

# **Kaplan Higher Education Pty Limited**

ABN: 85 124 217 670

## **Financial Statements**

**For the Year Ended 31 December 2022**

# Contents

For the Year Ended 31 December 2022

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# Kaplan Higher Education Pty Limited

ABN: 85 124 217 670

## Directors' Report

31 December 2022

The directors present their report on Kaplan Higher Education Pty Limited for the financial year ended 31 December 2022.

### Directors

The names of each person who has been a director during the year and to the date of this report are:

#### Name

Robert William Regan

Patricia Vilkinas

Deborah Eileen Ralston (resigned 22 April 2022)

Dr Michael Evans (appointed 5 November 2022)

The directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

### Principal activities

The principal activities of Kaplan Higher Education Pty Limited during the financial year consisted of the provision of higher education services, comprising:

- a) an online business offering Higher Education qualifications,
- b) The University of Newcastle College of International Education, a pathways college partnered with the University of Newcastle,
- c) University of Adelaide College, providing English courses, Degree Transfer and Foundation studies as a pathways college partnered with the University of Adelaide, and
- d) Murdoch College, a pathways college partnered with the Murdoch University.

### Operating results

The profit of the Company amounted to \$44,844,545 (2021: \$7,060,579).

### Dividends paid or recommended

Dividends paid or declared during or since the end of the financial year are as follows:

A fully franked dividend of \$60,000,000 was declared on 07 November 2022 for payment through issue of a promissory note to the Company's sole shareholder, Kaplan Australia Pty Limited, for the year ended 31 December 2022.

### Significant changes in state of affairs

There have been no significant changes in the state of affairs of entities in the Company during the year.

# Kaplan Higher Education Pty Limited

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## Directors' Report

31 December 2022

### Events after the reporting date

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

### Future developments and results

Likely developments in the operations of the Company and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Company.

### Environmental issues

The Company's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a state or territory of Australia.

### Indemnification and insurance of officers and auditors

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of Kaplan Higher Education Pty Limited.


### Proceedings on behalf of company

No person has applied for leave of court under Section 237 of the Corporations Act 2001 to bring proceedings on behalf of the Company or 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 any part of those proceedings.

### Auditor's independence declaration

The lead auditor's independence declaration in accordance with section 307C of the Corporations Act 2001, for the year ended 31 December 2022 has been received and can be found on page 3 of the financial report.

Signed in accordance with a resolution of the Board of Directors:

Director:  .....  
Rob Regan (Mar 30, 2023 16:59 GMT+11)

Robert William Regan

Dated: 31 March 2023

Kaplan Higher Education Pty Limited  
ABN 85 124 217 670

## Auditors' Independence Declaration under Section 307C of the Corporations Act 2001

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

- (i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.



PKF



MARTIN MATTHEWS  
PARTNER

31 MARCH 2023  
NEWCASTLE, NSW

PKF (NS) Audit & Assurance Limited Partnership  
ABN 91 850 861 839

Liability limited by a scheme approved  
under Professional Standards Legislation

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PKF (NS) Audit & Assurance Limited Partnership is a member firm of the PKF International Limited family of separately owned firms and does not accept any responsibility or liability for the actions or inactions of any individual member or correspondent firm or firms.

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## Kaplan Higher Education Pty Limited

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### Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 31 December 2022

		2022	2021
	Note	\$	\$
Revenue from continuing operations	4	41,850,622	45,345,562
Other income	4	40,000,000	-
Cost of rendering services		(15,624,880)	(14,910,142)
Administrative expenses	5	(14,871,652)	(13,840,498)
Marketing expenses		(1,367,415)	(1,596,366)
Occupancy expenses		(2,999,029)	(2,959,599)
Foreign exchange loss		(15,772)	(4,185)
Amortisation expense		(55,705)	(248,782)
Gain/(Loss) on write off of intercompany loans		9,123	(2,147,555)
<b>Profit before income tax</b>		<b>46,925,292</b>	<b>9,638,436</b>
Income tax expense	6	(2,080,747)	(2,577,857)
<b>Profit for the year</b>		<b>44,844,545</b>	<b>7,060,579</b>
Other comprehensive income for the year, net of tax		-	-
<b>Total comprehensive income for the year</b>		<b>44,844,545</b>	<b>7,060,579</b>
Profit attributable to:			
Owners of Kaplan Higher Education Pty Ltd		44,844,545	7,060,579
Total comprehensive income attributable to:			
Owners of Kaplan Higher Education Pty Ltd		44,844,545	7,060,579

The accompanying notes form part of these financial statements.

# Kaplan Higher Education Pty Limited

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## Statement of Financial Position

As at 31 December 2022

	Note	2022 \$	2021 \$
<b>ASSETS</b>			
CURRENT ASSETS			
Cash and cash equivalents	7	8,894,423	4,729,711
Trade and other receivables	8	91,526,333	103,661,386
<b>TOTAL CURRENT ASSETS</b>		<b>100,420,756</b>	<b>108,391,097</b>
NON-CURRENT ASSETS			
Property, plant and equipment	9	2,535	6,221
Intangible assets	10	173,626	222,695
Investment in subsidiaries	11	7,944,967	7,944,967
Deferred tax assets	12	358,433	452,576
<b>TOTAL NON-CURRENT ASSETS</b>		<b>8,479,561</b>	<b>8,626,459</b>
<b>TOTAL ASSETS</b>		<b>108,900,317</b>	<b>117,017,556</b>
<b>LIABILITIES</b>			
CURRENT LIABILITIES			
Trade and other payables	13	31,007,844	27,941,018
Provisions	14	1,114,691	1,133,705
Contract liabilities		14,472,556	10,299,304
<b>TOTAL CURRENT LIABILITIES</b>		<b>46,595,091</b>	<b>39,374,027</b>
NON-CURRENT LIABILITIES			
Provisions	14	426,659	609,507
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>426,659</b>	<b>609,507</b>
<b>TOTAL LIABILITIES</b>		<b>47,021,750</b>	<b>39,983,534</b>
<b>NET ASSETS</b>		<b>61,878,567</b>	<b>77,034,022</b>
<b>EQUITY</b>			
Issued capital	15	46,500,000	46,500,000
Retained earnings	16	15,378,567	30,534,022
<b>TOTAL EQUITY</b>		<b>61,878,567</b>	<b>77,034,022</b>

The accompanying notes form part of these financial statements.

## Kaplan Higher Education Pty Limited

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### Statement of Changes in Equity

For the Year Ended 31 December 2022

	Issued Capital	Retained Earnings	Total
	\$	\$	\$
<b>Balance at 1 January 2022</b>	<b>46,500,000</b>	<b>30,534,022</b>	<b>77,034,022</b>
Profit for the year	-	44,844,545	44,844,545
Dividend paid	-	(60,000,000)	(60,000,000)
<b>Balance at 31 December 2022</b>	<b>46,500,000</b>	<b>15,378,567</b>	<b>61,878,567</b>
<b>Balance at 1 January 2021</b>	46,500,000	23,473,443	69,973,443
Profit for the year	-	7,060,579	7,060,579
<b>Balance at 31 December 2021</b>	<b>46,500,000</b>	<b>30,534,022</b>	<b>77,034,022</b>



**Kaplan Higher Education Pty Limited**

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**Statement of Cash Flows**

For the Year Ended 31 December 2022

	2022	2021
Note	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from customers (inclusive of GST)	43,275,986	49,934,560
Payments to suppliers and employees (inclusive of GST)	<u>(29,693,768)</u>	<u>(42,236,892)</u>
Net cash provided by operating activities	<u>13,582,218</u>	<u>7,697,668</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Payments for intangibles	<u>(2,950)</u>	<u>(29,753)</u>
Net cash used in investing activities	<u>(2,950)</u>	<u>(29,753)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Net payments paid to related entities	<u>(9,414,556)</u>	<u>(10,204,273)</u>
Net cash used in financing activities	<u>(9,414,556)</u>	<u>(10,204,273)</u>
Net increase/(decrease) in cash and cash equivalents held	4,164,712	(2,536,358)
Cash and cash equivalents at beginning of year	<u>4,729,711</u>	<u>7,266,069</u>
Cash and cash equivalents at end of financial year	7 <u><u>8,894,423</u></u>	<u><u>4,729,711</u></u>

The accompanying notes form part of these financial statements.

# Kaplan Higher Education Pty Limited

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## Notes to the Financial Statements

For the Year Ended 31 December 2022

The financial report covers Kaplan Higher Education Pty Limited as an individual entity. Kaplan Higher Education Pty Limited is a for-profit proprietary Company, incorporated and domiciled in Australia.

The functional and presentational currency of Kaplan Higher Education Pty Limited is Australian dollars.

The financial report was authorised for issue by the Directors on 31 March 2023.

Comparatives are consistent with prior years, unless otherwise stated.

### 1 Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards - Simplified Disclosure Requirements and the Corporations Act 2001.

#### *Historical cost convention*

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets and liabilities (including derivative instruments) at fair value through profit or loss, certain classes of property, plant and equipment and investment property.

#### **Statement of compliance**

The Company does not have 'public accountability' as defined in AASB 1053 Application of Tiers of Australian Accounting Standards and is therefore eligible to apply the 'Tier 2' reporting framework under Australian Accounting Standards.

The financial statements comply with the recognition and measurement requirements of Australian Accounting Standards, the presentation requirements in those Standards as modified by AASB 1060 General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities (AASB 1060) and the disclosure requirements in AASB 1060. Accordingly, the financial statements comply with Australian Accounting Standards – Simplified Disclosures.

### 2 Summary of Significant Accounting Policies

#### (a) Foreign currency transactions and balances

Foreign currency transactions are recorded at the spot rate on the date of the transaction.

At the end of the reporting period:

- Foreign currency monetary items are translated using the closing rate;
- Non-monetary items that are measured at historical cost are translated using the exchange rate at the date of the transaction; and
- Non-monetary items that are measured at fair value are translated using the rate at the date when fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition or in prior reporting periods are recognised through profit or loss, except where they relate to an item of other comprehensive income or whether they are deferred in equity as qualifying hedges.

# Kaplan Higher Education Pty Limited

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## Notes to the Financial Statements

For the Year Ended 31 December 2022

### 2 Summary of Significant Accounting Policies

#### (b) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, rebates and amounts collected on behalf of third parties.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Company's activities as described below. The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

The revenue recognition policies for the principal revenue streams of the Company are:

##### *(i) Rendering of services*

Tuition revenue and enrolment fees are recognised over time when the Company satisfies its performance obligation by delivering tuition services to the student.

Other services and commission related revenue are recognised at a point in time when the Company satisfies its performance obligations. This usually occurs upon commencement of the course by the student.

##### *(ii) Interest income*

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.

#### (c) Income Tax

The tax expense recognised in the statement of profit or loss and other comprehensive income comprises current income tax expense plus deferred tax expense.

Current tax is the amount of income taxes payable (recoverable) in respect of the taxable profit (loss) for the year and is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates and laws that have been enacted or substantively enacted by the end of the reporting period. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred tax is provided on temporary differences which are determined by comparing the carrying amounts of tax bases of assets and liabilities to the carrying amounts in the consolidated financial statements.

Deferred tax is not provided for the following:

- The initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).
- Taxable temporary differences arising on the initial recognition of goodwill.
- Temporary differences related to investment in subsidiaries, associates and jointly controlled entities to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

# Kaplan Higher Education Pty Limited

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## Notes to the Financial Statements

For the Year Ended 31 December 2022

### 2 Summary of Significant Accounting Policies (cont'd)

#### (c) Income Tax (cont'd)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and losses can be utilised.

Current and deferred tax is recognised as income or an expense and included in profit or loss for the period except where the tax arises from a transaction which is recognised in other comprehensive income or equity, in which case the tax is recognised in other comprehensive income or equity respectively.

#### *Tax consolidation*

Kaplan Australia Holdings Pty Ltd and its wholly owned subsidiaries (which includes Kaplan Higher Education Pty Ltd) elected to implement the tax consolidation legislation and form a tax consolidated group.

Each individual entity within the tax consolidated group accounts for its own income tax expense and deferred tax balances following the policy as above. Any current tax balance payable or receivable by the entity based on its own results are accounted for as an intercompany balance to Kaplan Australia Holdings Pty Ltd provided they are recoverable. Kaplan Australia Holdings Pty Ltd records the consolidated tax payable position of the tax consolidated group.

#### (d) Leases

At inception of a contract, the Company assesses whether a lease exists - i.e. does the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration. consolidated group.

This involves an assessment of whether:

- The contract involves the use of an identified asset - this may be explicitly or implicitly identified within the agreement. If the supplier has a substantive substitution right then there is no identified asset.
- The Company has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use.
- The Company has the right to direct the use of the asset i.e. decision making rights in relation to changing how and for what purpose the asset is used.

The Company has reviewed its contractual relationships in place and determined that there are no operating leases requiring disclosure. Kaplan Higher Education Pty Limited operates out of leased property leased by a related party, Kaplan Australia Pty Limited.

#### (e) Financial instruments

Financial instruments are recognised initially on the date that the Company becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

# Kaplan Higher Education Pty Limited

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## Notes to the Financial Statements

For the Year Ended 31 December 2022

### 2 Summary of Significant Accounting Policies (cont'd)

#### (e) Financial instruments (cont'd)

##### Financial assets

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

##### *Classification*

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

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

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

##### *Amortised cost*

Assets measured at amortised cost are financial assets where:

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

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

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

##### *Financial assets through profit or loss*

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

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

##### *Impairment of financial assets*

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

- financial assets measured at amortised cost

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience and informed credit assessment and including forward looking information.

# Kaplan Higher Education Pty Limited

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## Notes to the Financial Statements

For the Year Ended 31 December 2022

### 2 Summary of Significant Accounting Policies (cont'd)

#### (e) Financial instruments (cont'd)

##### Financial assets (cont'd)

The Company uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

The Company uses the presumption that a financial asset is in default when:

- the other party is unlikely to pay its credit obligations to the Company in full, without recourse to the Company to actions such as realising security (if any is held); or
- the financial assets is more than 60 days past due.

Credit losses are measured as the present value of the difference between the cash flows due to the Company in accordance with the contract and the cash flows expected to be received. This is applied using a probability weighted approach.

##### *Trade receivables and contract assets*

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

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

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

##### *Other financial assets measured at amortised cost*

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

##### *Financial liabilities*

The Company measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

The financial liabilities of the Company comprise trade and other payables, bank and other loans and finance lease liabilities.

# Kaplan Higher Education Pty Limited

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## Notes to the Financial Statements

For the Year Ended 31 December 2022

### 2 Summary of Significant Accounting Policies (cont'd)

#### (f) Impairment of assets

At the end of each reporting period the Company determines whether there is an evidence of an impairment indicator for non-financial assets.

Where an indicator exists and regardless for goodwill, indefinite life intangible assets and intangible assets not yet available for use, the recoverable amount of the asset is estimated.

Where assets do not operate independently of other assets, the recoverable amount of the relevant cash-generating unit (CGU) is estimated.

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

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss.

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

#### (g) Cash and cash equivalents

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

#### (h) Property, plant and equipment

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

##### Depreciation

Property, plant and equipment, excluding freehold land, is depreciated on a straight-line basis over the assets useful life to the Company, commencing when the asset is ready for use.

Leased assets and leasehold improvements are amortised over the shorter of either the unexpired period of the lease or their estimated useful life.

The estimated useful lives used for each class of depreciable asset are shown below:

<b>Fixed asset class</b>	<b>Useful life</b>
Leasehold improvements	5 to 8 years
Office Equipment	4 years

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

# Kaplan Higher Education Pty Limited

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## Notes to the Financial Statements

For the Year Ended 31 December 2022

### 2 Summary of Significant Accounting Policies (cont'd)

#### (i) Intangible assets

##### Software

Software has a finite life and is carried at cost less any accumulated amortisation and impairment losses. It has an estimated useful life of between one and four years.

##### Amortisation

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

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

#### (j) Provisions

Provisions are recognised when the Company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured at the present value of management's best estimate of the outflow required to settle the obligation at the end of the reporting period. The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the unwinding of the discount is taken to finance costs in the statement of profit or loss and other comprehensive income.

#### (k) Employee benefits

##### Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of employee's services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave and accumulating sick leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as a payable.

##### Other long-term employee benefit obligations

The liability for long service leave and annual leave which is not expected to be settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.



# Kaplan Higher Education Pty Limited

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## Notes to the Financial Statements

For the Year Ended 31 December 2022

### 2 Summary of Significant Accounting Policies (cont'd)

#### (l) Intercompany receivables

Receivables from related parties are initially recognised at fair value, carry no interest and are repayable on demand.

#### (m) Investment in subsidiary

The investment in the Company's subsidiary is measured at cost less accumulated impairment.

#### (n) Intercompany payables

Payables to related parties are initially recognised at fair value, carry no interest and are repayable on demand.

#### (o) Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options which vest immediately are recognised as a deduction from equity, net of any tax effects.

#### (p) Goods and services tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payable are stated inclusive of GST.

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

#### (q) Contract liabilities

The entities within the economic entity adopt the income recognition approach for tuition fees and accommodation income so that income is recognised evenly over the duration of the course of study for each student as it is earned. All unearned income is recorded as a liability under 'contract liabilities'. All funds paid by overseas students are held in the operating account of the economic entity and are not held separately.

# Kaplan Higher Education Pty Limited

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## Notes to the Financial Statements

For the Year Ended 31 December 2022

### 3 Critical Accounting Estimates and Judgments

The directors make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below.

#### Key estimates - provisions

The liability for long service leave is recognised and measured at the present value of the estimated future cashflows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

#### Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

The Company assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the Company and to the particular asset that may lead to impairment. If an impairment trigger 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.

#### Impairment of intangibles

The Company determines whether intangibles are impaired at least on an annual basis. This requires an estimation of the recoverable amount of the cash-generating units, using a value in use discounted cash flow methodology, to which the intangibles with indefinite useful lives are allocated.

**Notes to the Financial Statements**  
**For the Year Ended 31 December 2022**

**4 Revenue with Contracts from Customers**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Revenue from continuing operations		
- Sales revenue - rendering of services	(a) <u><b>41,850,622</b></u>	45,345,562
Other income		
- Dividend income	(b) <u><b>40,000,000</b></u>	-

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

Revenue from contracts with customers has been disaggregated into revenue recognised over time and at a point in time and the following table shows this breakdown:

**Timing of revenue recognition**

- Over time	<b>39,072,559</b>	42,376,008
- At a point in time	<u><b>2,778,063</b></u>	<u>2,969,554</u>
	<u><b>41,850,622</b></u>	<u>45,345,562</u>

**(b) Dividend income**

A fully franked dividend of \$40,000,000 was received on the 07 November 2022 from the Company's subsidiary, Kaplan Business School Pty Ltd. The dividend was paid through issuance of a promissory note and reduced against the intercompany loan balance.

**5 Expenses**

The result for the year includes the following specific expenses:

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
<i>Administrative expenses</i>		
- Bad and doubtful debts losses/(reversal)	<b>15,561</b>	(186,208)
- Head office recharge	<b>242,453</b>	256,682
- On-costs	<b>1,862,438</b>	1,692,586
- Communication expense	<b>164,901</b>	31,293
- Wages and salaries	<b>12,111,548</b>	11,795,872
- Other expenses	<u><b>474,751</b></u>	<u>250,273</u>
	<u><b>14,871,652</b></u>	<u>13,840,498</u>

**Notes to the Financial Statements**  
**For the Year Ended 31 December 2022**

**6 Income Tax Expense**

**(a) The major components of tax expense comprise:**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Current tax expense		
Current tax on result for the year	<u>1,986,605</u>	<u>2,497,850</u>
Deferred tax expense		
Increase in deferred tax balances	<u>94,142</u>	<u>80,007</u>
<b>Total income tax expense</b>	<b><u>2,080,747</u></b>	<b><u>2,577,857</u></b>

**(b) Reconciliation of income tax to accounting profit:**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Prima facie tax payable on profit from ordinary activities before income tax at 30% (2021: 30%)	<u>14,077,588</u>	<u>2,891,531</u>
Tax effect of:		
- Entertainment and other permanent differences	3,613	3,982
- Non-assessable dividend income	(12,000,000)	-
- Loss on write-off of intercompany loan	-	644,267
- Over provision in the prior year	<u>(454)</u>	<u>(961,923)</u>
	<b><u>2,080,747</u></b>	<b><u>2,577,857</u></b>

**7 Cash and Cash Equivalents**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Cash at bank and on hand	<u>8,894,423</u>	<u>4,729,711</u>

**8 Trade and Other Receivables**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
<b>CURRENT</b>		
Trade receivables	6,550,898	3,480,841
Provision for impairment	<u>(105,513)</u>	<u>(86,087)</u>
	<b><u>6,445,385</u></b>	<b><u>3,394,754</u></b>
Amount receivable from related parties	82,717,021	98,769,383
Other receivables	158,875	54,469
Prepayments	2,198,835	1,431,512
GST and withholding tax receivable	<u>6,217</u>	<u>11,269</u>
	<b><u>91,526,333</u></b>	<b><u>103,661,386</u></b>

**Notes to the Financial Statements**  
**For the Year Ended 31 December 2022**

**9 Property, Plant and Equipment**

	2022	2021
	\$	\$
Office equipment		
At cost	8,690	19,070
Accumulated depreciation	(6,155)	(12,849)
	<u>2,535</u>	<u>6,221</u>

**Movement in the carrying amounts of property, plant and equipment**

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

	Office equipment	Total
	\$	\$
<b>Year ended 31 December 2022</b>		
Balance at the beginning of year	6,221	6,221
Depreciation expense	(3,686)	(3,686)
<b>Balance at the end of the year</b>	<u>2,535</u>	<u>2,535</u>

**10 Intangible Assets**

	2022	2021
	\$	\$
Computer software - at cost	264,659	261,709
Accumulated amortisation	(91,033)	(39,014)
	<u>173,626</u>	<u>222,695</u>

**Movements in carrying amounts of intangible assets**

	Computer Software	Total
	\$	\$
<b>Year ended 31 December 2022</b>		
Balance at the beginning of the year	222,695	222,695
Additions	2,950	2,950
Amortisation charge	(52,019)	(52,019)
<b>Closing value at 31 December 2022</b>	<u>173,626</u>	<u>173,626</u>

**11 Investment in subsidiary**

	2022	2021
	\$	\$
CURRENT		
Investments in subsidiaries	<u>7,944,967</u>	<u>7,944,967</u>

# Kaplan Higher Education Pty Limited

ABN: 85 124 217 670

## Notes to the Financial Statements

For the Year Ended 31 December 2022

### 12 Deferred Tax Assets

(a) The balance comprises temporary differences attributable to:

	2022	2021
	\$	\$
Employee benefits	563,895	529,291
Other accruals and provisions	(205,462)	(76,715)
<b>Total deferred tax assets</b>	<b>358,433</b>	<b>452,576</b>
Set-off of deferred tax liabilities pursuant to set-off provisions	-	-
<b>Net deferred tax assets</b>	<b>358,433</b>	<b>452,576</b>

(b) Movements:

	Opening Balance	Charged to Income	Closing Balance
	\$	\$	\$
<b>Deferred tax assets</b>			
Employee benefits	595,166	(65,875)	529,291
Other accruals and provisions	(62,583)	(14,132)	(76,715)
<b>Balance at 31 December 2021</b>	<b>532,583</b>	<b>(80,007)</b>	<b>452,576</b>
Employee benefits	529,291	34,604	563,895
Other accruals and provisions	(76,715)	(128,746)	(205,462)
<b>Balance at 31 December 2022</b>	<b>452,576</b>	<b>(94,142)</b>	<b>358,433</b>

### 13 Trade and Other Payables

	2022	2021
	\$	\$
<b>CURRENT</b>		
Trade payables	554	162,867
Amount payable to related parties	25,568,787	23,485,916
Sundry creditors and accruals	2,643,657	1,817,484
Employee benefits liability	2,794,846	2,474,751
	<b>31,007,844</b>	<b>27,941,018</b>

### 14 Provisions

	2022	2021
	\$	\$
<b>CURRENT</b>		
Employee benefits	1,114,691	1,133,705
<b>NON-CURRENT</b>		
Employee benefits	426,659	404,861
Provision for dismantling and rent	-	204,646
	<b>426,659</b>	<b>609,507</b>

# Kaplan Higher Education Pty Limited

ABN: 85 124 217 670

## Notes to the Financial Statements

For the Year Ended 31 December 2022

### 15 Issued Capital

	2022	2021
	\$	\$
46,500,000 (2021: 46,500,000) Ordinary shares fully paid	<u>46,500,000</u>	<u>46,500,000</u>

### 16 Retained Earnings

	2022	2021
	\$	\$
Retained earnings at the beginning of the financial year	30,534,022	23,473,443
Net profit for the year	44,844,545	7,060,579
Dividend paid	(60,000,000)	-
<b>Balance as at 31 December</b>	<u><u>15,378,567</u></u>	<u><u>30,534,022</u></u>

### 17 Dividends

	2022	2021
	\$	\$
The following dividends were declared and paid: Franked ordinary dividend of \$1.29 (2021: nil) per share	<u>60,000,000</u>	<u>-</u>

Franked dividends declared or paid during the year were franked at the tax rate of 30%.

Dividends were paid through issue of a promissory note to the Company's sole shareholder, Kaplan Australia Pty Limited.

### 18 Capital Commitments

The Company had no capital commitments at 31 December 2022 (2021: \$Nil).

### 19 Financial Risk Management

	2022	2021
	\$	\$
<b>Financial assets</b>		
Held at amortised cost		
Cash and cash equivalents	8,894,423	4,729,711
Trade and other receivables	<u>91,526,333</u>	<u>103,661,386</u>
<b>Total financial assets</b>	<u><u>100,420,756</u></u>	<u><u>108,391,097</u></u>
<b>Financial liabilities</b>		
Held at amortised cost		
Trade and other payables	<u>31,007,844</u>	<u>27,941,018</u>
<b>Total financial liabilities</b>	<u><u>31,007,844</u></u>	<u><u>27,941,018</u></u>

## **Notes to the Financial Statements**

**For the Year Ended 31 December 2022**

### **19 Financial Risk Management (cont'd)**

#### **Credit risk**

Credit risk arises from cash and cash equivalents, held-to-maturity investments, favourable derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables. The Company is part of the Kaplan Group, whose ultimate parent is Graham Holdings Company (GHCo).

The company considers the probability of default upon initial recognition of assets and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward looking information. Especially the following indicators are incorporated:

- internal credit rating
- external credit rating (as far as available)
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrowers ability to meet its obligations
- actual or suspected significant changes in the operating results of the borrower
- significant increases in credit risk on other financial instruments of the same borrower

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 60 days past due in making a contractual payment.

Financial assets are written off when there is no reasonable expectation of recovery such as a debtor failing to engage in a repayment plan with the company. The company categorises a loan or receivable for write off when a debtor fails to make contractual payments greater than 90 days past due. Where loans or receivables have been written off, the company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

#### **Market risk**

Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the company's functional currency. The Company operates within Australia only, but accepts payment for services from sources outside of Australia. With the exception of management services provided from related entities, all payments received and amounts paid are denominated in Australian dollars which reduces this risk significantly.

#### **Liquidity risk**

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close our market positions. At the end of the reporting period the Company held sufficient cash to cover its needs in the short and medium term. As the Company receives the majority of payments for services in advance of performing the services, Group Treasury is confident that liquidity risk is low.



# Kaplan Higher Education Pty Limited

ABN: 85 124 217 670

## Notes to the Financial Statements

For the Year Ended 31 December 2022

### 20 Key Management Personnel Remuneration

Compensation for the key management personnel of \$Nil (2021: \$Nil) has been borne by its related party entity, Kaplan Australia Pty Ltd, for the years ending 31 December 2022 and 31 December 2021.

### 21 Contingencies

In the opinion of the directors, the Company did not have any contingencies at 31 December 2022 (31 December 2021: \$Nil).

### 22 Interests in Subsidiaries

Name of entity	Country of Incorporation	Percentage Owned (%)* 2022	Percentage Owned (%)* 2021
<b>Subsidiaries:</b>			
Kaplan Business School Pty Ltd	Australia	100%	100%

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

### 23 Related Parties

#### (a) The Company's main related parties are as follows:

The immediate parent Company is Kaplan Australia Holdings Pty Ltd. The ultimate parent company is The Graham Holdings Company, a company incorporated and domiciled in the United States of America.

Subsidiaries - refer to Note 22.

#### (b) Transactions with related parties

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

Related party transactions include:

- Current tax payable or receivable by the Company is accounted for as an intercompany balance to Kaplan Australia Holdings Pty Ltd, as Kaplan Australia Holdings Pty Ltd records the consolidated tax payable position of the tax consolidated group. The balance owing to Kaplan Australia Holdings at 31 December 2022 in respect of consolidated tax payable has been disclosed at Note 24(c) below.
- Kaplan Higher Education Pty operates out of property leased by a related party, Kaplan Australia Pty Ltd. Amounts paid to Kaplan Australia Pty Limited during the year ended 31 December 2022 were \$2,999,029 (2021: \$2,958,657).
- Other recharges made to related entities during the year ended 31 December 2022 were \$1,600,591 (2021: \$1,319,579).

# Kaplan Higher Education Pty Limited

ABN: 85 124 217 670

## Notes to the Financial Statements

For the Year Ended 31 December 2022

### 23 Related Parties (cont'd)

#### (c) Receivables/payables to/from related parties

	Opening balance	Increase/ (decrease)	Total
	\$	\$	\$
<b>Receivables from related entities</b>			
Kaplan Australia Pty Limited	98,769,383	(16,052,362)	82,717,021
Other related entities	0	0	0
	<u>98,769,383</u>	<u>(16,052,362)</u>	<u>82,717,021</u>
<b>Payables to related entities</b>			
Kaplan Australia Holdings Pty Limited	22,402,770	1,986,604	24,389,374
Kaplan Business School Pty Limited	109,798	(9,514)	100,284
Kaplan Education Pty Limited	687,192	(45,964)	641,228
Other related entities	286,156	151,745	437,901
	<u>23,485,916</u>	<u>2,082,872</u>	<u>25,568,788</u>

#### (d) Terms and conditions

All transactions with related parties were made on normal commercial terms and conditions and at market rates.

The loans with related parties are unsecured, interest free and repayable on demand.

### 24 Events Occurring After the Reporting Date

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

### 25 Remuneration of auditors

The audit fees are paid by a related entity, Kaplan Australia Pty Ltd.

### 26 Statutory Information

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


Kaplan Higher Education Pty Limited  
Level 12, 45 Clarence Street  
Sydney, NSW 2000

## Directors' Declaration

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 4 to 24, are in accordance with the *Corporations Act 2001* and:
  - a. comply with Australian Accounting Standards - Simplified Disclosure Requirements; and
  - b. give a true and fair view of the financial position as at 31 December 2022 and of the performance for the year ended on that date of the Company.
2. In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Director  .....  
Robert William Regan

Dated 31 March 2023

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF KAPLAN HIGHER EDUCATION PTY LTD

#### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of Kaplan Higher Education Pty Ltd (the Company), which comprises the statement of financial position as at 31 December 2022, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of Kaplan Higher Education Pty Ltd, is in accordance with the *Corporations Act 2001*, including:

- (a) Giving a true and fair view of the Company's financial position as at 31 December 2022, and of its financial performance for the year then ended; and
- (b) Complying with the Australian Accounting Standards – Simplified Disclosure Requirements and *Corporations Regulations 2001*.

#### Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report.

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

#### Independence

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

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

#### Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 31 December 2022, but does not include the financial report and our auditor's report thereon.

## Other Information (cont'd)

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 – Simplified Disclosure Requirements and the *Corporations Act 2001*, and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Company'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 Company 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 Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by directors.

## Auditor's Responsibilities for the Audit of the Financial Report (cont'd)

- 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 Company'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 Company 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.

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, action taken to eliminate threats or safeguards applied.



PKF



MARTIN MATTHEWS  
PARTNER

31 MARCH 2023  
NEWCASTLE, NSW