and term deposits	3,050	478
	3,050	**478**
Total prepayment and other assets	**10,359**	**1,511**

Impairment of other non-current assets

At 30 June 2021 $120,000 related to a proposed acquisition was included in non-current other assets. This proposed transaction was not completed, and this amount has been written off.

NOTE 11. Property, Plant, and Equipment

	30 June 2022 $'000	30 June 2021 $'000
Building improvements	3,837	93
Accumulated depreciation	(770)	(52)
	3,067	**41**
Plant and equipment	1,858	832
Accumulated depreciation	(849)	(504)
	1,009	**328**
Computer equipment	909	137
Accumulated depreciation	(315)	(75)
	594	**62**
Motor vehicles	247	136
Accumulated depreciation	(70)	(52)
	177	**84**
Assets under construction – at cost	**1,536**	**-**
Total property, plant, and equipment	**6,383**	**515**

Movements in Carrying Amounts

	Building improvements $'000	Plant and equipment $'000	Computer equipment $'000	Motor vehicles $'000	Assets under construction $'000	Total $'000
Carrying amount at 1 July 2021	**41**	**328**	**62**	**84**	**-**	**515**
RedHill acquisition	3,444	982	492	-	-	4,918
Additions	189	43	280	111	1,648	2,271
Transfers in & (out)	111	1	-	-	(112)	-
Depreciation expense	(718)	(345)	(240)	(18)	-	(1,321)
Carrying amount at 30 June 2022	**3,067**	**1,009**	**594**	**177**	**1,536**	**6,383**
Carrying amount at 1 July 2020	**38**	**61**	**25**	**28**	**-**	**152**
Additions	9	291	65	65	-	430
Transfers in & (out)	-	-	-	-	-	-
Depreciation expense	(6)	(24)	(28)	(9)	-	(67)
Carrying amount at 30 June 2021	**41**	**328**	**62**	**84**	**-**	**515**

NOTE 12. Right-Of-Use Assets

	30 June 2022 $'000	30 June 2021 $'000
NON-CURRENT ASSETS		
Land and buildings – right-of-use	23,505	4,649
Less: Accumulated depreciation	(5,824)	(1,450)
	17,681	**3,199**
Office equipment – right-of-use	26	-
Less: Accumulated depreciation	(8)	-
	18	**-**
Total right of use assets	**17,699**	**3,199**

Depreciation expense

Following the finalisation of the acquisition accounting for the RedHill acquisition (refer Note 2), right-of-use assets that were previously impaired by RedHill have been revalued by $6.0 million.

Acquired right of use assets have been amortised since their acquisition date of 1 October 2021. Total depreciation expense attributable to the revalued right of use assets in FY22 was $1.4 million.

NOTE 13. Lease Liabilities

	30 June 2022 $'000	30 June 2021 $'000
CURRENT		
Lease liabilities	5,375	389
NON-CURRENT		
Lease liabilities	15,648	3,205
Total lease liabilities	**21,023**	**3,594**

The remaining contractual maturities of lease liabilities is outlined below:

	Average interest rate %	Less than 1 year $'000	Between 1 year and 2 years $'000	Between 2 years and 7 years $'000	Total contractual maturity $'000
2022					
Undiscounted lease payments	10.25%	7,074	5,493	13,419	**25,986**
2021					
Undiscounted lease payments	12.42%	857	837	3,795	**5,489**

NOTE 14. Provisions

	30 June 2022 $'000	30 June 2021 $'000
a. CURRENT		
Provision for make good	397	-
b. NON-CURRENT		
Provision for make good	2,336	-
Onerous contract provisions	289	-
	2,625	-
Total provisions	**3,022**	**-**

Movements in Provisions

	Lease make good $'000	Onerous contracts $'000
Carrying amount at 1 July 2021	**-**	**-**
Additional provisions recognised	2,733	349
Payments		(60)
Carrying amount at 30 June 2022	**2,733**	**289**

NOTE 15. Intangible Assets

	Note	30 June 2022 $'000	30 June 2021 $'000
Non-Current			
GOODWILL			
Goodwill	2	38,747	-
		38,747	**-**
LICENSED OPERATIONS			
Licenced operations		4,670	4,670
Accumulated amortisation		(3,004)	(2,440)
		1,666	**2,230**
COURSE MATERIALS			
Copyrights – at cost		303	-
Accumulated amortisation		(9)	-
Work in progress		353	-
		647	**-**
BRAND NAMES			
Brand names – at cost	2	9,562	-
		9,562	**-**
TRAINING MATERIALS			
Training materials – at cost	2	7,993	-
Accumulated amortisation		(856)	-
		7,137	**-**
AGENT RELATIONSHIPS			
Agent relationships – at cost	2	8,432	-
Accumulated amortisation		(632)	-
		7,800	**-**
Total intangible assets		**65,559**	**2,230**

Amortisation expense

Following the finalisation of the acquisition accounting for the RedHill acquisition (refer Note 2), intangible assets have been recognised for Brand names, Training materials and Agent relationships. Useful lives of intangible assets are noted below.

Brand names	not amortised but tested annually for impairment
Licensed operations	7 years
Training materials	7 years
Agent relationships	10 years
Course materials	2-3 years

Acquired intangible assets have been amortised since their acquisition date of 1 October 2021. Total amortisation expense associated with acquired intangible assets in FY22 was $1.5 million.

Movements in carrying amounts

	Goodwill $'000	Licensed operations $'000	Course materials $'000	Brand names $'000	Training materials $'000	Agent relationships $'000	Total $'000
Carrying amount at 1 July 2021	-	2,230	-	-	-	-	2,230
RedHill acquisition	38,747	-	-	9,562	7,993	8,432	64,734
Additions	-	-	656	-	-	-	656
Amortisation expense	-	(564)	(9)	-	(856)	(632)	(2,061)
Carrying amount at 30 June 2022	**38,747**	**1,666**	**647**	**9,562**	**7,137**	**7,800**	**65,559**
Carrying amount at 1 July 2020	-	2,838	-	-	-	-	2,838
Additions	-	8	-	-	-	-	8
Amortisation expense	-	(616)	-	-	-	-	(616)
Carrying amount at 30 June 2021	**-**	**2,230**	**-**	**-**	**-**	**-**	**2,230**

Impairment testing of intangible assets

The recoverable amount of the consolidated entity's intangible assets has been determined by a value in use calculation using a discounted cash flow (DCF) model, based on a 3-year projection approved by management, along with a terminal value in year 3. Modeling has been performed for each of the consolidated entities CGU's.

The following key assumptions were used in the discounted cash flow model:

- The discount rate used is the pre-tax equivalent of a post-tax WACC of 11%; and
- A terminal growth rate of 2%.

The allocation of the carrying value of goodwill and intangible assets at 30 June 2022 and used for impairment testing is as follows:

	Greenwich $'000	Technology & Design $'000	Go Study $'000	Sero / Celtic / CTI $'000	Corporate/ Elimination $'000	Consolidated $'000
Goodwill	12,063	12,604	2,939	-	11,141	38,747
Licensed operations	-	-	-	1,666	-	1,666
Course materials	173	163	-	311	-	647
Brand names	5,886	3,192	484	-	-	9,562
Training materials	3,967	3,170	-	-	-	7,137
Agent relationships	7,553	247	-	-	-	7,800
	29,642	**19,376**	**3,423**	**1,977**	**11,141**	**65,559**

Goodwill recorded in Corporate has been allocated to the CGU's for the purposes of impairment testing.

Results of impairment testing

GREENWICH

Sensitivity analysis has been conducted on the recoverable amount based on a change in the discount rate (increase by 2% ppts), the terminal value growth rate (decrease by 2% ppts) and a reduction in earnings (10% per annum). Under all modelled scenarios the DCF valuation was greater than the carrying value of the CGU assets and no impairment is required.

GO STUDY

Sensitivity analysis has been conducted on the recoverable amount based on a change in the discount rate (increase by 2% ppts), the terminal value growth rate (decrease by 2% ppts) and a reduction in earnings (10% per annum). Under all modelled scenarios the DCF valuation was greater than the carrying value of the CGU assets and no impairment is required.

TECHNOLOGY & DESIGN

Sensitivity analysis has been conducted on the recoverable amount based on a change in the discount rate (increase by 2% ppts), the terminal value growth rate (decrease by 2% ppts) and a reduction in earnings (10% per annum). Under all modelled scenarios the DCF valuation was greater than the carrying value of the CGU assets and no impairment is required.

SERO/CELTIC/CTI

Sensitivity analysis has been conducted on the recoverable amount based on a change in the discount rate (increase by 2% ppts), the terminal value growth rate (decrease by 2% ppts) and a reduction in earnings (10% per annum). Under all modelled scenarios the DCF valuation was greater than the carrying value of the CGU assets and no impairment is required.

NOTE 16. Trade and Other Payables

	30 June 2022 $'000	30 June 2021 $'000
CURRENT		
Trade payables	3,102	2,106
Payroll accruals	2,078	665
Accrued expenses	1,698	316
Customer advances	3,254	-
Other payables	533	220
	10,665	**3,307**

Refer to note 24 for further information on financial instruments.

NOTE 17. Contract Liabilities

	30 June 2022 $'000	30 June 2021 $'000
CURRENT		
Contract liabilities	30,652	1,614
	30,652	**1,614**

Tuition related performance obligations

The aggregate amount of the transaction price allocated to tuition related services, which are paid in advance or due for payment and are yet to be delivered was $30,652,000 as at 30 June 2022 (30 June 2021: $1,614,000) and is expected to be recognised as revenue in future periods.

The duration of study is used to measure the progress of the performance obligation to determine how much revenue should be recognised, and that revenue is recognised as the performance obligation is satisfied.

The ageing of the expected performance obligation of contract liabilities are as follows:

	30 June 2022 $'000	30 June 2021 $'000
To be realised within 12 months	30,652	1,614

Contract liabilities relate to tuition fees in relation to domestic and international students where an agreement has been signed and a payment plan is in place with students for studies which are expected to be undertaken after the balance date.

In addition, for students currently enrolled in a course and with a contract in place, $21.1 million will be invoiced and become payable in future periods.

NOTE 18. Borrowings

	30 June 2022 $'000	30 June 2021 $'000
a. CURRENT		
Convertible notes	-	650
Loans (i)	138	78
Related party loans	-	398
	138	**1,126**
b. NON-CURRENT		
Long-term loan (ii)	224	224
	224	**224**

On 22 June 2022, convertible notes with a face value $500,000 plus accrued interest of $131,557 were converted to equity and 12,631,140 shares at the contracted price of $0.05 each were issued in satisfaction of this obligation.

On 29 June 2022, the Company redeemed convertible notes with a value of $150,000.

(i) Loans (secured)

These loans relate to motor vehicle financing and are interest bearing. The motor vehicle financier has a security interest in the vehicles necessary to secure repayment of the loan.

(ii) Long term loan (secured)

Facility limit:	$223,960
Commencement date:	19 May 2020
Interest rate:	0.00% for the first 12 months from the commencement date. Then 2.50% for the remainder of the loan term
Interest period:	Monthly
Term:	10 years from the commencement date
Repayment terms:	No repayments for the first 12 months, followed by 24 months of interest only repayments then 84 months of principal and interest repayments
Security:	Loan is secured over the assets of Capital Training Institute Pty Limited

NOTE 19. Employee Benefits

	30 June 2022 $'000	30 June 2021 $'000
a. CURRENT		
Provision for annual leave	1,709	346
Provision for long service leave	513	15
	2,222	**361**
b. NON-CURRENT		
Provision for long service leave	131	-
Total employee benefit provisions	**2,353**	**361**

NOTE 20. Deferred Taxation

Balances

At 30 June 2022, net deferred tax assets of $11,011,841 have not been recognised in terms of AASB112 Income Taxes. The Company does not currently have foreseeable future taxable profits against this net deferred tax amount may be utilised.

	30 June 2022 $'000	30 June 2021 $'000
a. DEFERRED TAX ASSETS		
Tax losses	7,093	5,426
Provisions and accruals	4,134	301
Capital raising costs	-	290
Other	1,082	208
	12,309	**6,225**
Set-off deferred tax liabilities	(1,297)	(78)
Net deferred tax assets	11,012	6,147
Less deferred tax assets not recognised	(11,012)	(6,147)
Net deferred tax assets	**-**	**-**
b. DEFERRED TAX LIABILITIES		
Other	6,342	700
	6,342	**700**
Set-off deferred tax liabilities	(1,297)	(78)
Net deferred tax liabilities	**5,045**	**622**
c. TAX LOSSES AND DEDUCTIBLE TEMPORARY DIFFERENCES		
Unused tax losses and deductible temporary differences for which no deferred tax asset has been recognised, that may be utilised to offset tax liabilities:		
• Tax losses	28,371	20,868
	28,371	**20,868**

NOTE 21. Issued Capital

	12 months to 30 June 2022 Number	12 months to 30 June 2021 Number	12 months to 30 June 2022 $'000	12 months to 30 June 2021 $'000
Fully paid ordinary shares at no par value	1,095,383,863	581,564,649	102,427	34,194
a. ORDINARY SHARES				
At the beginning of the year	581,564,649	526,564,649	34,194	29,986
Shares issued during the period/year:				
Placement shares issued at $0.1000 per share		55,000,000		5,500
Placement shares issued at $0.1350 per share	467,245,747		63,078	
Placement shares issued at $0.1350 per share	30,030,841		4,054	
Placement shares issued at $0.1199 per share	3,911,486		469	
Convertible Notes shares issued at $0.05 per share	12,631,140		632	
Transaction costs relating to share issues	-		-	(1,292)
At reporting date	**1,095,383,863**	**581,564,649**	**102,427**	**34,194**

	12 months to 30 June 2022 Number	12 months to 30 June 2021 Number	12 months to 30 June 2022 $'000	12 months to 30 June 2021 $'000
a. OPTIONS				
Options at the beginning of the period	27,000,000	7,500,000	3,079	1,957
Options issued/(lapsed) during the year: Expired 03/07/2020		(7,500,000)		
ISSUED TO BROKER				
Expiry Date: 10/07/2023 Exercise Price: $0.05		10,000,000		165
ISSUED TO BROKER				
Expiry Date: 09/11/2023 Exercise Price: $0.15		17,000,000		957
At reporting date	**27,000,000**	**27,000,000**	**3,079**	**3,079**

NOTE 22. Reserves

	30 June 2022 $'000	30 June 2021 $'000
Foreign currency reserve	43	-
Share-based payments reserve	3,079	3,079
	3,122	**3,079**

Movements in reserves

	Foreign currency translation $'000	Share based payments $'000
Carrying amount at 1 July 2021	-	3,079
Foreign currency translation	43	-
Carrying amount at 30 June 2022	**43**	**3,079**

Foreign currency reserve

The reserve is used to recognise exchange differences arising from translation of the financial statements of foreign operations to Australian dollars. It is also used to recognise gains and losses on hedges of the net investments in foreign operations.

Share-based payments reserve

The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

NOTE 23. Accumulated Losses

	30 June 2022 $'000	30 June 2021 $'000
Accumulated losses at the beginning of the financial year	(35,286)	(35,594)
Profit/Loss after income tax expense for the year	(8,695)	308
Accumulated losses at the end of the financial year	**(43,981)**	**(35,286)**

NOTE 24. Financial Instruments

As at the reporting date, the consolidated entity had the following cash and cash equivalents and term deposits:

	Weighted average interest rate %	2022 $'000	Weighted average interest rate %	2021 $'000
Cash and cash equivalents (note 7)	0.88%	27,161	0.10%	4,549
Term deposit – restricted cash	0.29%	3,050	0.00%	478
Net exposure to cash flow interest rate risk		**30,211**		**5,027**

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The consolidated entity does not hold any collateral.

Impairment losses

Impairment losses are recorded against receivables unless the Group is satisfied that no recovery of the amount owing is possible; at that point the amount is considered irrecoverable and is written off against the financial asset directly. The ageing of the Group's trade receivable sat reporting date was as follows:

2022	Gross $	Impaired $	Net $	Past due but not impaired $
Trade receivables				
Not past due	3,868	(1)	3,867	-
Past due up to 30 days	1,482	(17)	1,465	1,465
Past due 31 days to 60 months	790	(246)	544	544
Past due 61 days to 90 months	627	(216)	411	411
Past due over 90 months	1,828	(760)	1,068	1,068
	8,595	**(1,240)**	**7,355**	**3,488**

Liquidity risk

Vigilant liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The consolidated entity 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.

Remaining contractual maturities

The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The table have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

CONSOLIDATED - 2022	1 year or less $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Remaining contractual maturities $'000
Non-derivatives					
Non-interest bearing					
Trade payables	3,102	-	-	-	3,102
Other payables	5,485	-	-	-	5,485
Payroll accruals	2,078	-	-	-	2,078
Total non-derivatives	**10,665**	**-**	**-**	**-**	**10,665**

CONSOLIDATED - 2021	1 year or less $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Remaining contractual maturities $'000
Non-derivatives					
Non-interest bearing					
Trade payables	2,106	-	-	-	2,106
Other payables	536	-	-	-	536
Payroll accruals	665	-	-	-	665
Total non-derivatives	**3,307**	**-**	**-**	**-**	**3,307**

The cash flows in the maturity analysis above are not expected to occur significantly earlier than disclosed.

Contractual maturities related to lease liabilities are disclosed in Note 13.

Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value. The carrying amounts of trade receivables and trade payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial instruments.

Capital Management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of debt, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and accumulated losses. None of the Group's entities are subject to externally imposed capital requirements.

Operating cash flows are used to maintain and expand operations, as well as to make routine expenditures such as tax, dividends and general administrative outgoings. Gearing levels are reviewed by the Board on a regular basis in line with target gearing ratio, the cost of capital and the risks associated with each class of capital.

Working capital

The working capital position of the Group was as follows:

	Note	30 June 2022 $'000	30 June 2021 $'000
Cash and cash equivalents	7	27,161	4,549
Trade receivables	8	7,355	652
Inventories	9	174	179
Other current assets	10	7,309	1,033
Trade and other payables	16	(10,665)	(3,307)
Borrowings	18	(138)	(1,126)
Leases	13	(5,375)	(389)
Employee benefits	19	(2,222)	(361)
Current provisions	14	(397)	-
Working capital position		**23,202**	**1,230**

NOTE 25. Parent Entity Disclosure

	30 June 2022 $'000	30 June 2021 $'000
Profit/(loss) after income tax	(9,858)	(1,498)
Total comprehensive income	**(9,858)**	**(1,498)**

Statement of financial position

	30 June 2022 $'000	30 June 2021 $'000
Total current assets	673	4,692
Total assets	**72,420**	**4,786**
Total current liabilities	12,118	2,397
Total liabilities	**12,235**	**3,019**
Equity		
Issued capital	102,427	34,194
Share-based payments reserve	3,122	3,079
Accumulated losses	(45,364)	(35,506)
Total equity	**60,185**	**1,767**

Contingent liabilities

The parent entity has given bank guarantees as at 30 June 2022 of $5,107,604 (30 June 2021: $nil) to various lessors in respect of the consolidated entity's operations. Refer to Note 35 for further information in relation to the bank guarantees.

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in Note 1, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment; and
- Dividends received from subsidiaries are recognised as income in the parent entity.

NOTE 26. Interest in Subsidiaries

The subsidiaries listed below have share capital consisting solely of ordinary shares which are held directly by the Group and the proportion of ownership interest held equals the voting rights held by the Group. Investments in subsidiaries are accounted for at cost. Each subsidiary's country of incorporation is also its principal place of business:

Name	Principal Activity	Place of incorporation & operation	Ownership interest	
			2022	2021
RedHill Education Limited[1]	Educational services	Australia	100%	0%
Go Study Australia Pty Ltd[2]	Student recruitment	Australia	100%	0%
Academy of Information Technology Pty Ltd[2]	Educational services	Australia	100%	0%
International School of Colour and Design Pty Ltd[2]	Educational services	Australia	100%	0%
Greenwich English College Pty Ltd[2]	Educational services	Australia	100%	0%
Go Study Australia Intercambio Cultural Ltda[3]	Student recruitment	Brazil	100%	0%
Go Study Australia S.A.C.[3]	Student recruitment	Peru	100%	0%
Go Study Australia Sociedad Limitada[4]	Student recruitment	Spain	100%	0%
iCollege International Pty Ltd	Educational services	Australia	100%	100%
Management Institute of Australia Pty Ltd[5]	Educational services	Australia	100%	100%
Management Institute of Australia No.1 Pty Ltd[5]	Educational services	Australia	100%	100%
Management Institute of Australia No.2 Pty Ltd[5]	Educational services	Australia	100%	100%
Celtic Training & Consultancy Pty Ltd	Educational services	Australia	100%	100%
Brisbane Career College Pty Ltd	Educational services	Australia	100%	100%
Capital Training Institute Pty Ltd	Educational services	Australia	100%	100%

1. Acquired on 1 October 2021
2. 100% owned by RedHill Education Limited
3. 75% owned by Go Study Australia Pty Ltd and 25% owned by RedHill Education Limited
4. 100% owned by Go Study Australia Pty Ltd
5. Companies were all acquired at the same time and are now in liquidation waiting deregistration

NOTE 27. Deed Of Cross Guarantee

Pursuant to ASIC Class Order 2016/785, the wholly-owned subsidiaries as mentioned below are relieved from the Corporation Act 2001 requirements for preparation, audit, and lodgement of financial reports and directors' report.

As a condition of the Class Order, iCollege Limited and its subsidiaries (closed group) entered into a Deed of Cross Guarantee. The effect of the Deed is that iCollege Limited has guaranteed to pay any deficiency in the event of the winding up of any of those subsidiaries.

Those subsidiaries have also given a similar guarantee in the event that iCollege Limited is wound up.

The Deed was executed on 15 June 2022.

The subsidiaries subject to the Deed at the end of the reporting period are:

- iCollege Limited
- Brisbane Career College Pty Ltd
- Capital Training Institute Pty Ltd
- Celtic Training & Consultancy Pty Ltd
- RedHill Education Limited
- Academy of Information Technology Pty Limited
- Greenwich English College Pty Limited
- International School of Colour and Design Pty Limited
- Go Study Australia Pty Limited

The above companies represents a 'closed group' for the purposes of the Class Order.

Set out below is a consolidated statement of profit and loss and other comprehensive income and statement of financial position of the 'Closed Group'.

Statement of profit or loss and other comprehensive income

	30 June 2022 $'000
Revenue from continuing operations	45,725
Cost of sales	(18,085)
Gross profit	**27,640**
Other income	1,482
Interest revenue	9
Salaries and employee benefits expense	(15,376)
Depreciation and amortisation expense	(7,756)
Impairment of assets	(120)
Impairment of receivables	(617)
Property and occupancy costs	(2,180)
Professional and consulting fees	(1,552)
Marketing expenses	(2,754)
Public company related costs	(890)
Mergers and acquisition costs	(3,242)
Other expenses	(2,017)
Finance costs	(1,771)
Profit / (loss) before tax	**(9,144)**
Income tax benefit	505
Net profit / (loss) for the year	**(8,639)**
Other comprehensive income for the year net of tax	**-**
Total comprehensive income attributable to members of the parent entity	**(8,639)**

Equity – accumulated losses	30 June 2022 $'000
Accumulated losses at the beginning of the financial year	(35,286)
Profit/Loss after income tax expense for the year	(8,639)
Accumulated losses at the end of the financial year	**(43,925)**

Statement of financial position

	30 June 2022 $'000
Current assets	
Cash and cash equivalents	27,052
Trade receivables	8,158
Inventories	174
Prepayments and other assets	7,272
Total current assets	**42,656**
Non-current assets	
Property, plant and equipment	6,366
Right-of-use asset	17,699
Intangible assets	64,607
Prepayments and other assets	3,041
Total non-current assets	**91,713**
Total assets	**134,369**
Current liabilities	
Trade and other payables	10,453
Contract liabilities	30,652
Borrowings	138
Lease liabilities	5,375
Employee benefits	2,070
Provisions	399
Total current liabilities	**49,087**
Non-current liabilities	
Borrowings	224
Deferred tax liabilities	5,045
Employee benefits	131
Provisions	2,625
Lease liabilities	15,649
Total non-current liabilities	**23,674**
Total liabilities	**72,761**
Net assets	**61,608**
Equity	
Issued capital	102,427
Reserves	3,106
Accumulated losses	(43,925)
Total equity	**61,608**

NOTE 28. Reconciliation of Profit/(Loss) After Income Tax to Net Cash From Operating Activities

	30 June 2022 $'000	30 June 2021 $'000
Profit / (loss) after income tax expense for the year	(8,695)	308
Adjustment for:		
Depreciation and amortisation	7,764	1,437
Share-based payments	469	1,122
Non-cash finance costs	1,687	225
Other non-cash items	169	(695)
Changes in operating assets and liabilities:		
Decrease in trade receivables	(528)	(327)
Decrease in deferred tax assets	-	-
Decrease in prepayments	(164)	(77)
Decrease in other operating assets	(4,979)	(228)
Increase in trade and other payables	1,116	(16)
Increase in contract liabilities	15,008	(1,081)
Decrease in provision for income tax	(628)	(116)
Increase in employee benefits	41	132
Increase in other provisions	(60)	-
Net cash from operating activities	**11,200**	**684**

NOTE 29. Changes in Liabilities Arising From Financing Activities

	Lease liabilities $'000
Balance at 1 July 2021	**3,594**
Net cash from financing activities	(6,209)
RedHill acquisition	18,714
Modifications	3,237
Finance costs	1,687
Balance at 30 June 2022	**21,023**

	Convertible notes $'000
Balance at 1 July 2021	**650**
Fully redeemed on 29/06/2022	(150)
Converted to shares on 22/06/2022 @ $0.05c per share	(500)
Balance at 30 June 2022	**-**

NOTE 30. Key Management Personnel (KMP) Compensation

The names and positions of KMP during FY22 are as follows:

Mr Simon Tolhurst – Independent non-executive director (Independent chairman until 29 July 2022)

Mr Ashish Katta – Non-executive director (resigned 29 July 2022)

Ms Sandra Hook – Non-executive director (appointed 8 November 2021)

Mr William Deane – Non-executive director (appointed 8 November 2021)

Mr Badri Gosavi – Executive director (resigned 29 July 2022)

Mr Glenn Elith – Chief Executive Officer (appointed 1 October 2021)

Mr Michael Fahey – Chief Financial Officer (appointed 1 October 2021)

	30 June 2022 $'000	30 June 2021 $'000
Cash salary and fees	1,314	518
Movement in annual leave	(68)	-
Incentives	521	-
Post-employment benefits	65	-
Long-term benefits	24	-
Termination payments	204	-
Share-based payments	-	80
Total	**2,060**	**598**

NOTE 31. Related Party Transactions

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the consolidated entity and other related parties are disclosed below.

The loan outstanding payable to Mr Ashish Katta of $380,000 at 30 June 2021 has been fully repaid during the year.

There was a loan outstanding receivable from Sero Learning Pty Ltd, of which Mr Ashish Katta is a director and shareholder at 30 June 2021 of $261,302. Following the completion of a detailed reconciliation, cash of $76,274 and fixed assets with a value of $55,070 were transferred to iCollege in February 2022 as full settlement of this loan outstanding. As part of this settlement, an impairment of $130,000 has been recorded against this receivable.

A payment of $8,967 was made to Gosavi Pty Limited for catering expenses. Gosavi Pty Limited is a related party of Badri Gosavi.

Legal fees of $16,355 (year ended 30 June 2021: $20,076) were paid to HWL Ebsworth, a firm that Simon Tolhurst is a partner of. Fees were paid on normal commercial terms and conditions.

In addition to the remuneration paid to KMP, amounts to related parties of the CEO totalling $20,917 were paid during the period for administrative support services (year ended 30 June 2021: $nil).

NOTE 32. Auditor's Remuneration

Remuneration of the auditor for auditing or reviewing the financial reports:

	30 June 2022 $'000	30 June 2021 $'000
Hall Chadwick WA Audit Pty Ltd	123	66
	123	**66**

NOTE 33. Earnings Per Share (EPS)

	30 June 2022 $'000	30 June 2021 $'000
a. RECONCILIATION OF EARNINGS TO PROFIT OR LOSS		
Profit / (loss) for the year	(8,695)	308
Profit / (loss) used in the calculation of basic and diluted EPS	(8,695)	308

	30 June 2022 No.	30 June 2021 No.
b. WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES		
Outstanding during the year used in calculation of basic EPS	921,016,961	561,674,240

	30 June 2022	30 June 2021
c. EARNINGS PER SHARE		
Basic EPS (cents per share)	(0.94)	0.05
Diluted EPS (cents per share)	(0.94)	0.05

d. As at 30 June 2022, the consolidated entity has 27,000,000 unissued shares under options (30 June 2021: 27,000,000). During the year ended 30 June 2022, the consolidated entity's unissued shares under option were non-dilutive.

NOTE 34. Share Based Payments

	30 June 2022 $'000	30 June 2021 $'000
Share-based payments		
Recognised in professional and consulting fees	-	165
Recognised in merger and acquisition costs	469	-
	469	**165**

Share based payment arrangements in effect during the year.

CONSULTANT OPTIONS

As at 30 June 2022, the consolidated entity has 27,000,000 unissued shares under options (30 June 2021: 27,000,000). During the year ended 30 June 2022, the consolidated entity's unissued shares under option were non-dilutive.

Number under option	Date of expiry	Exercise price	Vesting terms
10,000,000	10 Jul 2023	$0.05	Immediately upon issue
17,000,000	9 Nov 2023	$0.15	Immediately upon issue

Movement in share-based payment arrangements during the period

A summary of the movements of all Company options issued as share-based payments is as follows:

	2022		2021	
	Number of options	Weighted average exercise price $	Number of options	Weighted average exercise price $
Outstanding at the beginning of the year	27,000,000		7,500,000	
Granted				
Expiry: 10/07/2023	-	-	10,000,000	0.05
Expiry: 09/11/2023	-	-	17,000,000	0.15
Expired	-	-	(7,500,000)	0.08
Outstanding at year-end	**27,000,000**	**0.11**	**27,000,000**	**0.11**
Exercisable at year-end	**27,000,000**	**0.11**	**27,000,000**	**0.11**

NOTE 35. Contingent Liabilities

The consolidated entity has given bank guarantees as at 30 June 2022 of $5,107,604 (30 June 2021: $nil) to various lessors.

The consolidated entity has a bank guarantee facility with a limit of $4,533,377 with National Australia Bank (NAB) of which $4,076,043 has been utilised as at 30 June 2022. The consolidated entity has term deposits of $2,476,639 as at 30 June 2022 classified within non-current assets to support this facility. The consolidated entity is required to maintain a minimum cash balance of 100% of the bank guarantee facility with NAB, inclusive of amounts held as term deposits.

In addition to this facility, the consolidated entity has issued bank guarantees totalling $574,227, which are fully backed by term deposits.

NOTE 36. Commitments

The consolidated entity is committed to incur capital expenditure of approximately $0.5 million in relation to the Level 3, 119 Charlotte Street, Brisbane campus. The expenditure is expected to be settled in the FY2023 financial year.

NOTE 37. Events Subsequent to Reporting Date

On 29 July 2022 the Company announced a series of Board changes. Cass O'Connor was appointed as an independent non-executive director and as chair of the Board. Simon Tolhurst stepped down as chair of the Board and remains as an independent non-executive director. On the same day, Ashish Katta and Badri Gosavi resigned from the Board.

On 22 August 2022 the Company repaid in full the secured long-term loan of $223,960 referred to in Note 18.

Apart from the matters noted above, there has been no additional matter or circumstance that has arisen after balance sheet date that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future reporting periods.

End of Financial Report

Directors' Declaration

The Directors of the Company declare that:

1. The consolidated financial statements and notes, are in accordance with the Corporations Act 2001 (Cth) and:

   a. Complying with Australian Accounting Standards, the Corporations Regulations 2001, professional reporting requirements and other mandatory requirements;

   b. Are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Boards, as stated in Note 1.1 to the financial statements;

   c. Give a true and fair view of the financial position as at 30 June 2022 and of the performance for the financial year ended on that date of the Group; and

   d. The Directors have been given the declarations required by s.295A of the Corporations Act 2001 (Cth).

2. In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors pursuant to s303(5) of the Corporations Act 2001 (Cth) and is signed for and on behalf of the directors by:

William Deane

Chair of the Audit and Risk Management Committee

28 September 2022

Independent Auditor's Report

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF ICOLLEGE LIMITED

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of iCollege Limited ("the Company") and its subsidiaries ("the Consolidated Entity"), which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion:

a. the accompanying financial report of the Consolidated Entity is in accordance with the Corporations Act 2001, including:

   (i) giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2022 and of its financial performance for the year then ended; and

   (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.1.

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

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<table>
<tr><th>Key Audit Matter</th><th>How our audit addressed the Key Audit Matter</th></tr>
<tr><td>

Acquisition of RedHill Education Limited

As disclosed in note 2 to the financial statements, the Company acquired RedHill Education Limited following the completion of the Off-market Takeover on 1 October 2021.

Consideration for the acquisition was $67.132 million resulting in goodwill of $38.747 million. The Consolidated Entity performed a Purchase Price Allocation ("PPA") with assistance from an external valuation expert in order to identify and value the separately identifiable intangible assets acquired.

Accounting for the acquisition was considered a key audit matter due to:

- the significance of the transaction to the financial statements; and
- the complexity and judgement required in assessing the fair value of assets and liabilities acquired.

</td><td>

Our procedures included amongst others:

- Reviewed the Bid Implementation Agreement, assessing the key terms and considered whether the acquisition constituted a business combination in accordance with *AASB 3 Business Combinations*;
- Performed audit procedures on the acquired assets and liabilities at acquisition date;
- Reviewed the Independent PPA Report and assessed the basis for the identification and valuation of separately identifiable intangible assets acquired;
- Assessed accounting policies of the acquired entity to ensure consistency with the existing policies of the Consolidated Entity; and
- Reviewed the disclosures included in note 2 to the financial statements.

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Intangible assets and assessment of impairment of cash generating units

As disclosed in note 15 of the financial statements, the Consolidated Entity had intangible assets with a carrying amount of $65.559 million as at 30 June 2022 consisting of goodwill, licensed operations, course materials, brand name, training materials and agent relationships.

The impairment assessment of the Consolidated Entity's intangible assets was considered to be a key audit matter due to:

- the significance of the balance to the Consolidated Entity's financial position; and
- the presence of impairment indicators and judgement required in assessing the value in use of the cash generating units ("CGU's") to which the intangible assets relate.

</td><td>

Our procedures amongst others included:

- Assessed the Consolidated Entity's determination of CGU's;
- Reviewed the Independent PPA Report and assessed the basis for the identification and valuation of separately identifiable intangible assets acquired;
- Assessed management's value in use calculations including analysis of key assumptions and inputs such as discount rates and assessed the reasonableness of the forecasts prepared; and
- Review of the disclosures included in note 15 to the financial statements.

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</table>

Key Audit Matter	How our audit addressed the Key Audit Matter
Revenue recognition and contract liabilities As disclosed in Notes 3 and 17 respectively, the Consolidated Entity generated revenue of $46.819 million during the year and as at balance date had contract liabilities with a carrying amount of $30.652 million. The recognition of revenue was considered a key audit matter due to the judgement and estimates involved in determining when revenue is recognised.	Our procedures amongst others included: • Reviewed the Consolidated Entity's revenue and contract liability accounting policy, and their contracts with customers and assessed its compliance with *AASB 15 Revenue from Contracts with Customers*; • Performed audit procedures on a sample basis by verifying revenue and corresponding contract liability to relevant supporting documentation including verification of contractual terms of the relevant agreements, verification of receipts and ensuring the revenue was recognised at the appropriate time and classified correctly; and • Assessed the adequacy of the Consolidated Entity's revenue disclosures within the financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Consolidated Entity's annual report for the year ended 30 June 2022, but does not include the financial report and our auditor's report thereon.

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, 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 Note 1.1, the directors also state in accordance with Australian Accounting Standard *AASB 101 Presentation of Financial Statements*, that the financial report complies with International Financial Reporting Standards.

In preparing the financial report, the directors are responsible for assessing the Consolidated Entity'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 Consolidated Entity or to cease operations, or has 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 this financial report.

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Consolidated Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Consolidated Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Consolidated Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

HALL CHADWICK

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Consolidated Entity to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Consolidated Entity audit. We remain solely responsible for our audit opinion.

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2022. The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with s 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion, the Remuneration Report of iCollege Limited, for the year ended 30 June 2022, complies with section 300A of the Corporations Act 2001.

Hall Chadwick

HALL CHADWICK WA AUDIT PTY LTD

D M BELL CA
Director

Dated this 28th day of September 2022
Perth, Western Australia

Shareholder Information

1. Capital as at 12 September 2022

a. ORDINARY SHARE CAPITAL

1,095,383,863 ordinary fully paid shares held by 1,370 shareholders.

b. UNLISTED OPTIONS OVER UNISSUED SHARES

Number of options	Exercise price	Vesting terms
10,000,000	0.05	10 July 2023
17,000,000	0.15	9 November 2023

c. VOTING RIGHTS

The voting rights attached to each class of equity security are as follows:

- **Ordinary shares:** Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.
- **Unlisted options:** Options do not entitle the holders to vote in respect of that equity instrument, nor participate in dividends, when declared, until such time as the options are exercised or performance shares convert and subsequently registered as ordinary shares.

d. SUBSTANTIAL SHAREHOLDERS AS AT 12 SEPTEMBER 2022

Name	Number of ordinary fully paid shares held	% Held of issued ordinary capital
Perpetual Limited	93,286,864	8.52%
AJW Family Pty Ltd (Angus W Johnson Family)	71,924,108	6.5%

e. DISTRIBUTION OF SHAREHOLDERS AS AT 12 SEPTEMBER 2022

Spread of holdings	Number of units	Number of holders	% of Total issue capital
1 - 1,000	13,679	78	0.00%
1,001 - 5,000	351,982	96	0.03%
5,001 - 10,000	1,208,138	154	0.11%
10,001 - 100,000	22,396,405	487	2.05%
100,001 - 999,999,999,999	1,071,413,659	555	97.81%
Total	**1,095,383,863**	**1,370**	**100%**

f. UNMARKETABLE PARCELS AS AT 12 SEPTEMBER 2022

At the date of this report there were 96 shareholders who held less than a marketable parcel of shares holding 47,174 shares.

g. ON-MARKET BUY-BACK

There is no current on-market buy-back.

h. RESTRICTED SECURITIES

The Company has no restricted securities.

i. 20 LARGEST SHAREHOLDERS – ORDINARY SHARES AS AT 12 SEPTEMBER 2022

Rank	Name	Number of ordinary fully paid shares held	% Held of issued ordinary capital
1	HSBC Custody Nominees (Australia) Limited	159,818,222	14.59
2	BNP Paribas Nominees Pty Ltd	57,968,471	5.29
3	National Nominees Limited	43,455,988	3.97
4	BNP Paribas Noms Pty Ltd	41,190,035	3.76
5	Citicorp Nominees Pty Limited	36,293,775	3.31
6	AWJ Family Pty Ltd <Angus W Johnson Family A/C>	34,448,575	3.14
7	Druid Consulting Pty Ltd	30,550,000	2.79
8	AWJ Family Pty Ltd <Angus W Johnson Fam A/C>	19,134,000	1.75
9	Silver River Investment Holdings Pty Ltd	18,328,767	1.67
10	J P Morgan Nominees Australia Pty Limited	14,985,049	1.37
11	Gasmere Pty Limited	14,536,044	1.33
12	Ossum Holdings Pty Ltd < Tanton Super Fund No 3 A/C>	14,322,619	1.31
13	Ossum Holdings Pty Ltd <Tanton Super Fund A/C>	13,556,251	1.24
14	Cibaw Pty Ltd	12,702,807	1.16
15	Heath Nominees (Aust) Pty Ltd <The Heath Family A/C>	12,019,941	1.1
16	Mr Glenn Patrick Elith	11,490,782	1.05
17	AWJ Family Pty Ltd <A W Johnson Family A/C>	10,662,357	0.97
18	P G Binet (No 5) Pty Ltd	9,659,899	0.88
19	Est Mr Kevin Anthony Torpey	9,596,231	0.88
20	Heath Super (Aust) Pty Ltd <Heath Super Fund A/C>	9,339,219	0.85
Totals: Top 20 holders of iCollege		**574,059,032**	**52.41**
Total remaining holders balance		**521,324,831**	**47.59**

j. UNLISTED OPTIONS

Unquoted Securities Holders holding more than 20% of the Class as at 30 September 2021.

UNLISTED OPTIONS (Exercise Price $0.05, Expiry Date: 10 July 2023)

Name	Number of ordinary fully paid shares held	% Held of unquoted security class
CIBAW Pty Ltd	5,000,000	50.00
J & M Hunter Investments Pty Ltd	5,000,000	50.00
Total	**10,000,000**	**100.00**

UNLISTED OPTIONS (Exercise Price $0.15, Expiry Date: 9 November 2023)

Name	Number of ordinary fully paid shares held	% Held of unquoted security class
Taurus Capital Group Pty Ltd	5,700,000	33.53
Sabre Power Systems Pty Ltd	300,000	1.76
CPS Capital No. 4 Pty Ltd	600,000	3.53
Rexroth Holdings Pty Ltd	1,400,000	8.24
Spark Plus Pte Ltd	2,000,000	11.76
Synergy 4 Pty Ltd	5,000,000	29.41
Matthew Banks	2,000,000	11.76
Total	**17,000,000**	**100.00**

Total unlisted options	**27,000,000**	

2. Company Secretary

The Company Secretary is Lisa Jones.

3. Principal Registered Office

As disclosed under Corporate Directory on Page 1 of this Annual Report.

4. Registers of Securities

As disclosed in the Corporate Directory on Page 1 of this Annual Report.

5. Stock Exchange Listing

Quotation has been granted for all the ordinary shares of the Company on all Member Exchanges of the Australian Securities Exchange Limited, as disclosed in the Corporate directory on Page 1 of this Annual Report.

6. Use of Funds

The Company has used its funds in accordance with its initial business objectives.

iCollege