Study Group Limited

Annual report and financial statements for the year ended 31 December 2020

Registered number 02325576

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DIRECTORS AND CORPORATE INFORMATION

DIRECTORS

AJ Allden
K Burnett
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JH Pitman
N Williams

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COMPANY REGISTERED NUMBER

Registered in England No. 02325576

Strategic report

The Directors present their strategic report of Study Group Limited ('the Company') for the year ended 31 December 2020. With effect from 2 January 2020 the Company changed its name and was formerly named Bellerbys Educational Services Limited. The Company is domiciled in the United Kingdom with its registered office at Brighton Study Centre, 1 Billinton Way, Brighton, East Sussex, BN1 4LF. The Company is a subsidiary undertaking of SG Global Topco Limited. SG Global Topco Limited and its subsidiaries comprise 'the Group' or 'Study Group'. Ardian LBO Fund VI B S.L.P ('Ardian') is the Group's ultimate controlling party.

Overview of the year
Study Group is the leading international provider of international education, driving success for its students and partners. Its largest business is the delivery of Higher Education and Pathway programmes, referred to hereafter as the 'International Education Delivery' business. This entails providing undergraduate, foundation or International Year 1, Pre-Masters and Masters programmes to international students in the United Kingdom, Europe, The United States, Canada, Australia and New Zealand. It delivers these programmes to students from over 140 countries.

The Company operates in two main geographic areas; the UK and Europe. Both of these regions fall into a single 'UK&EU' operating segment in accordance with the Group's operating segments. The Company also has a branch in Singapore which provides management services.

In 2020 the Group was proud to reach its 25th anniversary of providing high quality international education. During this period of significant market development and change, the Group has delivered strong financial performance and steadily improving academic standards, evidenced by the high numbers of students successfully progressing to the next stage of their academic careers.

Study Group was proud to be named Education Investor's University Pathway provider of the year in 2020.

The results for the year and financial position of the Company are as shown in the financial statements.

In 2020 results were significantly affected by the Covid-19 pandemic, notwithstanding the mitigating actions that were rapidly taken to support our students and partners, and to strengthen Study Group's financial position. We specifically recognise and thank every member of the global Study Group team for their efforts and commitment during this challenging period.

The 2019-20 intakes were transitioned to online learning with as high or higher levels of student retention and satisfaction than previous years. Consequently, most pathway students gained entry to their university of choice on completion of their studies. However travel restrictions impacted the number of students that were able to study in country for academic years commencing in 2020, which materially impacted the Company's intakes particularly in the second half of the year. In light of these circumstances a fall in revenue of 2.2% to £148.2 million from £151.5 million is viewed as a sound achievement. The results benefited from opening a study centre at Cardiff University, along with a first full year's contribution from the Company's partnership with the University of Aberdeen. The Company also partnered with Huddersfield University to open a new centre for postgraduate students in London in January 2021.

During 2020, the Company renewed three partnerships, the University of London's Royal Holloway College, University of Leeds and Kingston University and launched a partnership with Cardiff University in September 2020.

As a consequence of the Covid-19 pandemic the Company rapidly implemented increased cash and cost control measures. This included voluntary staff salary reductions during a significant portion of the year. The Company also benefited from a variety of government initiatives in the various countries it operates to the value of £2.1 million, including £1.4 million of payroll related support passed directly on to furloughed employees.

The general outlook is improving but remains uncertain at the time of writing. However, the Directors believe that the Group is in a strong financial position with the flexibility to adapt to any new challenges it might face.

Strategic report *(continued)*

Key performance indicators
The financial and non-financial KPIs for the business are as follows. These KPIs are selected for monitoring the Company's medium term goal of continued revenue and EBITDA[1] growth.

	Year Ended 2020	**Year Ended 2019**	**Variance**
Revenue £m	148.2	151.5	**(2.2)%**
EBITDA £m[1]	25.2	17.8	**41.6%**
New Student Enrolment (NSE)	6,236	7,296	**(14.5)%**

[1] EBITDA is defined as earnings before tax, interest, depreciation, amortisation and exceptional and other items. The University Partnerships and Bellerbys Colleges are managed as one operating segment to reflect the way that the business is monitored and managed and hence are not reported on separately.

Revenue
Revenue in 2020 decreased by 2.2% to £148.2 million (2019: £151.5 million) due to Covid-19 and related travel restrictions. The impact of Covid-19 was mitigated in part by a rapid move to online delivery including utilising the Group's recently-acquired online learning platform, Insendi. This enabled the Group to embed best practice principles into online teaching, including peer engagement and feedback. The Company also benefited from pre-existing market conditions including a favourable post-study work rights regime in the UK. In light of this, new student volumes were higher than Covid-19 revised management expectations.

EBITDA[1]
EBITDA increased by 41.6% to £25.2 million (2019: £17.8 million). As a consequence of the Covid-19 pandemic, prompt action by the Directors enabled the Company to manage its costs in response to the decline in student volumes, resulting in the reduction in administrative expenses. The Company also benefited from a variety of government initiatives in the various countries it operates to the value of £2.1 million.

NSE
Overall the Company saw a decline in NSE (New Students Enrolment) from 7,296 to 6,236, a reduction of 14.5% due primarily to the Covid-19 pandemic with the largest reduction being in the second half of 2020.

Exceptional and other items
Exceptional items are those which are material in size and are non-recurring in nature. Other items are not necessarily non-recurring in nature, but the Directors believe that it is helpful to show these amounts separately as they are not directly linked to the recurring trading operations of the business.

Total exceptional costs and other items increased in 2020 to £1.6 million (2019: £1.0 million). Exceptional costs and other items in the year include £0.3 million (2019: £0.6 million) relating to a corporate strategy project, £0.6 million (2019: £0.1 million) relating to restructuring costs, £0.2 million (2019: £nil) relating to Covid-19 incremental costs and £0.7 million (2019: £0.4 million) relating to the impairment of right-of-use assets. The prior year also included £0.6 million costs in relation to discontinued operations of the Group and £(1.0) million credit in relation to property provisions.

Depreciation and amortisation
Depreciation and amortisation for the year to 31 December 2020 was £11.1 million broadly in line with the prior year (2019: £10.8 million).

Interest payable and similar charges
Interest payable for the year to 31 December 2020 was £3.8 million broadly in line with the prior year (2019: £4.1 million).

Balance sheet position
Net assets were £70.1 million at 31 December 2020 (2019: £60.3 million). The main driver of the increase in net assets over the prior year is £9.8 million profit after tax in the current year.

Cash flow
The Company generated a cash outflow of £6.4 million in the year (2019: £35.3 million inflow). An inflow of £4.3 million was generated from operating activities. This was offset by a £1.0 million outflow from investing activities which was mainly due to purchases of intangible assets and £9.7 million outflow from financing activities due to the repayment of lease liabilities. Cash flow is managed at a Group level through the use of Group cash pooling facilities.

Strategic report *(continued)*

2021 Developments including the impact of and response to Covid-19
The market in 2021 continues to evolve and varies between countries in terms of social distancing measures and international travel restrictions. For potential future students, this understandably creates uncertainty and concern as they make choices about their international education based on their long-term aspirations.

As the duration and impact of the pandemic extends, management have gathered information from our students, staff and the market to further refine our approach. This is particularly true in relation to continuing to expand our development and delivery of virtual course content, which we believe further enhances our overall commercial strategy to be the leading global provider of international education.

Specific examples have included:
- Creation of local centres in key student home countries;
- Continued development of online platforms; and
- Shared experience on teaching techniques and content, including Study Group's peer-reviewed Journal of Assessment Learning and Teaching in International Education ("JALTIE").

As a direct result of the above actions, satisfaction rates, continuation and progression remained strong.

The Group's management is also focusing on the medium future beyond the pandemic, assessing innovations and developments in the market and aligning those with the changing requirements of the Group's partners. This has been coupled with proactively looking for new partnerships and new student market segments.

Going concern
Going concern is assessed at a consolidated Group level for SG Global Topco Limited subsidiaries. The Directors outlined in the 2019 Financial Statements that a material uncertainty existed because an agreement reached with the Group's lenders, which included setting aside a financial covenant, remained subject to final legal documentation at the time of approving those financial statements. The Directors are able to report that the legal documentation of that agreement has been finalised such that the original covenant has been set aside and replaced with a new minimum liquidity covenant until September 2022. As part of this agreement a £17.0 million capital injection was received on 22 February 2021 from Ardian, and a further £15.0 million is committed if required.

The Directors have prepared a number of trading projections to cover the going concern review period. In light of the improving outlook including the deployment of vaccines, the Directors are confident that trading will begin to return towards pre-pandemic levels during the next twelve months. An illustrative extreme downside scenario for the purposes of stress-testing the Group's strong financial position has been prepared in which NSE for the second six months of 2021 could be approaching 20% lower than the comparable period in 2020 which was impacted by Covid-19 before cash resources would breach the minimum liquidity covenant. Based on current evidence available to the Directors at the date of this report, including the level of NSE expected for the first six months of 2021 which are largely secured, the likelihood of this level of reduction is considered remote. Therefore, under all reasonable downside scenarios modelled the group has sufficient committed facilities to meet liabilities as they fall due for a period of 12 months from signing the financial statements, and accordingly the Directors continue to adopt the going concern basis in the financial statements.

Strategy
The Group is committed to a strategy of continuing to strengthen its position as a leading provider of international education. The Group has identified four key pillars to achieve its strategy:

Student Success: International students and the provision of an excellent education is at the core of Study Group's business. It is also fundamental to the mission and strategic aims of our partners.

As such, a key factor in the success of the Group's partnerships is continuing to drive successful student outcomes and high progression rates to our partner institutions. To achieve this aim, students are supported with language and study skills related to their areas of desired undergraduate and postgraduate study. Students are assisted in adjusting to a new culture with confidence and to ensure excellent discipline-focused language skills. This enables them to not only successfully progress to leading universities but to thrive at them, achieving strong degrees and underpinning their future careers.

During the year, the Group continued its focus on academic tuition and support and has seen a 25% increase in the number of its UK Students offered progression from their ISC's into University in 2020 compared with 2019.

Partner Success: Study Group aims to continuously improve the service it provides to all its stakeholders including its key partners and recognises its own success is interwoven with the success of our partners.

Universities are international communities who rely on the recruitment of high-quality students from around the world who are well-prepared to succeed in the education they offer, and to progress to further study or successful careers. The financial contribution of international students also underpins university ambitions to deliver the research which is important to their own reputation and to addressing key challenges on health, productivity and the environment.

Strategic report *(continued)*

Strategy *(continued)*

Providing universities with a reliable intake of high-quality students is achieved by ensuring these students are from a diverse range of countries. Study Group also ensures the teaching and pastoral support students receive in our Study Centres in both face-to-face and online formats in turn increases university attainment and reduced dropout rates.

Through expertise in transitional teaching and support for international students and its strengths in innovations around online education, the Group acts as a trusted partner and important contributor to our partners' success.

Highly Engaged Team: The Group understands that recruiting, developing and retaining a strong team will be critical to achieving its strategic objectives. It is also focused on ensuring that its employees are continually learning and growing at work.

Growth-Driven: Study Group works with high quality university partners to ensure Study Group can offer valuable propositions to its students to support them with the next phase of their education. To this end, the Group is constantly looking for new opportunities to improve the breadth of source channels in order to provide cultural and economic diversity for its existing partners, as well as expanding its offering and maintaining strong relationships, as evidenced by the renewals of all partner relationships whose contracts were due (also 100% in 2019). The Group believes that this, coupled with a longer term goal to build new university partnerships and develop new products and business lines, positions it to be a global leader in international higher education and deliver exceptional student outcomes. This can be evidenced by the addition of Cardiff University as a partner during the year and opening a new centre in London for postgraduate students with Huddersfield University in January 2021. Additionally, the Group acquired Insendi in February 2020 to develop the Group's online learning capabilities.

Study Group believes that this strategy, combined with a continued focus on operational effectiveness and efficiency, will be supportive of continued long term revenue and EBITDA growth.

Outlook
Overall, in the context of a Covid-19 impacted trading period, the Company is satisfied with the 2020 business performance and NSE volumes. The Board has considered the below Principal Risks and Uncertainties, in particular the continuing potential impact of Covid-19 on the business as discussed in the Going Concern section above and is confident that its strong financial and market position, together with its proactive management of the impact of the outbreak, will ensure that the Company will manage through the situation and will emerge strongly.

Principal risks and uncertainties
A risk management framework is in place consisting of divisional compliance, risk and assurance boards that report monthly to a Global Compliance, Risk and Assurance Board ("GCRAB"). The GCRAB has as its key objectives the following:

- Drive focus on the achievement of top grade compliance;
- Oversee, test, challenge and provide input into initiatives and activities that are integral to delivering top grade compliance;
- Filter and prioritise new ideas for improving compliance and managing enterprise risks;
- Monitor adherence to all statutory compliance measures and requirements across the Group;
- Receive and consider output from any Divisional Compliance, Risk and Assurance Groups;
- Identify and evaluate all significant enterprise risks and ensure they are appropriately owned and managed; and
- Ensure that all key stakeholders are aligned in pursuit of the achievement of top grade compliance.

The Group's Board is responsible for overseeing the framework. The most significant risks are described below.

Covid-19
The global economy has been and remains affected by the Covid-19 pandemic. The Group's management are actively engaged on a daily basis in supporting current and future students, and are following public health guidance. It is not currently possible to accurately determine how long the pandemic and associated disruption will continue, and therefore the consequent financial impact on the Group. Although the majority of students are being taught on-line with high satisfaction levels, a number of students are choosing to defer commencing their studies until borders re-open and a level of on campus teaching and student experience returns. The Group is keeping its resource levels and investments under close review in order to respond as flexibly as possible to the situation as it evolves. The Board is confident that its strong financial and market position, together with its proactive management of the impact of the outbreak, will ensure that the Group will manage through the situation and will emerge strongly. The Directors' going concern assessment is detailed in the Strategic Report on page 4.

Economic, market and trading risks
Industry and political risks
If economic growth in emerging markets were to slow down or there were to be political uncertainty in source markets, demand for a foreign-educated, English-speaking workforce may decline. The Group's students join from over 140 countries worldwide, which provides a degree of mitigation against these risks.

Strategic report *(continued)*

Contract risks
University partners
The Company maintains relationships in the form of contractual agreements with numerous universities. It works closely with these university partners to ensure that we maintain a good relationship and are adhering to the terms of its contractual arrangements. If university partners are lost it could damage the future prospects of the Company.

Agent relationships
The Company works with a global network of education agents to recruit its international students and market its programmes. The Company's agent management process is designed to ensure the effective management of these relationships and is constantly reviewed to continuously improve in this area. The Company works with over 1500 agents worldwide which provides a significant degree of mitigation against the risk of overreliance and subsequent loss of any one agent relationship, which otherwise could restrict the Company's ability to successfully recruit students in particular source markets.

Regulatory oversight
The majority of the Company's partnerships are subject to regulatory compliance and are overseen by independent third party regulators. This risk of the withdrawal of a licence to operate in any one region is mitigated by the Company's commitment to assuring adherence to its regulatory obligations and, beyond that, achieving top grade compliance. All of our centres, colleges, and campuses are operated by appropriately qualified personnel and, where deemed appropriate, central staff, including internal audit, are employed to review compliance with regulatory requirements and, where possible, drive continual improvement.

Foreign currency risk
It is our general practice to collect revenues and pay expenses in the local currency of each country in which we operate. Refer to the Directors' Report for discussion on the Group's foreign currency and liquidity risk.

Financial position
The Group's term loan includes a single financial covenant requiring that the Group's leverage ratio remain within agreed limits, with which the Group was in compliance throughout 2020. In February 2021 the legal documentation was finalised on an agreement reached with the Group's lenders, and as a result this covenant has been set aside and replaced with a new covenant until September 2022. As part of this agreement a £17.0 million capital injection was received on 22 February 2021 from Ardian, and a further £15.0 million is committed if required. The Group monitors its covenant requirements on a regular basis to ensure that it has time to take mitigating action in the event of a projected liquidity reduction. The impact that Covid-19 has had on the business and its financial position, and consequently on the Directors' going concern assessment is detailed in the Strategic Report on page 4.

Business systems risk
The Company relies on information technology systems and its online platform to operate its websites, facilitate student enrolment online, deliver its programmes and maintain cost-efficient operations. In common with all businesses, the Company's information technology systems and online platform could be impacted by interruption from both internal and external threats. In order to mitigate these risks, the Group's Production IT systems are housed and backed up appropriately to minimise the risk of catastrophic failure. All systems are monitored for environmental factors and system performance by a dedicated team of professionals.

Reputational risk
The Company's reputation could be adversely affected by its ability to adequately update and expand the content of its existing programmes and develop new programmes, as well as the quality and integrity of its curricula, the compliance of its teaching staff with those programmes and general student well-being along with high quality delivery of the curricula and programme facilities. The Company continuously reviews its operations to ensure that it is able to respond to and mitigate any reputational risks.

Litigation risk
In common with most other businesses, from time to time, the Company is subject to litigation. The occurrence of material litigation could have an adverse effect on its reputation and financial results in the event of an unfavourable outcome. The Company employs internal counsel and retains outside counsel to provide advice in the event of any litigation.

Strategic report *(continued)*

Section 172 of the Companies Act 2016
The Board is fully aware of its duty to promote the success of the Company pursuant to Section 172 of the Companies Act 2016. Consequently, directors must act in a way s/he considers, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

- the likely consequence of any decision in the long term;
- the interests of the Company's employees;
- the need to foster the Company's business relationships with suppliers, customers and others;
- the impact of the Company's operations on the community and the environment;
- the desirability of the Company maintaining a reputation for high standards of business conduct; and
- the need to act fairly as between members of the Company.

The Board understands the business can only grow and prosper if it respects the views of students, University Partners, suppliers and shareholders to whom the Board is accountable. The Board seeks to align the Company's strategic direction to the shareholders' long-term aspirations for sustainability, growth, diversification and investment.

The Board has safeguards in place to ensure the long term implications of decisions are being considered. Regular five year planning allows the Company to preserve the value of the business over the long term and whilst there are internal boards that have delegated authority to review long term consequences, the Board conducts an appropriate level of due diligence where required. The GCRAB, as defined on page 5, maintains a monthly dashboard that indicates a rating for various sectors of the business.

The development of the Company's strategy under the Board's direction (as stated on page 4) sets a target for the Company to become the leading provider of international education by driving success for the Company's students and partners. The Board ensures there is clear dialogue with employees and other stakeholders about the Company's vision through communications such as weekly newsletters, social media posts (Workplace) and presentations by members of the global executive and senior leadership teams. The Directors consider feedback from the stakeholders in reviewing progress of and aiding principal decisions in relation to future strategy.

During the Covid-19 pandemic, the Directors have considered the health and safety of both students and staff to be of paramount importance, leading to a number of specific Group-wide actions:

- Moving 15,000 students globally online and creating an environment where the majority of staff were able to work from home;
- Where centres have re-opened the Directors have ensured they comply with the relevant Covid-19 guidelines;
- The Directors have also provided support to employees working from home in terms of ensuring a high level of staff engagement comprising regular online global town hall meetings, supported by many other regional meetings;
- The organisation of regular online student and employee surveys as a method of gathering feedback from both groups; and
- The Group continues to allow employees to benefit from various government backed schemes to help safeguard roles.

The Directors have also recognised the threat to the Company's data and information systems created by remote working and have engaged additional IT support to provide enhanced safeguards in this area. The financial impact of the pandemic on the business and consequently on shareholders has been outlined in page 3 of the strategic report.

The Board recognises that whilst promoting the success of the Company for the benefit of the shareholders is paramount, the interests of other stakeholders including the workforce, students, agents and partners is also crucial. The Board continues to engage with the workforce and has taken into consideration their interests through annual policy reviews, engagement surveys, an online HR service portal and the introduction of self-service career development platforms. Also refer to the employment policies section within the Directors' report on page 9. Students are encouraged to provide feedback to the Company and also have a role on sub-committees that ultimately feed up to the Board. Agents are surveyed for their feedback. The relationship with university partners are maintained through frequent steering/management meetings.

The Board is committed to high standards of ethical conduct, social responsibility, community engagement and environmental sustainability. It currently achieves this through its implementation of Group policies, training and by ensuring the welfare of students/staff is maintained. The Board reviews further ways to address these commitments on a regular basis. The Board has continued to create a positive environmental and social impact with the "Building Futures" initiative which this year has focused on fundraising to help reconstruct schools in Bangladesh.

Approved by the Board of Directors and signed on behalf of the Board.

N Williams, *Director*	JH Pitman, *Director*
Date: 12 May 2021	Date: 12 May 2021

Directors' report

Study Group Limited ('the Company') is a company registered in England and Wales with the Company number 02325576. The Directors present their report and the audited financial statements the Company for the year ended 31 December 2020. During the year the Company changed its name from Bellerbys Educational Services Limited to Study Group Limited.

Principal activities
The principal activity of the Company in the year under review was that of a provider of international education preparing students for entry to university in the United Kingdom, Netherlands and Ireland. The Company also has a branch in Singapore which provides management services.

Ultimate parent company
In the view of the Directors, the ultimate parent undertaking and controlling party is Ardian LBO Fund VI B S.L.P., a company incorporated in France.

Results and dividends
The Company profit for the year after taxation and before exceptional items amounted to £11.4 million (2019: £3.3 million). The Company profit for the year after taxation and including exceptional items amounted to £9.8 million (2019: £2.2 million). During the year and up to the date of the financial statements were authorised, there were no dividends paid, proposed or declared (2019: £10.0 million).

Business review and future developments
The information contained in the Strategic Review constitutes the review of the Company's business. It also contains details of expected future developments in the business of the Company, information about expenditure and key performance indicators used by management.

Directors
The persons who were directors at any time during or since the end of the financial year are listed below:

AJ Allden (appointed 1 April 2020)
GA Bull (resigned 1 April 2020)
K Burnett (appointed 1 April 2020)
MJ Cunnington (appointed 1 April 2020)
MJ Everett (resigned 2 October 2020)
RW Morgan (resigned 1 April 2020)
JH Pitman
N Williams

Directors' indemnities
The Company maintains liability insurance for its Directors and officers. The Company has also provided an indemnity for its Directors, which is a qualifying third party indemnity provision for the purposes of the Companies Act 2006. This indemnity has been in place throughout the financial year and is in place as at the date of this report.

Financial instruments
The Company's financial instruments comprise borrowings, cash and liquid resources, and various items, such as trade debtors and trade creditors that arise directly from its operations. The Company's financial liabilities comprise amounts owed to Group undertakings, trade creditors and other creditors, the main purpose of which is to raise finance for the Company's operations. The Company also has financial assets comprising cash, trade and other debtors.

It is, and has been throughout the year under review, the Company's policy that no speculative trading in financial instruments shall be undertaken.

The main risks arising from the Company's financial instruments are interest rate risk, credit risk, liquidity risk and foreign currency risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below. These policies have been reviewed and remain unchanged.

Interest rate risk
The Company is exposed to interest rate risk through its overdraft facility as part of a Group wide cash pooling arrangement through HSBC. This is mitigated by minimising the amount of cash held or overdrawn in each company.

Directors' report *(continued)*

Credit risk
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. This risk is mitigated by students generally paying tuition fees prior to course commencement.

Liquidity risk
Ultimate responsibility for liquidity risk management rests with the Board of Directors, who have built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate cash reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. The Group actively monitors compliance with its minimum liquidity covenant relating to the term loans. Refer to the Going Concern section of the Strategic report on page 4 for further details.

Foreign currency risk
The Company undertakes transactions denominated in foreign currencies, hence experiences translational and transactional exchange rate exposures. Transactions denominated in foreign currencies relate to revenue and operational costs of the Company's International Study Centres based in Europe, and operational costs of the Company's branch based in Singapore. The risk is mitigated by revenues being billed in the currency where the services/operating costs are delivered/incurred. During the year, the Company did not actively hedge foreign currency exposure but it continues to monitor whether a hedging strategy would be beneficial.

Employment policies
The Group's employment policies are regularly reviewed and updated to ensure that they remain effective. The policies are designed to promote a collaborative working environment, free from discrimination which supports the recruitment and retention of effective employees. Study Group promotes equal opportunity and the avoidance of discrimination, by treating individuals equally and with fairness at all times when making employment decisions. The Group achieves this by reaching objective solutions based on merit, and ensuring that any unjustifiable barriers are removed. Staffs are encouraged to raise any matters that are important to them within the workplace, in order to ensure that they are provided with appropriate levels of support.

It is the policy of the Group to follow equal opportunity employment practices and these include the full consideration of employment prospects for the disabled. Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. It is the policy of the Group that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees. Arrangements are made, wherever possible, for retraining employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes.

The Group places importance on the contributions to be made by all employees to the progress of the Group and aims to keep them informed by the use of formal and informal communications as well as the Group's intranet site, email, employee forums and newsletters. Via these mediums, employees are made aware of the financial and economic factors affecting the performance of the Company, as well as encouraging our individuals to fulfil their potential and to build positive working relationships within a flourishing and dynamic environment. The Group also incentivises certain role's performance through various bonus and other reward systems relevant to their level and role. All balanced views are welcomed, and it routinely celebrates diversity across our global workforce, students and partners. Refer to the Section 172 report on pages 7 for details on how the Board of Directors engage with employees and take into account their interest when making key business decisions

Political contributions
The Company has not made any political donations or incurred any political expenditure during the year or prior year.

Business relationships
The Directors have had regard to the need to foster the Company's business relationships with suppliers, customers and others as discussed in the Section 172 report on page 7.

Going concern
Refer to the Going Concern review on page 4 of the Strategic Report.

Directors' report *(continued)*

Energy and carbon reporting
The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 covering the reporting of Green House Gas (GHG) emissions came into operation for the Company for the first time in respect of the current reporting period. The reporting requirements for the Company are included within the Strategic Report and consolidated financial statements of SG Global Topco Limited.

Events after the balance sheet date
Events between the balance sheet date and the date the financial statements were issued are disclosed in Note 30. The impact that Covid-19 has had on the business and consequently on the Directors' going concern assessment is detailed in the Strategic Report on page 4.

Disclosure of information to auditor
Each of the persons who is a Director at the date of approval of this annual report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Director has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006. In accordance with Section 487 of the Companies Act 2006, a resolution for the re-appointment of Deloitte LLP as auditor of the Company is to be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors and signed on behalf of the Board

N Williams	JH Pitman
Director	*Director*
Date: 12 May 2021	Date: 12 May 2021

Statement of corporate governance and internal control

This Statement of Corporate Governance and Internal Control has been written to outline Study Group Limited's governance and internal control arrangements, and covers the financial year ending 31 December 2020 as well as the period up to the approval of the financial statements.

Study Group Limited ('the Company') is a subsidiary undertaking of SG Global Topco Limited. SG Global Topco Limited and its subsidiaries comprise 'the Group' or 'Study Group'.

Corporate governance

Study Group Limited Board

The Study Group Limited Board is responsible for overseeing the legal and regulatory responsibilities for the Group's operation within the UK and Europe as the provider of Study Group's International Study Centres ('ISCs') in the UK and Europe and the proprietor of Bellerbys Colleges in the UK.

The responsibilities for which the Board provides oversight of includes, but is not limited to:

- Governance;
- Academic quality and assurance;
- Student experience;
- Student welfare;
- Safeguarding and protection; and
- Inspections and regulatory reviews.

The Board is composed of the Directors of Study Group Limited:

- Sir Keith Burnett, Non-Executive Chairman;
- Alison Allden, Non-Executive Director;
- James Pitman, Manager Director, Chief Development Officer, UK and Europe;
- Dr Mark Cunnington, Chief Operating Officer, UK and Europe; and
- Nick Williams, Chief Financial Officer.

Prior to appointment to the Board, members are required to undergo and successfully pass the internal fit and proper persons test; this is conducted in line with Study Group Limited's obligations under the Office for Students.

In addition, Board meetings are attended by key personnel from the organisation as required, including, but not limited to, the:

- Chief Legal and Compliance Officer;
- Director of Governance, Risk, Assurance and Compliance;
- Director for Student Success;
- ISC Directors;
- Commercial Finance Director; and
- Senior Advisor, Academic.

The Study Group Limited Board retains ultimate responsibility for ensuring compliance with its statutory and regulatory responsibilities, oversight of which is achieved via delegation through the committee structure and regular reporting. Ongoing conditions that are applicable to Study Group Limited as a result of its registration with the Office for Students have been mapped to its governance processes and are included within committee terms of reference accordingly.

Study Group Limited's governance arrangements are regularly reviewed by the Board, with external input from independent consultants as required.

Study Group Limited publishes information relating to its governance arrangements on its website.

The Study Group Limited Board conducts its business through a number of committees. Terms of Reference for each Committee are reviewed annually and approved by the Study Group Limited Board.

Academic Board
The senior academic body that is responsible for the design, monitoring and implementation of the academic quality assurance and enhancement framework. Academic Board provides assurance to the Study Group Limited Board of the effectiveness of academic governance, and is responsible for approving academic policies and procedures.

Academic Board's governance framework includes the Student Council; an advisory forum of student representatives from across the network that provides an opportunity for the student voice to be heard directly by Academic Board and by the Study Group Limited Board.

Bellerbys College Advisory Board
Established to provide expertise and to advise the Study Group Limited Board in its role as proprietor of Bellerbys Colleges, the Bellerbys College Advisory Board advises the proprietor on matters including educational standards, safeguarding and wellbeing, policies and procedures and the governance framework.

Statement of corporate governance and internal control *(continued)*

UK/EU Compliance, Risk and Assurance Board (UKEUCRAB)
Responsible for ensuring top grade in key areas of compliance, the Compliance, Risk and Assurance Board ('CRAB') provides a forum for key stakeholders to report on matters relating to risk and compliance. In addition to reporting to the Study Group Limited Board, CRAB also reports to the Global Compliance, Risk and Assurance Board ('GCRAB') which is part of the Group's governance network.

Partnership Development Group
The Partnership Development Group ('PDG') is responsible for managing and overseeing relationships with, and development of, university partnerships. PDG is tasked with overseeing and approving new product development business cases, approving partnership development plans and managing contract risk.

Student Experience Committee
The Student Experience Committee ('SEC') oversees the management, monitoring and operationalisation of activity contributing to student success. The committee also oversees aspects of student success relating to points of admission and exit, campus experience and student satisfaction.

Study Group Board

In addition to the bodies described above, there are a number of Group wide boards and committees that also provide functional oversight to Study Group Limited's activities. These include:

Audit Committee
The Group Board delegates responsibility to the Audit Committee to review, control and direct in their biannual meetings the work done by internal and external auditors, the Global Compliance, Risk and Assurance Board, and matters relating the selection of appropriate accounting policies and the appointment and remuneration of the external auditor.

Global Compliance, Risk and Assurance Board
Reporting to the Audit Committee, the Global Compliance, Risk and Assurance Board ('GCRAB') is responsible for ensuring top grade compliance and monitoring of risk at a Group level. It achieves this through a divisional structure of regional Boards, which includes the UK/EU Compliance, Risk and Assurance Board that also reports to the Study Group Limited Board.

Management

UK/EU Executive Leadership Team
The UK/EU Executive Leadership Team ('ELT') is responsible for the day-to-day operation of Study Group Limited and is accountable to the Study Group Limited Board. All members of the team have extensive experience in, and in-depth knowledge of, the education sector or the function that they lead. The ELT is led by the Chief Operating Officer, who sits on the Study Group Limited Board and is also a member of the Global Executive Team.

Global Executive Team
The Global Executive Team ('GET') is responsible for the day-to-day management of the Group's affairs. It is led by the CEO, Emma Lancaster. All members of the team have extensive experience in, and in-depth knowledge of, the education sector or the function that they lead. The current members of the GET are as follows:

- Emma Lancaster, Chief Executive Officer;
- Nick Williams, Chief Financial Officer;
- Alison Alfers, Chief Legal Officer;
- Alex Chevrolle, Managing Director, Australia and New Zealand;
- Anthony Claridge, Chief Information Officer;
- Mike Everett, Chief Growth Enablement Officer;
- Nikki Hall, Chief People and Transformation Officer;
- James Pitman, Managing Director, Chief Development Officer, UK and Europe;
- Manoj Shetty, Chief Revenue Officer; and
- Dr Mark Cunnington, Chief Operating Officer, UK and Europe.

Statement of corporate governance and internal control *(continued)*

Internal control

The Study Group Board adheres to relevant control frameworks in all the regions in which it operates. It achieves this through regional compliance teams who ensure that all specific local compliance items are adhered to or exceeded by the need to meet international standards.

The Group maintains and monitors all of its internal controls at a functional level. The UK/EU Compliance, Risk and Assurance Board ('CRAB'), described above, maintains and monitors the internal controls for Study Group Limited and other Group companies in the UKEU region. The CRAB reports up to the Global Compliance Risk & Assurance Board ('GCRAB') and the Group Audit Committee as appropriate.

The Audit Committee is responsible for:

- Directing, reviewing and monitoring work undertaken by the GCRAB;
- Directing, reviewing and monitoring the financial control framework;
- Reviewing the performance and independence of the external audit and by making recommendations in terms of appointment, remuneration and scope of the auditors;
- Monitoring and reviewing the integrity of financial statements;
- Reviewing suitability of accounting policies adopted by the Group and any recommended changes; and
- Reviewing the detailed report by the external auditors on the adequacy of internal controls to enable them to form an audit opinion on any legally required audited Financial Statements the Group and Company are required to produce.

Activity conducted by the GCRAB includes:

- Overseeing, testing, challenging and providing input into initiatives and activities that are integral to delivering top grade compliance;
- Filtering and prioritising new ideas for improving compliance and managing enterprise risks;
- Monitoring adherence to all statutory compliance measures and requirements across the Group;
- Receiving and considering output from any divisional Compliance, Risk and Assurance Groups;
- Identifying and evaluating all significant enterprise risks and ensuring they are appropriately owned and managed ; and
- Ensuring that all key stakeholders are aligned in pursuit of the achievement of top grade compliance.

Consideration of risk specifically related to Study Group Limited is a standing agenda item at each Study Group Limited Board meeting, which receives a report from the Chair of the CRAB. The Chair of GCRAB also attends all Study Group Limited Board meetings, reporting on Group risk as necessary.

The financial control framework is overseen by the Audit Committee and is responsible for ensuring assets are safeguarded, transactions authorised and properly recorded, and that material errors or irregularities are prevented or would otherwise be detected in a timely manner. The financial control framework includes the following elements:

- Financial authorisation responsibilities assigned within Delegation of Authority policy;
- Established annual budget and monthly rolling forecast process which is reviewed against actual performance and reviewed at all levels where responsibility for financial management has been assigned;
- Regular balance sheet reconciliation and review processes;
- Monthly rolling cash flow forecasting and rolling weekly 12 week liquidity projections;
- Regular review and forecasting to ensure compliance with the Group's banking covenants;
- Appropriate capital investment control guidelines and formal project management disciplines;
- Formal procedures established for reporting significant control failures and ensuring appropriate corrective action; and
- Appropriate action taken on any control weaknesses or recommendations identified by the Group's auditors and reported to the Audit Committee.

The Chief Financial Officer reports to each Study Group Limited Board meeting on the financial position of both the Group and the Company.

The external auditors report to the Audit Committee at least twice a year. There are no significant internal control weaknesses or failures that have arisen during the financial year ending 31 December 2020, as well as the period up to the approval of the financial statements.

Statement of corporate governance and internal control *(continued)*

The review of the effectiveness of the system of internal control is informed by the work of internal audits and by senior staff within the institution, who have responsibility for the development and maintenance of the internal control framework, and by comments made by the external auditors in their management letter and other reports. Each of the principal risks as defined are owned by individual members of the Group Board and each prepares a dashboard which summarises the Group's exposure, what is in place to manage the risk and planned further measures for each meeting. Progress against this plan, a summary of findings from reviews completed in the period and status of completion of agreed actions arising from such reviews, is presented and discussed at the Audit Committee. A yearly report is provided to the Group Board reporting on changes to the Group's risk profile. In addition, material control weaknesses over financial reporting, if any, are highlighted by the external auditors in the course of the statutory audit.

Statement of Directors' responsibilities in respect of the annual report and the financial statements

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Company financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. The financial statements also comply with International Financial Reporting Standards (IFRSs) as issued by the IASB. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the company for that period. In preparing these financial statements, International Accounting Standard 1 requires that Directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditor's report to the members of Study Group Limited
Report on the audit of the financial statements

Opinion
In our opinion the financial statements of Study Group Limited (the 'Company'):
- give a true and fair view of the state of the Company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:
- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity;
- the cash flow statement; and
- the related notes to the financial statements 1 to 30.

The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006 and IFRSs as issued by the IASB.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern
In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Other information
The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Independent auditor's report to the members of Study Group Limited
Report on the audit of the financial statements *(continued)*

Responsibilities of directors
As explained more fully in the Statement of Directors' responsibilities (page 15), the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, 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 statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are 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 ISAs (UK) 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 these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud
Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the Company's industry and its control environment, and reviewed the Company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and in-house legal counsel, about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the Company operates in, and identified the key laws and regulations that:
- had a direct effect on the determination of material amounts and disclosures in the financial statements; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the Company's ability to operate or to avoid a material penalty. These included UK Companies Act 2006, HMRC tax legislation, General Data Protection Regulations ("GDPR") and the Office for Students Regulatory framework.

We discussed among the audit engagement team including relevant internal specialists such as tax and IT specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following areas, and our specific procedures performed to address them are described below:
- manual journals posted to revenue within the accounting system: we tested the design and implementation of controls in place to mitigate the risk of material misstatement and we profiled all manual journals to revenue and selected a risk focussed sample to agree to supporting documentation, assessing whether the entries showed sensible business rationale and were not indicative of fraud; and
- the classification of exceptional items: we tested the design and implementation of controls in place to mitigate material misstatement; we challenged management's judgement as to whether costs meet the definition of exceptional items and agreeing a sample to supporting documentation.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

Independent auditor's report to the members of Study Group Limited
Report on the audit of the financial statements *(continued)*

In addition to the above, our procedures to respond to the risks identified included the following:
- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing correspondence with HMRC.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:
- the information given in the strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the Directors' report.

Opinions on other matters prescribed by the Office for Students (OfS) "Regulatory Advice 9: Accounts Direction"
No funds have been provided to the Company by the OfS and UK Research and Innovation (including Research England), the Education and Skills Funding Agency and the Department for Education. In our opinion, in all material respects:
- the requirements of the OfS's accounts direction applicable to companies that are not in receipt of funds by the OfS and Research England have been met.

Matters on which we are required to report by exception
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Use of our report
This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Helen Burridge

Helen Burridge (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
12 May 2021

Statement of comprehensive income
for the year ended 31 December 2020

	Note	**Before Exceptional and Other Items 2020 £000**	**Exceptional and Other Items (note 7) 2020 £000**	**Total 2020 £000**	Before Exceptional and Other Items 2019 £000	Exceptional and Other Items (note 7) 2019 £000	Total 2019 £000
Revenue	2	**148,204**	**-**	**148,204**	151,483	-	151,483
Cost of sales		**(68,765)**	**-**	**(68,765)**	(76,042)	-	(76,042)
Gross profit		**79,439**	**-**	**79,439**	75,441	-	75,441
Administrative expenses		**(54,208)**	**(964)**	**(55,172)**	(57,686)	(593)	(58,279)
Earnings before depreciation, amortisation, net financing costs and taxation (EBITDA)		**25,231**	**(964)**	**24,267**	17,755	(593)	17,162
Impairment		**-**	**(653)**	**(653)**	-	(440)	(440)
Depreciation and amortisation		**(11,111)**	**-**	**(11,111)**	(10,833)	-	(10,833)
Operating profit	4	**14,120**	**(1,617)**	**12,503**	6,922	(1,033)	5,889
Interest receivable and similar income	8	**366**	**-**	**366**	211	-	211
Interest payable and similar charges	9	**(3,772)**	**-**	**(3,772)**	(4,068)	-	(4,068)
Profit before taxation		**10,714**	**(1,617)**	**9,097**	3,065	(1,033)	2,032
Tax on profit	10	**702**	**-**	**702**	189	-	189
Profit for the financial year		**11,416**	**(1,617)**	**9,799**	3,254	(1,033)	2,221
Total comprehensive income for the financial year		**11,416**	**(1,617)**	**9,799**	3,254	(1,033)	2,221

All of the activities are continuing. The Company incurred no other comprehensive income or expense in the year.

The accompanying notes on pages 23 to 46 form an integral part of these financial statements.

Statement of financial position
As at 31 December 2020

	Note	**2020**	2019
		£000	£000
Non-Current Assets			
Intangible assets	*11*	**2,580**	1,645
Property, plant and equipment	*12*	**12,802**	15,575
Right-of-use assets	*13*	**69,074**	81,043
Finance lease receivables	*14*	**6,049**	3,417
Deferred tax assets	*15*	**2,970**	2,264
		93,475	103,944
Current assets			
Inventories	*16*	**-**	17
Trade and other receivables	*17*	**183,577**	146,115
Cash and cash equivalents		**30,512**	36,723
Finance lease receivables	*14*	**840**	251
		214,929	183,106
Total assets		**308,404**	287,050
Current liabilities			
Deferred income		**60,634**	86,655
Trade and other payables	*18*	**96,181**	48,808
Current tax liabilities		**929**	1,016
Provisions	*19*	**235**	114
Obligations under lease liabilities	*20*	**7,317**	7,951
		165,296	144,544
Net current assets		**49,633**	38,562
Non-Current liabilities			
Provisions	*19*	**2,669**	2,947
Obligations under lease liabilities	*20*	**70,326**	79,245
		72,995	82,192
Total liabilities		**238,291**	226,736
Net assets		**70,113**	60,314
Equity			
Share capital	*22*	**2,040**	2,040
Retained earnings		**68,073**	58,274
Total equity		**70,113**	60,314

The financial statements and notes on pages 23 to 46 were approved by the Board of Directors on 12 May 2021 and were signed on its behalf by N Williams and JH Pitman. The accompanying notes form an integral part of these financial statements.

N. Williams

Director, Study Group Limited, Registered no. 02325576

Statement of changes in equity
for the year ended 31 December 2020

2020	Note	**Ordinary share capital £000**	**Retained earnings £000**	**Total equity £000**
Balance at 1 January 2020		2,040	58,274	60,314
Profit and total comprehensive income		-	9,799	9,799
Dividend paid		-	-	-
Balance at 31 December 2020		**2,040**	**68,073**	**70,113**

2019		**Ordinary share capital £000**	**Retained earnings £000**	**Total equity £000**
Balance at 1 January 2019		2,040	66,098	68,138
Adoption of IFRS 16		-	(45)	(45)
Balance at 1 January 2019 as restated		2,040	66,053	68,093
Profit and total comprehensive income		-	2,221	2,221
Dividend paid	23	-	(10,000)	(10,000)
Balance at 31 December 2019		2,040	58,274	60,314

The accompanying notes on pages 23 to 46 form an integral part of these financial statements.

Cash flow statement
for the year ended 31 December 2020

	Notes	2020 £000	2019 £000
Operating activities			
Cash inflow generated from operations (below)		**8,225**	61,606
Interest received	8	**65**	48
Interest paid and financing costs	9	**(7)**	(14)
Interest element of lease payments	9	**(3,765)**	(3,976)
Tax paid		**(235)**	(104)
Net cash inflow generated from operating activities		**4,283**	57,560
Investing activities			
Purchase of intangible assets	11	**(1,441)**	(438)
Purchase of property, plant and equipment	12	**(435)**	(6,347)
Interest income on net lease investments	8	**219**	163
Repayment of the principal portion of net lease investments		**675**	301
Net outflow from investing activities		**(982)**	(6,321)
Financing activities			
Repayment of principal portion of net lease liabilities		**(7,280)**	(7,239)
Cash (outflow)/inflow from impaired lease assets		**(2,445)**	1,341
Equity dividends paid	23	**-**	(10,000)
Net outflow from financing activities		**(9,725)**	(15,898)
Net (decrease)/increase in cash and cash equivalents		**(6,424)**	35,341
Cash and cash equivalents at the beginning of the financial year		**36,723**	1,345
Effect of exchange rate movements		**213**	37
Cash and cash equivalents at 31 December		**30,512**	36,723
Cash inflow generated from operating activities			
Profit on ordinary activities before taxation		**9,097**	2,032
Adjustment for:			
Interest expense	9	**3,772**	4,068
Amortisation and depreciation	4	**11,111**	10,833
Unrealised FX gain		**(1,133)**	(355)
Impairment of fixed assets	4	**653**	440
Loss on disposal of tangible assets		**38**	183
Interest income	8	**(366)**	(211)
Decrease in inventories	16	**17**	19
(Increase)/decrease in trade and other receivables	17	**(37,463)**	22,421
(Decrease)/increase in deferred income		**(26,021)**	14,772
Increase/(decrease) in provisions	19	**81**	(658)
Increase in trade and other payables	18	**48,439**	8,062
Cash inflow generated from operations		**8,225**	61,606

The accompanying notes on pages 23 to 46 form an integral part of these financial statements.

Notes to the financial statements for the year ended 31 December 2020

1 Accounting policies

1.1 General Information

Study Group Limited was incorporated on 6 December 1988 and is a company incorporated, domiciled and registered in the United Kingdom. The Company is a private company limited by shares. The registered number is 02325576 and the registered address is Brighton Study Centre, 1 Billinton Way, Brighton, BN1 4LF, UK. With effect from 2 January 2020 the Company changed its name from Bellerbys Educational Services Limited to Study Group Limited. The financial statements were authorised for issue by the Board of Directors on 12 May 2021.

Accounting policies for the year ended 31 December 2020

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 periods presented, unless otherwise stated.

1.2 Basis of preparation

The financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards as issued by the IASB.

The financial statements have been prepared under the historical cost convention, except for financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS 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 1.20.

The Company's parent undertaking, SG Global Topco Limited includes the Company in its consolidated financial statements. The consolidated financial statements of SG Global Topco Limited are prepared in accordance with International Financial Reporting Standards as adopted by the EU, are available to the public and may be obtained from 1 Billinton Way, Brighton, BN1 4LF, UK.

Going Concern

Going concern is assessed at a consolidated Group level for SG Global Topco Limited subsidiaries. The Directors outlined in the 2019 Financial Statements that a material uncertainty existed because an agreement reached with the Group's lenders which included setting aside a financial covenant remained subject to final legal documentation at the time of approving those financial statements. The Directors are able to report that the legal documentation of that agreement has been finalised such that the original covenant has been set aside and replaced with a new minimum liquidity covenant until September 2022. As part of this agreement a £17.0 million capital injection was received on 22 February 2021 from Ardian, and a further £15.0 million is committed if required.

The Directors have prepared a number of trading projections to cover the going concern review period. In light of the improving outlook including the deployment of vaccines, the Directors are confident that trading will begin to return towards pre-pandemic levels during the next twelve months. An illustrative extreme downside scenario for the purposes of stress-testing the Group's strong financial position has been prepared in which NSE for the second six months of 2021 could be approaching 20% lower than the comparable period in 2020 which was impacted by Covid-19 before cash resources would breach the minimum liquidity covenant. Based on current evidence available to the Directors at the date of this report, including the level of NSE expected for the first six months of 2021 which are largely secured, the likelihood of this level of reduction is considered remote. Therefore, under all reasonable downside scenarios modelled the group has sufficient committed facilities to meet liabilities as they fall due for a period of 12 months from signing these financial statements, and accordingly the Directors continue to adopt the going concern basis in the financial statements.

1.3 Foreign currency

Transactions in foreign currencies are translated to the Company's functional currencies at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

Notes to the financial statements for the year ended 31 December 2020 *(continued)*

1 Accounting policies *(continued)*

1.4 Non-derivative financial instruments

Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

Trade receivables
Trade receivables are recognised initially at fair value and subsequently measured at amortised cost less provision for impairment. A provision for impairment is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is recognised in the statement of comprehensive income.

In accordance with IFRS 9 impairment of financial assets is based on an expected credit loss (‘ECL’) model. The ECL model requires the Company to account for ECLs and changes in those ECLs at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected, IFRS 9 also requires current and future events to be considered when making an impairment assessment.

IFRS 9 requires the Company to measure the loss allowance for a financial instrument at an amount equal to the lifetime ECLs if the credit risk on that financial instrument has increased significantly since initial recognition, or if the financial instrument is a purchased or originated credit impaired financial asset.

However, if the credit risk on a financial instrument has not increased significantly since initial recognition (except for a purchased or originated credit impaired financial asset), the Company is required to measure the loss allowance for that financial instrument at an amount equal to 12 months ECL. IFRS 9 also requires a simplified approach for measuring the loss allowance at an amount equal to lifetime ECL for trade receivables, contract assets and lease receivables in certain circumstances.

Trade payables
Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Financial liabilities and equity
Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

1.5 Property, plant and equipment

Fixed assets are shown at historical cost less accumulated depreciation and impairment losses. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Repairs and maintenance are expensed as incurred, while major renovations and improvements are capitalised as fixed assets and depreciated over their estimated useful lives.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Land is not depreciated. The estimated useful lives are as follows:

• buildings	50 years
• leasehold property improvements	over life of lease
• computer equipment	3 years
• motor vehicles	4 years
• fixtures and fittings	5 years

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

Notes to the financial statements for the year ended 31 December 2020 *(continued)*

1 Accounting policies *(continued)*

1.6 Intangible assets

Intangible assets acquired separately

Intangible assets acquired separately are recorded at cost less accumulated amortisation and accumulated impairment losses. Amortisation is charged to the Statement of Comprehensive Income on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method is reviewed at the end of each annual reporting period, with any changes in these accounting estimates being accounted for on a prospective basis.

Internally-generated intangible assets

An internally-generated intangible asset arising from software and course development is recognised if, and only if, all of the following have been demonstrated:

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

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

The following useful lives have been determined for internally generated intangible assets:

Course Development	3 years
Software Development	3-5 years
Centre Contracts	Life of contract

1.7 Leases

The Company has applied IFRS 16 using the modified retrospective approach.

The Company as lessee

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as laptops, photocopiers, small items of office furniture and telephones). For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

Notes to the financial statements for the year ended 31 December 2020 *(continued)*

1 Accounting policies *(continued)*

1.7 ***Leases*** *(continued)*

The Company as lessee (continued)

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); and
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the balance sheet.

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the ‘tangible fixed assets’ policy.

Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line “Administrative expenses” in profit or loss.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has elected to apply this to leases of student accommodation and motor vehicles only. For contracts that contain a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Company as lessor

Leases for which the Company is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Company is an intermediate lessor, it accounts for the head lease and the sub-lease as two separate contracts. The sub-lease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group’s net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group’s net investment outstanding in respect of the leases.

Notes to the financial statements for the year ended 31 December 2020 *(continued)*

1 Accounting policies *(continued)*

1.7 Leases (continued)

Covid-19 related rent concessions amendment

In response to the Covid-19 coronavirus pandemic, the International Accounting Standards Board has issued amendments to IFRS 16 Leases to allow lessees not to account for rent concessions as lease modifications if they are a direct consequence of Covid-19 and the following conditions are met:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments due on or before 30 June 2021; and
- there is no substantive change to other terms and conditions of the lease.

The company has chosen to apply the practical expedient to all rent concessions that meet the conditions in the amendment.

1.8 Inventories

Stocks are stated at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

1.9 Provisions

Provisions are measured at the value of management's best estimate of the expenditure required to settle the present obligation at the balance sheet date. If material, provisions are determined by discounting the expected future cash flows of the Group at rates that reflect current market assessments of the time value of money.

Provisions for onerous contracts are recognised when the Group believes that the unavoidable costs of meeting or exiting the contractual obligations exceed the economic benefits expected to be received under the contract.

1.10 Taxation

Corporation tax, where payable, is provided on taxable profits at the current rate.

Deferred tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised. The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. Tax relating to items recognised directly in equity is recognised in equity and not in the statement of comprehensive income. Deferred tax assets and liabilities have not been discounted.

1.11 Cash and Cash Equivalents

Cash and cash equivalents includes cash in hand, deposits at all banks, other liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts or loans where there is no right of set off are shown within borrowings in current or non-current liabilities on the balance sheet as appropriate.

1.12 Employee benefits

Defined contribution plans
A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

1.13 Share Capital and Share Premium

Ordinary shares issued are shown as share capital at nominal value. The premium received on the issuance of shares in excess of the nominal value is shown as share premium within shareholders' equity.

Notes to the financial statements for the year ended 31 December 2020 *(continued)*

1 Accounting policies *(continued)*

1.14 Turnover

Revenue is recognised as follows:

- Tuition revenue is generated from education courses provided to students and is recognised over time as the courses are provided, with performance obligations being satisfied as the course is delivered. Discounts and bursaries given to students are netted against tuition revenue. Payments from students are due in accordance with agreed payment terms for that particular course and education provider. Pre-payments for courses are treated as deferred revenue and amortised over the duration of the course. Refunds will be granted to students in accordance with the agreed refund policies for each University partner, for example in exceptional circumstances such as relating to illness or bereavement, or where Study Group has been unable to provide or complete teaching of a paid-for programme of study.
- Accommodation revenue is generated from accommodation provided to students and is recognised over time as it is provided. Payments from students are due in accordance with agreed payment terms for the accommodation provided. Pre-payments for accommodation are treated as deferred revenue and amortised over the duration of stay. Refunds will be granted to students in accordance with the agreed refund policies for each University partner, for example in exceptional circumstances such as relating to illness or bereavement, or where Study Group has been unable to provide or complete teaching of a paid-for programme of study.
- Matriculation or placement revenue is recognised when the Group's Matriculation or placement revenue from University Partners is recognised when the Group's performance obligations are met, which is the point at which matriculation or placement of the student is confirmed. The revenue is recognised for all semesters and years, with an estimate of subsequent year amounts being made by taking into account average progression rates. Payment is due in accordance with agreed payment terms with that particular University. Study Group is entitled to payment once the student enrols on their course, and there is no obligation for a refund should the student fail to complete the course.
- Other revenue - Other revenue is recognised in line with IFRS 15 and when the amount can be reliably measured and it is probable that future economic benefits will flow to the entity.

1.15 Student Acquisition costs

Commission and bonuses paid to third party agents, where the Company has a right to claw back the payments in the event the student leaves before completion of their course, are deferred on the balance sheet and recognised over the same period as the related student revenue. Payments made where the Company has no recourse to claw them back are expensed as they are earned by the third party.

1.16 Expenses

Interest receivable and Interest payable

Interest payable and similar charges include interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy). Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are capitalised as part of the cost of that asset.

Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains. Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Dividend income is recognised in the profit and loss.

1.17 Exceptional and Other items

Due to their material nature, certain exceptional and non-trading items have been classified separately in order to draw them to the attention of the reader. Significant non-recurring items of income and expenditure are disclosed as exceptional items to help provide an understanding of the Company's underlying performance. Exceptional items comprise, inter alia, impairment charges, restructuring costs, costs associated with material financing or acquisition transactions, and provisions for onerous contracts. Other non-trading items include shareholder fees and unrealised gains and losses on structural intragroup foreign exchange balances and derivative instruments.

1.18 Financial Risk Management

The Company's operations expose it to a variety of financial risks that include the effects of changes in foreign currency exchange rates, market interest rates, credit risk and its liquidity position. The Company has in place a risk management programme that seeks to limit adverse effects on the financial performance of the Company which is outlined in the Directors' report. The fair values of short-term deposits, loans and overdrafts with a maturity of less than one year are assumed to be approximate to their book values.

Notes to the financial statements for the year ended 31 December 2020 *(continued)*

1 Accounting policies *(continued)*

1.19 Accounting for Government grants

In various circumstances the Company can be entitled to and has been in receipt of a number of different grants and financial support packages from various government bodies across the territories in which it operates. The Company looks to apply IAS 20 accounting for government grants. Accordingly the Company has reviewed the conditions of each of these schemes individually and has interpreted the conditions in accordance with IAS 20. Broadly the grants fall into one of the following categories:

- In the circumstances where the Company acts as an agent on behalf of the local government and is distributing financial support to its employees whilst they are unable to undertake their normal duties, the timing of receipts and payments are flowed through the Statement of Financial Position and there is no impact to the Statement of Comprehensive Income.
- In the situation where the Company receives support from the relevant government in terms of a wage or other cost subsidy for which there is no requirement, contingent or otherwise, to repay such financial support at a later stage, the Company treats the grant as revenue in the Statement of Comprehensive Income to the extent that it becomes permanently entitled to that revenue, and such that it is matched against the relevant costs incurred. Otherwise the liability is held on the Statement of Financial Position.

1.20 Critical accounting judgements and key sources of estimation uncertainty

In applying the Company's accounting policies, which are described in note 1, the Directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In the course of preparing the financial statements, no judgements have been made in the process of applying the Company's accounting policies. There were also no key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of the assets and liabilities within the next financial year.

1.21 Revisions to IFRS not applicable in 2020

At the date of authorisation of these financial statements, the Company has not applied the following new and revised IFRS Standards that have been issued but are not yet effective and in some cases had not yet been adopted by the EU:

- IFRS 17 Insurance Contracts
- IFRS 10 and IAS 28 (amendments) Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- Amendments to IAS 1 and IAS 8 Definition of material
- Conceptual Framework Amendments to References to the Conceptual Framework in IFRS Standards

If the Directors were to choose to adopt any or all of the Standards listed above none of them are expected to have a material impact on the financial statements of the Group in either the current or future periods.

Not all amendments, however, update those pronouncements with regard to references to and quotes from the framework so that they refer to the revised Conceptual Framework. Some pronouncements are only updated to indicate which version of the Framework they are referencing to (the IASC Framework adopted by the IASB in 2001, the IASB Framework of 2010, or the new revised Framework of 2019) or to indicate that definitions in the Standard have not been updated with the new definitions developed in the revised Conceptual Framework.

The amendments, where they actually are updates, are effective for annual periods beginning on or after 1 January 2021, with early application permitted.

Other standards not yet effective
There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Notes to the financial statements for the year ended 31 December 2020 *(continued)*

2 Revenue

All revenue in current and prior year relates to the provision of educational services and arises in the UK and Europe.

3 Segmental analysis

During 2018, the Group's High Schools and UK & Europe Pathways businesses became more aligned in the courses offered, which led to the two business lines being monitored and managed as one operating segment. As a consequence the Company's results all relate to one operating segment and no segmental analysis is included. This is in line with the internal reporting of the Group's performance to the Chief Operating Decision Maker, ('CODM') identified as the Group's CEO, Emma Lancaster.

4 Operating profit

Included in the statement of comprehensive income are the following:

	2020	2019
	£000	£000
Depreciation of tangible assets	**2,935**	3,004
Depreciation of right-of-use-assets	**7,674**	6,584
Amortisation of intangible assets	**502**	1,245
Impairment of right-of-use assets	**653**	440
Allowance for bad debt	**316**	533

Auditor's remuneration
Fees payable to the Company's auditor Deloitte LLP for the audit of the Company's annual financial statements were £113,000 (2019: £127,000). Amounts receivable by the Company's auditor and its associates in respect of services to the Company and its associates, other than the audit of the Company's financial statements, were £nil (2019: £nil).

Government grants
Government grant income was received in Singapore (£0.7 million) and the UK (£1.4 million) in relation to Covid-19 support schemes. Income received in Singapore is include within revenue (2019: £nil), whilst income received in the UK has been netted off within payroll costs (2019: £nil) in accordance with IAS 20, as disclosed in Note 1.19.

Notes to the financial statements for the year ended 31 December 2020 *(continued)*

5 Staff numbers and costs

The monthly average number of persons employed by the Company (including Directors) during the year, analysed by category, was as follows:

	Number of employees	
	2020	2019
Teaching	**897**	912
Administration	**365**	359
	1,262	1,271

The aggregate payroll costs of these persons were as follows:

	2020	2019
	£000	£000
Wages and salaries	**37,511**	35,352
Social security costs	**2,941**	2,819
Contributions to defined contribution plans (Note 21)	**1,647**	1,407
	42,099	39,578

Additional disclosure required by Office for Students:

The Company is registered with the Office for Students ('OfS') in regards to its University Pathways (International Study Centres) offering. As part of the ongoing requirements of registration the following disclosures are required in respect of the Head of Provider.

The total remuneration package received by the Head of Provider was as follows:

	2020	2019
	£000	£000
Salary	**185**	227
Pension	**49**	49
Bonus	**-**	93

The Head of Provider is remunerated through another Group company and in addition to services provided in relation to the International Study Centres subject to OfS registration their services also include those in relation to other lines of business and Group companies. Due to the subjectivity involved it is impossible to accurately allocate their costs relating to the International Study Centres. The Head of Provider's remuneration package is based on a number of factors. As well as a portfolio of 18 different Study Centres in the UK, Netherlands and the Republic of Ireland, they are also the primary head of business development building and maintaining relationships with partner universities and potential partners in the UK and Europe. They also play a key role in working closely with Government, Industry and Commercial leaders, helping to shape the future of Higher Education in the UK and Europe for International students. The Head of Provider is a member of the Global Executive Team ("GET") of Study Group globally, which sets the strategy and direction of the Company over the medium and long term. The remuneration includes compensation typical of that for an equivalent senior role in the private sector in which Study Group operates. The Group operates a remuneration committee which reviews and approves compensation levels for senior members of staff.

The Head of the Provider's basic salary is 6.3 (2019: 8.3) times the mean pay of staff, where the mean pay is calculated on an absolute headcount basis for the salaries paid by the Company to its staff. The Head of Provider's total remuneration is 7.6 (2019: 11.8) times the mean total remuneration of staff, where the mean total remuneration is calculated on an absolute headcount basis for the total remuneration by the Company of its staff. It is not possible for the Company to report on a median pay basis by reference to full time equivalent pay, as the Company does not record information at this level of detail.

Notes to the financial statements for the year ended 31 December 2020 *(continued)*

5 Staff numbers and costs *(continued)*

The number of staff with a basic salary of over £100,000 per annum was as follows:

	2020 **£000**	2019 £000
£105,000 - £109,999	**-**	2
£125,000 - £129,999	**1**	-
£135,000 - £139,999	**2**	-
£140,000 - £144,999	**-**	1
£145,000 - £149,999	**2**	-
£150,000 - £154,999	**1**	1
£155,000 - £159,999	**-**	2
£170,000 - £174,999	**1**	-
£315,000 - £319,999	**1**	-
£350,000 - £354,999	**-**	1

The total amount of compensation paid for loss of office was as follows:

	2020 **£000**	2019 £000
Total amount paid across the Company in respect of compensation for loss of office	**573**	178
Number of employees to which this relates	**118**	25

None of the amounts paid in respect of compensation for loss of office relate to the Head of Provider.

Numbers stated in respect of staff with a basic salary over £100,000 and amounts paid across the Company in respect of compensation for loss of office covers all staff employed by the Company, which includes other lines of business in addition to the International Study Centres subject to OfS registration.

6 Directors' remuneration

The Directors of the Company, as members of the Global Executive Team ("GET"), are considered to be key management personnel. The GET is responsible for the day to day management of the Group's affairs and its members perform services across the Group. The Group has undertaken an assessment of Directors' qualifying services across the Group and has noted that the Company's Directors are not specifically remunerated for their services to the Company. Accordingly Directors' remuneration is deemed to be £nil (2019: £nil). Total Directors' remuneration and key management compensation is disclosed in the consolidated Group accounts of SG Global Topco Limited.

Key management compensation:

Key management are defined as the members of the GET. The GET are remunerated through a number of Group companies. Due to the number of appointments and the subjectivity involved it is impossible to accurately allocate their costs relating to Study Group Limited.

Notes to the financial statements for the year ended 31 December 2020 *(continued)*

7 Exceptional and other items included within operating profit

	Exceptional items		Other items		Total	
	2020	2019	**2020**	2019	**2020**	2019
	£000	£000	**£000**	£000	**£000**	£000
Costs relating to discontinued operations of the Group	**-**	622	**-**	-	**-**	622
Restructuring costs	**442**	64	**119**	71	**561**	135
Property provisions	**-**	(980)	**-**	-	**-**	(980)
Right-of-use property asset impairment	**653**	440	**-**	-	**653**	440
Shareholder and management fees	**-**	-	**(90)**	148	**(90)**	148
Strategic investments	**-**	-	**311**	623	**311**	623
Other	**12**	-	**170**	45	**182**	45
Total exceptional cost	**1,107**	146	**510**	887	**1,617**	1,033

Exceptional items are those which are material in size or are non-recurring in nature. Other items are not necessarily non-recurring in nature, but the Directors believe that it is helpful to show these amounts separately as they are not directly linked to the recurring trading operations of the business.

- Restructuring costs of £0.4 million incurred in 2020 (2019: £0.1 million) relate to redundancy costs as a result of Covid-19.
- Right-of-use asset impairment of £0.7 million (2019: £0.4 million) in relation to impaired right-of-use leases in Cambridge and Oxford.

Other items include strategic investments which comprise of upfront investments for the benefit of future years, non-executive Director fees, restructuring costs and unrealised foreign exchange profit that the Directors believe are beneficial to strip out when analysing the underlying trading result for the year.

- Strategic investments of £0.3 million in the year related to implementation of the Group's strategy (2019: £0.6 million).
- Restructuring costs in the year of £0.1 million include costs relating to the termination of Keele University partnership.
- Shareholder and management fees including £0.1 million credit (2019: £0.1 million cost) of senior management long-term incentive plan scheme costs. The release has been generated as a result of the revised trading performance of the Group post Covid-19.
- Other operating items in the year include £0.2 million relating to Covid-19 incremental costs (2019: £nil).

8 Interest receivable and similar income

	2020	2019
	£000	£000
Bank interest and other interest receivable	**65**	48
Finance lease receivables	**219**	163
Effect of changes in discount rate on provisions (note 19)	**82**	-
	366	211

9 Interest payable and similar charges

	2020	2019
	£000	£000
Other interest payable	**7**	13
Unwinding of discount and effect of changes in discount rate on provisions (note 19)	**-**	79
Interest on lease liabilities	**3,765**	3,976
Total interest payable and similar income	**3,772**	4,068

Notes to the financial statements for the year ended 31 December 2020 *(continued)*

10 Taxation

Recognised in the statement of comprehensive income

	2020	**2020**	2019	2019
	£000	**£000**	£000	£000
Foreign tax				
Current tax on income for the year	**35**		119	
Adjustments in respect of prior periods	**(31)**		(27)	
Total current tax		**4**		92
Deferred tax (see note 15)				
Accelerated capital allowances	**(716)**		(281)	
Accruals and provisions	**30**		-	
Tax losses	**(20)**		-	
Total deferred tax		**(706)**		(281)
Tax on profit on ordinary activities		**(702)**		(189)

Reconciliation of effective tax rate

	2020	2019
	£000	£000
Profit before taxation	**9,097**	2,032
Tax using the UK corporation tax rate of 19% (2019: 19%)	**1,728**	386
Effect of tax rates in foreign jurisdictions	**(20)**	(26)
Items not taxable or deductible	**517**	817
Utilisation of tax losses	**(2,210)**	(1,058)
Timing differences	**(674)**	(281)
Over provided in prior years	**(43)**	(27)
Total tax credit	**(702)**	(189)

Notes to the financial statements for the year ended 31 December 2020 *(continued)*

11 Intangible assets

2020	Course development £000	Software costs £000	Centre contracts £000	Total £000
Cost				
Balance at 1 January 2020	615	3,368	888	4,871
Additions	823	301	317	1,441
Disposals	-	(4)	-	(4)
Balance at 31 December 2020	1,438	3,665	1,205	6,308
Amortisation				
Balance at 1 January 2020	276	2,713	237	3,226
Amortisation for the year	137	244	121	502
Balance at 31 December 2020	413	2,957	358	3,728
Net book value				
At 31 December 2019	339	655	651	1,645
At 31 December 2020	**1,025**	**708**	**847**	**2,580**

2019	Course development £000	Software costs £000	Centre contracts £000	Total £000
Cost				
Balance at 1 January 2019	581	3,207	939	4,727
Additions	34	161	243	438
Disposals	-	-	(146)	(146)
Transfer to tangible assets	-	-	(148)	(148)
Balance at 31 December 2019	615	3,368	888	4,871
Amortisation				
Balance at 1 January 2019	138	1,689	154	1,981
Amortisation for the year	138	1,024	83	1,245
Balance at 31 December 2019	276	2,713	237	3,226
Net book value				
At 31 December 2018	443	1,518	785	2,746
At 31 December 2019	**339**	**655**	**651**	**1,645**

Intangible assets include Course Development for offline or online courses developed for specific centres, as well as Centre Contract assets comprising mainly of launch costs recognised in line with IFRS 15. Software includes any software purchased or developed internally from which future economic benefits are expected.

Amortisation is included within ‘depreciation and amortisation’ in the statement of comprehensive income.
Intangible fixed assets are reviewed for impairment once indicators of impairment are identified. Based on the review performed, no additional impairment has been recorded in 2020.

Notes to the financial statements for the year ended 31 December 2020 *(continued)*

12 Property, plant and equipment

2020	Land and buildings £000	Leasehold property improvements £000	Motor vehicles £000	Computer equipment £000	Fixtures & fittings £000	Total £000
Cost						
Balance at 1 January 2020	5,164	12,852	3	5,925	8,919	32,863
Additions	-	38	-	169	228	435
Disposals	-	(1,721)	(3)	(376)	(1,865)	(3,965)
Balance at 31 December 2020	5,164	11,169	-	5,718	7,282	29,333
Depreciation						
Balance at 1 January 2020	1,503	5,410	3	3,208	7,164	17,288
Depreciation charge for the year	98	1,207	-	939	691	2,935
Depreciation on disposals	-	(1,510)	(3)	(371)	(1,808)	(3,692)
Balance at 31 December 2020	1,601	5,107	-	3,776	6,047	16,531
Net book value						
At 31 December 2019	3,661	7,442	-	2,717	1,755	15,575
At 31 December 2020	**3,563**	**6,062**	**-**	**1,942**	**1,235**	**12,802**

2019	Land and buildings £000	Leasehold property improvements £000	Motor vehicles £000	Computer equipment £000	Fixtures & fittings £000	Asset retirement obligation £000	Total £000
Cost							
Balance at 1 January 2019	5,164	8,915	3	3,841	8,769	2,802	29,494
Transfer on adoption of IFRS 16	-	-	-	-	-	(2,802)	(2,802)
Additions	-	3,814	-	2,229	304	-	6,347
Disposals	-	(25)	-	(145)	(154)	-	(324)
Transfer from intangible assets	-	148	-	-	-	-	148
Balance at 31 December 2019	5,164	12,852	3	5,925	8,919	-	32,863
Depreciation							
Balance at 1 January 2019	1,405	4,352	3	2,568	6,243	804	15,375
Transfer on adoption of IFRS 16	-	-	-	-	-	(804)	(804)
Depreciation charge for the year	98	1,058	-	785	1,063	-	3,004
Depreciation on disposals	-	-	-	(145)	(142)	-	(287)
Balance at 31 December 2019	1,503	5,410	3	3,208	7,164	-	17,288
Net book value							
At 31 December 2018	3,759	4,563	-	1,273	2,526	1,998	14,119
At 31 December 2019	**3,661**	**7,442**	**-**	**2,717**	**1,755**	**-**	**15,575**

Land and buildings includes freehold land of £250,000 (2019: £250,000) which is not depreciated.

Notes to the financial statements for the year ended 31 December 2020 *(continued)*

12 Property, plant and equipment *(continued)*

Depreciation is included within 'depreciation and amortisation' in the statement of comprehensive income.

Tangible fixed assets are reviewed for impairment once indicators of impairment are identified. Based on the review performed, no additional impairment has been recorded in 2020.

13 Right-of-use assets

2020	**Land and buildings £000**	**Motor vehicles £000**	**Total £000**
Cost			
Balance at 1 January 2020	93,798	18	93,816
Additions	1,978	-	1,978
Disposals	(11,218)	(18)	(11,236)
Revaluation	675	-	675
Balance at 31 December 2020	85,233	-	85,233
Amortisation			
Balance at 1 January 2020	12,763	10	12,773
Depreciation for the year	7,670	4	7,674
Disposals	(4,927)	(14)	(4,941)
Impairment	653	-	653
Balance at 31 December 2020	16,159	-	16,159
Net book value			
At 31 December 2019	81,035	8	81,043
At 31 December 2020	**69,074**	**-**	**69,074**

Notes to the financial statements for the year ended 31 December 2020 *(continued)*

13 Right-of-use assets *(continued)*

2019	Land and buildings £000	Motor vehicles £000	Total £000
Cost			
Balance at 1 January 2019	-	-	-
Adoption of IFRS 16	88,624	19	88,643
Transfer of asset retirement obligations on adoption of IFRS 16	1,998	-	1,998
Additions	951	-	951
Disposals	-	(1)	(1)
Revaluation	2,225	-	2,225
Balance at 31 December 2019	93,798	18	93,816
Amortisation			
Balance at 1 January 2019	-	-	-
Transfer of onerous lease provision on adoption of IFRS16	4,809	-	4,809
Depreciation for the year	6,573	11	6,584
Disposals	-	(1)	(1)
Impairment	1,381	-	1,381
Balance at 31 December 2019	12,763	10	12,773
Net book value			
At 31 December 2018	-	-	-
At 31 December 2019	**81,035**	**8**	**81,043**

The majority of the Company's right-of-use assets relate to property in relation to student accommodation, schools, classrooms and office buildings, predominately located in the UK (£67.1 million, 2019: £78.2 million). The maturity analysis of lease liabilities is presented in note 20.

Land and buildings additions in the year largely relate to the University of Huddersfield (£0.9 million) which was renewed during the year and asset retirement addition for schools, classrooms (£1.0 million) and Singapore office (£0.1 million).

Right-of-use assets relating to lease contracts for sites which are closed or discontinued are considered standalone CGUs as they generate cash inflows independent from the rest of the group. Such right-of-use assets have been tested for impairment and have been written down to their value-in-use in accordance with IAS 36. A net impairment charge of £0.7 million has been recognised in the year in respect of properties in Cambridge and Oxford.

Amounts recognised in the profit and loss

	2020 £000	2019 £000
Depreciation expense on right-of-use assets	**7,674**	6,584
Interest expense on lease liabilities	**3,765**	3,976
Expense relating to short term leases	**3,343**	6,045
Expense relating to leases of low value assets	**52**	51
Interest income from sub-leasing right-of-use assets	**(219)**	(163)

At 31 December 2020 the Company is committed to £0.6 million (2019: £1.9 million) for short-term leases (note 25).

The majority of the UK property leases contain rent review clauses within the lease contract, the majority of which are subject to indexation increases. Indexation price increases in 2020 were 2.6% on average (2019: 2.5%) and the impact of expected future rent increases is not considered to present a significant liquidity risk to the Company.

The total cash outflow for lease liabilities in the year amounted to £11.0 million (2019: £11.2 million).

Notes to the financial statements for the year ended 31 December 2020 *(continued)*

14 Finance lease receivables

Maturity of lease payments receivable:

	2020	2019
	£000	£000
Amount receivable under finance leases		
Year 1	**1,117**	405
Year 2	**1,112**	405
Year 3	**1,112**	405
Year 4	**1,112**	405
Year 5	**666**	405
Onwards	**3,060**	2,634
Undiscounted lease payments receivable	**8,179**	4,659
Less: unearned finance income	**(1,290)**	(991)
	6,889	3,668
Maturity analysis		
Undiscounted lease payments receivable		
Current	**1,117**	405
Non-current	**7,062**	4,254
	8,179	4,659
Net investment in leases receivable		
Current	**840**	251
Non-current	**6,049**	3,417
	6,889	3,668

The finance lease receivable is in relation to two properties at a discontinued site in the UK which are being sublet.

Notes to the financial statements for the year ended 31 December 2020 *(continued)*

15 Deferred tax assets

Deferred tax is calculated in full on temporary differences under the liability method. The movement on the deferred tax assets and liabilities is as shown below:

	2020 £000	2019 £000
Balance at 1 January	**2,264**	1,983
Credit to Statement of comprehensive income:		
Fixed assets	**716**	281
Accruals and provisions	**(30)**	-
Tax losses	**20**	-
Balance at 31 December	**2,970**	2,264

	2020 £000	2019 £000
Deferred tax assets relate to the following:		
Fixed assets	**2,771**	2,264
Accruals and provisions	**179**	-
Tax losses	**20**	-
	2,970	2,264
Presented in the Statement of financial position as follows:		
Deferred tax assets	**2,970**	2,264

Deferred tax assets have been recognised in respect of all losses and other temporary differences to the extent that it is probable that those assets will be recovered.

Deferred tax assets and liabilities are only offset where there is a legally enforceable right of offset.

In the March 2021 Budget, it was announced that the UK tax rate will go up from the current 19% to 25% from 1 April 2023. As substantive enactment is after the balance sheet date, the deferred tax balances as at 31 December 2020 continue to be measured at a rate of 19%. If the new tax rate had been used, the impact on the above net deferred tax asset would have been no higher than £1.0 million increase.

16 Inventories

	2020 £000	2019 £000
Catering stock	**-**	17

Notes to the financial statements for the year ended 31 December 2020 *(continued)*

17 Trade and other receivables

	2020	2019
	£000	£000
Current		
Trade receivables	**24,502**	20,779
Loss allowance	**(2,905)**	(1,137)
Trade receivables - net	**21,597**	19,642
Other debtors	**833**	1,069
Prepayments	**7,815**	12,973
Accrued income	**836**	2,054
Amounts owed by Group undertakings	**14,075**	6,942
Amounts owed by holding undertakings	**138,421**	103,435
	183,577	146,115

	2020	2019
	£000	£000
The following table shows the movement in the loss allowance that has been recognised for trade receivables:		
Balance as at 1 January 2020	**1,137**	1,014
Loss allowance recognised on receivables	**1,955**	148
Loss allowance reversed	**(187)**	(25)
Balance at 31 December 2020	**2,905**	1,137

	2020	2019
	£000	£000
Ageing of trade receivables net of loss allowance:		
Current	**12,952**	12,695
30-60 Days	**2,570**	3,355
60-90 Days	**2,723**	1,351
90-120 Days	**838**	1,192
120+ Days	**2,514**	1,049
Total	**21,597**	19,642

	2020	2019
	£000	£000
Ageing of loss allowance:		
120+ Days	**2,905**	1,137

In determining the recoverability of a trade receivable, the Company considers any change in the credit quality of the trade receivable from the date the credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. The net charge relating to the increase in the loss allowance has been included in 'administrative expenses' in the statement of comprehensive income. The nature of other receivables and prepayments has been determined not to be appropriate to be considered for determining an Expected Credit Loss provision.

Trade receivables represent amounts due from students and university partners or, in some cases, their agents.

Amounts owed by parent and fellow Group undertakings are unsecured, non-interest bearing and repayable on demand.

Notes to the financial statements for the year ended 31 December 2020 *(continued)*

18 Trade and other payables

	2020	2019
	£000	£000
Current		
Trade creditors	**21,519**	8,291
Other creditors	**11,260**	12,457
Accruals	**15,561**	18,516
Amounts owed to Group undertakings	**45,268**	6,683
Amounts owed to holding undertakings	**2,573**	2,861
	96,181	48,808

Amounts owed to parent and fellow Group undertakings are unsecured, non-interest bearing and repayable on demand.

19 Provisions

	Property		**Onerous lease**		**Employee benefit**		**Total**	
	2020 £000	2019 £000	**2020 £000**	2019 £000	**2020 £000**	2019 £000	**2020 £000**	2019 £000
Balance at 1 January	**2,929**	2,900	**-**	5,550	**132**	-	**3,061**	8,450
Transfer on adoption of IFRS16	**-**	-	**-**	(4,809)	**-**	-	**-**	(4,809)
	2,929	2,900	**-**	741	**132**	-	**3,061**	3,641
Provisions (released)/made during the year	**16**	(50)	**-**	(579)	**(91)**	132	**(75)**	(497)
Provisions utilised	**-**	-	**-**	(162)	**-**	-	**-**	(162)
Unwinding of discount and changes in the discount rate	**(82)**	79	**-**	-	**-**	-	**(82)**	79
Balance at 31 December	**2,863**	2,929	**-**	-	**41**	132	**2,904**	3,061
Current	**235**	114	**-**	-	**-**	-	**235**	114
Non-current	**2,628**	2,815	**-**	-	**41**	132	**2,669**	2,947
	2,863	2,929	**-**	-	**41**	132	**2,904**	3,061

Property provisions relate to dilapidation provisions expected on leased properties. Property provisions will be utilised as the respective leases expire across a variety of dates, ranging from one to twenty five years. Employee benefit provisions relate to long term incentive plan benefits for Directors. The release has been generated as a result of the revised trading performance of the Group post Covid-19.

Notes to the financial statements for the year ended 31 December 2020 *(continued)*

20 Lease liabilities

Maturity of lease liabilities:

	2020 £000	2019 £000
Maturity analysis		
Year 1	**10,674**	11,707
Year 2	**9,576**	10,485
Year 3	**9,390**	9,851
Year 4	**9,239**	9,636
Year 5	**8,196**	9,462
Onwards	**55,937**	65,491
Undiscounted lease payments	**103,012**	116,632
Less: unearned interest	**(25,369)**	(29,436)
	77,643	87,196

Maturity analysis	2020 £000	2019 £000
Current	**7,317**	7,951
Non-current	**70,326**	79,245
	77,643	87,196

The Company does not face a significant liquidity risk with regard to its lease liabilities. Lease contracts are managed by the Group's property and operations departments, and the impact of lease liabilities on future forecast cash flows are monitored within the Group's treasury function.

21 Employee benefits

Defined contribution plans

The Company operates a number of defined contribution pension plans.

The total expense relating to these plans in the current year was £1,646,768 (2019: £1,407,486).

22 Capital and reserves

Share capital

	2020 £000	2019 £000
Authorised, allotted, called up and fully paid		
2,000,122 (2019: 2,000,122) Ordinary shares of £1 each	**2,000**	2,000
40,000 (2019: 40,000) Preference shares of £1 each	**40**	40
	2,040	2,040

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

The preference shares have a preference over the ordinary shares in the event of a winding up of the Company up to the nominal value of the shares. In all other respects the shares rank pari passu.

Notes to the financial statements for the year ended 31 December 2020 *(continued)*

23 Dividends paid and proposed

	2020	2019
	£000	£000
Declared and paid during the year:		
Equity dividends on ordinary shares:		
Interim for 2019: £5.00p per share	-	10,000
Dividends paid	-	10,000

24 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	2020	2019
	£000	£000
Less than one year	-	1,879
Between one and five years	-	-
More than five years	-	-
	-	1,879

Some properties are let under operating leases with the Company as a lessor. The future minimum lease payments under non-cancellable leases are as follows:

	2020	2019
	£000	£000
Year 1	**360**	360
Year 2	**360**	360
Year 3	**360**	360
Year 4	**225**	360
Year 5	-	225
	1,305	1,665

During the year £360,000 (2019: £360,000) was recognised as rental income by the Company.

25 Commitments

The Company had the following commitments in respect of land and buildings which are payable as follows:

	2020	2019
	£000	£000
Less than one year	**561**	-
	561	-

Notes to the financial statements for the year ended 31 December 2020 *(continued)*

26 Contingent liabilities

The Company is, from time to time, party to legal proceedings and claims, which arise in the ordinary course of business. The Directors do not expect there to be a material cash outflow on any items known at the period end.

No other contingent liabilities noted.

27 Financial commitments

The Company's assets have been pledged as security for borrowings undertaken by the Group in its Senior Facilities Agreement. The Parent of this agreement is fellow Group company SG Global Bidco Limited. As at 31 December 2020, the borrowings under this agreement amounted to £229.9 million (2019: £221.5 million).

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within the Group, the Company considers these to be insurance arrangements, and accounts for them as such. In this respect, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

28 Related Parties

Trading transactions

During the year the Company entered into transactions with related parties who were members of the Group:

	Sales to		**Administrative expenses incurred from**		**Amounts owed by/(owed to) related parties**	
	2020	2019	**2020**	2019	**2020**	2019
	£000	£000	**£000**	£000	**£000**	£000
Bellerbys UK Limited	**-**	-	**-**	-	**-**	(3)
EDU Holdings SPV Pty Ltd (Australia)	**-**	-	**-**	-	**10,218**	-
EDU UK Management Services Ltd	**8**	-	**736**	888	**80,678**	96,132
EDU UK Topco Ltd	**-**	-	**-**	-	**(26,434)**	-
Insendi Limited	**-**	-	**-**	-	**8**	-
SG Global Bidco Limited	**-**	-	**357**	4,949	**288**	7,303
SG Properties Limited	**-**	-	**-**	-	**-**	29
SG Study Group Malaysia SDN. BND.	**-**	3	**110**	233	**54**	(622)
SGI Consulting Services Nigeria	**-**	-	**62**	140	**(53)**	(736)
SGIL Study Group India Private Limited	**9**	-	**1,228**	373	**(337)**	(699)
Study Group Australia Pty Ltd	**6,374**	9,349	**639**	1,388	**(14,595)**	2,873
Study Group Canada Higher Education Inc	**434**	398	**104**	208	**321**	221
Study Group do Brazil Agenciamentoe Participacoes	**1**	-	**464**	587	**(222)**	(1,145)
Study Group Finance Pty Ltd	**-**	-	**3,695**	3,047	**(3,629)**	(3,478)
Study Group Holdings UK Ltd	**-**	-	**-**	-	**57,456**	(27)
Study Group NZ Ltd	**508**	467	**88**	119	**399**	322
Study Group UK Ltd	**3,909**	4,709	**28,809**	32,889	**(2,573)**	(2,834)
Study Group USA Higher Education LLC	**1,247**	2,133	**517**	289	**869**	995
Study Group USA Inc.	**-**	-	**-**	454	**-**	-
Xueji Education Information (Beijing) Ltd	**12**	42	**4,218**	4,517	**2,206**	2,502
Xueji Education Information Consulting (Guangzhou) Ltd	**-**	1	**1**	-	**-**	-

Transactions that took place between companies within the Group were for transfer pricing and management charges.

Consideration was in the form of intercompany loans.

During the year the Company did not enter into transactions with related parties who were not members of the Group.

Notes to the financial statements for the year ended 31 December 2020 *(continued)*

29 Ultimate parent company and parent company of larger group

The immediate parent undertaking is Study Group UK Limited, registered office Brighton Study Centre, 1 Billinton Way, Brighton, BN1 4LF, UK.

The ultimate parent undertaking and controlling party is Ardian LBO Fund VI B S.L.P, a company incorporated in France.

The largest group in which the results of the Company are consolidated is that headed by SG Global Topco Limited. The smallest group in which the results of the Company are consolidated is that headed by SG Global Topco Limited. Copies of the publicly available financial statements of SG Global Topco Limited are available from the registered office Brighton Study Centre, 1 Billinton Way, Brighton, BN1 4LF, UK.

30 Events after the balance sheet date

On 22 February 2021, the Group received a capital injection from Ardian of £17.0 million.