

Australian Learning Group Pty Limited

ABN: 28 112 741 723

Special Purpose Financial Report

For the year ended 30 June 2015

Australian Learning Group Pty Limited

For the year ended 30 June 2015

Contents

	Page
Corporate Directory	3
Directors' Report	4
Auditor's Independence Declaration	6
Statement of Profit or Loss and Other Comprehensive Income	7
Statement of Financial Position	8
Statement of Changes in Equity	9
Statement of Cash Flows	10
Notes to the Financial Statements	11
Directors' Declaration	27
Independent Auditor's Report	28

Australian Learning Group Pty Limited is a company limited by shares, incorporated and domiciled in Australia.

The financial statements were authorised for issue by the directors on 21 August 2015. The directors have the power to amend and reissue the financial statements.

**Australian Learning Group Pty Limited
Corporate Directory
For the year ended 30 June 2015**

Directors	Mr Matthew Smith
Secretary	Mr Matthew Smith
Principal registered office in Australia	Level 1 225 Clarence Street Sydney NSW 2000
Auditor	Stantons International Level 8, 20 Hunter Street Sydney NSW 2000
Bankers	Commonwealth Bank of Australia 165-175 Clarence Street Sydney NSW, 2000
Website address	www.alg.edu.au

Australian Learning Group Pty Limited
Directors' report
For the year ended 30 June 2015

The directors present their report on Australian Learning Group Pty Limited ("the Company") and for the year ended 30 June 2015 and the auditor's report thereon.

Directors

The following person was the director of the Company during the financial year:

- Matthew Smith

Company Secretary

The following person was the company secretary during the financial year:

- Matthew Smith

Principal activities

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

As announced on the 17 June 2015, the Company entered into an agreement with UCW Limited (ASX:UCW), to dispose 100% of its share capital. This is subject to various legal and regulatory requirements.

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

Dividends

During the year the company declared and paid a fully franked dividend of \$730,770 (2014: \$500,000) to shareholders.

Review of operations

The Company's profit from ordinary activities after providing for income tax amounted to \$839,184 (2014: \$781,435).

Significant changes in the state of affairs

There are no significant changes to the state of affairs of the Australian Learning Group Pty Limited.

Matters subsequent to the end of the financial year

There are no matters subsequent to the end of the financial year.

Likely developments and expected results of operations

At the date of this report there are no likely developments in the operations of the Company which would materially impact the results of Australian Learning Group Pty Limited.

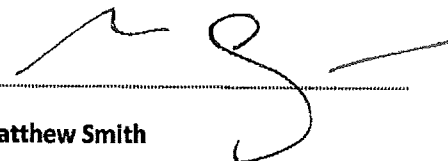
Auditor

Stantons International continues in office in accordance with section 327 of the Corporations Act 2001.

**Australian Learning Group Pty Limited
Directors' report
For the year ended 30 June 2015**

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

Director:



Matthew Smith

Place: Sydney

Date: 21 August 2015

21 August 2015

Board of Directors
Australian Learning Group Pty Ltd
Level 1, 225 Clarence Street
Sydney NSW 2000

Dear Directors

RE: AUSTRALIAN LEARNING GROUP PTY LTD

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Australian Learning Group Pty Ltd.

As Audit Director for the audit of the financial statements of Australian Learning Group Pty Ltd for the year ended 30 June 2015, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours sincerely

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(Trading as Stantons International)
(An Authorised Audit Company)



Martin Michalik
Director

Australian Learning Group Pty Limited
Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2015

	Notes	30-Jun-15 \$	30-Jun-14 \$
Revenue from continuing operations			
Sales	3	6,187,732	5,086,054
Other income	3	292,813	271,729
Cost of goods sold		(2,388,130)	(1,930,678)
Expenses			
Depreciation and Amortisation		(52,229)	(45,789)
Occupancy Costs		(339,985)	(348,975)
General and administration	4	(390,414)	(356,137)
Sales & Marketing		(186,792)	(72,987)
Professional fees		(50,550)	(19,444)
Employee benefits	4	(1,859,588)	(1,406,438)
Finance costs		(13,292)	(14,315)
Profit before income tax		1,199,565	1,163,020
Income Tax Expense	5	(360,381)	(381,585)
Profit attributable to the Company		839,184	781,435
Other comprehensive income		-	-
Total comprehensive income		839,184	781,435

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Australian Learning Group Pty Limited
Statement of Financial Position
As at 30 June 2015

	Notes	30-Jun-15 \$	30-Jun-14 \$
CURRENT ASSETS			
Cash and cash equivalents	6	1,360,137	1,151,570
Trade and other receivables	7	404,196	300,966
Inventory		8,578	7,540
Other Assets		109,399	212,360
Total Current Assets		1,882,310	1,672,436
NON CURRENT ASSETS			
Trade and other receivables		95,912	92,057
Property plant and equipment	8	136,164	143,539
Intangible Assets	9	23,539	3,447
Deferred tax asset	5	474,243	441,786
Total Non-Current Assets		729,858	680,829
Total Assets		2,612,168	2,353,265
CURRENT LIABILITIES			
Trade and other payables	10	307,131	149,919
Financial Liabilities		-	10,683
Deferred Income		1,222,931	1,150,277
Current Tax Liability		84,152	176,608
Provisions	11	98,978	75,216
Total Current Liabilities		1,713,192	1,562,703
Total Liabilities		1,713,192	1,562,703
Net Assets		898,976	790,562
EQUITY			
Issued capital	15	2	2
Retained earnings		898,974	790,560
Total Equity		898,976	790,562

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

Australian Learning Group Pty Limited
Statement of Changes in Equity
For the year ended 30 June 2015

	Notes	Issued Capital	Retained earnings	Total
		\$	\$	\$
Balance at 1 July 2013		2	509,125	509,127
Total comprehensive income for the year		-	781,435	781,435
Dividends paid	15	-	(500,000)	(500,000)
Balance at 30 June 2014		2	790,560	790,562
Balance at 1 July 2014		2	790,560	790,562
Total comprehensive income for the year		-	839,184	839,184
Dividends paid	15	-	(730,770)	(730,770)
Balance at 30 June 2015		2	898,974	898,976

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

Australian Learning Group Pty Limited
Statement of cash flows
For the year ended 30 June 2015

		30-Jun-15	30-Jun-14
		\$	\$
	Notes		
Cash flows from operating activities			
Cash receipts from customers		6,440,302	5,209,801
Cash paid to suppliers and employees		(4,954,749)	(4,050,811)
Cash generated from operations		<u>1,485,553</u>	<u>1,158,990</u>
Interest received		14,608	13,988
Income taxes paid		(485,295)	(328,309)
Net cash inflow from operating activities	13	<u>1,014,866</u>	<u>844,669</u>
Cash flows from investing activities			
Acquisition of property plant and equipment		(40,446)	(72,030)
Acquisition of Intangible Assets		(24,400)	-
Net cash (outflow) from investing activities		<u>(64,846)</u>	<u>(72,030)</u>
Cash flows from financing activities			
Dividends paid	15	(730,770)	(500,000)
Loans repaid		(10,683)	(3,482)
Net cash (outflow) from financing activities		<u>(741,453)</u>	<u>(503,482)</u>
Net increase in cash and cash equivalents		208,567	269,157
Cash and cash equivalents at beginning of financial year		<u>1,151,570</u>	<u>882,413</u>
Cash and cash equivalents at end of financial year	6	<u>1,360,137</u>	<u>1,151,570</u>

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

Australian Learning Group Pty Limited

Notes to the financial statements

1 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these 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 Australian Learning Group Pty Limited.

(a) Basis of preparation

These special purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the Corporations Act 2001. Australian Learning Group Pty Limited is a for profit entity for the purposes of preparing the financial statements.

Statement of Compliance

The special purpose financial report has been prepared in accordance with the requirements of the Corporations Act 2001 and the recognition and measurement and classification aspects of all applicable Australian Accounting Standards ("AASBs") adopted by the Australian Accounting Standards Board ("AASB").

The financial report does not include the disclosure requirements of the following pronouncements having a material effect:

AASB 101 Presentation of Financial Statements

AASB 107 Statement of Cash Flows

AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors

AASB 124 Related Party Disclosures

AASB 119 Employee Benefits

Critical accounting estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Reporting Basis and Conventions

The financial report has been prepared on an accruals basis and is based on historical costs. The functional and presentation currency of the Company is the Australian Dollar.

Australian Learning Group Pty Limited

Notes to the financial statements (continued)

1 Summary of significant accounting policies (continued)

(b) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of student withdrawals and revenue is recognised on invoicing of the students. A provision for credit notes is recognised based on assumptions using historical information. The company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the company's activities as described below. The company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is recognised for the major business activities as follows:

(i) Course revenue

Revenue from classroom-based courses is recognised when the course commences and brought to account on a pro rata basis over the term of the course. Revenue from Distance Learning and Flexible Online Learning courses are apportioned between an amount recognised on receiving the course materials and an amount over the period to completion. This has been determined with reference to the proportion of costs incurred upfront to the total estimated cost of provisioning the services.

(ii) Interest income

Interest income is recognised using the effective interest method. When a receivable is impaired, the company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

(c) Income tax

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

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the single entity financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future

Australian Learning Group Pty Limited

Notes to the financial statements (continued)

(c) Income tax (continued)

taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

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.

The company accounts for its own current and deferred tax amounts. These tax amounts are measured as if the company continued to be a standalone taxpayer in its own right.

(d) Impairment of assets

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

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

(e) 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.

(f) Trade receivables

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

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the

Australian Learning Group Pty Limited

Notes to the financial statements (continued)

(f) Trade receivables (continued)

receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

The amount of the impairment loss is recognised in profit or loss within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

(g) Inventories

Finished goods are stated at the lower of cost and net realisable value. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(h) Investments and other financial assets

Classification

The company classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held to maturity investments and available for sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held to maturity, re evaluates this designation at the end of each reporting period.

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are expected to be settled within 12 months; otherwise they are classified as non current.

(ii) Loans and receivables

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting period which are classified as non current assets. Loans and receivables are included in trade and other receivables in the statement of financial position.

(iii) Held to maturity investments

Held to maturity investments are non derivative financial assets with fixed or determinable payments and fixed maturities that the company's management has the positive intention and ability to hold to maturity. If the company were to sell other than an insignificant amount of held to maturity financial assets, the whole category would be tainted and reclassified as available for sale. Held to maturity financial assets are included in noncurrent assets, except for those with

Australian Learning Group Pty Limited

Notes to the financial statements (continued)

(h) Investments and other financial assets (continued)

maturities less than 12 months from the end of the reporting period, which are classified as current assets.

(iv) Available for sale financial assets

Available for sale financial assets, comprising principally marketable equity securities, are non derivatives that are either designated in this category or not classified in any of the other categories. They are included in noncurrent assets unless the investment matures or management intend to dispose of the investment within 12 months of the end of the reporting period. Investments are designated as available for sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long-term.

Financial assets reclassification

The company may choose to reclassify a non derivative trading financial asset out of the held for trading category if the financial asset is no longer held for the purpose of selling it in the near term. Financial assets other than loans and receivables are permitted to be reclassified out of the held for trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near term.

In addition, the company may choose to reclassify financial assets that would meet the definition of loans and receivables out of the held for trading or available for sale categories if the company has the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification.

Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made. Effective interest rates for financial assets reclassified to loans and receivables and held to maturity categories are determined at the reclassification date. Further increases in estimates of cash flows adjust effective interest rates prospectively.

(i) 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.

(ii) Brand and licences

Brands and licences are carried at the lower of cost or fair value and are not amortised. Instead they are tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and are carried at cost less accumulated impairment losses.

(iii) Course and development and accreditation

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.

(iv) Course Development

Acquired course developments 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

Australian Learning Group Pty Limited
Notes to the financial statements (continued)

(i) Intangible Assets (continued)

straight-line method to allocate the cost of the asset over its estimated useful life, which is between two and 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.

(j) Plant, property and equipment

Fixtures and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method so as to generally write off the cost of each fixed asset over its estimated useful life on the following basis:

- Plant and equipment: 3 to 10 years

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

(k) Trade and other payables

These amounts represent liabilities for goods and services provided to the company prior to the end of financial period which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(l) Provisions

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 period. 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.

(m) Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including nonmonetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of 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. All other short-term employee benefit obligations are presented as payables.

Australian Learning Group Pty Limited
Notes to the financial statements (continued)

(m) Employee benefits (continued)

(ii) Other long-term employee benefit obligations

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

The obligations are presented as current liabilities in the statement of financial position if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur.

(iii) 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.

(n) 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.

(o) 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.

Australian Learning Group Pty Limited
Notes to the financial statements (continued)

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.

(a) Critical accounting estimates and assumptions

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 period are discussed below.

(i) Distance learning revenue

The recognition policy for distance learning revenue requires the estimation of the apportionment of revenue between an amount recognised on receiving the course materials and an amount over the period to completion. This has been determined with reference to the proportion of costs incurred upfront to the total estimated cost of providing the services.

Australian Learning Group Pty Limited
Notes to the financial statements (continued)

3 Revenue

	30-Jun-15	30-Jun-14
	\$	\$
Revenue from continuing operations		
Tuition revenue	6,187,732	5,086,054
Non-tuition revenue	292,813	271,729
Total Revenue from Continuing activities	<u>6,480,545</u>	<u>5,357,783</u>

4 Expenses

	30-Jun-15	30-Jun-14
	\$	\$
Employee Benefits include the following specific expenses:		
Payroll Tax	56,290	19,865
Superannuation	219,525	170,695
Wages & Salaries	1,560,012	1,243,456
Leave expense	23,761	(27,578)
Total Employee Benefits	<u>1,859,588</u>	<u>1,406,438</u>

General and Administration Expenses include the following specific expenses:

Telephone & Internet	34,288	25,922
Employer Expenses	32,841	35,986
Other	323,285	294,229
Total General and Administration Expenses	<u>390,414</u>	<u>356,137</u>

Australian Learning Group Pty Limited
Notes to the financial statements (continued)

5 Income tax

(a) Income tax benefit

	30-Jun-15 \$	30-Jun-14 \$
Current tax expense	392,838	393,766
Deferred tax benefit	(32,457)	(12,181)
Total	<u>360,381</u>	<u>381,585</u>
<i>Income tax expense is attributable to:</i>		
Profit from continuing operations	392,838	393,766
Profit from discontinued operations	-	-
Total	<u>392,838</u>	<u>393,766</u>
<i>Deferred income tax expense included in income tax expense comprises:</i>		
Increase in deferred tax assets	(32,457)	(12,181)
Total	<u>(32,457)</u>	<u>(12,181)</u>

(b) Numerical reconciliation of income tax charge to prima facie tax payable

	30-Jun-15 \$	30-Jun-14 \$
Profit from continuing operations before income tax expense	1,199,565	1,163,020
Tax charge at the Australian tax rate of 30% (2014: 30%)	<u>359,870</u>	<u>348,906</u>
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Provisions not deductible	11,385	9,616
Entertainment	5,458	1,747
Prepayments non-deductible/(deductible)	11,965	(242)
Other	4,160	33,739
Total	<u>32,968</u>	<u>44,860</u>
Income tax charge	<u><u>392,838</u></u>	<u><u>393,766</u></u>

Australian Learning Group Pty Limited
Notes to the financial statements (continued)

5 Income tax (continued)

(c) Deferred Tax Assets

The balance comprises temporary differences attributable to:

	30-Jun-15	30-Jun-14
	\$	\$
<i>Deferred tax asset in respect:</i>		
Prepayments	(29,477)	(24,725)
Unpaid Superannuation	19,217	10,015
Provision for holiday pay	10,927	8,737
Provision for long Service Leave	18,766	13,828
Provision for deferred income	366,879	345,083
Temporary depreciation difference	87,931	88,848
Net deferred tax assets	474,243	441,786

6 Cash and cash equivalents

	30-Jun-15	30-Jun-14
	\$	\$
Cash at bank and on hand	1,360,137	1,151,570
Total Cash and cash equivalents	1,360,137	1,151,570

7 Trade and other receivables

	30-Jun-15	30-Jun-14
	\$	\$
Trade debtors*	371,311	262,905
GST receivable	32,885	38,061
Total Trade and other Receivables	404,196	300,966

**No trade debtors are considered past due and are considered fully collectible.*

Australian Learning Group Pty Limited
Notes to the financial statements (continued)

8 Property, plant and equipment	30-Jun-15	30-Jun-14
	\$	\$
Class furniture at cost	16,304	-
Less accumulated depreciation	(1,076)	-
Total class furniture	15,228	-
Office Equipment at cost	236,792	231,762
Less accumulated depreciation	(149,718)	(117,559)
Total office equipment	87,074	114,203
Low Value Pool assets at cost	73,850	54,737
Less accumulated depreciation	(39,988)	(25,401)
Total other assets	33,862	29,336
Total property and equipment	136,164	143,539

Movements in carrying amounts

Class Furniture opening balance	-	-
Additions	16,304	-
Depreciation expense	(1,076)	-
Class Furniture carrying amount at end of year	15,228	-
Office Equipment opening balance	114,203	102,417
Additions	4,039	46,200
Depreciation expense	(31,168)	(34,414)
Office Equipment carrying amount at end of year	87,074	114,203
Low Value Pool Assets opening balance	29,336	15,585
Additions	19,111	39,152
Depreciation expense	(14,585)	(25,401)
Low Value Pool Assets carrying amount at end of year	33,862	29,336

Australian Learning Group Pty Limited
Notes to the financial statements (continued)

9 Intangible assets

	30-Jun-15	30-Jun-14
	\$	\$
Website development	4,439	4,439
Less accumulated amortisation losses	(2,077)	(992)
Total website development	2,362	3,447
Course development	24,500	-
Less accumulated amortisation losses	(3,323)	-
Total course development	21,177	-
Total intangible assets	23,539	3,447

10 Trade and other payables

	30-Jun-15	30-Jun-14
	\$	\$
Trade Creditors	182,962	57,011
Other Current Liabilities	124,169	92,908
Trade and other payables	307,131	149,919

11 Provisions

	30-Jun-15	30-Jun-14
	\$	\$
Employer Entitlement	98,978	75,216
Total Provisions	98,978	75,216

Australian Learning Group Pty Limited
Notes to the financial statements (continued)

12 Reconciliation of profit after income tax to net cash inflow from operating activities

	30-Jun-15	30-Jun-14
	\$	\$
Profit after Income Tax	839,184	781,435
Non-cash flows in profit loss		
Depreciation	52,229	45,789
Changes in assets and liabilities, net of the effects		
(Increase)/decrease in inventories	(1,038)	-
(Increase)/decrease in trade and other receivables	(107,085)	(154,841)
(Increase)/decrease in tax assets	(32,457)	(34,667)
Increase/(decrease) in trade and other payables	157,212	169,074
Increase/(decrease) in tax liabilities	(92,457)	65,457
Increase/(decrease) in provisions	23,762	(27,578)
Increase/(decrease) in deferred income	72,655	-
(Increase)/decrease in prepayments	102,861	-
	1,014,866	844,669

Australian Learning Group Pty Limited
Notes to the financial statements (continued)

13 Key management personnel compensation

(a) Directors

The following person was a director of Australian Learning Group Pty Limited during the financial period:

- Matthew Smith

(b) Loans to key management personnel and their related parties

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

	30-Jun-15	30-Jun-14
	\$	\$
Director Loan	-	10,683
Total Director Loan	-	10,683

(c) Key management personnel and director transactions

There have been the following transactions entered into with key management personnel during the financial period.

	30-Jun-15	30-Jun-14
	\$	\$
Rent	283,100	271,957
Royalty	75,646	27,870
Total Director Loan	358,746	299,827

14 Related parties transactions

(a) Loans from related parties

	30-Jun-15	30-Jun-14
	\$	\$
Current liabilities		
Loans from other related parties	-	10,683
	-	10,683
<i>This is made up of the following loans:</i>		
Margaret Smith	-	10,683
	-	10,683

Australian Learning Group Pty Limited
Notes to the financial statements (continued)

15 Issued Capital

(a) Capital and Shares on Issue

	30-Jun-15		30-Jun-14	
	No. of shares	\$	No. of shares	\$
Ordinary shares				
At the beginning of the financial year	2	2	2	2
Shares issued during the year	-	-	-	-
At the end of the financial year	2	2	2	2

Ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held.

The Company does not have a par value in respect of its issued shares

At the shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

(b) Dividends

2015	Dividends recognised in the current year by the Company are:			
	<i>In AUD</i>	<u>\$ per share</u>	<u>Total amount</u>	<u>Franked/ unfranked</u>
				<u>Date of payment</u>
Final 2015 Ord. Fully Franked		365,385	730,770	730,770 30-Jun-15
2014	Dividends recognised in the prior year by the Company are:			
	<i>In AUD</i>	<u>\$ per share</u>	<u>Total amount</u>	<u>Franked/ unfranked</u>
				<u>Date of payment</u>
Final 2014 Ord. Fully Franked		250,000	500,000	500,000 30-Jun-14

Franked dividends paid during the year were franked at the tax rate of 30 percent.

The dividend franking account has 30 per cent franking credits available to shareholders of the Company for subsequent financial years.

The ability to utilise the franking credits is dependent upon there being sufficient available profits to declare dividends.

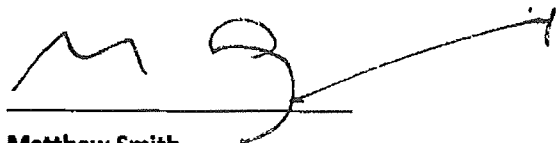
Australian Learning Group Pty Limited Directors' Declaration

Directors' declaration

In the directors' opinion:

- (a) the financial statements and notes set out on pages 7 to 26 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the single entity's financial position as at 30 June 2015 and of its performance for the financial year ended on that date; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

A handwritten signature in black ink, appearing to read 'Matthew Smith', is written over a horizontal line. The signature is stylized and extends to the right.

Matthew Smith

Director

Sydney

Date: 21 August 2015

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
AUSTRALIAN LEARNING GROUP PTY LTD**

Report on the Financial Report

We have audited the accompanying financial report, being a special purpose financial report, of Australian Learning Group Pty Ltd, which comprises the statement of financial position as at 30 June 2015, the statement of profit or loss and other comprehensive income, the statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of Company.

Directors' responsibility for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In note 1, the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the special purpose financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Opinion

In our opinion, the special purpose financial report of Australian Learning Group Pty Limited presents a true and fair view of the financial position of Australian Learning Group Pty Limited as at 30 June 2015 and the results of its operations for the year then ended in accordance with the accounting policies described in Note 1 to the financial statements.

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(Trading as Stantons International)
(An Authorised Audit Company)

Stantons International Audit & Consulting Pty Ltd



Martin Michalik
Director

West Perth, Western Australia
21 August 2015