Study Group Limited

Annual report and financial statements for the year ended 31 December 2021

Registered number 02325576

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DIRECTORS AND CORPORATE INFORMATION

DIRECTORS

AJ Allden
K Burnett
MJ Cunnington
NL Hall
R Morgan
JH Pitman
N Williams

INDEPENDENT AUDITOR

Deloitte LLP
1 New Street Square
London
United Kingdom
EC4A 3HQ

REGISTERED OFFICE

Brighton Study Centre
1 Billinton Way
Brighton
East Sussex
BN1 4LF

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 2021. 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 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, International first year, Pre-Masters and Masters programmes to international students in the United Kingdom, Europe, The United States, 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 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.

2021 was Study Group's 27th year as a provider of high-quality international education, and Study Group was proud to be named Education Investor's University Pathway provider of the year, for the second year in a row.

During this period of significant market development and change, in part shaped by the Covid-19 pandemic, the Company delivered sound financial performance and maintained excellent academic standards, as evidenced by high student attainment and students successfully progressing to the next stage of their academic careers. The Company was deeply appreciative of the remarkable contribution of the global Study Group team during this period, through their efforts to support students and partners as travel restrictions often demanded a shift to alternate modes of learning, while remaining focused on delivering outstanding outcomes.

In the UK, the Group was pleased to sign a new partnership agreement with Teesside University in April 2021 and welcomed the first intake of students to the study centre in November 2021. The pipeline for 2022 is strong and the Company is pleased to be in active discussions with a number of potential new partners, as well as considering extending collaboration with existing partners. Coventry University made a strategic decision to withdraw from or scale back a number of courses previously offered to International Students, and consequently the contract was not put out to tender. The Directors also took the strategic decision to withdraw from the "A" level market in the UK delivered via the Bellerbys brand and to focus fully on the higher education sector. The Directors are continuing to operate the business as a teach-out for existing students at the present time.

As previously, the Directors with the support of its shareholders and investors took timely action to ensure that the Group remained in a sound financial position, with significant available liquidity. On 28 January 2022, Study Group signed an amendment to its existing Senior Facilities Agreement with its lenders to set aside the Group's leverage covenant on its term loan debt until 2024, and for interest payable in 2022 to be capitalised throughout the year. The agreement included a commitment from Ardian to provide a capital injection of £40.0 million, which was received in February 2022. This followed an investment of £17.0 million by Ardian in early 2021.

Overall New Student Enrolments (NSE) increased by 29% to 8,050 (2020: 6,236). The financial outcome for the year was an adjusted EBITDA[1] of £14.4 million compared with £25.0 million in 2020.

The results for the year and financial position of the Company are as shown in the financial statements on pages 20-23.

The outlook for international education is generally improving at the time of writing. Despite the challenges of the pandemic, international students and their families continue to value the opportunity to study at high-quality universities across the world, and university partners are keen to work closely with Study Group to meet their own internationalisation objectives and draw on its strengths in digital innovation and teaching excellence. For these reasons, the Directors believe the Group is in a sound position financially and operationally, with the flexibility to adapt to new challenges, and commend the success of the Group in navigating a challenging period in such an impressive way.

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 2021	Year Ended 2020	Change
Revenue £m	**127.7**	148.2	**(13.8)%**
Adjusted EBITDA £m[1]	**14.4**	25.0	**(42.4)%**
New Student Enrolment (NSE)	**8,050**	6,236	**29%**

NSE
Overall, the Company saw an increase in NSE of 29% from 6,236 to 8,050. This significant increase was due to the emergence from Covid-19 restrictions throughout 2021 and the ongoing benefit of the Graduate route visa scheme in the UK. The Company has seen a change in sales mix with more students coming from the Indian subcontinent rather than the Chinese market, which has been subdued following the high level of reported Covid-19 cases in the UK, and this has impacted revenue.

Revenue
Revenue in 2021 decreased by 13.8% to £127.7 million (2020: £148.2 million). In the prior year the Company benefited from a large intake of students who had started their studies in the Autumn of 2019 and January 2020 before the Covid-19 pandemic, and completed their course in the first half of 2020, whereas all intakes in 2021 were affected by Covid-19 related travel restrictions. Whilst the Company benefited from the favourable Graduate route visa scheme in the UK which increased demand from the Indian subcontinent, the change in sales mix also contributed to lower revenues.

EBITDA[1]
EBITDA decreased by 42.4% to £14.4 million (2020: £25.0 million). The lower revenue and change in sales mix impacted the margins flowing through to EBITDA.

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 decreased in 2021 to £0.9 million (2020: £1.6 million). Exceptional costs and other items in the year include £1.4 million (2020: £0.5 million) relating to restructuring costs, £0.3 million credit (2020: £0.7 million) in relation to impaired right-of-use leases, £0.2 million (2020: £nil) in relation to leasehold property impairment, £0.2 million credit (2020: £nil) in relation to the disposal of right-of-use leases and £0.2 million credit (2020: £nil) in relation to aged balance sheet releases. The prior year also included £0.3 million relating to a corporate strategy project, £0.2 million relating to Covid-19 incremental costs and £0.1 million credit in relation to shareholder and management fees.

Depreciation and amortisation
Depreciation and amortisation for the year to 31 December 2021 was £10.9 million in line with the prior year (2020: £10.9 million).

Interest payable and similar charges
Interest payable for the year to 31 December 2021 was £3.4 million broadly in line with the prior year (2020: £3.8 million).

Balance sheet position
Net assets were £55.1 million at 31 December 2021 (2020: £69.6 million). The main driver of the decrease in net assets over the prior year is the payment of £15.0 million dividend.

Cash flow
The Company generated a cash outflow of £1.0 million in the year, an improvement over the prior year of £5.4 million (2020: £6.4 million outflow). The largest driver of the £5.4 million increase was a £19.7 million increase in cash generated from operating activities (2021: £23.7 million inflow, 2020: £4.0 million inflow) offset by £15.0 million payment of dividends (2020: £nil). The £23.7 million inflow from operating activities largely arose from an increase in deferred income of £23.8 million.

The £23.7 million cash generated from operating activities was offset by a £3.4 million outflow (2020: £1.4 million outflow) from investing activities which was mainly due to purchases of intangible assets and £21.3 million outflow (2020: £9.0 million outflow) from financing activities due to the repayment of lease liabilities (£7.6 million) and payment of dividends (£15.0 million).

Cash flow is managed at a Group level through the use of Group cash pooling facilities.

[1] Adjusted EBITDA is defined as earnings before tax, interest, depreciation, amortisation and exceptional items.

Strategic report *(continued)*

2021 Developments including the impact of and response to Covid-19
The market in 2021 continued 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 students, staff and the market to further refine the Group's approach. This is particularly true in relation to continuing to expand the development and delivery of virtual course content.

Specific examples have included:
- The continued development of local learning centres in key student home countries; and
- The continued development of online platforms and content.

The Group's management is also focusing on the 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
Due to Group wide financing facilities, going concern is assessed at a consolidated Group level for SG Global Topco Limited subsidiaries. At 30 June 2022, being the most recent month end date, the Group had cash and cash equivalents of £30.3 million. After consideration of the impact of Covid-19 and other macroeconomic factors on the business as described below, including the application of scenario and sensitivity analysis, and the ongoing support received to date from the Group's majority shareholder Ardian, there is positive cash headroom on committed facilities throughout the going concern assessment period and the Directors continue to adopt the going concern basis in the financial statements.

As at 31 December 2021 the Group had borrowings of £276.2 million (2020: 259.6 million) consisting of a revolving credit facility, term loans and investor loan notes. On 28 January 2022, Study Group signed an amendment to its Senior Facilities Agreement with its lenders to set aside the Group's leverage covenant on its term loan debt and replace it with a new minimum liquidity covenant until March 2024. The agreement included a condition for Ardian to provide an investment in the form of a long-term loan note of £40 million, which was received in cash on 18 February 2022. This is in addition to the investment of £17 million made by Ardian in February 2021.

Following this amendment, the only financial covenant in place during the going concern period is a minimum liquidity covenant, requiring the Group's total liquidity to remain above £15 million on the last working day of each month (with a lower minimum threshold of £12 million in May and June which is the Group's seasonal liquidity low point).

The Group's term loan interest is payable bi-annually in arrears in February and August each year. Under the amendment agreement, interest due to be paid in 2022 can be capitalised alongside the loans rather than settled in cash. Furthermore, there is an option to also capitalise the interest payment due in February 2023 subject to certain conditions being met. Specifically, these conditions are a minimum adjusted EBITDA that must be achieved for the year ending 31 December 2022 ('Minimum 2022 Adjusted EBITDA') as defined in the facilities agreement and the liquidity outlook for 2023 must continue to meet the minimum monthly liquidity covenant.

In the scenarios outlined below, the February 2023 interest payment needs to be capitalised for the Group to have sufficient cash to continue to meet the monthly liquidity covenant throughout the going concern period. Therefore, in assessing the Group's ability to continue to operate as a going concern, achievement of the Minimum 2022 Adjusted EBITDA is critical and has been assessed below in conjunction with the Group's ability to continue to meet the monthly minimum liquidity covenant.

The market in 2022 continues to evolve and varies between countries in terms of international travel and other Covid-19-related restrictions. In addition to Covid-19, international conflict and geopolitical issues in Europe may also impact the markets in which the Group operates. For potential future students, these external factors create uncertainty and concern as they make choices about their international education. As a result, there remains uncertainty around the impact of these macroeconomic factors with respect to the Group's student volume projections due to the wide range of possible scenarios.

New Student Enrolments (NSE) for the first six months (H1) of 2022 are forecast to be 16% lower than the comparable period in 2021. This decline was partly due to a cohort of students who were ready to commence their studies but were not able to meet the latest arrival dates for their courses, including the impact of visa processing delays. This was to a certain extent related to the challenges associated with universities switching back to on-campus attendance as the normal mode of study and has resulted in some students being deferred into later intakes. Where it is within the Group's control, changes have been implemented to extend the time window available to obtain visa issuance to help ensure these issues are minimised for future intakes. In addition, with improving conditions globally it is expected that fast-track visa issuance will be reinstated that will further support students to receive their visa on time for travel to attend courses within the scheduled start dates. In addition to the visa process delays, there has been a variation in source market demand with China more subdued due to in part continued local Covid-19 lockdowns, and a growth in demand from South Asia and this has been taken into account in our latest forecast.

Taking into account the above factors, the student volumes for continuing business lines in the second six months (H2) of 2022 are forecast to be 16% higher than the comparable period in 2021 and student numbers for H1 2023 are forecast to be 15% higher than the projected volumes in H1 2022. Based on these base case projections the Minimum 2022 Adjusted EBITDA and monthly liquidity covenant is forecast to be met for at least 12 months from the date that these financial statements were approved.

Strategic report *(continued)*

Going concern *(continued)*
An illustrative reasonably possible downside scenario for the purposes of stress-testing the Group's financial position has been prepared. We have based this downside scenario on H2 2022 NSE being in line with the year-on-year decrease that was experienced in H1 2022 compared to the same period in 2021 on a like-for-like basis but adjusted for new centre openings.

In this scenario the Group would need to take a number of cost-saving actions that are within its control, including reducing discretionary bonus payments. Including these cost saving measures the Group would achieve the Minimum 2022 Adjusted EBITDA with circa 10% headroom which in turn would allow interest to be capitalised in February 2023 and the monthly liquidity covenant would continue to be met throughout the going concern period with headroom of 17% or higher.

The Group has also identified further cost savings of up to £2.5 million within H2 2022 that could realistically be implemented if needed without materially negatively impacting revenue within the going concern period, namely digital and other marketing spend and travel expenses.

Further reduction in NSE below the downside scenarios are considered remote. The latest pipeline at the date of signing shows H2 2022 confirmations are 23% higher than the confirmations this time last year and new offers are 57% ahead compared to same time last year.

Despite the uncertainty noted above, under reasonably possible downside scenarios modelled, the Group has sufficient committed facilities to meet liabilities as they fall due for a period of 12 months from the date of signing these financial statements. 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. In the UK & Europe 82% of students completing their course were offered progression to the next stage.

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. 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 signing of a new agreement with Teesside University. 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.

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[1] growth.

[1] EBITDA is defined as earnings before tax, interest, depreciation, amortisation and exceptional items.

Strategic report *(continued)*

Outlook
Overall, and once again in the context of a Covid-19 impacted trading period, the Company is satisfied with the 2021 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 sound 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 Enterprise Risk Committee ("ERM"). The Global ERM 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 and the emergence of new variants. The Company's management is actively engaged on a daily basis in supporting current and future students, and are following public health guidance in each of the territories in which it operates. 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 Company. Although many students are being taught online 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. Others are enjoying a blended approach with commencing their studies online and then moving to campus as travel restrictions allow. The Company 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 sound 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 soundly. 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.

The Company has assessed the situation in regard to the conflict in Ukraine and currently this has a minimal impact on the Group's activities as neither Russia, Belarus, or Ukraine are key source markets for students nor does the Group place significant reliance on these regions for staff or other business resources.

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 1,500 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.

Strategic report *(continued)*

Financial position
As previously noted in the 2020 Financial Statements, the Directors with the support of its shareholders and investors has taken timely action to ensure that the Group remains in a strong financial position, with significant available liquidity. On 28 January 2022, Study Group signed an agreement with its lenders to set aside the Group's leverage covenant on its term loan debt until 2024, and for interest payable in 2022 to be capitalised throughout the year. The agreement included a commitment from Ardian to provide a capital injection of £40.0 million, which was received in February 2022. 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. Refer to the Directors' Report for discussion on the Company's foreign currency and liquidity risk.

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.

Our People

Culture
As a significant employer in a number of global locations, the Directors recognise that our people make us who we are, and that education is primarily enabled by human interaction. We value our teams' ability to adjust and adapt to the challenges that they face every day, and to deliver a high standard of education to our students wherever and however they are studying.

The Group vision is "a better world through education". The Group articulates how this can be achieved by having a One Team Approach, with key behaviours of Pace with Purpose, Valuing Everyone's Voice, Collaborate to Innovate, and Learn and Grow. See "Strategy" above for a description of the Group's key strategic pillars. The Group measures its success in achieving its goals using targeted "outcomes", such as:

Student Success – Progression and completion rates, student satisfaction rate and reduce non-value added time.
Partner Success – Satisfaction score from all university partners, Composite Agent satisfaction score and top grade compliance with critical regulators.
Growth Driven – Growth of new student enrolments, partners, and service lines.
Highly Engaged Team – Improve employee survey scores globally for employee engagement, "learning and growing" at work, and collaboration and inclusion.

The celebration of success underpins the Group's desire to recognise achievements in all areas of the business. This is done by the One Team Awards which runs across the whole organisation, awarded monthly, and is designed to recognise particular achievement against the behaviours and goals set out above.

The GET continue to recognise the importance of career progression and personal development and run a management development programme. The Group also offers a wide range of E-learning opportunities via "My Development" and "My Pathway" programmes which offer access to a variety of courses, and access to a mentoring programme.

Employee consultation
The Board ensures there is effective dialogue with employees about the Group's vision through communications such as regular townhalls, social media posts (Workplace) and presentations by members of the global executive and senior leadership teams.

Employee reward
The Group remunerates its employees fairly in line with the various markets in which it operates, and also offers a variety of employee benefits tailored to the particular location and market in which those employees are working.

Strategic report *(continued)*

Our People *(continued)*

Employee health and safety
Whilst the guidelines vary depending on the region in which employees are engaged, the Group complies with all local safety requirements. The Group seeks to go beyond minimum compliance and regularly runs online training updates for employees covering the safeguarding of both staff and students. The Group operates a global whistleblowing hotline which is operated by third party experts.

Diversity and Inclusion (including the employment of disabled persons)
A commitment to equal opportunities in the workplace is not only good management practice, but it also makes sound business sense. We encourage a working environment which is free of discrimination, harassment, and victimisation. We aim to ensure that our people achieve their full potential and that all employment decisions are taken without reference to irrelevant or discriminatory criteria.

We are committed to working within the framework of the law and ensuring that our workplaces are free from unlawful discrimination on the grounds of colour, race, nationality, ethnic or national origin, sex, gender (including gender reassignment), religion, religious belief or philosophical belief, sexual orientation, sexuality, marital status, disability or age.

In relation to diversity and inclusion, the Group has both an executive steering committee which comprises four members of the GET, and a Steering Committee of 15 employees with diverse backgrounds from all areas of the business. These committees oversee both Inclusion Workshops and Ambassador Groups.

Human Rights and Social Responsibility
The Group wishes to promote the highest standards in relation to respecting everyone's human rights. This extends beyond its direct employees but also encompasses the students in its care and those working in its representative offices.
− Details of the Group's charitable activities in conjunction with Plan International are set out in the Directors report of SG Global Topco Limited.
− The Group is looking to expand the team in India and maintains a local presence either directly or via a representative office in China, Singapore, United Arab Emirates, South Korea, Indonesia, Taiwan, Hong Kong, Vietnam, and Thailand.

Section 172 of the Companies Act 2006
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. This statement demonstrates how the directors have complied with the requirements of this section throughout 2021, and in doing so have had particular regard for these matters although not exclusively 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's principal responsibility is to promote the long-term success of the Company through creating shareholder value and contributing to a healthy society and a sustainable environment. 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 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. Responsible for ensuring top grade in key areas of compliance, the Company's UKEU Compliance, Risk and Assurance Board ('UKEUCRAB') provides a forum for key stakeholders to report on matters relating to risk and compliance. Material compliance matters are escalated, as warranted, to the global Enterprise Risk Management ('ERM') committee, which is part of the Group's governance network and maintains a monthly dashboard that indicates a rating for various sectors of the business.

The Board seeks to align the Company's strategic direction to the Group's long-term aspirations for sustainability, growth, diversification and investment. The development of the Company's strategy under the Board's direction (as stated on page 5) 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.

Strategic report *(continued)*

Section 172 of the Companies Act 2006 *(continued)*

As the impact of the Covid-19 pandemic extends into 2022, so through this period 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:

- Continuing to support and enhance both the student's experience of studying online and the staff's experience of working from home and only returning to the campus and offices when it is safe to do so and in restricted numbers;
- 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 also took other decisions which included: continuing and extending the cost control measures, discussion in the going concern section on page 4 outlines the changes to the conditions relating to the long-term borrowing and the 2022 developments including the ongoing development of remote education.

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 4 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 11. 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 improve teaching in rural schools in Ghana.

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

N Williams, *Director*
Date: 28 July 2022

JH Pitman, *Director*
Date: 28 July 2022

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 of the Company for the year ended 31 December 2021.

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
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 £1.5 million (2020: £11.4 million). The Company profit for the year after taxation and including exceptional items amounted to £0.5 million (2020: £9.8 million). During the year and up to the date of the financial statements were authorised, £15.0 million dividends were paid (2020: no dividends paid, proposed or declared).

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
K Burnett
MJ Cunnington
NL Hall (appointed 8 March 2022)
RW Morgan (appointed 17 May 2021)
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. Staff 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 to 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 roles' 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 s172 report on page 8 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 8.

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 from 2020. 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 29.

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

N Williams, *Director*
Date: 28 July 2022

JH Pitman, *Director*
Date: 28 July 2022

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. This Statement covers the financial year ending 31 December 2021 as well as the period up to the approval of these 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;
- Nikki Hall, Chief People and Transformation Officer;
- Robert Morgan, Non-Executive Director;
- James Pitman, Manager Director, Development
- Dr Mark Cunnington, Chief Learning Experience Officer; 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, Compliance and Risk;
- Director of Learning Effectiveness
- People Experience Director
- Learning Delivery Directors;
- Director of Safeguarding
- Commercial Finance Director; and
- Senior Advisor, Academic.

The Study Group Limited Board retains ultimate responsibility for ensuring compliance with applicable 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.

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 UKEUCRAB provides a forum for key stakeholders to report on matters relating to risk and compliance. Material compliance matters are escalated, as warranted, to the global Enterprise Risk Management (ERM) committee, which is part of the Group's governance network.

Partnership Development Group ('PDG')
The Partnership Development Group has historically been responsible for managing and overseeing relationships with, and development of, university partnerships. The PDG was tasked with overseeing and approving new product development business cases, approving partnership development plans and managing contract relationship risk, but did not engage in corporate governance or internal control functions. Accordingly, the PDG has been reconstituted with an emphasis on its' commercial product and partner development mandate and will not appear in future Statements.

Student Experience Committee ('SEC')
The Student Experience Committee 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 the work done by the internal finance team and external auditors, and matters relating the selection of appropriate accounting policies and the appointment and remuneration of the external auditor. The Audit Committee is informed by the ERM Committee on matters of global risk and compliance.

Global Enterprise Risk Management Committee ('ERM')
Reporting to the Audit Committee, the Global ERM Committee is responsible for monitoring, evaluating and addressing operational risk, including regulatory compliance, for the global Group. The ERM Committee is comprised of senior Group executives who regularly review performance against compliance and other operational performance metrics. The Committee is informed by regional boards and risk committees, including the UKEUCRAB.

Management

UK/EU Executive Leadership
Leadership responsibility for UK/EU operations is primarily vested with the Chief Learning Experience Officer ('CLEO'), who is a member of the Study Group Limited Board, and Chief Student Experience Officer ('CSEO'), both of whom are members of the Group Global Executive Team. Reporting to the CLEO and CSEO are a team of senior executives with deep expertise in the education sector who are responsible for the day-to-day performance of all operations related to academic performance, and student experience and success. In addition, UK/EU operations are the beneficiary of Group support for all finance, legal and compliance, human resources, and IT matters.

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 Group 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;
- Anthony Claridge, Chief Information Officer;
- Mike Everett, Chief Student Experience Officer;
- Nikki Hall, Chief People and Transformation Officer;
- Manoj Shetty, Chief Revenue Officer; and
- Dr Mark Cunnington, Chief Learning Experience Officer.

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

Internal control

The Study Group Board ensures the Group adheres to relevant control frameworks in all the regions in which it operates.

The Group maintains and monitors a system of internal controls at a functional level, including financial, legal and regulatory controls. For the UK/EU operations, the UKEUCRAB described above, monitors the internal controls for Study Group Limited and other Group companies in the UKEU region. The UKEUCRAB reports up to the Global ERM Committee, as appropriate.

The Group Audit Committee is responsible for:
- Reviewing and monitoring the Group financial control framework;
- Reviewing the Group enterprise risk profile as provided by the ERM Committee;
- Reviewing the performance and independence of the external auditors and 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 and approving the audited Financial Statements for the Group and the Company.

Activity conducted by the Global ERM Committee includes:
- Monitoring Group performance against key operational metrics, including regulatory compliance, student success, partner relationships, academic excellence and financial health metrics;
- Reviewing regional risk and performance reports and ensuring material issues are addressed; and
  Reporting to the Group Audit Committee and Board of Directors on a regular basis regarding the Group's operating risk profile.

The Group system of financial controls includes:
- 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 auditor 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 2021, as well as the period up to the approval of these financial statements.

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 financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act. 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 of the financial reporting framework 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.

On behalf of the Board of Directors

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 2021 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
- 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, United Kingdom adopted international accounting standards.

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.

Responsibilities of directors
As explained more fully in the directors' responsibilities statement, 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.

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

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. These include the UK Companies Act 2006; 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 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 agree 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.

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.

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

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
28 July 2022

Statement of comprehensive income
for the year ended 31 December 2021

	Note	**Before Exceptional and Other Items 2021 £000**	**Exceptional and Other Items (note 7) 2021 £000**	**Total 2021 £000**	Before Exceptional and Other Items 2020 £000	Exceptional and Other Items (note 7) 2020 As restated * £000	Total 2020 £000
Revenue	*2*	**127,712**	**-**	**127,712**	148,204	-	148,204
Cost of sales		**(59,978)**	**-**	**(59,978)**	(68,765)	-	(68,765)
Gross profit		**67,734**	**-**	**67,734**	79,439	-	79,439
Administrative expenses		**(53,288)**	**(1,002)**	**(54,290)**	(54,446)	(964)	(55,410)
Earnings before depreciation, amortisation, net financing costs and taxation (EBITDA)		**14,446**	**(1,002)**	**13,444**	24,993	(964)	24,029
Impairment		**-**	**79**	**79**	-	(653)	(653)
Depreciation and amortisation		**(10,916)**	**-**	**(10,916)**	(10,921)	-	(10,921)
Operating profit	*4*	**3,530**	**(923)**	**2,607**	14,072	(1,617)	12,455
Interest receivable and similar income	*8*	**309**	**-**	**309**	366	-	366
Interest payable and similar charges	*9*	**(3,446)**	**-**	**(3,446)**	(3,772)	-	(3,772)
Profit/(loss) before taxation		**393**	**(923)**	**(530)**	10,666	(1,617)	9,049
Tax credit on profit	*10*	**1,060**	**-**	**1,060**	710	-	710
Profit for the financial year		**1,453**	**(923)**	**530**	11,376	(1,617)	9,759
Total comprehensive income for the financial year		**1,453**	**(923)**	**530**	11,376	(1,617)	9,759

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

The accompanying notes on pages 24 to 47 form an integral part of these financial statements.

* The comparative information has been restated as a result of the prior period adjustment discussed in note 30.

Statement of financial position

As at 31 December 2021

	Note	**2021**	2020	2019
			* As restated	* As restated
		£000	£000	£000
Non-current Assets				
Intangible assets	*11*	**3,768**	2,043	1,156
Property, plant and equipment	*12*	**10,888**	12,802	15,575
Right-of-use assets	*13*	**67,630**	69,074	81,043
Finance lease receivables	*14*	**5,215**	6,049	3,417
Deferred tax assets	*15*	**4,185**	3,009	2,295
Trade and other receivables	*16*	**134,776**	138,421	103,435
		226,462	231,398	206,921
Current assets				
Inventories		**-**	-	17
Trade and other receivables	*16*	**43,724**	45,156	42,680
Cash and cash equivalents		**29,139**	30,512	36,723
Finance lease receivables	*14*	**876**	840	251
		73,739	76,508	79,671
Total assets		**300,201**	307,906	286,592
Current liabilities				
Deferred income		**84,398**	60,634	86,655
Trade and other payables	*17*	**80,650**	96,181	48,808
Current tax liabilities		**906**	929	1,016
Provisions	*18*	**7**	235	114
Obligations under lease liabilities	*19*	**8,163**	7,317	7,951
		174,124	165,296	144,544
Net current liabilities		**(100,385)**	(88,788)	(64,873)
Non-current liabilities				
Provisions	*18*	**3,886**	2,669	2,947
Obligations under lease liabilities	*19*	**67,046**	70,326	79,245
		70,932	72,995	82,192
Total liabilities		**245,056**	238,291	226,736
Net assets		**55,145**	69,615	59,856
Equity				
Share capital	*21*	**2,040**	2,040	2,040
Retained earnings		**53,105**	67,575	57,816
Total equity		**55,145**	69,615	59,856

The financial statements and notes on pages 24 to 47 were approved by the Board of Directors on 28 July 2022 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

N Williams, *Director* JH Pitman, *Director*

Study Group Limited, Registered no. 02325576

* The comparative information has been restated as a result of the prior period adjustment discussed in note 30.

Statement of changes in equity
for the year ended 31 December 2021

2021	Note	**Ordinary share capital £000**	**Retained earnings £000**	**Total equity £000**
Balance at 1 January 2021 * as restated		2,040	67,575	69,615
Profit and total comprehensive income		-	530	530
Dividend paid	22	-	(15,000)	(15,000)
Balance at 31 December 2021		**2,040**	**53,105**	**55,145**

2020	**Ordinary share capital £000**	**Retained earnings £000**	**Total equity £000**
Balance at 1 January 2020 * as restated	2,040	57,816	59,856
Profit and total comprehensive income * as restated	-	9,759	9,759
Balance at 31 December 2020 * as restated	**2,040**	**67,575**	**69,615**

The accompanying notes on pages 24 to 47 form an integral part of these financial statements.

* The comparative information has been restated as a result of the prior period adjustment discussed in note 30.

Cash flow statement
for the year ended 31 December 2021

	Notes	2021 £000	2020 * As restated £000
Operating activities			
Cash inflow generated from operations (below)		**27,089**	7,987
Interest received	*8*	**-**	65
Interest paid and financing costs	*9*	**-**	(7)
Interest element of lease payments	*9*	**(3,446)**	(3,765)
Tax refunded/(paid)		**39**	(235)
Net cash inflow generated from operating activities		**23,682**	4,045
Investing activities			
Purchase of intangible assets	*11*	**(2,841)**	(1,203)
Purchase of property, plant and equipment	*12*	**(807)**	(435)
Interest income on net lease investments	*8*	**279**	219
Net outflow from investing activities		**(3,369)**	(1,419)
Financing activities			
Repayment of principal portion of net lease liabilities		**(7,557)**	(7,280)
Cash received from the principal portion of net lease receivables		**849**	675
Cash inflow/(outflow) from impaired lease assets		**409**	(2,445)
Equity dividends paid	*22*	**(15,000)**	-
Net outflow from financing activities		**(21,299)**	(9,050)
Net decrease in cash and cash equivalents		**(986)**	(6,424)
Cash and cash equivalents at the beginning of the financial year		**30,512**	36,723
Effect of exchange rate movements		**(387)**	213
Cash and cash equivalents at 31 December		**29,139**	30,512
Cash inflow generated from operating activities			
(Loss)/profit on ordinary activities before taxation		**(530)**	9,049
Adjustment for:			
Interest expense	*9*	**3,446**	3,772
Amortisation and depreciation	*4*	**10,916**	10,921
Unrealised foreign exchange loss/(gain)		**141**	(1,133)
(Reversal)/impairment of fixed assets	*4*	**(79)**	653
(Profit)/loss on disposal of fixed assets		**(168)**	38
Interest income	*8*	**(309)**	(366)
Decrease in inventories		**-**	17
Decrease/(increase) in trade and other receivables	*16*	**5,077**	(37,463)
Increase/(decrease) in deferred income		**23,764**	(26,021)
Increase in provisions	*18*	**-**	81
(Decrease)/increase in trade and other payables	*17*	**(15,169)**	48,439
Cash inflow generated from operations		**27,089**	7,987

The accompanying notes on pages 24 to 47 form an integral part of these financial statements.

* The comparative information has been restated as a result of the prior period adjustment discussed in note 30.

Notes to the financial statements for the year ended 31 December 2021

1 Accounting policies

1.1 General information

Study Group Limited was incorporated on 6 December 1988 and is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The registered number is 02325576 and the registered address is Brighton Study Centre, 1 Billinton Way, Brighton, BN1 4LF, UK. The financial statements were authorised for issue by the Board of Directors on 12 July 22.

Accounting policies for the year ended 31 December 2021

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 the International Accounting Standards in conformity with the requirements of the Companies Act 2006. On 31 December 2020, IFRS as adopted by the European Union at that date was brought into UK law and became UK-adopted International Accounting Standards, with future changes being subject to endorsement by the UK Endorsement Board. The Group transitioned to UK-adopted International Accounting Standards in its consolidated financial statements on 1 January 2021. This change constitutes a change in accounting framework. However, there is no impact on recognition, measurement or disclosure in the period reported as a result of the change in the framework.

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 1.19.

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.

Prior period restatement

The Statement of financial position has been restated for the comparative period, and an additional statement has been presented as at the beginning of the preceding period. In April 2021 the IFRS Interpretations Committee (IFRIC) issued an agenda decision on the treatment of configuration and customisation costs for Software as a Service (SaaS). Following the issuance of the IFRIC guidance, the Company elected to change its accounting policy to expense all configuration costs in the period in which they are incurred. Costs of modifying software are capitalised where they meet the recognition criteria in IAS 37 which includes the ability to demonstrate control. As required by IAS 8, this change in policy has been applied retrospectively. In addition, the Statement of financial position has been restated for the comparative period, and an additional statement has been presented as at the beginning of the preceding period, in relation to trade and other receivables. Amounts owed by holding undertakings has been reclassed from current to non-current, on the basis that the amounts will not be settled within 12 months from the balance sheet date. The impact on net assets and the Statement of comprehensive income is £nil. More information can be found in Note 30.

Going concern

Due to Group wide financing facilities, going concern is assessed at a consolidated Group level for SG Global Topco Limited subsidiaries. The Directors with the support of its shareholders and investors have taken timely action to ensure that the Group remains in compliance with its Senior Facilities Agreement and has sufficient committed facilities to meet liabilities as they fall due for a period of 12 months from signing these financial statements.

On 28 January 2022, Study Group signed an amendment to its Senior Facilities Agreement with its lenders to set aside the Group's leverage covenant on its term loan debt until 2024, and for interest due to be paid in 2022 to be capitalised alongside the loans rather than settled in cash. The agreement also included a condition for Ardian to provide an investment in the form of a long-term loan note of £40 million, which was received in cash on 18 February 2022. This is in addition to the investment of £17 million made by Ardian in February 2021. Following this amendment, the only financial covenant in place during the going concern period is a minimum liquidity covenant, requiring the Group's total liquidity to remain above £15 million on the last working day of each month (with a lower minimum threshold of £12 million in May and June which is the Group's seasonal liquidity low point).

Under the amended Senior Facilities Agreement, there is an option to also capitalise the interest payment due in February 2023 subject to certain conditions being met. Specifically, these conditions are a Minimum 2022 Adjusted EBITDA that must be achieved for the year ending 31 December 2022 as defined in the facilities agreement and the liquidity outlook for 2023 must continue to meet the minimum monthly liquidity covenant. In the scenarios modelled below, the February 2023 interest payment needs to be capitalised for the Group to have sufficient cash to continue to meet the monthly liquidity covenant throughout the going concern period. Therefore, in assessing the Group's ability to continue to operate as a going concern, achievement of the Minimum 2022 Adjusted EBITDA is critical and has been assessed in conjunction with the Group's ability to continue to meet the monthly minimum liquidity covenant.

Notes to the financial statements for the year ended 31 December 2021 *(continued)*

1. Accounting policies *(continued)*

Going concern *(continued)*

New Student Enrolments (NSE) for the first six months (H1) of 2022 are forecast to be 16% lower than the comparable period in 2021. This decline was partly due to a cohort of students who were ready to commence their studies but were not able to meet the latest arrival dates for their courses, including the impact of visa processing delays. Taking into account recent improvements in both internal and external processes, the current pipeline student volumes for continuing business lines in the second six months (H2) of 2022 are forecast to be 16% higher than the comparable period in 2021 and student numbers for H1 2023 are forecast to be 15% higher than the projected volumes in H1 2022. Based on these base case projections the Minimum 2022 Adjusted EBITDA and monthly liquidity covenant is forecast to be met for at least 12 months from the date the financial statements were approved.

A reasonably possible downside scenario has been modelled based on H2 2022 NSE being in line with the year-on-year decrease that was experienced in H1 2022 compared to the same period in 2021 on a like-for-like basis but adjusted for new centre openings. In this scenario the Group would need to take a number of cost-saving actions that are within its control. Including these cost saving measures the Group would achieve the Minimum 2022 Adjusted EBITDA with circa 10% headroom which in turn would allow interest to be capitalised in February 2023 and the monthly liquidity covenant would continue to be met throughout the going concern period with headroom of 17% or higher.

Further reduction in NSE below the downside scenarios are considered remote. The latest pipeline at the date of signing shows H2 2022 confirmations are 23% higher than the confirmations this time last year and new offers are 57% ahead compared to same time last year. Therefore, under all reasonably possible downside scenario 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. 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.

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.

Notes to the financial statements for the year ended 31 December 2021 *(continued)*

1 Accounting policies *(continued)*

1.4 Non-derivative financial instruments (continued)

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.

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.

In the light of the publication of the clarification to IAS38 in April 2021, the Company has adopted the clarification and amended its accounting policy in regard to software development in relation to software platforms that are operated in a “cloud” or “hosted” environment. In line with the clarification the Company expenses implementation, configuration and customisation costs incurred in instances where it does not have control over the software code. Customisation costs where the Company has control over the software code continues to be capitalised and amortised over its useful life. In line with the principles set out in IAS 8 as this is a clarification on existing standard a prior year adjustment has been recognised for expenditure currently been determined not to meet the definitions contained in the clarification.

Where control can be demonstrated, 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

Notes to the financial statements for the year ended 31 December 2021 *(continued)*

1 Accounting policies *(continued)*

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.

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.

Notes to the financial statements for the year ended 31 December 2021 *(continued)*

1 Accounting policies *(continued)*

1.7 Leases (continued)

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.

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 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.

1.9 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.

1.10 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.

Notes to the financial statements for the year ended 31 December 2021 *(continued)*

1 Accounting policies *(continued)*

1.11 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.

1.12 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.

1.13 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.
- The Company’s matriculation or placement revenue from University Partners is recognised when the Company’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.

1.14 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.

1.15 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.

1.16 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.

Notes to the financial statements for the year ended 31 December 2021 *(continued)*

1 Accounting policies *(continued)*

1.17 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.

1.18 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.

1.19 Critical accounting judgements and key sources of estimation uncertainty

In applying the Company's accounting policies, which are described above, 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.

1.20 Revisions to IFRS not applicable in 2021

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:

Effective date 1 January 2022

- IFRS 1 amendment - First time adopter
- IFRS9 Amendment - Fees under the "10%" test for derecognition of financial liabilities
- IFRS3 & IAS 37 - updating a reference to the Conceptual Framework
- IAS 16 amendment - Property, Plant and Equipment – Proceeds before intend use
- IAS 37 Amendment - Onerous Contracts – cost of fulfilling a contract
- IAS 41 Amendment - Taxation in fair value measurements

Effective date I January 2023

- IFRS 17 - Insurance contracts
- IFRS9 - Initial application of IFRS17 and IFRS9 comparative information
- IAS1 - Amendment - Disclosure initiative – Accounting policies
- IAS1 - Conceptual framework & IAS8 definition of accounting estimates
- IAS 12 - Amendment Deferred tax related to Assets and liabilities arising from a single transaction

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 Company in either the current or future periods.

Notes to the financial statements for the year ended 31 December 2021 *(continued)*

1 Accounting policies *(continued)*

1.20 Revisions to IFRS not applicable in 2021 (continued)

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 2022, 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 Company in the current or future reporting periods and on foreseeable future transactions.

2 Revenue

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

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:

	2021	2020
		As restated
	£000	£000
Depreciation of tangible assets	**2,504**	2,935
Depreciation of right-of-use-assets	**7,517**	7,674
Amortisation of intangible assets	**895**	312
Impairment of tangible assets	**206**	-
Impairment of right-of-use assets	**(285)**	653
Gain on disposal of right-of-use assets	**(168)**	-
Allowance for bad debt	**874**	316

Auditor's remuneration
Fees payable to the Company's auditor Deloitte LLP for the audit of the Company's annual financial statements were £129,000 (2020: £113,000). 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 (2020: £nil).

Government grants
Government grant income was received in Singapore of £0.2 million (2020: £0.7 million) and the UK £0.3 million (2020: £1.4 million) in relation to Covid-19 support schemes. Income received in Singapore is included within revenue, whilst income received in the UK has been netted off within payroll costs in accordance with IAS 20, as disclosed in Note 1.18.

Notes to the financial statements for the year ended 31 December 2021 *(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	
	2021	2020
Teaching	**778**	897
Administration	**299**	365
	1,077	1,262

The aggregate payroll costs of these persons were as follows:

	2021	2020
	£000	£000
Wages and salaries	**34,029**	37,511
Social security costs	**2,706**	2,941
Contributions to defined contribution plans (Note 20)	**1,499**	1,647
	38,234	42,099

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:

	2021	2020
	£000	£000
Salary	**144**	185
Pension	**39**	49
Bonus	**26**	-
	209	234

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 4.6 (2020: 6.3) 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 6.4 (2020: 7.6) 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 2021 *(continued)*

5 Staff numbers and costs *(continued)*

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

	2021	2020
	£000	£000
£100,000 - £104,499	**2**	-
£105,000 - £109,999	**1**	-
£110,000 - £114,999	**1**	-
£115,000 - £119,999	**1**	-
£120,000 - £124,999	**1**	-
£125,000 - £129,999	**-**	1
£135,000 - £139,999	**1**	2
£140,000 - £144,999	**1**	-
£145,000 - £149,999	**-**	2
£150,000 - £154,999	**-**	1
£155,000 - £159,999	**1**	-
£170,000 - £174,999	**-**	1
£180,000 - £184,499	**1**	-
£315,000 - £319,999	**-**	1
£355,000 - £359,999	**1**	-

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

	2021	2020
	£000	£000
Total amount paid across the Company in respect of compensation for loss of office	**985**	573
Number of employees to which this relates	**102**	118

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 (2020: £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 2021 *(continued)*

7 Exceptional and other items included within operating profit

	Exceptional items		**Other items**		**Total**	
	2021	2020	**2021**	2020	**2021**	2020
	£000	£000	**£000**	£000	**£000**	£000
Restructuring costs	**1,394**	442	**-**	119	**1,394**	561
Right-of-use property asset impairment	**(285)**	653	**-**	-	**(285)**	653
Property asset impairment	**206**	-	**-**	-	**206**	-
Shareholder and management fees	**-**	-	**-**	(90)	**-**	(90)
Strategic investments	**-**	-	**-**	311	**-**	311
Gain on disposal of right-of-use assets	**(168)**	-	**-**	-	**(168)**	-
Other	**(230)**	12	**6**	170	**(224)**	182
Total exceptional cost	**917**	1,107	**6**	510	**923**	1,617

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 £1.4 million (2020: £0.4 million) relate predominantly to redundancy costs as a result of Covid-19
- Right-of-use property asset impairment of £0.3 million credit (2020: £0.7 million) in relation to impaired right-of-use leases in Oxford and Cambridge
- Leasehold property improvements impairment £0.2 million (2020: £nil) in relation to an office building which is no longer in use
- Gain on disposal of right-of-use assets £0.2 million credit (2020: £nil) in relation to right-of-use leases in Oxford and Cambridge
- Other relates to the release of aged items on the balance sheet of £0.2 million credit (2020: £nil)

Other items include non-executive Director fees, restructuring costs and Covid-19 incremental costs that the Directors believe are beneficial to strip out when analysing the underlying trading result for the year.

- Restructuring costs of £nil (2020: £0.1 million) in relation to the termination of Keele University contract
- Shareholder and management fees including £nil (2020: £0.1 million credit) of senior management long term incentive plan scheme costs
- Strategic investments of £nil (2020: £0.3 million) related to a Group strategy project
- Other operating items of £nil (2020: £0.2 million) relating to Covid-19 incremental costs

8 Interest receivable and similar income

	2021	2020
	£000	£000
Bank interest and other interest receivable	**-**	65
Finance lease receivables	**279**	219
Effect of changes in discount rate on provisions (note 18)	**30**	82
	309	366

9 Interest payable and similar charges

	2021	2020
	£000	£000
Other interest payable	**-**	7
Interest on lease liabilities	**3,446**	3,765
Total interest payable and similar income	**3,446**	3,772

Notes to the financial statements for the year ended 31 December 2021 *(continued)*

10 Taxation

Recognised in the statement of comprehensive income

	2021	2021	2020 As restated	2020
	£000	**£000**	£000	£000
Foreign tax				
Current tax on income for the year	**91**		35	
Adjustments in respect of prior periods	**25**		(31)	
Total current tax		**116**		4
Deferred tax (see note 15)				
Accelerated capital allowances	**(1,058)**		(724)	
Accruals and provisions	**(138)**		30	
Tax losses	**20**		(20)	
Total deferred tax		**(1,176)**		(714)
Tax credit on ordinary activities		**(1,060)**		(710)

Reconciliation of effective tax rate

	2021	2020 As restated
	£000	£000
(Loss)/profit before taxation	**(530)**	9,049
Tax using the UK corporation tax rate of 19% (2020: 19%)	**(101)**	1,719
Change in tax rate	**(932)**	-
Effect of tax rates in foreign jurisdictions	**(31)**	(20)
Items not taxable or deductible	**339**	518
Utilisation of tax losses	**(75)**	(2,210)
Timing differences	**(588)**	(674)
Over provided in prior years	**328**	(43)
Total tax credit	**(1,060)**	(710)

The Company tax rate is the standard rate of corporation tax in the UK at 19% (2020: 19%). Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions. As announced in the UK Budget on 3 March 2021 the UK tax rate will go up from the current 19% to 25% with effect from 1 April 2023. The impact on the accounting for Deferred Tax is set out in Note 15.

Notes to the financial statements for the year ended 31 December 2021 *(continued)*

11 Intangible assets

2021	Course development £000	Software costs £000	Centre contracts £000	Total £000
Cost				
Balance at 1 January 2021 as restated	1,438	962	1,205	3,605
Additions	2,547	254	40	2,841
Disposal	-	(221)	-	(221)
Transfer	26	(26)	-	-
Balance at 31 December 2021	4,011	969	1,245	6,225
Amortisation				
Balance at 1 January 2021 as restated	413	791	358	1,562
Amortisation for the year	656	71	168	895
Balance at 31 December 2021	1,069	862	526	2,457
Net book value				
At 31 December 2020 as restated	1,025	171	847	2,043
At 31 December 2021	**2,942**	**107**	**719**	**3,768**

2020	Course development £000	Software costs £000	Centre contracts £000	Total £000
Cost				
Balance at 1 January 2020 as restated	615	903	888	2,406
Additions as restated	823	63	317	1,203
Disposals	-	(4)	-	(4)
Balance at 31 December 2020 as restated	1,438	962	1,205	3,605
Amortisation				
Balance at 1 January 2020 as restated	276	737	237	1,250
Amortisation for the year as restated	137	54	121	312
Balance at 31 December 2020 as restated	413	791	358	1,562
Net book value				
At 31 December 2019 as restated	339	166	651	1,156
At 31 December 2020 as restated	**1,025**	**171**	**847**	**2,043**

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 2021.

Notes to the financial statements for the year ended 31 December 2021 *(continued)*

12 Property, plant and equipment

2021	Land and buildings £000	Leasehold property improvements £000	Motor vehicles £000	Computer equipment £000	Fixtures & fittings £000	Total £000
Cost						
Balance at 1 January 2021	5,164	11,169	-	5,718	7,282	29,333
Additions	-	236	-	281	290	807
Disposals	-	-	-	(11)	(146)	(157)
Balance at 31 December 2021	5,164	11,405	-	5,988	7,426	29,983
Depreciation						
Balance at 1 January 2021	1,601	5,107	-	3,776	6,047	16,531
Depreciation charge for the year	98	1,093	-	823	490	2,504
Depreciation on disposals	-	-	-	(10)	(136)	(146)
Impairment	-	206	-	-	-	206
Balance at 31 December 2021	1,699	6,406	-	4,589	6,401	19,095
Net book value						
At 31 December 2020	3,563	6,062	-	1,942	1,235	12,802
At 31 December 2021	**3,465**	**4,999**	-	**1,399**	**1,025**	**10,888**

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**

Land and buildings includes freehold land of £250,000 (2020: £250,000) which is not depreciated.

Notes to the financial statements for the year ended 31 December 2021 *(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, an impairment of £0.2 million (2020: £nil) was made recognised in relation to an office building which is no longer in use.

13 Right-of-use assets

2021	**Land and buildings £000**
Cost	
Balance at 1 January 2021	85,233
Additions	2,218
Disposals	(1,239)
Revaluation	3,979
Balance at 31 December 2021	90,191
Depreciation	
Balance at 1 January 2021	16,159
Depreciation for the year	7,517
Disposals	(1,239)
Impairment	124
Balance at 31 December 2021	22,561
Net book value	
At 31 December 2020	69,074
At 31 December 2021	**67,630**

Notes to the financial statements for the year ended 31 December 2021 *(continued)*

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

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
Depreciation			
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**

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 (£67.2 million, 2020: £67.1 million). The maturity analysis of lease liabilities is presented in note 19.

Land and buildings additions in the year relate to Cardiff University (£0.7 million) and the University of Leeds (£0.4 million), and asset retirement additions for schools and classrooms (£1.1 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 credit of £0.3 million has been recognised in the year in respect of properties in Cambridge and Oxford.

Amounts recognised in the profit and loss

	2021 £000	2020 £000
Depreciation expense on right-of-use assets	**7,517**	7,674
Interest expense on lease liabilities	**3,446**	3,765
Expense relating to short term leases	**824**	3,343
Expense relating to leases of low value assets	**33**	52
Interest income from sub-leasing right-of-use assets	**(279)**	(219)

At 31 December 2021 the Company is committed to £0.5 million (2020: £0.6 million) for short-term leases (note 24).

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 2021 were 2.4% on average (2020: 2.6%) 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 (2020: £11.0 million).

Notes to the financial statements for the year ended 31 December 2021 *(continued)*

14 Finance lease receivables

Maturity of lease payments receivable:

	2021	2020
	£000	£000
Amount receivable under finance leases		
Year 1	**1,119**	1,117
Year 2	**1,119**	1,112
Year 3	**1,119**	1,112
Year 4	**673**	1,112
Year 5	**1,103**	666
Onwards	**1,977**	3,060
Undiscounted lease payments receivable	**7,110**	8,179
Less: unearned finance income	**(1,019)**	(1,290)
	6,091	6,889
Maturity analysis		
Undiscounted lease payments receivable		
Current	**5,991**	1,117
Non-current	**1,119**	7,062
	7,110	8,179
Net investment in leases receivable		
Current	**876**	840
Non-current	**5,215**	6,049
	6,091	6,889

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 2021 *(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:

	2021	2020
		As restated
	£000	£000
Balance at 1 January	**3,009**	2,295
Credit to Statement of comprehensive income:		
Fixed assets	**1,058**	724
Accruals and provisions	**138**	(30)
Tax losses	**(20)**	20
Balance at 31 December	**4,185**	3,009

	2021	2020
	£000	£000
Deferred tax assets relate to the following:		
Fixed assets	**3,868**	2,810
Accruals and provisions	**317**	179
Tax losses	**-**	20
	4,185	3,009
Presented in the Statement of financial position as follows:		
Deferred tax assets	**4,185**	3,009

Deferred tax assets are recognised 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 UK tax rate will go up from the current 19% to 25% from 1 April 2023. As the deferred tax balances as at 31 December 2021 are likely to reverse after 1 April 2023, these balances are being recognised at 25%.

16 Trade and other receivables

	2021	2020
		As restated
	£000	£000
Current		
Trade receivables	**28,885**	24,502
Loss allowance	**(3,779)**	(2,905)
Trade receivables - net	**25,106**	21,597
Other debtors	**590**	833
Prepayments	**14,519**	7,815
Accrued income	**1,084**	836
Amounts owed by fellow group undertakings	**2,425**	14,075
	43,724	45,156

Notes to the financial statements for the year ended 31 December 2021 *(continued)*

16 Trade and other receivables *(continued)*

	2021	2020
	£000	£000
The following table shows the movement in the loss allowance that has been recognised for trade receivables:		
Balance as at 1 January	**2,905**	1,137
Loss allowance recognised on receivables	**1,098**	1,955
Loss allowance reversed	**(224)**	(187)
Balance at 31 December	**3,779**	2,905

	2021	2020
	£000	£000
Ageing of trade receivables net of loss allowance:		
Current	**12,373**	12,952
30-60 Days	**5,200**	2,570
60-90 Days	**4,827**	2,723
90-120 Days	**920**	838
120+ Days	**1,786**	2,514
Total	**25,106**	21,597

	2021	2020
	£000	£000
Ageing of loss allowance:		
120+ Days	**3,779**	2,905

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.

	2021	2020
		As restated
	£000	£000
<u>Non-current</u>		
Amounts owed by holding undertakings	**134,776**	138,421

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 2021 *(continued)*

17 Trade and other payables

	2021	2020
	£000	£000
Current		
Trade creditors	**22,693**	21,519
Other creditors	**14,724**	11,260
Accruals	**20,392**	15,561
Amounts owed to fellow group undertakings	**6,005**	45,268
Amounts owed to holding undertakings	**16,836**	2,573
	80,650	96,181

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

18 Provisions

	Property		**Employee benefit**		**Total**	
	2021	2020	**2021**	2020	**2021**	2020
	£000	£000	**£000**	£000	**£000**	£000
Balance at 1 January	**2,863**	2,929	**41**	132	**2,904**	3,061
Provisions made/(released) during the year	**1,019**	16	**-**	(91)	**1,019**	(75)
Unwinding of discount and changes in the discount rate	**(30)**	(82)	**-**	-	**(30)**	(82)
Balance at 31 December	**3,852**	2,863	**41**	41	**3,893**	2,904
Current	**7**	235	**-**	-	**7**	235
Non-current	**3,845**	2,628	**41**	41	**3,886**	2,669
	3,852	2,863	**41**	41	**3,893**	2,904

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.

Notes to the financial statements for the year ended 31 December 2021 *(continued)*

19 Lease liabilities

Maturity of lease liabilities:

	2021 £000	2020 £000
Maturity analysis		
Year 1	**11,402**	10,674
Year 2	**10,147**	9,576
Year 3	**9,718**	9,390
Year 4	**8,568**	9,239
Year 5	**7,559**	8,196
Onwards	**50,815**	55,937
Undiscounted lease payments	**98,209**	103,012
Less: unearned interest	**(23,000)**	(25,369)
	75,209	77,643

Maturity analysis	2021 £000	2020 £000
Current	**8,163**	7,317
Non-current	**67,046**	70,326
	75,209	77,643

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.

20 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 £1,499,425 (2020: £1,646,768).

21 Capital and reserves

Share capital

	2021 £000	2020 £000
Authorised, allotted, called up and fully paid		
2,000,122 (2020: 2,000,122) Ordinary shares of £1 each	**2,000**	2,000
40,000 (2020: 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 2021 *(continued)*

22 Dividends paid and proposed

	2021	2020
	£000	£000
Declared and paid during the year:		
Equity dividends on ordinary shares:		
Interim for 2021: £7.50p per share	**15,000**	-
Dividends paid	**15,000**	-

23 Operating leases

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

	2021	2020
	£000	£000
Year 1	**360**	360
Year 2	**360**	360
Year 3	**225**	360
Year 4	**-**	225
	945	1,305

During the year £360,000 (2020: £360,000) was recognised as rental income by the Company.

24 Commitments

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

	2021	2020
	£000	£000
Less than one year	**503**	561
	503	561

Notes to the financial statements for the year ended 31 December 2021 *(continued)*

25 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.

26 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 2021, the borrowings under this agreement amounted to £228.0 million (2020: £229.9 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.

27 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**	
	2021	2020	**2021**	2020	**2021**	2020
	£000	£000	**£000**	£000	**£000**	£000
EDU Holdings SPV Pty Ltd (Australia)	**-**	-	**-**	-	**-**	10,218
EDU UK Management Services Ltd	**-**	8	**563**	736	**119,811**	80,677
EDU UK Topco Ltd	**-**	-	**-**	-	**14,854**	(26,432)
Insendi Limited	**10**	-	**-**	-	**185**	8
SG Global Bidco Limited	**-**	-	**764**	357	**(15,041)**	288
SG Global Topco Limited	**-**	-	**-**	-	**112**	-
SG Study Group Malaysia SDN. BND.	**-**	-	**157**	110	**29**	54
SGI Consulting Services Nigeria	**13**	-	**29**	62	**(12)**	(53)
SGIL Study Group India Private Limited	**7**	9	**1,119**	1,228	**(1,815)**	(337)
Study Group Australia Pty Ltd	**2,852**	6,374	**463**	639	**534**	(14,595)
Study Group Canada Higher Education Inc	**88**	434	**80**	104	**3**	321
Study Group do Brazil Agenciamentoe Participacoes	**7**	1	**161**	464	**(26)**	(222)
Study Group Finance Pty Ltd	**-**	-	**3,982**	3,695	**(4,091)**	(3,629)
Study Group Holdings UK Ltd	**-**	-	**-**	-	**-**	57,456
Study Group NZ Ltd	**446**	508	**61**	88	**(61)**	399
Study Group UK Ltd	**2,193**	3,909	**26,282**	28,809	**(1,795)**	(2,573)
Study Group USA Higher Education LLC	**1,067**	1,247	**589**	517	**483**	869
Xueji Education Information (Beijing) Ltd	**4**	12	**3,805**	4,218	**1,190**	2,206
Xueji Education Information Consulting (Guangzhou) Ltd	**-**	-	**-**	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 2021 *(continued)*

28 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.

29 Events after the balance sheet date

The Group has assessed the situation in regard to the conflict in Ukraine and currently this has a minimal impact on the Group's activities as neither Russia, Belarus, or Ukraine are key source markets for students nor does the Group place significant reliance on these regions for staff or other business resources.

30 Prior period adjustment

The Statement of financial position has been restated for the comparative period, and an additional statement has been presented as at the beginning of the preceding period, in relation to intangible assets. In April 2021 the IFRS Interpretations Committee (IFRIC) issued an agenda decision on the treatment of configuration and customisation costs related to Software as a Service (SaaS) arrangements. Following the issuance of the IFRIC guidance, the Company elected to change its accounting policy to expense costs previously capitalised related to configuration or customisations where the Company does not have control over the software code. Customisation costs where the Company controls the software code continue to be capitalised in line with the guidance contained in IAS 38. As required by IAS 8, this change in policy has been applied retrospectively, resulting in an adjustment to closing other intangible assets of £0.5 million in 2020 and £0.5 million in 2019.

As a result, opening retained earnings for the prior period have been restated.

In addition, the statement of financial position has been restated for the comparative period, and an additional statement has been presented as at the beginning of the preceding period, in relation to trade and other receivables. Amounts owed by holding undertakings has been reclassed from current to non-current, on the basis that the amounts will not be settled within 12 months from the balance sheet date. The impact on net assets and the statement of comprehensive income is £nil.

The following table summarises the impact of the prior period adjustments on the financial statements of the Company.

		2020			2019	
	Original	Restate-ment	Restated	Original	Restate-ment	Restated
	£000	£000	£000	£000	£000	£000
Statement of comprehensive income (extract)						
Opening retained earnings	(58,274)	458	(57,816)			
Administrative expenses	55,172	238	55,410			
Depreciation and amortisation	11,111	(190)	10,921			
Taxation	(702)	(8)	(710)			
Closing retained earnings	(68,073)	498	(67,575)			
Total shareholder funds	**(70,113)**	**498**	**(69,615)**	**(60,314)**	**458**	**(59,856)**
Statement of financial position (extract)						
Intangible assets	2,580	(537)	2,043	1,645	(489)	1,156
Deferred tax asset	2,970	39	3,009	2,264	31	2,295
Trade and other receivables - non-current	-	138,421	138,421	-	103,435	103,435
Trade and other receivables - current	183,577	(138,421)	45,156	146,115	(103,435)	42,680
Net assets	**70,113**	**(498)**	**69,615**	**60,314**	**(458)**	**59,856**