

**Think: Colleges Pty Ltd**

**ABN 93 050 049 299**

**Annual Report**

**31 December 2023**

# **Think: Colleges Pty Ltd**

## **For the year ended 31 December 2023**

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Think: Colleges Pty Ltd is a company limited by shares, incorporated and domiciled in Australia.

The financial statements were authorised for issue by the directors on 27<sup>th</sup> March 2024. The directors have the power to amend and reissue the financial statements.

**Think: Colleges Pty Ltd  
Corporate Directory  
For the year ended 31 December 2023**

Directors	Linda Mary Brown Daniel Wayne Jackson James Varghese Laura Anderson Michael James Reed Gregory John Crafter ( <i>Effective 16 February 2023</i> ) Michael McRobbie ( <i>Effective 8 September 2023</i> ) Michael Joseph Thawley ( <i>Effective 7 December 2023</i> )
Secretary	Julie Craig
Principal registered office in Australia	Think: Colleges Pty Ltd, 17/51 Foveaux Street Surry Hills NSW 2010
Auditor	PricewaterhouseCoopers One International Towers Watermans Quay Barangaroo, NSW, 2000
Solicitors	DLA Piper Level 22 1 Martin Place Sydney, NSW 2000  Clayton Utz Level 15 1 Bligh Street Sydney, NSW 2000
Bankers	Bank of America Merrill Lynch Level 34 1 Farrer Place Sydney, NSW 2000  Commonwealth Bank of Australia Floor 27 201 Sussex Street Sydney, NSW 2000
Website address	<a href="http://www.think.edu.au">www.think.edu.au</a>

# **Think: Colleges Pty Ltd**

## **Directors' Report**

### **For the year ended 31 December 2023**

The directors present their report together with the financial report of Think: Colleges Pty Ltd ("the Company") for the year ended 31 December 2023 and the auditor's report thereon.

#### **Directors**

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

Linda Mary Brown  
Daniel Wayne Jackson  
James Varghese  
Laura Anderson  
Michael James Reed  
Gregory John Crafter (*Effective 16 February 2023*)  
Michael McRobbie (*Effective 8 September 2023*)  
Michael Joseph Thawley (*Effective 7 December 2023*)

#### **Company Secretary**

Julie Craig

#### **Principal activities**

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

#### **Dividends**

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

#### **Review of operations**

The Company's profit from ordinary activities after providing for income tax amounted to \$1,117,000 (2022: \$805,000).

#### **Significant changes in the state of affairs**

During the year, the Company and some of its related parties underwent an organisational restructure. This resulted in some additional one-off costs due primarily to redundancy payments. This did not have any significant impact on the operations of the Company.

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

#### **Likely developments and expected results of operations**

At the date of this report there are no other likely developments in the operations of the Company which would materially impact the results of Think: Colleges Pty Ltd.

#### **Events since the end of the financial year**

Effective from 1st January 2024, SEI Australia Holdings Pty Ltd (the Company's ultimate Australian Parent entity and head entity of its Australian tax group) acquired Torrens University Australia Limited (a related party and a Higher Education Provider) and Torrens Global Education Services Pty Ltd (a related party which currently provides shared services to the Company).

These transactions will have a significant and positive impact on the consolidated financial standing of SEI Australia Holdings Pty Ltd and its controlled entities.

No other matters or circumstances have arisen since 31 December 2023 that have significantly affected the Company's operations, results or state of affairs or may do so in future years.

# **Think: Colleges Pty Ltd Directors' Report For the year ended 31 December 2023**

## **Environmental regulation**

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

## **Insurance of officers and indemnities**

### *Indemnification of Officers*

All directors are covered by an indemnity in accordance with Think: Colleges Pty Ltd's constitution.

### *Insurance premiums*

Strategic Education, Inc. (SEI, the ultimate parent company of the Company) has paid premiums in respect of directors' and officers' liability and legal expenses insurance contracts during 2023 and since the end of the financial year, SEI has paid or agreed to pay on behalf of the Company, premiums in respect of such insurance contracts. Such insurance contracts insure persons who are or have been directors or executive officers of the Company against certain liabilities arising from their role (subject to specific exclusions).

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

## **Rounding amounts**

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

## **Auditors**

### *Indemnity of auditors*

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

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

## **Auditor's independence declaration**

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 4.

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



Director: \_\_\_\_\_

Linda Brown

Place: Sydney

Date: 27<sup>th</sup> March 2024



## Auditor's Independence Declaration

As lead auditor for the audit of Think: Colleges Pty Ltd for the year ended 31 December 2023, I declare that to the best of my knowledge and belief, there have been:

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

A handwritten signature in black ink, appearing to read 'Ben Meacock'.

Ben Meacock  
Partner  
PricewaterhouseCoopers

Sydney  
27 March 2024

PricewaterhouseCoopers, ABN 52 780 433 757  
One International Towers Sydney, Watermans Quay, Barangaroo, GPO BOX 2650, SYDNEY NSW 2001  
T: +61 2 8266 0000, F: +61 2 8266 9999  
Level 11, 1PSQ, 169 Macquarie Street, Parramatta NSW 2150, PO Box 1155 Parramatta NSW 2124  
T: +61 2 9659 2476, F: +61 2 8266 9999

Liability limited by a scheme approved under Professional Standards Legislation.

**Think: Colleges Pty Ltd**  
**Statement of profit and loss**  
**For the year ended 31 December 2023**

	Note	2023 \$'000	2022 \$'000
Revenue from contracts with customers	3	13,506	17,745
<b>Operating expenses</b>			
Related party expenses	4(a)	(4,612)	(3,839)
Employee benefit expenses	4(b)	(5,867)	(7,924)
Sales and marketing		(1,366)	(1,497)
Operations and administration		(1,871)	(1,933)
Equipment, Materials and Supplies		(76)	(116)
Amortisation expense	10(c)	(13)	(334)
Depreciation expense	10(a), 10(b)	(123)	(524)
Net foreign exchange losses		-	(562)
Operating (Loss)/Profit		<u>(422)</u>	<u>1,016</u>
Finance costs		(77)	(113)
Finance Income	4(d)	2,094	243
<b>Profit before income tax</b>		<u>1,595</u>	<u>1,146</u>
Income tax expense	5	(478)	(341)
<b>Profit for the year</b>		<u>1,117</u>	<u>805</u>

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

**Think: Colleges Pty Ltd**  
**Statement of comprehensive income**  
**For the year ended 31 December 2023**

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Profit for the year	1,117	805
Total comprehensive profit for the year	<u>1,117</u>	<u>805</u>
Total comprehensive profit for the year is attributable to:		
Owners of Think: Colleges Pty Ltd	<u>1,117</u>	<u>805</u>

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



**Think: Colleges Pty Ltd**  
**Statement of financial position**  
**For the year ended 31 December 2023**

		<b>2023</b>	<b>2022</b>
	<b>Note</b>	<b>\$'000</b>	<b>\$'000</b>
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	6	8,337	16,040
Restricted cash	6	1,874	1,629
Trade and other receivables	7	990	1,110
Prepayments	8	1	1
Other financial assets	9	75	-
<b>Total current assets</b>		<b>11,277</b>	<b>18,780</b>
<b>Non-current assets</b>			
Deferred contract costs	3(b)	-	1
Property, plant and equipment	10(a)	-	1
Right-of-use assets	10(b)	-	790
Intangible assets	10(c)	4,779	4,792
Deferred tax assets	5(c)	862	1,596
<b>Total non-current assets</b>		<b>5,641</b>	<b>7,180</b>
<b>Total assets</b>		<b>16,918</b>	<b>25,960</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	11	595	1,466
Lease liabilities	10(b)	965	898
Other financial liabilities	12	2,999	9,107
Provisions	13	18	115
Contract liabilities	14	3,876	6,021
<b>Total current liabilities</b>		<b>8,453</b>	<b>17,607</b>
<b>Non-current liabilities</b>			
Lease liabilities	10(b)	150	1,115
Provisions	13	863	903
<b>Total non-current liabilities</b>		<b>1,013</b>	<b>2,018</b>
<b>Total liabilities</b>		<b>9,466</b>	<b>19,625</b>
<b>Net assets</b>		<b>7,452</b>	<b>6,335</b>
<b>EQUITY</b>			
Contributed equity	15	17,500	17,500
Reserves	15	(89,893)	(89,893)
Retained Earnings		79,845	78,728
<b>Total equity</b>		<b>7,452</b>	<b>6,335</b>

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

**Think: Colleges Pty Ltd**  
**Statement of changes in equity**  
**For the year ended 31 December 2023**

	Note	Contributed Equity	Reserves	Retained Earnings	Total
		\$'000	\$'000	\$'000	\$'000
Balance as at 1 January 2022		17,500	(13,276)	91,199	95,423
Transfers of reserves to retained earnings	15	-	13,276	(13,276)	-
Debt forgiven by entities under common control	15	-	(89,893)	-	(89,893)
Profit for the year		-	-	805	805
<b>Balance as at 31 December 2022</b>		<b>17,500</b>	<b>(89,893)</b>	<b>78,728</b>	<b>6,335</b>
Balance as at 1 January 2023		17,500	(89,893)	78,728	6,335
Profit for the year		-	-	1,117	1,117
<b>Balance as at 31 December 2023</b>		<b>17,500</b>	<b>(89,893)</b>	<b>79,845</b>	<b>7,452</b>

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

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

**Think: Colleges Pty Ltd**  
**Statement of cash flows**  
**For the year ended 31 December 2023**

	2023	2022
	\$'000	\$'000
	<b>Note</b>	
<b>Cash flows from operating activities</b>		
Receipts from student fees and other customers (inclusive of GST)	11,236	15,761
Payments to suppliers and employees (inclusive of GST)	(3,652)	(3,933)
Cash paid to related parties for operating activities	(17,304)	(4,571)
	<u>(9,720)</u>	<u>7,257</u>
Interest received	4(d) 2,094	243
Interest and other finance costs	4(c) (77)	(113)
<b>Net cash (outflows)/inflows from operating activities</b>	<u>(7,703)</u>	<u>7,387</u>
<b>Cash flows from financing activities</b>		
*Principal elements of lease payments	-	-
<b>Net cash outflows from financing activities</b>	<u>-</u>	<u>-</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>	(7,703)	7,387
Cash and cash equivalents at beginning of financial period	16,040	8,653
<b>Cash and cash equivalents at end of financial period</b>	6(a) <u>8,337</u>	<u>16,040</u>

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

*\*Lease payments to vendors are paid on behalf of the Company by Torrens Global Education Services Pty Ltd, which is a related party of Think: Colleges Pty Ltd.*

# Think: Colleges Pty Ltd

## Notes to the financial statements for the year ended 31 December 2023

### 1 Summary of material accounting policies

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

#### (a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*. The Company is a for profit entity for the purposes of preparing the financial statements.

##### (i) Compliance with Australian Accounting Standards – Simplified Disclosure Requirements

The single entity financial statements of the Company also comply with Australian Accounting Standards – Simplified Disclosures as issued by the Australian Accounting Standards Board (AASB).

##### (ii) Historical cost convention

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

##### (iii) New and amended standards adopted by the company

The Company has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2023.

- AASB 2020-5 Amendments to Australian Accounting Standards – Insurance Contracts [AASB 4 & AASB 17]
- AASB 2022-1 Amendments to Australian Accounting Standards – Initial Application of AASB 17 and AASB 9 – Comparative Information [AASB 17]
- AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates [AASB 7, AASB 101, AASB 108, AASB 134 & AASB Practice Statement 2]
- AASB 2021-5 Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction [AASB 112]
- AASB 2021-6 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies: Tier 2 and Other Australian Accounting Standards [AASB 1049, AASB 1054 and AASB 1060]
- AASB 2023-2 Amendments to Australian Accounting Standards – International Tax Reform – Pillar Two Model Rules [AASB 112]
- AASB 2023-4 Amendments to Australian Accounting Standards – Definition of Accounting Estimates International Tax Reform – Pillar Two Model Rules: Tier 2 Disclosures [AASB 112]

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

##### (iv) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2023 reporting periods and have not been early adopted by the Company. These standards are not expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

# Think: Colleges Pty Ltd

## Notes to the financial statements for the year ended 31 December 2023

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

#### (b) Foreign currency translation

##### (i) *Functional and presentation currency*

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

##### (ii) *Transactions and balances*

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

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

##### (i) *Tuition Revenue*

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

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

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

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

##### (ii) *Non-Tuition Revenue*

The Company operates a wellbeing centre that provides services to the public for the purpose of training students during their course. Revenue from providing services through these operations is recognised at a point in time when the service has been provided and the customer has received and used the benefit simultaneously.

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

##### (iii) *Financing components*

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

## Think: Colleges Pty Ltd

### Notes to the financial statements for the year ended 31 December 2023

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

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

###### *(iv) Deferred Contract Costs and Contract Liabilities*

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

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

##### (d) Interest Income

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

##### (e) Income tax

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

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

On the 23<sup>rd</sup> of December 2013, Think: Education Group Pty Ltd entered into a Multiple Entity Consolidated (MEC) tax group with its immediate parent within Australia, SEI Australia Holdings Pty Ltd, being the head of the MEC group. Think: Colleges Pty Ltd is a party to this MEC tax group. As a consequence, these entities are taxed as a single entity and the tax liability as at 31 December 2023 is held by the head entity, SEI Australia Holdings Pty Ltd. Deferred taxes continue to be recognised by each entity in the tax consolidated group and are not transferred to the head entity.

Additionally, the entities in the tax consolidated group have entered into a tax funding agreement (TFA) whereby each entity is liable to fund the tax liability of the group as if it were a tax payer in its own right. This funding may occur via a debit or credit to an intercompany account detailed in Note 17. In the current year, Think: Colleges Pty Ltd.'s tax asset was transferred to SEI Australia Holdings Pty Ltd and an intercompany recharge was recorded.

##### (f) Leases

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

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

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

## Think: Colleges Pty Ltd

### Notes to the financial statements for the year ended 31 December 2023

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

##### (f) Leases (continued)

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

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

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the Company's incremental borrowing rate.

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

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

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

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment and small items of office furniture.

##### *(ii) Extension and termination options*

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

##### *(iii) Residual value guarantees*

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

##### (g) Impairment of assets

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

## Think: Colleges Pty Ltd

### Notes to the financial statements for the year ended 31 December 2023

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

##### (g) Impairment of assets (continued)

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

##### (h) Cash and cash equivalents

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

##### (i) Trade receivables

###### (i) *Classification as trade receivables*

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

###### (ii) *Impairment of trade receivables*

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

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

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

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

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

Financial assets at amortised cost include debt investments such as 'related party receivables'. The total balance of related party receivables in 2023 was \$75,000 (2022: NIL)



## Think: Colleges Pty Ltd

### Notes to the financial statements for the year ended 31 December 2023

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

##### (j) Other financial assets at amortised cost (continued)

###### (ii) Other receivables

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

Further information relating to loans to related parties is set out in note 17.

##### (k) Intangible Assets

###### (i) Goodwill

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

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

###### (ii) Brand and licences

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

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

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

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

- |                                     |           |
|-------------------------------------|-----------|
| • Software                          | 3-5 years |
| • Curriculum and course development | 5 years   |

###### (iv) Customer relationships

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

###### (v) Website development

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

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

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

## Think: Colleges Pty Ltd

### Notes to the financial statements for the year ended 31 December 2023

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

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

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

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

- Leasehold improvements 1-10 years
- Furniture and equipment 3-8 years
- Computers 3-5 years

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

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

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

##### (m) Trade and other payables

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

##### (n) Provisions

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

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

##### (o) Employee benefits

###### (i) Short-term obligations

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

# Think: Colleges Pty Ltd

## Notes to the financial statements for the year ended 31 December 2023

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

#### (o) Employee benefits (continued)

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

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

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

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

##### *(iii) Bonus plans*

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

##### *(iv) Termination benefits*

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

#### (p) Contributed equity

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

#### (q) Borrowings

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

## **Think: Colleges Pty Ltd**

### **Notes to the financial statements for the year ended 31 December 2023**

#### **1 Summary of material accounting policies (continued)**

##### **(q) Borrowings (continued)**

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

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

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

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

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

##### **(s) Rounding of amounts**

The Company is of a kind referred to in the Australian Securities and Investments Commission's Class Order 2016/191 relating to the 'rounding off' of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with the instrument to the nearest thousand dollar unless otherwise stated.

## **Think: Colleges Pty Ltd**

### **Notes to the financial statements for the year ended 31 December 2023**

#### **2 Critical accounting estimates and judgements**

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

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

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

The Company tests whether goodwill has suffered any impairment on an annual basis. For the 2023 and 2022 reporting period, the recoverable amount of the cash-generating unit (CGU) was determined based on value in use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates. Cost of disposal is estimated based on the Company's experience with disposal of assets and on industry benchmarks.

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

## Think: Colleges Pty Ltd

### Notes to the financial statements for the year ended 31 December 2023

#### 3 Revenue from contracts with customers

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

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

	2023 \$'000	2022 \$'000
<b>Higher Education Loan Programs</b>		
FEE-HELP	456	798
VET Student Loan Program	1,742	2,055
Total Higher Education Loan Programs	<u>2,198</u>	<u>2,853</u>
<b>Course fees and charges</b>		
Fee-paying onshore overseas students	9,829	12,877
Fee-paying offshore overseas students	210	45
Fee-paying domestic postgraduate students	-	(3)
Fee-paying domestic undergraduate students	740	1,652
Total course fees and charges	<u>10,779</u>	<u>14,571</u>
Total tuition revenue	<u>12,977</u>	<u>17,424</u>
Tuition Revenue timing of recognition		
At a point in time	-	-
Over time	12,977	17,424
Total Tuition Revenue	<u>12,977</u>	<u>17,424</u>
<b>Other non-course fees and charges</b>		
Medical Practicum Revenue	406	307
Other income	123	14
Total other fees and charges	<u>529</u>	<u>321</u>
Non-Tuition Revenue timing of recognition		
At a point in time	529	321
Over time	-	-
Total Non-Tuition Revenue	<u>529</u>	<u>321</u>
<b>Total income from continuing operations</b>	<u>13,506</u>	<u>17,745</u>

## Think: Colleges Pty Ltd

### Notes to the financial statements for the year ended 31 December 2023

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

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

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

	Business	Design	Health	Hospitality	Other	Total
2023	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Tuition Revenue	21	(34)	12,993	(3)	-	12,977
Non-tuition Revenue	-	-	-	-	529	529
	21	(34)	12,993	(3)	529	13,506

###### Timing of revenue recognition:

At a point in time	-	-	-	-	529	529
Over time	21	(34)	12,993	(3)	-	12,977
	21	(34)	12,993	(3)	529	13,506

	Business	Design	Health	Hospitality	Other	Total
2022	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Tuition Revenue	(4)	(126)	17,563	(9)	-	17,424
Non-tuition Revenue	-	-	-	-	321	321
	(4)	(126)	17,563	(9)	321	17,745

###### Timing of revenue recognition:

At a point in time	-	-	-	-	321	321
Over time	(4)	(126)	17,563	(9)	-	17,424
	(4)	(126)	17,563	(9)	321	17,745

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

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

	2023	2022
	\$'000	\$'000
<b>Current Assets</b>		
Deferred Commission Asset	43	-
Accumulated Amortisation	(43)	-
	-	-
<b>Non-Current Assets</b>		
Deferred Commission Asset	-	43
Accumulated Amortisation	-	(42)
	-	1

The asset is amortised on a straight-line basis over the term of the specific contract it relates to, consistent with the pattern of recognition of the associated revenue. No asset is recognised where the period of amortisation is one year or less.

## Think: Colleges Pty Ltd

### Notes to the financial statements for the year ended 31 December 2023

#### 4 Other income and expense items

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

	2023	2022
	\$'000	\$'000
<b>(a) Related party expenses</b>		
Cost allocation	4,612	3,839
Total related party expenses	<u>4,612</u>	<u>3,839</u>
<b>(b) Employee related expenses</b>		
<i>(i) Costs allocated and paid on behalf of the Company by related parties</i>		
Salaries (including Annual and Long Service Leave)	5,081	6,795
Contributions to superannuation	495	663
Payroll tax	285	377
Worker's compensation	29	25
Share based payment	(23)	64
Total cost allocation of employee related expenses	<u>5,867</u>	<u>7,924</u>
<b>(c) Finance costs</b>		
Interest and finance charges paid/payable for lease liabilities not at fair value through profit or loss	46	73
Other	31	40
Total finance costs	<u>77</u>	<u>113</u>
<b>(d) Finance income</b>		
Interest income from financial assets held for cash management purposes	2,094	243
	<u>2,094</u>	<u>243</u>



## Think: Colleges Pty Ltd

### Notes to the financial statements for the year ended 31 December 2023

#### 5 Income tax

##### (a) Income tax expense / (benefit)

	2023 \$'000	2022 \$'000
Current tax (benefit)/expense	(255)	951
Deferred tax expense/(benefit)	734	(607)
Adjustments in respect of current income tax of prior periods	(1)	130
Adjustments in respect of deferred income tax of prior periods	-	(133)
	<u>478</u>	<u>341</u>
Withholding tax paid by affiliates overseas	-	-
Income Tax expense	<u>478</u>	<u>341</u>

Deferred income tax expense/(benefit) included in income tax expense/(benefit) comprises:

Decrease/(Increase) in deferred tax assets	734	(740)
Total deferred tax expense/(benefit)	<u>734</u>	<u>(740)</u>

##### (b) Numerical reconciliation of income tax expense / (benefit) to prima facie tax payable

Profit from continuing operations before income tax expense	1,595	1,146
Tax at Australian tax rate of 30% (2022: 30%)	<u>479</u>	<u>344</u>

*Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:*

Adjustments in respect of current income tax of prior periods	(1)	130
Adjustments in respect of deferred income tax of prior periods	-	(133)
Income Tax expense	<u>478</u>	<u>341</u>

**Think: Colleges Pty Ltd**  
**Notes to the financial statements for the year ended 31 December 2023**

**5 Income tax (continued)**

**(c) Deferred tax assets**

The balance comprises temporary differences attributable to:

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Deferred tax asset in respect of make good	259	271
Deferred tax asset in respect of doubtful debts and returned checks	292	777
Deferred tax asset in respect of accrued expenses	130	347
Deferred tax asset in respect of employee benefits	20	-
Deferred tax asset in respect of lease liabilities	334	604
Deferred tax liability in respect of right of use assets	-	(237)
Deferred tax liability in respect of unrealised foreign exchange loss	(298)	(297)
Deferred tax asset in respect of depreciation	125	131
Net deferred tax assets	<u>862</u>	<u>1,596</u>

**Movements**

	<b>At 1 January 2022</b>	<b>Make good</b>	<b>Doubtful debts/ returned cheques</b>	<b>Accrued Expenses</b>	<b>Employee Benefits</b>	<b>Lease Liabilities</b>	<b>Right of use assets</b>	<b>Unrealised FX loss</b>	<b>Depreciation</b>	<b>Total</b>
Credited/(Charged) to the statement of comprehensive income	254	17	623	276	-	-	-	(297)	-	856
	17	154	71	604	-	-	(237)	-	131	740
<b>At 31 December 2022</b>	<u>271</u>	<u>777</u>	<u>347</u>	<u>604</u>	<u>20</u>	<u>270</u>	<u>237</u>	<u>(297)</u>	<u>131</u>	<u>1,596</u>
Credited/(Charged) to the statement of comprehensive income	(12)	(485)	(217)	20	-	-	-	(1)	(6)	(734)
<b>At 31 December 2023</b>	<u>259</u>	<u>292</u>	<u>130</u>	<u>20</u>	<u>334</u>	<u>-</u>	<u>(298)</u>	<u>125</u>	<u>862</u>	<u>862</u>

## Think: Colleges Pty Ltd

### Notes to the financial statements for the year ended 31 December 2023

#### 6 Cash and cash equivalents and Restricted Cash

	2023	2022
	\$'000	\$'000
Cash and cash equivalents (a)	8,337	16,040
Restricted cash (b)	1,874	1,629
	<u>10,211</u>	<u>17,669</u>

##### (a) Reconciliation to cash flow statement

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

##### (b) Restricted Cash

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

#### 7 Trade and other receivables

	2023	2022
	\$'000	\$'000
Australian Government financial assistance receivable (a)	474	367
Trade receivables (b)	1,046	1,561
Allowance for doubtful accounts (c)	(954)	(1,112)
Other receivables	424	294
	<u>990</u>	<u>1,110</u>

##### (a) Government Financial assistance

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

##### (b) Classification as trade receivables

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

	2023	2022
	\$'000	\$'000
(c) Movement in allowance for doubtful accounts		
Opening allowance for doubtful accounts as at 1 January	(1,112)	(649)
Increase in allowance recognised in profit or loss during the year	(11)	(704)
Receivables written off during the year as uncollectible	169	241
Closing allowance for doubtful accounts at 31 December	<u>(954)</u>	<u>(1,112)</u>

#### 8 Prepayments

	2023	2022
	\$'000	\$'000
Prepayments	1	1
	<u>1</u>	<u>1</u>

## Think: Colleges Pty Ltd

### Notes to the financial statements for the year ended 31 December 2023

9 Other financial assets	2023	2022
	\$'000	\$'000
<b>Current</b>		
Receivables from related parties (Note 17 (b))	75	-
	<u>75</u>	<u>-</u>
<b>Non-current</b>		
Receivables from related parties (Note 17 (b))	-	-
	<u>-</u>	<u>-</u>

For terms and conditions relating to related party receivables, refer to Note 17.

## 10 Non-financial assets and liabilities

### (a) Property, plant and equipment

	Furniture and Equipment \$'000	Computer Equipment \$'000	Leasehold improvements \$'000	Total \$'000
<b>At 1 January 2023</b>				
Cost	2	200	1,065	1,267
Accumulated depreciation	(1)	(200)	(1,065)	(1,266)
Net book amount	<u>1</u>	<u>-</u>	<u>-</u>	<u>1</u>
<b>Year ended 31 December 2023</b>				
Opening net book amount	1	-	-	1
Depreciation charge	(1)	-	-	(1)
Closing net book amount	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>At 31 December 2023</b>				
Cost	2	-	1,065	1,067
Accumulated depreciation	(2)	-	(1,065)	(1,067)
Net book amount	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

- Furniture and equipment: 3-8 years;
- Computer equipment: 3-5 years and
- Leasehold improvements: 1-10 years.

## Think: Colleges Pty Ltd

### Notes to the financial statements for the year ended 31 December 2023

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

##### (b) Leases

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

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

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

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Right-of-use assets</b>		
Buildings	-	790
	<u>-</u>	<u>790</u>
<b>Lease liabilities</b>		
Current	(965)	(898)
Non-Current	(150)	(1,115)
	<u>(1,115)</u>	<u>(2,013)</u>

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

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Within one year	983	945
Later than one year but not later than five years	150	1,133
Later than five years	-	-
	<u>1,133</u>	<u>2,078</u>

Additions to the right-of-use assets during the 2023 financial year were \$NIL (2022: \$NIL).

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

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

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Depreciation and impairment charge of right-of-use assets</b>		
Depreciation charges	122	368
Impairment charges (included in operations and administration)	668	-
	<u>790</u>	<u>368</u>
Interest expense (included in finance costs)	4(c) 46	73
	<u>46</u>	<u>73</u>

All payments for leases entered into by the Company are paid by Torrens Global Education Services Pty Ltd, a related party of the Company. The total lease cash outflows paid on behalf of the Company in 2023 was \$945,070 (2022: \$908,721). In 2023, an impairment was recognised on the Fitzroy Campus Right-of-use asset. Most classes were relocated to another Campus in Melbourne (the lease for this location is with a related entity).

Leases for Campuses are entered into and managed by Torrens Global Education Services Pty Ltd. Usage costs of the Campuses are recharged to the Company and are included within cost allocation expenses (see Note 4(a)).

**Think: Colleges Pty Ltd**  
**Notes to the financial statements for the year ended 31 December 2023**

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

**(c) Intangible assets**

	Goodwill \$'000	Brand \$'000	Software & Other \$'000	Total \$'000
<b>At 1 January 2023</b>				
Cost	4,749	3,132	8,805	16,686
Accumulated amortisation	-	(3,132)	(8,762)	(11,894)
Net book amount	4,749	-	43	4,792
<b>Year ended 31 December 2023</b>				
Opening net book amount	4,749	-	43	4,792
Amortisation charge	-	-	(13)	(13)
Closing net book amount	4,749	-	30	4,779
<b>At 31 December 2023</b>				
Cost	4,749	3,132	8,805	16,686
Accumulated amortisation	-	(3,132)	(8,775)	(11,907)
Net book amount	4,749	-	30	4,779

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

- Goodwill – not amortised;
- Brands – five years;
- Curriculum and course development – five years;
- Software- three to five years;
- Website development – one to three years.

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

		2023	2022
Revenue Growth Rate to 2028:	CAGR	4.00%	4.00%
Perpetual Growth Rate:	Target CPI rate	2.00%	1.57%
Discount Rate:		10.00%	10.10%
Cash CAPEX Rate:	Historical for past 4 years	3.06%	1.21%

Management determined future cash flow based on past performance and its expectations for the future. The value-in-use calculation performed for the period ended 31 December 2023 showed that there is no impairment to the goodwill.

**11 Trade and other payables**

	2023 \$'000	2022 \$'000
Trade and other payables	-	15
Accrued expenses	595	1,451
	595	1,466

## Think: Colleges Pty Ltd

### Notes to the financial statements for the year ended 31 December 2023

<b>12 Other financial liabilities</b>	<b>2023</b>	<b>2022</b>
<b>Current</b>	<b>\$'000</b>	<b>\$'000</b>
Payables to related parties (Note 17 (b))	2,999	9,107
	<hr/>	<hr/>
	2,999	9,107
<b>Non-current</b>		
Payables to related parties (Note 17 (b))	-	-
	<hr/>	<hr/>
	-	-

<b>13 Provisions</b>	<b>2023</b>	<b>2022</b>
<b>Current</b>	<b>\$'000</b>	<b>\$'000</b>
Provision for credit notes	18	115
	<hr/>	<hr/>
	18	115
<b>Non-current</b>		
Make good provision	863	903
	<hr/>	<hr/>
	863	903

#### *Provision for credit notes*

A provision is recognised for expected credit notes to be issued in relation to sales recognised during the year, based on past experience of the level of credit notes issued and other known conditions. It is expected that these will be incurred in the next financial year.

#### *Make good provision*

The Company is required to restore the leased premises for its sites to their original condition at the end of the lease term. A provision has been recognised for the present value of the estimated expenditure required to remove any leasehold improvements. These costs have been capitalised as part of the cost of leasehold improvements and are amortised over the shorter of the term of the lease or the useful life of the assets.

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Provision for credit notes</b>		
Carrying amount at start of the year	115	1,428
Utilised	(115)	(5)
Arising during the year	18	55
Reclassified to trade and other receivables (Note 7)	-	(1,363)
	<hr/>	<hr/>
Carrying amount at end of the year	18	115

A portion of the provision for credit notes relating to Government receivables has been reclassified to Trade and other receivables (Note 7) during 2023. Reclassifications of prior year figures have been performed to enhance comparability.

#### **Make good**

Carrying amount at start of the year	903	1,001
Credited to the profit or loss	(40)	(98)
	<hr/>	<hr/>
Carrying amount at end of the year	863	903

## Think: Colleges Pty Ltd

### Notes to the financial statements for the year ended 31 December 2023

<b>14 Contract Liabilities</b>	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Deferred income	30	835
Fees in advance (a)	348	2,057
Australian Government unspent financial assistance (b)	3,498	3,129
	<u>3,876</u>	<u>6,021</u>

#### *(a) Fees in advance*

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

#### *(b) Government Financial assistance*

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

## 15 Contributed equity and Reserves

### Authorised and fully paid issued ordinary shares:

	<b>No. of Shares</b>	<b>\$'000</b>
<b>As 1 January 2022</b>	17,479,550	17,500
Issued during the financial year	-	-
<b>At 31 December 2022</b>	<u>17,479,550</u>	<u>17,500</u>
<b>As 1 January 2023</b>	17,479,550	17,500
Issued during the financial year	-	-
<b>At 31 December 2023</b>	<u>17,479,550</u>	<u>17,500</u>

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

	<b>2023</b>	<b>2022</b>
<b>Reserves</b>	<b>\$'000</b>	<b>\$'000</b>
Capital reserve (a)	(89,893)	(89,893)
	<u>(89,893)</u>	<u>(89,893)</u>

#### *a) Capital reserve*

At 31 December 2022, Think: Colleges Pty Ltd agreed to forgive the debt to Think: Education Services Pty Ltd (an entity under common control). The debt of (\$89,893,000) which was forgiven is recorded in the Capital reserve.

#### *Transfer of Common Control Reserve to Retained Earnings*

During 2022, it was decided to convert the balance of \$13,276,000 from the Common Control Reserve into Retained Earnings. This will allow funds to become available for any future dividend distributions to Strategic Education Inc. (SEI), the Ultimate Parent Company of the Company.



**Think: Colleges Pty Ltd**  
**Notes to the financial statements for the year ended 31 December 2023**

**16 Key management personnel compensation**

**(a) Directors**

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

Linda Mary Brown  
 Daniel Wayne Jackson  
 James Varghese  
 Laura Anderson  
 Michael James Reed  
 Gregory John Crafter (*Effective 16 February 2023*)  
 Michael McRobbie (*Effective 8 September 2023*)  
 Michael Joseph Thawley (*Effective 7 December 2023*)

**(b) Other key management personnel**

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

Julie Craig, Company Secretary  
 Linda Brown, President  
 Alwyn Louw, Vice-Chancellor  
 Hugo Contente, Vice President (People and Talent)  
 Jerome Casteigt, Chief Commercial Officer  
 Todd Wegner, Vice President (Strategy, Risk and Communications)  
 Adam Guinea, Vice President, Finance – ANZ (*Effective 3 July 2023*)  
 Darryn Melrose, Chief Marketing Officer & Industry Partnerships (*Effective 6 September 2023*)  
 Rob McGowan, Vice President International (*Effective 4 April 2023*)  
 Scott Luckett, Chief Financial Officer (*Resigned 3 July 2023*)  
 Paul Brafield, Vice President (Digital and Global Enterprise) (*Resigned 31 March 2023*)  
 Kath Curry, General Manager (Health and Education) (*Resigned 31 March 2023*)

**(c) Key management personnel compensation**

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

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Key management personnel compensation	212,353	376,430
	<u>212,353</u>	<u>376,430</u>

*Reclassifications of prior year figures have been performed to enhance comparability.*

## Think: Colleges Pty Ltd

### Notes to the financial statements for the year ended 31 December 2023

#### 16 Key management personnel compensation (continued)

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

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

##### (e) Key management personnel and director transactions

Strategic Education Inc. (SEI), the Ultimate Parent Company of the Company, maintains the 2018 Equity Compensation Plan under which various performance-based with service conditions incentive awards may be granted to eligible officers and employees. The SEI 2018 Equity Compensation Plan (the Plan) became effective on 4 September 2018. The Plan is designed to provide long-term incentives for employees (including executive directors) to deliver long-term shareholder returns. Under the Plan, participants are granted awards which vest if certain service or performance conditions are met. On the 6 November 2020, certain key management personnel were approved to be included in the scheme. Compensation from the scheme will be paid by Torrens Global Education Services Pty Ltd and allocated to the Company.

#### 17 Related party transactions

##### (a) Parent entities

The immediate parent entity of the Company is Think: Education Group Pty Ltd. The ultimate Australian parent entity is SEI Australia Holdings Pty Ltd which at 31 December 2023 owns 100% (31 December 2022: 100%) of the issued ordinary shares of the Company. As of 31 December 2023, the ultimate parent entity and controlling party is Strategic Education, Inc. which owns 100% (31 December 2022: 100%) of the issued ordinary shares in the Company.

##### (b) Transactions with related parties

	2023	2022
	\$'000	\$'000
<b>Current assets</b>		
Receivables from other related parties (Note 9)	75	-
<i>This is made up of the following balances:</i>		
Think: Education Services Pty Ltd	75	-
	75	-
<b>Non-current assets</b>		
Receivables from other related parties (Note 9)	-	-

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

- Administrative expense amounts paid by Think: Colleges Pty Ltd on behalf of other entities within the SEI Australia Group.

**Think: Colleges Pty Ltd**  
**Notes to the financial statements for the year ended 31 December 2023**

**17 Related Party Transactions (continued)**

**(b) Transactions with related parties (continued)**

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Current liabilities</b>		
Payables to other related parties (Note 12)	(2,999)	(9,107)
<i>This is made up of the following balances:</i>		
Torrens University Australia Ltd	(2,173)	(6,781)
Torrens Global Education Services Pty Ltd	-	(1,246)
SEI Australia Holdings Pty Ltd	(825)	(1,080)
SEI Australia Education Pty Ltd	(1)	-
	<u>(2,999)</u>	<u>(9,107)</u>
<b>Non-current liabilities</b>		
Payables to other related parties (Note 12)	<u>-</u>	<u>-</u>

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

- Expense amounts paid by other commonly controlled entities on behalf of the Company. These costs are charged to the Company as part of the Cost Allocation in Note 4(a) and 4(b) which relate to Payroll, Sales and Marketing, Facilities and Operations and other administrative expenses
- Cash transferred from commonly controlled entities in order to cover operating costs (including Payroll, Sales and Marketing, Facilities and Operations and other administrative expenses).
- The transfer of tax payable in respect of current year tax to the head of the tax consolidation group.

**18 Deed of cross guarantee**

From 7 December 2018, SEI Australia Holdings Pty Ltd and its controlled entities including Think: Colleges Pty Ltd entered into Deed of Cross Guarantee. This deed is still in place at 31 December 2023.

<b>Company</b>	<b>Financial year entered into agreement</b>
Think: Education Group Pty Ltd	31 December 2018
Think: Colleges Pty Ltd	31 December 2018
Think: Education Services Pty Ltd	31 December 2018
SEI Australia Education Pty Ltd	31 December 2018
SEI Australia Holdings Pty Ltd	31 December 2018

**19 Commitments and pledged assets**

**(a) Assets pledged as security**

At 31 December 2023, the Company does not have any assets pledged as security.

## Think: Colleges Pty Ltd

### Notes to the financial statements for the year ended 31 December 2023

#### 20 Subsequent events

Effective from 1st January 2024, SEI Australia Holdings Pty Ltd (the Company's ultimate Australian Parent entity and head entity of its Australian tax group) acquired Torrens University Australia Limited (a related party and a Higher Education Provider) and Torrens Global Education Services Pty Ltd (a related party which currently provides shared services to the Company).

These transactions will have a significant and positive impact on the consolidated financial standing of SEI Australia Holdings Pty Ltd and its controlled entities.

No other matters or circumstances have arisen since 31 December 2023 that have significantly affected the Company's operations, results or state of affairs or may do so in future years.

#### 21 Remuneration of auditors

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

##### (a) Auditors of the Company – PwC and related network firms

	2023	2022
	\$	\$
Audit of financial reports	43,911	57,947
Total audit of financial reports	<u>43,911</u>	<u>57,947</u>
Other statutory assurance services	-	-
Other services		
Tax compliance services	4,621	2,797
Total other non-audit services	<u>4,621</u>	<u>2,797</u>
Total services provided by PwC	<u>48,532</u>	<u>60,744</u>

##### (b) Other auditors and their related network firms

Other assurance services	31,796	28,361
Other services	7,143	3,739
Total services provided by other auditors (excluding PwC)	<u>38,939</u>	<u>32,100</u>

# Think: Colleges Pty Ltd

## Directors' Declaration

In the directors' opinion:

- (a) the financial statements and notes set out on pages 6 to 34 are in accordance with the *Corporations Act 2001*, including;
  - (i) complying with Accounting Standards – General Purpose Financial Statements – Simplified Disclosures, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
  - (ii) giving a true and fair view of the entity's financial position as at 31 December 2023 and of its performance for the financial year ended on that date, and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable, and
- (c) At the date of this declaration, there are reasonable grounds to believe that members of the extended closed group identified in Note 18 will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee, described in Note 18.

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



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**Linda Brown**

**Director**

**Sydney**

Date: 27<sup>th</sup> March 2024



## Independent auditor's report

To the members of Think: Colleges Pty Ltd

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### Our opinion

In our opinion:

The accompanying financial report of Think: Colleges Pty Ltd (the Company) is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Company's financial position as at 31 December 2023 and of its financial performance for the year then ended
- (b) complying with Australian Accounting Standards - Simplified Disclosures and the *Corporations Regulations 2001*.

### *What we have audited*

The financial report comprises:

- the statement of financial position as at 31 December 2023
- the statement of profit or loss for the year then ended
- the statement of comprehensive income for the year then ended
- the statement of changes in equity for the year then ended
- the statement of cash flows for the year then ended
- the notes to the financial statements, including material accounting policy information and other explanatory information
- the directors' declaration.

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### Basis for opinion

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

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

### *Independence*

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

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Liability limited by a scheme approved under Professional Standards Legislation.



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### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 31 December 2023, 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 through our opinion on the financial report.

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

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

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

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

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

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



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

*PricewaterhouseCoopers*

PricewaterhouseCoopers

A handwritten signature in black ink, appearing to read 'Ben Meacock'.

Ben Meacock  
Partner

Sydney  
27 March 2024