

Australian Chiropractic College Limited

ABN : 84 612 258 072

Financial Statements

For the Financial Year ended 30 June 2020

Australian Chiropractic College Limited

ABN : 84 612 258 072

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For the financial year ended 30 June 2020

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Australian Chiropractic College Limited

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Directors' Report 30 June 2020

The directors present their report on Australian Chiropractic College Limited for the financial year ended 30 June 2020.

1. General information

Information on directors

The names of each person who are directors at the date of this report are:

Dr Patrick Sim
Dr Hayden Belle
Dr Aaron Scott
Dr Mark Postles
Mr Jerry Adams
Prof Andrew Flitman (Resigned 28 October 2019)
Dr Gerard (Gerry) Clum
Prof Jenny Graham (Resigned 15 April 2020)

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 activity of the Australian Chiropractic College Limited (ACC) during the year as a Tertiary Education and Quality Standards Agency (TEQSA) approved non-university provider (PRV14283) was the commencement of its delivery of a four (4) year Bachelor of Chiropractic Course to suitably prerequisite qualified domestic students. Other activities included application for Commonwealth Student Fee Help, fund raising, intra-professional promotion of the ACC and managing the business through the impacts of COVID-19.

Members' guarantee

Australian Chiropractic College Limited is a company limited by guarantee. In the event of, and for the purpose of winding up of Australian Chiropractic College Limited, the amount capable of being called up from each member and any person or association who ceased to be a member in the year prior to the winding up, is limited to \$5,000 for all members, subject to the provisions of Australian Chiropractic College Limited's constitution.

At 30 June 2020 the collective liability of members was \$20,000, the liability at 30 June 2019 was \$20,000.

2. Other items

Future developments and results

Likely developments in the operations of Australian Chiropractic College Limited 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 Australian Chiropractic College Limited.

Meetings of directors

During the financial year, 13 meetings of directors were held. Attendances by each director during the financial year were as follows:

Australian Chiropractic College Limited

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Directors' Report

30 June 2020

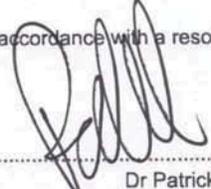
Meetings of directors continued

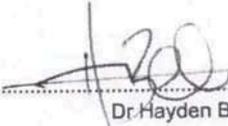
	Board Meetings	
	Number eligible to attend	Number attended
Dr Patrick Sim	13	13
Dr Hayden Belle	13	12
Dr Aaron Scott	13	13
Dr Mark Postles	13	13
Mr Jerry Adams	13	13
Prof Andrew Flitman	3	2
Dr Gerard (Gerry) Clum	13	10
Prof Jenny Graham	10	10

Auditor's independence declaration

The lead auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the financial year ended 30 June 2020 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: 
Dr Patrick Sim

Director: 
Dr Hayden Belle

Dated this ..

26/4/21

Australian Chiropractic College Limited
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Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 to the Directors of Australian Chiropractic College Limited

To the directors of Australian Chiropractic College Limited

As auditor for the audit of Australian Chiropractic College Limited for the financial year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been:

- (i) no contraventions of the independence requirements of 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 Adelaide



Steven A Russo CA, RCA
Audit Partner
Lvl 9, 81 Flinders Street, Adelaide SA

Dated this 26th Day of April 2021

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T: +08 8373 5588 www.pkf.com.au

Australian Chiropractic College Limited

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Statement of Profit or Loss and Other Comprehensive Income For the financial year ended 30 June 2020

	Note	2020 \$	2019 \$
Revenue			
Donations		3,867,091	34,809
Grant income		10,000	5,000
Interest income		2,263	5,970
Sponsorship fees		-	38,451
Operating Income		61,621	-
Other income	4	196,679	400
Total revenue		<u>4,134,654</u>	84,630
Expenses			
Administration expenses		(26,524)	(9,960)
Advertising expenses		(60,794)	(11,890)
Bad debt expenses		(86,455)	-
Consultancy fees		(146,935)	(177,264)
Depreciation		(228,880)	-
Finance expenses		(76,265)	(12,899)
Operating expenses	5	(201,132)	(183,987)
Unrealised gain/loss		(148)	(19,037)
Payroll expenses		(717,135)	(96,614)
Total expenses		<u>(1,544,268)</u>	(511,651)
Profit before income tax		2,590,386	(427,021)
Income tax expense		-	-
Profit from continuing operations		2,590,386	(427,021)
Profit for the year		2,590,386	(427,021)
Other comprehensive income, net of income tax			
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		2,590,386	(427,021)

The accompanying notes form part of these financial statements.

Australian Chiropractic College Limited

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Statement of Financial Position 30 June 2020

	Note	2020 \$	2019
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	303,359	556,537
Trade and other receivables	7	31,590	131,844
TOTAL CURRENT ASSETS		<u>334,949</u>	<u>688,381</u>
NON-CURRENT ASSETS			
Property, plant and equipment	8	50,332	-
Intangibles	3	3,000,000	-
Right of use assets	9	1,016,345	-
Other non-current assets	10	61,000	-
TOTAL NON-CURRENT ASSETS		<u>4,127,677</u>	<u>-</u>
TOTAL ASSETS		<u>4,462,626</u>	<u>688,381</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	11	240,068	45,347
Financial liabilities	12	1,304	27,961
Employee entitlements	13	29,714	-
Lease liabilities	14	151,905	-
Other current liabilities	15	23,511	-
TOTAL CURRENT LIABILITIES		<u>446,502</u>	<u>73,308</u>
NON-CURRENT LIABILITIES			
Financial liabilities	12	733,272	926,489
Lease liabilities	14	1,003,882	-
TOTAL NON-CURRENT LIABILITIES		<u>1,737,154</u>	<u>926,489</u>
TOTAL LIABILITIES		<u>2,186,656</u>	<u>999,797</u>
NET ASSETS		<u>2,278,970</u>	<u>(311,416)</u>
EQUITY			
Retained earnings		<u>2,278,970</u>	<u>(311,416)</u>
TOTAL EQUITY		<u>2,278,970</u>	<u>(311,416)</u>

The accompanying notes form part of these financial statements.

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Statement of Changes in Equity For the financial year ended 30 June 2020

2020

	Note	Retained Earnings \$	Total \$
Balance at 1 July 2019		(311,416)	(311,416)
Profit after income tax expenses for the year		2,590,386	2,590,386
Balance at 30 June 2020		<u>2,278,970</u>	<u>2,278,970</u>

2019

	Note	Retained Earnings \$	Total \$
Balance at 1 July 2018		116,605	116,605
Profit after income tax expenses for the year		(427,021)	(427,021)
Balance at 30 June 2019		<u>(311,416)</u>	<u>(311,416)</u>

The accompanying notes form part of these financial statements.

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Statement of Cash Flows For the financial year ended 30 June 2020

	2020	2019
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	557,272	323,995
Grant receipts	10,000	5,000
Payments to suppliers and employees	(1,063,539)	(432,062)
Interest paid	(3,756)	(1,099)
Net cash provided by/(used in) operating activities	<u>(500,023)</u>	<u>(104,166)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payment for plant and equipment	<u>(50,332)</u>	-
Net cash provided by/(used in) investing activities	<u>(50,332)</u>	-
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from borrowings	<u>297,177</u>	100,000
Net cash provided by/(used in) financing activities	<u>297,177</u>	100,000
Net increase/(decrease) in cash and cash equivalents held	(253,178)	(4,166)
Cash and cash equivalents at beginning of the period	<u>556,537</u>	<u>560,703</u>
Cash and cash equivalents at end of the period	5 <u><u>303,359</u></u>	<u>556,537</u>

The accompanying notes form part of these financial statements.

Australian Chiropractic College Limited

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Notes to the Financial Statements For the financial year ended 30 June 2020

The financial report covers Australian Chiropractic College Limited as an individual entity. Australian Chiropractic College Limited is a not-for-profit Company limited by guarantee, incorporated and domiciled in Australia.

The functional and presentation currency of Australian Chiropractic College Limited is Australian dollars.

1 Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Act 2001* and the *Australian Charities and Not-for-profits Commission Act 2012*.

2 Summary of Significant Accounting Policies

(a) Income Tax

Australian Chiropractic College Limited is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*.

(b) Revenue recognition

Revenue is recognised as follows:

Revenue from contracts with customers

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

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Sales revenue

Events, fundraising and raffles are recognised when received or receivable.

Donations

Donations are recognised at the time the pledge is made.

Grants

Grant revenue is recognised in profit or loss when the company satisfies the performance obligations stated within the funding agreements.

If conditions are attached to the grant which must be satisfied before the company is eligible to retain the contribution, the grant will be recognised in the statement of financial position as a liability until those conditions are satisfied.

Australian Chiropractic College Limited

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Notes to the Financial Statements

For the financial year ended 30 June 2020

(b) Revenue recognition continued

Interest

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

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

(c) 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 payables 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.

(d) Financial instruments

Financial instruments are recognised initially on the date that Australian Chiropractic College Limited 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 the Statement of Profit or Loss and Other Comprehensive Income where transaction costs are expensed as incurred).

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.

Financial assets

Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers but also incorporate other types of contractual monetary assets.

After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Any change in their value is recognised in profit or loss.

Australian Chiropractic College Limited's trade and other receivables fall into this category of financial instruments.

In some circumstances, Australian Chiropractic College Limited renegotiates repayment terms with customers which may lead to changes in the timing of the payments, Australian Chiropractic College Limited does not necessarily consider the balance to be impaired, however assessment is made on a case-by-case basis.

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Notes to the Financial Statements

For the financial year ended 30 June 2020

(d) **Financial instruments continued**

Impairment of Financial assets

At the end of the reporting period Australian Chiropractic College Limited assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets at amortised cost

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial assets original effective interest rate.

Impairment on loans and receivables is reduced through the use of an allowance accounts, all other impairment losses on financial assets at amortised cost are taken directly to the asset.

Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

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.

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.

Australian Chiropractic College Limited'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 the Statement of Profit or Loss and Other Comprehensive Income. Gains or losses on derecognition are recognised in the Statement of Profit or Loss and Other Comprehensive Income.

Australian Chiropractic College Limited

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Notes to the Financial Statements For the financial year ended 30 June 2020

(d) Financial instruments continued

Financial assets continued

Trade receivables

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

The amount of the impairment is recorded in a separate allowance account with the loss being recognised as doubtful debt. Once the receivable is determined to be uncollectable then the gross carrying amount is written off against the associated allowance. Where Australian Chiropractic College Limited 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 the Statement of Profit or Loss and Other Comprehensive Income.

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 loss 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

Australian Chiropractic College Limited 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 Australian Chiropractic College Limited comprise trade payables, bank and other loans.

(e) Cash and cash equivalents

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

(f) Provisions

Provisions are recognised when Australian Chiropractic College Limited 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 recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period

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Notes to the Financial Statements For the financial year ended 30 June 2020

(g) Foreign currency transactions and balances

Transaction 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;

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.

(h) Related parties

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

(i) Property, plant and equipment

Land and buildings are shown at fair value, based on periodic, at least every 3 years, valuations by external independent valuers, less subsequent depreciation and impairment for buildings. The valuations are undertaken more frequently if there is a material change in the fair value relative to the carrying amount. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Increases in the carrying amounts arising on revaluation of land and buildings are credited in other comprehensive income through to the revaluation surplus reserve in equity. Any revaluation decrements are initially taken in other comprehensive income through to the revaluation surplus reserve to the extent of any previous revaluation surplus of the same asset. Thereafter the decrements are taken to profit or loss.

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

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

Buildings	40 years
Leasehold improvements	3-10 years
Plant and equipment	3-7 years

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

Australian Chiropractic College Limited

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Notes to the Financial Statements

For the financial year ended 30 June 2020

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

(j) Right-of-use-assets

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

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

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

(k) Intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

(l) Impairment of non-financial assets

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

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

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Notes to the Financial Statements

For the financial year ended 30 June 2020

(m) Trade and other payables

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

(n) Lease liabilities

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

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

(o) Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date 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 reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation expense

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

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Notes to the Financial Statements For the financial year ended 30 June 2020

(p) Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

(q) Goods and Services Tax ('GST') and other similar taxes

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

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

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

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

(r) Rounding of amounts

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

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Notes to the Financial Statements For the financial year ended 30 June 2020

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 - fair value of financial instruments

Australian Chiropractic College Limited has certain financial assets and liabilities which are measured at fair value. Where fair value has not been able to be determined based on quoted price, a valuation model has been used. The inputs to these models are observable, where possible, however these techniques involve significant estimates and therefore fair value of the instruments could be affected by changes in these assumptions and inputs. Management have used best and reasonable estimates as their inputs for the models given the information available at the time.

Key estimates - provisions

As described in the accounting policies, provisions are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting period. These estimates are made taking into account a range of possible outcomes and will vary as further information is obtained.

Key estimates - receivables

The receivables at reporting date have been reviewed to determine whether there is any objective evidence that any of the receivables are impaired. An impairment provision is included for any receivable where the entire balance is not considered collectible. The impairment provision is based on the best information at the reporting date.

Key estimates – intangible asset

The course curriculum intangible asset was received from the New Zealand Chiropractic College under a licence. The cost to develop a course ranges between \$5 million to \$8 million and the directors have estimated the value of the curriculum at \$3 million. The intangible asset has not been amortised.

ACC will obtain an independent valuation for the intangible asset and this will be reflected in the financial statements for the year ended 30 June 2021.

Coronavirus (COVID-19) pandemic

The impact of COVID-19 had ACC enter a period of hibernation from April 2020 and for the remainder of the teaching year. To counter act the financial impact on the college, management secured Commonwealth and State Government support principally via JobKeeper Allowance in addition to property lease rental waiver and deferral during the prescribed April 2020 to January 2021.

Australian Chiropractic College Limited

ABN : 84 612 258 072

Notes to the Financial Statements For the financial year ended 30 June 2020

4 Other income

	2020	2019
	\$	\$
ATO cash flow boost	75,000	-
ATO JobKeeper reimbursements	108,000	-
Event Income	9,770	-
Sales	909	400
	<u>193,679</u>	<u>400</u>

5 Operating expenses

	2020	2019
	\$	\$
- ASIC fees	-	1,530
- Cleaning	18,327	-
- College amenities	1,156	-
- Computer, IT services & systems	20,042	-
- Contract work	(520)	44,754
- Electricity	13,104	-
- Entertainment Expenses	475	310
- Events & fundraising	12,396	-
- Filling Fees	-	148
- Hire of plant and equipment	4,072	-
- Insurance	3,246	998
- Leasing charges	1,950	-
- Legal costs	16,971	82,984
- Licences, fees and registrations	1,980	-
- Materials	906	-
- Meetings expenses	1,404	3,324
- Parking Fees	745	49
- Printing, Postage and Stationery	5,423	145
- Professional fees	1,850	27,924
- Rent	14,133	-
- Repairs and maintenance	946	-
- Security costs	3,440	-
- Seminars & conference registrations	(600)	-
- Signwriting	6,975	-
- Subscription	10,444	428
- Telephone & Internet	4,177	326
- Travelling, Flights & Accommodation Expenses	34,326	4,125
- Uniforms	1,238	-
- Website	19,107	16,942
- Worker's insurance	3,419	-
Total operating expenses	<u>201,132</u>	<u>183,987</u>

Australian Chiropractic College Limited

ABN : 84 612 258 072

Notes to the Financial Statements For the financial year ended 30 June 2020

6 Cash and cash equivalents

	2020	2019
	\$	\$
Cash at bank	127,359	139,448
Short-term deposit	176,000	417,0893
Total current trade and other receivables	201,132	183,987

7 Trade and other receivables

	2020	2019
	\$	\$
CURRENT		
Trade receivables	104,547	93,738
Provision for doubtful debts	(86,455)	-
GST receivables	13,498	8,773
Deposit	-	29,333
Total current trade and other receivables	31,590	131,844

The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable in the financial statements.

8 Property, plant and equipment

	2020	2019
	\$	\$
Library books	1,560	-
Less: Accumulated depreciation	(133)	-
	1,427	-
Office equipment	773	-
Less: Accumulated depreciation	(98)	-
	675	-
Plant and equipment	5,982	-
Less: Accumulated depreciation	(888)	-
	5,094	-
Property improvements	43,788	-
Less: Accumulated depreciation	(652)	-
	43,136	-
	50,332	-

Australian Chiropractic College Limited

ABN : 84 612 258 072

Notes to the Financial Statements For the financial year ended 30 June 2020

9	Right of use assets	2020	2019
		\$	\$
	83 Currie Street Lease	1,125,318	-
	Less: Accumulated depreciation	(204,603)	-
		<u>920,715</u>	-
	Car Park Lease	36,866	-
	Less: Accumulated depreciation	(6,703)	-
		<u>30,163</u>	-
	IT Equipment Lease	81,270	-
	Less: Accumulated depreciation	(15,803)	-
		<u>65,467</u>	-
		<u>1,016,345</u>	-
10	Other non-current assets	2020	2019
		\$	\$
	Cash flow boost receivable	25,000	-
	JobKeeper payment receivable	36,000	-
		<u>61,000</u>	-
11	Trade and other payables	2020	2019
		\$	\$
	Current		
	Trade payables	188,462	20,221
	Other payables	1,395	-
	Deposits	4,363	4,361
	Withholdings taxes payable	45,848	20,765
		<u>240,068</u>	<u>45,347</u>

Trade and other payables are unsecured, non-interest bearing and are normally settled within 30 days.

Australian Chiropractic College Limited

ABN : 84 612 258 072

Notes to the Financial Statements For the financial year ended 30 June 2020

12 Financial liabilities

	2020	2019
	\$	\$
Current liabilities		
Interest payable	1,304	27,961
	<u>1,304</u>	<u>27,961</u>

	2020	2019
	\$	\$
Non-Current liabilities		
Loan form Australian Spinal Research Foundation	176,000	-
Loan from C1 Founder Cash Advance	31,000	-
Loan from Chiropractors' Association of Australia (South Australia) Ltd	250,000	250,000
Loan from ChiroSecure	-	142,596
Loan from Dr Adam McKenzie	-	100,000
Loan from Morgan Belle Pty Ltd Superannuation Fund	125,000	-
Loan from Infinite Possibilities	60,000	-
Loan from Jerry Adams (Chairman Board Fees)	20,872	-
Loan from Life Chiropractic College West	-	71,297
Loan from Life University Inc	-	150,000
Loan from Mark Postles	70,000	-
Loan from New Zealand Chiropractic Education Trust Board	-	142,596
Loan from Postles Family Superannuation Fund	-	70,000
	<u>732,872</u>	<u>926,489</u>

13 Employee entitlements

	2020	2019
	\$	\$
Provision for annual leave	29,714	-
	<u>29,714</u>	<u>-</u>

Australian Chiropractic College Limited

ABN : 84 612 258 072

Notes to the Financial Statements For the financial year ended 30 June 2020

14 Lease liabilities

	2020	2019
	\$	\$
CURRENT LIABILITIES		
83 Currie Street	119,412	-
Car Park	5,983	-
IT Equipment	26,510	-
	<u>151,905</u>	-
NON-CURRENT LIABILITIES		
83 Currie Street	938,585	-
Car Park	25,402	-
IT Equipment	39,895	-
	<u>1,003,882</u>	-
	<u>1,155,787</u>	-

15 Other current liabilities

	2020	2019
	\$	\$
ATO Integrated client account	23,512	-
	<u>23,512</u>	-

16 Members' Guarantee

Australian Chiropractic College Limited is incorporated under the Corporations Act 2001 and is a Company limited by guarantee. If Australian Chiropractic College Limited is wound up, the constitution states that each member is required to contribute a maximum of \$5,000 each towards meeting any outstanding and obligations of Australian Chiropractic College Limited. At 30 June 2020 the number of members were four.

17 Contingencies

In the opinion of the Directors, Australian Chiropractic College Limited did not have any contingencies at 30 June 2020. At 30 June 2019, contingencies were also nil.

Australian Chiropractic College Limited

ABN : 84 612 258 072

Notes to the Financial Statements For the financial year ended 30 June 2020

18 Related party disclosure

The following persons were directors of Australian Chiropractic College Limited during the financial year:

Dr Patrick Sim
Dr Hayden Belle
Dr Aaron Scott
Dr Mark Postles
Mr Jerry Adams
Prof Andrew Flitman
Dr Gerard (Gerry) Clum
Prof Jenny Graham

Loans to/from related parties

A loan obtained from Mark Postle is entered on 7 April 2020. The college has a loan balance with Jerry Adams at year end.

19 Statutory information

The registered office is:

PKF Adelaide
Level 9, 81 Flinders Street
Adelaide, SA 5000

Principal place of business is:

Australian Chiropractic College Limited
Level 1 Dowie House 83-89 Currie Street
ADELAIDE SA 5000

20 Events after the reporting date

Fee-Help

On 18 December 2020 Australian Chiropractic College Limited was granted approval by DESE (Department of Education, Skills and Employment) to have its students use Fee-Help Loans to cover their course fees. This approval is a material factor in having the College become a going concern and bring forward growth via increased student numbers who had previously paid fees up front, via instalment or private credit.

Capital Raise

The Australian Chiropractic College Limited has commenced Capital Raise in November 2020, establishing a standalone Investment Trust to attract sophisticated investors and donors in support of the College.

COVID-19

The impact of COVID-19 had ACC enter a period of hibernation from April 2020 and for the remainder of the teaching year. To counter act the financial impact on the college, management secured Commonwealth and State Government support principally via JobKeeper Allowance in addition to property lease rental waiver and deferral during the prescribed April 2020 to January 2021.

Australian Chiropractic College Limited

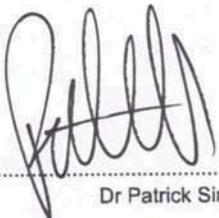
ABN : 84 612 258 072

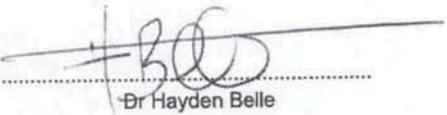
Directors' Declaration

The directors of Australian Chiropractic College Limited declare that:

1. The financial statements and notes, as set out on pages 4 to 23, are in accordance with the *Corporations Act 2001*:
 - a. comply with Australian Accounting Standards - Reduced Disclosure Requirements; and
 - b. give a true and fair view of the financial position as at 30 June 2020 and of the performance for the financial year ended on that date of Australian Chiropractic College Limited.
2. In the directors' opinion, there are reasonable grounds to believe that Australian Chiropractic College Limited 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: 
Dr Patrick Sim

Director: 
Dr Hayden Belle

Dated

26 | 4 | 21

Independent Audit Report to the members of Australian Chiropractic College Limited

Report on the Audit of the Financial Report

Qualified Opinion

We have audited the financial report of Australian Chiropractic College Limited (the Company), which comprises the statement of financial position as at 30 June 2020, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes to the financial statements and the directors' declaration.

In our opinion, except for the effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial report of the Company is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Company's financial position as at 30 June 2020 and of its financial performance for the year ended; and
- (ii) complying with Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Regulations 2001*.

Basis for Qualified Opinion

We draw attention to Note 3 to the financial report, which describes the critical accounting estimates and assumptions. The intangible asset is a significant balance of total assets for Australian Chiropractic College Limited, which comprises the course curriculum license received from the New Zealand Chiropractic College. The Australian Chiropractic College Limited has determined it is impracticable to reliably measure the value of the asset at reporting date. Accordingly, as the evidence available to us regarding this asset value was limited, our audit procedures with respect to intangible assets had to be restricted to the amounts recorded on the financial records. We, therefore, are unable to express an opinion on the recorded intangible asset value of Australian Chiropractic College Limited.

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

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

Emphasis of Matter - Basis of Accounting

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the Company's financial reporting responsibilities under the *Corporations Act 2001*. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

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Independent Audit Report to the members of Australian Chiropractic College Limited

Emphasis of Matter - COVID-19

We draw attention to Note 20 in the financial report, which discloses the board's assessment regarding COVID-19 and the likely impact on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Responsibilities of 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 - Reduced 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 have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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.

Independent Audit Report to the members of Australian Chiropractic College Limited

- 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, related safeguards.

PKF Adelaide



Steven A Russo CA, RCA
Audit Partner
Lvl 9, 81 Flinders St, Adelaide SA
Dated this 26th Day of April 2021