SG GLOBAL TOPCO LIMITED

CONSOLIDATED ANNUAL REPORT AND FINANCIAL STATEMENTS

Year ended 31 December 2022

Registered Number: 11827427

DIRECTORS AND CORPORATE INFORMATION

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Introduction

The Directors present their report and the consolidated financial statements for SG Global Topco Limited, 'the Company', and its subsidiaries, together 'the Group' or 'Study Group', for the year ended 31 December 2022. The Company is domiciled in the United Kingdom with its registered office at Britannia House, 21 Station Street, Brighton BN1 4DE.

The statutory reporting includes twelve months of trading for the year ended 31 December 2022 and comparative period ended 31 December 2021 for the Group.

Overview from Ian Crichton, CEO

This is my first Strategic Report as CEO of Study Group since I joined in September 2022. Whilst I am new, the business itself has been trading successfully since 1994 and more recently has faced significant commercial challenge arising from the loss of Charles Sturt University ("CSU") in Australia, the discontinuation of Bellerbys College and the impact of Covid-19, especially on China, which is our largest source market.

Study Group's business purpose is to increase student participation and success in global education. Building on our reputation for quality and innovation, we are privileged to work with an unparalleled portfolio of leading universities, delivering value to them through the global education solutions we provide.

We operate in a rapidly changing world that is seeing major changes. Technology, supply chains, trade, environmental sustainability as well as political developments can present challenges that are very different to those faced in the last century. It has never been more important to provide genuinely global education to diverse groups of students to ensure they put the world's interests ahead of those of individual companies or countries. Study Group has a major role to play in ensuring participation in global education is comprehensive and meaningful.

I joined Study Group as it was emerging from an unprecedented pandemic. We are now shifting from a period of protecting quality at a time of crisis to one of major opportunity and growth. It is an exciting moment. As I spend time with our university partners, students, agents, counsellors, sponsors and colleagues, I hear from them how we can make a powerful difference in people's lives and grow our business in the process. The next few years will be about seizing that opportunity and delivering.

Strategy

Study Group has a clear purpose: To increase student participation and success in global education. We believe we can achieve this through our mission, to be the leading strategic partner for universities by delivering value through global education solutions. The Group has identified four key strategic intents to help achieve this:

Drive significant partner growth:
The Group seeks to build multi-layered strategic partnerships that deliver significant value. The Group aims to build on its existing strong relationships through better and broader service offerings. We will also rebalance our global partner portfolio to include wider global partners whilst adding new partnerships to existing regions where we see opportunities to broaden our reach. We will do all of this by leveraging our ability to recruit, teach and progress high numbers of quality international students to our partner institutions.

Create market-leading solutions:
Study Group aims to develop and deploy novel, outcomes-based, solutions, embracing new and differentiated thinking and better leveraging our existing capabilities, as well as making increased use of data and technology. This can be seen with our "pathfinder" Recruit & Admit solution with University of London, Royal Holloway, where Study Group will recruit and admit international students directly to Royal Holloway's undergraduate and postgraduate programmes and take responsibility for supporting its network of international agents in most of the world.

Deliver with excellence:
Study Group aims to improve its productivity and efficiency by moving to a more cost-effective operating model. We will simplify how we work together to deliver better outcomes for our students, partners, agents and people. We will also improve our approach to making the best use of the assets at our disposal – especially with regards to people, processes and systems. The success of this will be measured through student progression rates and agent, partner and employee surveys as well as a sustained reduction in our overheads.

Financial success:
Study Group aims to increase the value of its business. We will achieve this through delivering our strategic intents, growing the business with the right organisation and cost base, thereby ensuring sustainable growth and cash generation. That, in turn will enable investment in key business drivers and ultimately a solid return for shareholders. This strategy will support long term revenue and profit growth as well as increasing the number of students who engage with global education through us.

Outlook
Throughout the pandemic, travel restrictions negatively impacted international student recruitment demand, especially from Chinese students, a key source market. Restrictions in China were not substantially lifted until early 2023. Lockdown measures also materially impacted our ability to bring students into Australia and New Zealand. In the period covered by this report, overall global New Student Enrolments (NSE) decreased by 22% to 8,100.

At the time of writing, we are seeing a return of confidence in the China market and positive indicators of demand more generally. Given sustained high levels of international demand for quality international education and the strength of our partner portfolio and extensive agent networks, we are extremely well-positioned as the sector returns to growth.

Overall, whilst the 2022 business performance was poor, those results were delivered in the face of material headwinds that are now easing off markedly. The decision to sell our Australia & New Zealand business is designed to enable us to rebalance our global portfolio towards new world universities and generate sufficient funds to pursue our strategic goals. The Board has considered the Principal Risks and Uncertainties summarised later in this report and, as discussed in the Going Concern section with the positive outlook, strong market position, a refreshed executive team and a clearly defined strategy, has every confidence that the Group will recover strongly. This conviction is best evidenced through the recent successful refinancing, funded by Ardian as our key shareholder with the agreement of our lenders, which meets our forward funding needs.

Study Group's business model
Study Group's International Education business delivers Higher Education and Pathway programmes, including undergraduate Foundation, International first year, Pre-Masters and Masters programmes, in partnership with leading universities around the world. These programmes are delivered to students from over 100 countries and provide trusted progression routes to undergraduate and postgraduate study at those universities. A combination of quality teaching and strong pastoral care ensures that students have everything they need to get off to the best possible start at their chosen university, setting themselves up for success in their careers and lives beyond.

Our relationships with university partners are fundamental to our success. Many of our universities are longstanding partners, and, despite the challenges of our recent operating environment we are pleased to see a steady stream of contracts being renewed, including most recently with the University of Surrey and University College Dublin. 2023 will see us doubling down on our strength in the UK. We lost Lancaster University as a partner in 2022 which, whilst regrettable, will be offset by the rapid development of our successful Cardiff University partnership in 2023.

Where we believe we can better meet our objectives by redeploying or reinvesting, we are ready and willing to review our focus and operations. This is most obviously manifested in the Australia and New Zealand disposal and the discontinuation of our business in the Netherlands going into 2023. We work closely with our partners to test and refine new initiatives that help them to deliver their own strategic priorities. We have, for example, recently expanded our 11-year partnership with Royal Holloway, University of London to include the recruitment and admission of international students directly to Royal Holloway's undergraduate and postgraduate programmes, and to take responsibility for supporting its network of international agents in most of the world. This decision reflects longstanding trust and Royal Holloway's commitment to build its global community on campus, expanding international recruitment.

We have also built partnerships, including with Teesside University and Kingston University, with an emphasis on vocationally-focused programmes which prepare students for employment, and have developed exciting business-facing study opportunities with Florida Atlantic University, part of our growing presence in North America.

Our investment in a global admissions capability in Noida, India places us in a strong position to upgrade technology and secure a market leading position for recruitment and admissions.

Insendi
We have continued to invest in online education platform company Insendi. Although in relatively early stages of growth, this is an important area of strategic expertise and innovation. We are delighted Insendi has partnerships with many of the world's top universities, including the Blavatnik School of Government at the University of Oxford and the business schools of the University of Melbourne, Johns Hopkins University and Imperial College London. We are in tune with the digital innovation around online teaching and AI which will in time transform much of how we teach and learn.

The pandemic led us to divert Insendi's focus from partner acquisition to providing key distance learning capabilities for the broader Group. Whilst not material to the group result, this adversely impacted Insendi's own financial performance, suppressing revenue and materially increasing costs.

The Group's business plan reflects the latest expectations for Insendi and includes year-on-year growth driven by increased platform revenue from both existing and new partners which we are projecting to sign.

Despite our long-term growth expectations for the business, goodwill and intangible assets relating to the Insendi CGU have been fully impaired in 2022 based on the calculated value in use. In accordance with accounting standards, a terminal growth rate of 2.0% has been applied, reflecting the expected longer-term growth in the wider UK economy, rather than a rate specific to the Insendi business. This has been explained in further detail on page 8.

Australia and New Zealand
On 12 May 2023, a transaction to sell Study Group's interests in the pathway colleges associated with the University of Sydney in Australia and the University of Waikato in New Zealand was completed. This followed a public announcement on 1 March 2023, and was effected by a sale of the shares in Study Group Australia Pty Limited and its subsidiaries to Navitas Pty Limited. The results of these businesses are reported as discontinued. See Note 7 for further details.

This one-off opportunity has generated significant funds which the Group has committed to fully reinvest in its UK, Ireland and North American business as well as taking the opportunity to rebalance our global partner portfolio. We are proud that for over twenty-five years Study Group educated thousands of international students who went on to study at excellent partner institutions in Australia and New Zealand. It is a tribute to the work of the staff in our colleges that these universities were committed to them continuing to deliver the same high quality of education as they transferred to a new provider. We wish them, our students and the universities every success.

Bellerbys College
Due to changes in international student demand and following a period of consultation initiated in January 2022, the Directors took the difficult but necessary decision to close Bellerbys College in Brighton and London with effect from the end of the academic year, on 31 August 2022. For ongoing students enrolled at Bellerbys College, our team supported them in transitioning to an alternative route of their choice. Results pertaining to Bellerbys are reported as 'discontinued' activities in the Statement of Comprehensive Income.

As part of the Bellerbys closure, the Group incurred £1.4 million of exceptional costs, predominately redundancy payments. In addition, the Group has recognised an exceptional £2.5 million profit in relation to the sale of a freehold property which was used for Bellerbys operations, and a loss of £31.7 million in relation to the impairment of right-of-use leases and tangible fixed assets related to leasehold properties previously used for Bellerbys operations. This has been explained in further detail on page 9.

Investing in quality, opportunity and growth
Our senior team has also been changing to match our future opportunities and ambitions. Over the last decade, my predecessor Emma Lancaster served Study Group as CFO and then CEO. During this period the company excelled and, despite Covid-19, students continued to receive an excellent education. I am pleased that Emma continues to share her significant experience as a non-executive Director. My own appointment represents the desire of the Board to place a renewed focus on growth coming out of the pandemic.

We have also recruited a number of new senior leaders focused on developing new products and solutions, developing and extending relationships with university partners, and engaging proactively with the higher education sector.

This sits alongside a significant focus on ensuring our systems of recruitment, admission and student support are sector leading - work we expect to be both crucial to our growth plans and highly valued by our university partners.

Most importantly, we have a clear business plan and confidence that we can and will deliver it. Study Group is an excellent global business providing a valuable service in partnership with exceptional universities. We are excited about the future, and our people and resources are focused on delivering what we promise and creating opportunities to do even more, even better.

Operating and financial review
The financial outcome for the year for the continuing business was adjusted EBITDA(i) of £5.4 million compared with £12.0 million in 2021, and reported EBITDA(i) of £1.7 million compared to £7.6 million in 2021.

The results presented in this report are either attributable to the International Education business or Insendi. The Group's International Education business comprises three geographical operating segments: United Kingdom & Europe ('UK & Europe'), Australia & New Zealand ('ANZ') and North America ('NA'). The results for the operating segments presented below have been split between continuing and discontinued operations. In respect of UK & Europe, the discontinued business is Bellerbys. In respect of ANZ, the discontinued business comprises those colleges included within the Australia and New Zealand transaction.

Key Performance Indicators
The financial and non-financial KPIs for the continuing business are summarised below. These KPIs are relevant to the Group's medium-term goal of continued revenue and EBITDA growth.

The regional results are discussed in further detail below. The total Group revenue performance of the International Education and the Insendi businesses converted to adjusted EBITDA(i) of £14.3 million for the Full Year, compared to £19.4 million for 2021 at constant currency(iii).

NSE by Segment	**2022**	2021	Change
	No.	No.	%
United Kingdom & Europe	**6,244**	8,050	(22%)
Australia & New Zealand	**908**	1,802	(50%)
North America	**948**	510	86%
New student enrolments (NSE) (v)	**8,100**	10,362	(22%)

The Group's results by operating segment are summarised as follows and shown at constant currency(iii) to enable like-for-like Year-on-Year comparison:

	2022	**2021(iii)**	**Change %**
£m			
United Kingdom & Europe	**120.8**	113.6	6%
Australia & New Zealand	**7.8**	18.9	(59%)
North America	**7.0**	5.6	25%
Total University Partnerships Revenue for continuing operations	**135.6**	138.1	(2%)
Insendi	**2.0**	2.3	(13%)
Total Revenue for continuing operations	**137.6**	140.4	(2%)
Revenue for discontinued operations	**28.5**	41.2	(31%)
Total Revenue	**166.1**	181.6	(9%)

	2022	**2021(i)(iii)**	**Change %**
£m			
United Kingdom & Europe	**30.8**	32.2	(4%)
Australia & New Zealand	**(2.0)**	1.9	>100%
North America	**0.2**	(0.9)	>100%
Total University Partnerships EBITDA for continuing operations	**29.0**	33.2	(13%)
Insendi	**(0.1)**	(0.5)	(80%)
EBITDA for discontinued operations	**8.9**	8.5	5%
Other operating income (iv)	**0.3**	2.4	(88%)
Shared functional & corporate costs	**(23.8)**	(24.2)	(2%)
Total adjusted EBITDA	**14.3**	19.4	(26%)

Please see footnotes on page 6 for the operational and financial review

A reconciliation to reported continuing results at actual foreign exchange rates:

£m	**2022**	**2021**	**Change %**
Total revenue at constant currency (£m)	**166.1**	181.6	(9%)
Constant currency adjustment (iii) (£m)	**-**	(1.4)	(100%)
Total revenue (£m)	**166.1**	180.2	(8%)
Less revenue attributable to discontinued businesses	**(28.5)**	(40.6)	(30%)
Continuing revenue (£m)	**137.6**	139.6	(1%)
Total adjusted EBITDA(i) at constant currency (£m)	**14.3**	19.4	(26%)
Constant currency adjustment (iii) (£m)	**-**	0.5	(100%)
Total adjusted EBITDA (i) (£m)	**14.3**	19.9	(28%)
Less EBITDA attributable to discontinued businesses	**(8.9)**	(7.9)	13%
Continuing adjusted EBITDA(i) (£m)	**5.4**	12.0	(55%)

Reconciliation of continuing reported EBITDA to continuing adjusted EBITDA at actual foreign exchange rates:

£m	**2022**	**2021(iii)**	**Change %**
On a continuing operations basis:			
Reported EBITDA (ii)	**1.7**	7.6	(78%)
Exceptional and other items	**3.7**	4.4	(16%)
Adjusted EBITDA (i)	**5.4**	12.0	(55%)

(i) Adjusted EBITDA for both 2021 and 2022 is defined as operating loss before depreciation, amortisation, impairment and exceptional and other items (see Note 8 for details of 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 trading operations of the business.
(ii) Reported EBITDA is defined as operating loss before depreciation, amortisation, and impairment.
(iii) 2021 revenue and adjusted and reported EBITDA have been restated at 2022 foreign exchange rates to show the results at constant currency.
(iv) Other operating income relates to £0.2 million of Covid-19 support paid by various local governments which benefited the Group financially (2021: £1.3 million) and £0.1 million of grants in respect of research and development in Insendi (2021: £0.1 million). 2021 also includes an insurance claim for business interruption losses arising from the pandemic of £1.0 million.
(v) An NSE represents one new student arriving and enrolling in a course.

Review of results by Operating Segment
The full year results for the prior year period have been translated at constant currency 2022 foreign exchange rates to allow for a like-for-like comparison. The Group has shown amounts of Government support received related to Covid-19 that financially benefit the results of the Group as Other Operating Income in the adjusted EBITDA table above so that there can be a more meaningful comparison of the underlying results. Where the government has provided financial support to employees who were furloughed and provided no services to the Group, their costs have been shown net of the support provided. The results for continuing and discontinued businesses have also been shown separately.

UK & Europe
Student plans in late 2021 were significantly affected by Covid-related travel restrictions and closed borders which carried on for most source countries into early 2022. China only reopened its borders early in 2023. This continued to suppress student demand into the UK, and required the support of multiple delivery methods, particularly for China and South-East Asia. Students attracted by the favourable Graduate Visa scheme in the UK however, created higher demand with certain University Partners.

The increased volumes of students in the 2021/2022 academic year intake associated with the Graduate visa scheme led to continuing revenue in 2022 growing by 6% or £7.2 million to £120.8 million, despite New Student Enrolments (NSE) in the 2022 calendar year falling by 22%. The change in mix and lower average price in the 2021/2022 cohort reduced margins, flowing through into an adjusted EBITDA for the continuing business prior to shared functional and corporate costs of £30.8 million, which was 4% or £1.4 million lower than in 2021 on a constant exchange rate basis.

In January 2022 the Directors took the decision to exit from providing A-level courses and other programmes in its Bellerbys colleges, and Bellerbys ceased operating in August 2022. Results for Bellerbys have been presented as discontinued within these financial statements. Refer to Note 7 for an explanation of the classification of discontinued operations.

Australia & New Zealand
Despite the reopening of Australian borders early in 2022, the continued Covid-19 restrictions in China supressed student demand through the year. This resulted in both a fall of NSE by 50%, and revenue for the continuing business, mostly comprising CSU, declining by 59% from £18.9 million in 2021 to £7.8 million in 2022. Notwithstanding significant further cost reductions, adjusted EBITDA for the continuing business prior to shared functional and corporate costs declined from £1.9 million in 2021 to a loss of £(2.0) million in 2022.

In March 2023, Study Group Study announced an agreement to sell its shareholding in Study Group Australia Pty Limited and its subsidiary in New Zealand to Navitas Pty Limited. Results for those colleges within the scope of the transaction are presented as discontinued within these financial statements. Refer to Note 7 for an explanation of the classification of discontinued operations.

North America
NSE in North America increased 86% in 2022, mainly driven by significant growth in South Asian students studying in the US, particularly with our newest partner Florida Atlantic University. Revenue in 2022 increased by 25% to £7.0 million (2021: £5.6 million). Adjusted EBITDA prior to shared functional and corporate costs for the year increased to a profit of £0.2 million compared to a loss of £0.9 million in 2021.

Insendi
Revenue in 2022 was £2.0 million, a decrease of £0.3 million compared to 2021. Cost reductions ensured that Insendi achieved adjusted negative EBITDA of £(0.1) million in 2022 compared with £(0.5) million in 2021. The reduction in revenue was due to lower services revenue through less chargeable content development, partially offset by the increase in platform revenue from new partners in 2022 and the full year impact of new partners signed in 2021. Despite the net reduction in revenue, EBITDA improved year-on-year following an organisational restructure to reduce sales and senior management costs.

Discontinued operations
Revenue for discontinued operations decreased by 31% from £41.2 million in 2021 to £28.5 million in 2022, resulting from the closure of Bellerbys and lower student volumes in discontinued ANZ colleges. Despite the decrease in revenue, EBITDA for discontinued operations increased by 5% from £8.5 million in 2021 to £8.9 million in 2022, driven by cost savings and volume efficiencies achieved during the year.

Shared functional, corporate costs and Government support
Functional and corporate costs, being largely central IT, finance, HR and other shared function costs reduced by 2% to £23.8 million from £24.2 million in 2021, reflecting the impact of continued cost reduction measures. These costs are managed and controlled centrally and as such are reported separately from the operating segments.

The Group received £0.2 million of Government funding in respect of Covid-19 related support (2021: £1.3 million) and this is disclosed separately within other operating income. During the pandemic, support has come from a number of countries, mainly in the form of wage support packages for those employees continuing to work. Additionally, the UK and Australia governments operated schemes which in certain circumstances provided support in relation to employees that were precluded by the pandemic from carrying out their normal duties for the Group. In those cases the support has been netted against salary costs. The support provided under such schemes amounted to £nil in 2022 and £0.4 million in 2021.

Operating profit before financing costs
In the current year the Group made an operating loss before financing costs and exceptional and other items of £18.8 million (2021: operating loss of £16.3 million).

Exceptional and other items included in reported EBITDA
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 and other items included in reported EBITDA for the year ended 31 December 2022 (as defined in footnote (i) on page 6) amounted to a net expense of £3.7 million. This included £3.1 million restructuring costs associated with the global reorganisation including redundancies, consultancy fees, changes in the Executive Committee to support the new structure as well as release of accruals relating to aged balances, and £0.5 million of various other costs not related to normal recurring operating activities including non-executive Director fees of £0.3 million and Covid-19 incremental costs of £0.1 million. Other costs of £0.1 million related to fees incurred for the prior year Covid-19-related investment in QSA (Quarantine Services Australia).

This spend is compared to £4.4 million in 2021; £4.3 million from redundancies resulting from the restructuring activities caused by the sustained impact of Covid-19 and the CSU contract moving to a teach-out phase and £0.6 million of various other costs not derived from normal recurring operating activities, partially offset by £(0.5) million other restructuring costs relating to the release of accruals in respect of legal liabilities no longer required.

UK & Europe CGU impairment

Management expect to expand its university partner base over the next five years, and has a growing pipeline of new partner opportunities. The Directors' belief is that there is long term value in the business due to their expectation that as yet unsigned partnerships will be secured and therefore generate additional future value. However, as these are not yet specifically identifiable they have not been included in any forecasts for impairment purposes. The resultant forecast therefore does not reflect the Directors' expectations for the business over the short to medium-term.

Compared to the prior year, there has been a significant increase in discount rate (11.0% in 2022 compared to 8.1% in 2021), as a result of the higher interest rates seen during the last twelve months, resulting in a greater discounting of future cash flows, thereby reducing the CGU's value in use.

These factors have resulted in an impairment of £0.4m being recognised in the year.

Reducing the discount rate to 8.1% for an illustrative comparison to 2021 would generate headroom of £125.7m and no impairment being recognised.

Within the five-year forecast used for the purpose of the impairment review, for existing pathway partners, the compound annual growth rate of UK & Europe NSE is 11%. NSE is a key driver of revenue and therefore EBITDA growth. The overall growth rate in the forecast was built up from detailed plans by individual university partnership, and took into consideration a number of external inputs including publicly-available data, and specialist market analysis. The resultant overall UK & Europe growth rate is at the higher end of the range of expected underlying market growth in international students over the relevant period.

The Group has conducted an analysis of the sensitivity of the impairment test to changes in the key assumptions used to determine the recoverable amount. The estimate of the recoverable amount is sensitive to changes in the discount, terminal growth rates, and timing and strength of the forecast recovery. In the scenarios where the post-tax discount rate used were to increase by one hundred basis points, or the terminal growth rate were to decrease by fifty basis points, or if there was a reduction of 5% in EBITDA in each forecast year over the five-year period, these scenarios would each lead to the impairment charge increasing by £26.2 million, £10.1 million, and £13.2 million respectively. Conversely, if the post-tax discount rate were to decrease by just two basis points, or the terminal growth rate were to increase by just three basis points, or EBITDA were to grow minimally across the five-year period, the carrying amount would equal the value-in-use and therefore no impairment would be recognised. The full details of this review including sensitivity analysis are contained in Note 9 to the Financial Statements.

Insendi goodwill and intangible asset impairment

As mentioned above, Insendi is an important area of strategic expertise and innovation in international education, and the Group's business plan reflects the latest expectations for its future performance. The plans include year-on-year growth, predominantly driven by increased licence fee revenue from both existing and new partners which we are projecting to sign over the next five years.

As stipulated under IAS 36, when calculating the Company's value in use a terminal growth rate of 2.0% has been applied, reflecting the expected longer-term growth in the wider UK economy, rather than a rate specific to the Insendi business. In consideration of the long-term strategy for the business, the Directors intend that the growth rate for Insendi will be significantly higher for a number of years. Furthermore, as discussed on Page 3, the pandemic led us to divert Insendi's focus from partner acquisition to providing key distance learning capabilities for the broader Group, which has adversely impacted the financial performance of Insendi.

As a result of the above factors, an impairment of £18.9 million has been recognised against the Insendi CGU within these financial statements. £13.8 million of this has been recognised against goodwill and £5.1m against intangible assets (£1.8m to university partnerships, £1.3m to technology assets, and £2.0m to the Insendi capitalised platform team intangible assets). The Goodwill and intangible assets are now fully impaired.

The full details of this review including key assumptions are discussed further in Note 9.

Reversal of impairment loss in ANZ CGU

As discussed further in Note 7, in respect of the Australia and New Zealand transaction, management's expectation at the year-end was that the sale was highly probable and expected to complete within 12 months of the balance sheet date based on the sale agreement which had been signed by the year-end.

Therefore, in accordance with IAS 36, management believes the recoverable amount is the Fair Value Less Costs Of Disposal ('FVLCOD') of the business, as its carrying amount will be recovered principally through a sale transaction instead of through continuing use. Based on management's calculation of the FVLCOD a reversal of an impairment loss of £38.6 million has been recognised in the year and allocated against other intangible assets in the CGU.

Property sale and impairment

The Group owned a freehold property in London which was part of a wider campus that incorporated a number of leasehold properties. The properties were used as teaching and student accommodation facilities by Bellerbys. Following the decision to withdraw the Bellerbys brand, the freehold property was sold during the year for £8.4 million, realising a profit of £2.5 million. The Group leases a number of sites which were used in the Bellerbys brand. Voyager House, Brighton, McMillan Student Village, London, St Ebbes, Oxford and Paris House, Brighton have been assessed for impairment and an impairment loss of £29.4 million on right-of-use assets and £2.6 million on tangible fixed assets has been recognised in the year. Additionally, a net impairment loss of £0.4 million on right-of-use assets has been recognised in respect of other properties leased by the business. The full details, including a sensitivity analysis, are contained in Note 12 to the Financial Statements.

Depreciation and amortisation

Depreciation and amortisation for the year ended 31 December 2022 totalled £24.2 million (2021: £28.3 million) for the continuing business and £6.6 million (2021: £8.4 million) for the discontinued business.

Finance income and expense

The net finance expense for the year ended 31 December 2022 amounted to £36.6 million for the continuing business, an increase of £10.8 million on the net cost in 2021 of £25.8 million. The most significant expense was interest on the term loans of £22.8 million (2021: £19.0 million) where, as a result of the amendment to the Senior Facilities Agreement dated 23 December 2020 to waive the leverage covenant during 2021, the Group incurred an additional 1% PIK interest in addition to the original 6.00% cash interest rate margin on all its term loans. Additionally, on 28 January 2022, Study Group signed a further amendment such that interest payable in 2022 was capitalised throughout the year, resulting in a higher interest cost. The revolving credit facility ('RCF'), drawn as and when required to manage short-term liquidity, resulted in a higher interest cost of £1.7 million in 2022 compared with £0.7 million in 2021 due to higher utilisation during the year in addition to the impact of the capitalisation of interest during the year in accordance with the Senior Facilities Agreement amendment. The Group continued to amortise deferred borrowing costs relating to the creation of, and subsequent amendments to, the loan funding arrangements of £1.2 million (2021: £1.2 million).

In February 2021 and February 2022, the Group received cash injections from Ardian totalling £17.0 million and £40 million respectively in the form of 10-year unsecured investor loan notes. The notes accrue interest at a fixed rate of 10% and 13% respectively, compounded annually. The Group incurred interest on these investor loan notes of £6.4 million (2021: £1.5 million).

Remaining net finance costs of £4.5 million (2021: £3.4 million) include finance costs relating to lease liabilities of £1.7 million (2021: £1.2 million), the unwinding of interest calculations on various financial provisions of £0.2 million (2021: 0.7 million), other finance costs of £1.2 million (2021: £1.3 million) predominantly relating to fees incurred as a result of the amendments to the Group's Senior Facilities Agreement which are being expensed over the remaining period of the term loans, foreign exchange losses of £1.7 million (2021: £0.2 million) due to unfavourable exchange rate movements in the year, partially offset by bank interest income received of £0.3 million (2021: £nil).

Taxation
For the year ended 31 December 2022, the Group recognised a tax liability of £0.1 million (2021: a tax recovery of £1.1 million) in respect of the current year and prior year trading, and a tax liability of £10.7 million (2021: a tax recovery of £35.6 million) in respect of deferred tax. This resulted in a net tax charge within the Statement of Comprehensive Income of £10.8 million (2021: net tax credit of £36.7 million), of which £8.2 million related to the continuing business (2021: £36.7 million) and £2.6 million to discontinued businesses (2021: £nil). In 2021 the Group settled prior and current year tax liabilities including two instalments of £0.3 million each following the conclusion of the Australian Tax Authority's "STAR" review, included within the total tax payment across all jurisdictions of £3.0 million in 2021.

Loss after taxation
After deducting the above impairment charges, depreciation and amortisation, finance expenses and taxation from Reported EBITDA of £1.7 million (2021: £7.6 million), the loss after taxation from continuing operations for the year to 31 December 2022 was £47.3 million (2021: £148.5 million) which included a non-cash impairment of right-of-use assets (£0.5 million), an impairment of UK & Europe goodwill (£0.4 million), an impairment of Insendi goodwill (£13.8 million) and Insendi university partnerships, technology, and capitalised platform team intangible assets (£1.8 million, £1.3 million, and £2.0 million respectively), and a part-reversal of the impairment loss in respect of University Partnerships in ANZ (£38.6 million). 2021 included impairments of tangible fixed assets (£0.4 million) and right-of-use assets (£3.4 million), and an impairment of the University Partnerships in ANZ (£137.6 million). Additionally, the loss on discontinued activities amounted to £36.0 million (2021: £17.4 million).

Net debt
Net debt, being external borrowings less available cash, was £338.3 million at 31 December 2022 compared with £239.2 million at 31 December 2021. Net debt increased by £99.1 million in 2022 (2021: £14.2 million); £31.9 million increase in term loans predominantly as a result of PIK interest and the capitalisation of interest payable in 2022, £46.4 million increase in investor notes including £40.0 million additional investment in the year and interest accrued of £6.4 million, £5.1 million increase due to foreign exchange movements on the portion of the term loans held in Australian Dollars, and a reduction in cash of £16.0 million, partially offset by a decrease of £0.3 million in relation to RCF drawn.

Cash flow
The Group generated negative free cash flow (being cash available to service debt) of £35.2 million in the year to 31 December 2022 compared with positive free cash flow of £31.3 million generated in 2021. This was driven by movements related to working capital, which generated a cash outflow of £37.1 million in 2022 compared with a £27.0 million cash inflow in 2021. The change in working capital in 2022 resulted mainly from the lower number of UK & Europe NSE starting their courses in the second half of 2022 compared with the same period in 2021, including the impact of the closure of the Bellerbys Colleges. Additionally the Group incurred cashflows in relation to exceptional items of £0.5 million (2021: £7.3 million), settlement of current tax liabilities of £1.7 million (2021: £3.0 million), and capital expenditure of £10.2 million (2021: £5.3 million). This was partially offset by EBITDA which contributed £5.4 million in 2022 for the continuing business compared with £12.0 million in 2021, and £8.9 million for discontinued businesses compared with £7.9 million in 2021.

Exceptional cash outflows included payments relating to restructuring costs, transaction fees, other corporate costs, and property dilapidations totalling £8.9 million. These were partially offset by proceeds from the sale of Bounty House (£8.4 million).

Capital expenditure in the year related to the continued investment across the business, both in IT development and tangible spend, and included significant investment in the Group's new Student Information System.

The reconciliation of adjusted EBITDA to free cash flow is set out below:

Reconciliation of adjusted EBITDA to Free Cash flow	**2022**	**2021**
	£m	**£m**
Adjusted EBITDA[(i)] for the continuing business	5.4	12.0
Adjusted EBITDA attributable to discontinued businesses	8.9	7.9
Cash exceptional and other items	(0.5)	(7.3)
Movement in working capital	(37.1)	27.0
Cash tax paid	(1.7)	(3.0)
Capital expenditure and other investment activities	(10.2)	(5.3)
Free cash flow	**(35.2)**	**31.3**

See definition on page 6 for Statutory results footnote (i).

Going concern
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.

Positive cash headroom on committed facilities is projected throughout the going concern assessment period and the Directors continue to adopt the going concern basis in the financial statements. This basis is adopted after consideration of the positive growth prospects within the business, including the recovery anticipated within the UK & Europe indicated by increased offer volume seen in 2023, the easing of China travel restrictions and continued growth in North America, along with the ongoing support received to date from the Group's majority shareholder Ardian and the net cash proceeds received from the Australia and New Zealand sale.

On 7 February 2023, Study Group signed an amendment to its Senior Facilities Agreement with its lenders (refer to Note 21 for details of the Group's existing banking facility) to amend the minimum liquidity covenant, permit all interest to be capitalised instead of cash paid until at least April 2025 and extend the period without the leverage covenant until June 2025. The agreement included a condition for Ardian to provide shareholder funding of £20.0 million, half of which was received in February 2023, with the remaining half in March 2023. This is in addition to the investment of £17.0 million made in February 2021 and £40.0 million in February 2022 by Ardian.

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 £30.0 million on the last working day of each month (with a lower minimum threshold of £20.0 million in March, April and May in 2024 which is the Group's seasonal liquidity low point).

As at 15 May 2023, the Group had total liquidity of £73.1 million. This is following completion of the Australia and New Zealand transaction on 12 May 2023.

Looking ahead to June 2024, management have run a number of sensitivities including a base case and an illustrative "flat case" to model the impact on minimum liquidity in each scenario. The base case reflects the Board-approved Budget and has an expected level of student volume growth built in whereas the flat case holds volumes from current centres flat against the prior comparative period for H2 2023 and H1 2024, with a 25% reduction compared to the base case for new partners. In both scenarios, Study Group continues to maintain liquidity above our minimum liquidity covenant.

The latest pipeline and volumes achieved so far in 2023 are above the base case, therefore the base case is expected to be achieved and the flat case scenario is considered unlikely. In any reasonably possible downside scenario where volumes are lower than Budget but higher than the flat case scenario, the Group would therefore still have sufficient committed facilities to meet its liabilities as they fall due.

Based on the above considerations and the scenarios modelled, the Directors believe 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.

Principal risks and uncertainties
A risk management framework is in place consisting of monthly divisional compliance, risk and assurance boards that report to an Enterprise Risk Management Committee ('ERM'). The ERM has as its key objectives the following:

- Assess risk and trends at a macro level to inform strategy and resource allocation as needed to address risks that could impair Company performance.
- Ensure alignment across the Group on priorities, as they relate to risk management.
- Monitor and assess risk mitigation activities for effectiveness.
- Coordinate with the Board, as appropriate, on risk management strategies.

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

- **Economic, market and trading**

  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 an internationally-educated, English-speaking workforce may decline. The Group's students are recruited from over 100 countries worldwide into multiple destinations, which provides a degree of mitigation against these risks. The Group constantly reviews the location of its destination markets and University Partnerships to ensure that it can respond and adapt to market changes and demands.

  The Group has assessed the situation in regard to the conflict in Ukraine. This has a minimal impact on the Group's activities as Russia, Belarus, and Ukraine are not key source markets for students and the Group does not place significant reliance on these regions for staff or other business resources.

Competitors
The Group operates in a defined market space with a small number of sophisticated and established providers. Due to the global nature of operations, the industry has relatively expensive barriers of entry and it is unlikely that a number of new competitors would enter. The Group ensures that through its strong relationships with high quality, highly ranked university partners and the addition of new products and services, its partnerships are long lasting and high value.

- **Customers**
  University partners
  The Group maintains relationships in the form of contractual agreements with its university partners. It works closely with these university partners to ensure that it maintains a good relationship and adheres to the terms of its contractual arrangements. Strategic decisions are made to seek to effectively meet the current needs of partners, and to successfully anticipate their future needs. These all minimise the risk of loss of partnerships.

- **Agents**
  The Group works with a global network of education agents to recruit its international students and market its programmes. The Group'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 Group works with over 4,000 agents in over 100 countries 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 Group's ability to successfully recruit students in particular source markets.

- **Regulatory oversight**
  The majority of the Group's business is subject to regulatory compliance and is overseen by independent regulators. The risk of the withdrawal of a licence to operate in any one region is mitigated by the Group's commitment to assuring adherence to its regulatory obligations. All of our centres, colleges, and campuses are operated by appropriately qualified personnel and, where deemed appropriate, central staff are employed to review compliance with regulatory requirements and, where possible, drive continuous improvement.

- **Financial position**
  The Directors with the support of its shareholders and investors have taken timely action to ensure that the Group remains in a sound financial position, with sufficient available liquidity, as discussed in detail elsewhere in this Strategic Review, principally in the going concern section.

  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 Directors' going concern assessment is detailed in the Strategic Report on pages 10 to 11. Refer to the Directors' Report for discussion on the Group's foreign currency and liquidity risk.

- **Business systems**
  The Group 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 many businesses, the Group's information technology systems and online platform could be impacted by interruption from both internal and external threats. In order to mitigate these risks, Study 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**
  The Group'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, effective agent management during the recruitment cycle, and general student well-being along with high quality delivery of programme content and facilities. The Group continuously reviews its operations to ensure that it is able to respond to and mitigate any reputational risks.

  The Group takes its student welfare and safeguarding requirements seriously and has policies and procedures in all of its destination territories to ensure full compliance with applicable local law and best practice.

- **Litigation**
  In common with many other businesses, from time to time, the Group 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 Group employs internal counsel and retains outside counsel to provide advice in the event of any litigation.

Our People

Culture

As a significant employer across a number of 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 "Strategic Intents".

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

The ExCo 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 and development opportunities and access to a mentoring programme. The Individual Contribution and Development planning process ensure that everyone's objectives are clear and linked to the overall Group's Strategic Intents and Priorities.

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 ExCo 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.

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 members of the ExCo and a Steering Committee of employees with diverse backgrounds from all areas of the business. These committees oversee both Inclusion Workshops and Ambassador Groups.

Gender pay

The average number of employees, split by gender, for the year ended 31 December 2022 was as follows:

	Male		**Female**		**Total**	
	Number	**Percentage**	**Number**	**Percentage**	**Number**	**Percentage**
Executive Directors	**3**	**75%**	**1**	**25%**	**4**	**100%**
Senior managers	**9**	**75%**	**3**	**25%**	**12**	**100%**
All others	**857**	**43%**	**1,154**	**57%**	**2,011**	**100%**
Total	**869**	**43%**	**1,158**	**57%**	**2,027**	**100%**

The average number of employees, split by gender, for the year ended 31 December 2021 was as follows:

	Male		Female		Total	
	Number	Percentage	Number	Percentage	Number	Percentage
Executive Directors	3	75%	1	25%	4	100%
Senior managers	7	78%	2	22%	9	100%
All others	838	41%	1,188	59%	2,026	100%
Total	848	42%	1,191	58%	2,039	100%

In accordance with the UK Equality Act 2010 (Gender Pay Gap Information) Regulations 2017 we have published our 2021 gender pay reporting for UK staff on our website www.studygroup.com.

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 its charitable activities in conjunction with Plan International are set out in the Directors' report on page 20.
- The Group has significantly expanded its 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.
- The Group publishes annually its statement on Modern Slavery pursuant to section 54(1) of the Modern Slavery Act 2015.

Section 172 of the Companies Act 2016

The Board is fully aware of its duty to promote the success of the Company pursuant to Section 172 of the Companies Act 2006. Consequently, each Director 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 2022, 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 Group 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. Periodic multi-year planning allows the Group and Company to preserve the value of the business over the long term and there are internal teams who have delegated authority to manage the day to day business, the most important one of these being the Executive Committee who are also charged with reviewing long term consequences of their decisions. The Board conducts an appropriate level of due diligence where required. All Board meetings have been documented and minutes formally approved at the following meeting. The ERM, as defined on page 11, maintains a dashboard that indicates a rating for various sectors of the business.

Sustainable Group development

The development of the Group's strategy under the Board's direction (as stated on page 2) sets the Group's Mission to be the leading strategic partner for universities by delivering value through global education solutions. The Board ensures there is clear dialogue with employees and other stakeholders about the Group's vision through communications such as newsletters, social media posts (Workplace) and presentations by members of the Senior Leadership Team. The Directors consider feedback from employees and other stakeholders in reviewing progress of and aiding principal decisions in relation to future strategy.

The discussion in the going concern section on pages 10 to 11 outlines the changes to the conditions relating to the long-term borrowing and the 2022 developments including the ongoing development of remote education.

As outlined on Page 4 in the Strategic Report, in March 2023 Study Group announced an agreement to sell its shareholding in Study Group Australia Pty Limited and its subsidiary in New Zealand to Navitas Pty Limited. In its review process, the Board carefully considered the need to deliver long-term sustainable value to its shareholders, whilst maintaining positive liquidity and compliance with debt covenants in the short to medium term. The sale will enable investment in the growth and support achievement of our business plan. The Directors believe the sale will enable Study Group to be even more effective in meeting the current needs of leading university partners across the world, and to invest in innovation to successfully anticipate their future needs. This will secure the benefits of a high-quality education for even more students, ensuring these remain relevant in a changing world, and unlocking opportunity for individuals and society as a result. Study Group have been keeping impacted team members regularly updated with progress on the sale whilst providing support during the transition period.

As outlined on Page 4 in the Strategic Report, the Directors took the difficult but necessary decision to close Bellerbys College in Brighton and London on 31 August 2022. This was due to changes in international student demand and consideration of our longer-term strategy to support the delivery of long-term value for our shareholders. For students enrolled at Bellerbys College, our team supported them to help them to transition to an alternative route or provider of their choice.

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, and an online HR service portal (also refer to the employment policies section within the Directors' report on page 13). Students are encouraged to provide feedback to the Company and also have a role on sub-committees that ultimately provide input to the Board. Agents are surveyed for their feedback. The relationships 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 and 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 contributed to major funding focussed on safer schools for children in Ethiopia. Refer to 'Charitable contributions' on page 20 for further detail on this initiative.

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 Group in 2020. The Group is considered a large group for the purposes of these regulations and is required from 1 January 2020 onwards to report on its annual UK Emissions. In respect of the method for determining these disclosures, the Directors have followed the 2019 UK Government environmental reporting guidance. We have used the GHG Protocol Corporate Accounting and Reporting Standard (revised edition) and emission factors from the UK Government's GHG Conversion Factors for Company Reporting 2019 to calculate the above disclosures.

The Group has made no disclosures in respect of its operations outside of the UK.

The Company has provided Scope 1[(i)] and Scope 2[(ii)] on a location basis in respect of the properties it leases and has direct control over the energy consumption. There are a number of other properties in which the Group occupies either individual rooms within a larger building or rents other properties where there is no method of being able to reliably assess the energy usage. In these circumstances the Group has no way of obtaining any accurate information of the energy consumed, in which case the Group considers these arrangements and any energy consumed in this way to be a Scope 3[(iii)] supply and therefore outside the mandatory requirements of these current regulations. The Group has however felt it appropriate and relevant to voluntarily disclose the Electricity Transmission data related to the electricity it purchases as a Scope 3[(iii)] disclosure.

The Directors have chosen to report an Intensity ratio of tonnes CO_2 emission per £million of Revenue for UK & Europe. This ratio equals 4.9 tonnes (2021: 6.7 tonnes) of CO_2 per £1 million of revenue.

UK only consumption		**2022 Tonnes CO_2**	**2021 Tonnes CO_2**
Electricity consumption	Scope 2	310.5	475.9
Electricity transmission	Scope 3	28.4	42.1
Business mileage in staff private vehicles	Scope 3	17.0	8.8
Natural gas consumption	Scope 1	288.1	329.6
Total		644.0	856.4

The Directors are actively looking to work towards developing a more sustainable future with considering seeking ISO14001 environmental accreditation during the next four years.

The Directors have seen an increase in business mileage related emission resulting from the end of Covid-19 restrictions and the fact that staff were required to undertake more business travel as colleges returned to full face to face operations. The reduction in electricity and natural gas consumption is driven by the closure of Bellerbys College Brighton in September 2022 and the sale of the freehold property relating to Bellerbys College London also in September 2022. This decrease is partially offset by an increase in consumption related to office use.

(i) Scope 1 is a defined within the Carbon reporting regulations as direct emissions from the Groups own direct consumption of fuel oil and natural gas or the group's own direct generation of electricity.
(ii) Scope 2 is defined as the consumption of electricity generated by third parties and directly consumed by the Group.
(iii) Scope 3 fundamentally covers all other consumption not directly cover in either Scope 1 or 2.

In response to employee feedback, the Directors have taken the decision to introduce a hybrid flexible working approach and are not expecting staff to return to full time office-based work. So, whilst there has been increased consumption related to office use in 2022 compared with 2021 and 2020, this results in significant savings compared with consumption levels in the pre-pandemic years. In addition, the Group reduced the size of its office space in early 2023 and is therefore expecting office related consumption to reduce.

The Directors continue to seek new ways of reducing the carbon footprint of the business. However, setting long term targets in this area has been challenging in the last year as trading has been significantly affected by the pandemic and with its impact on the business model, determining a meaningful basis period against which to critically compare the success of future performance has not been possible. The Directors are confident that as the business emerges from this period, they will be able to actively look to enhance and develop its reporting in this area.

Approved / authorised on behalf of the Board of Directors.

I Crichton
Director
26 May 2023

General information
SG Global Topco Limited ('the Company') is a holding company registered in England and Wales with the company number 11827427. The Directors present their report and the audited consolidated financial statements for SG Global Topco Limited 'the Company' and its subsidiaries, together 'the Group' or 'Study Group', for the year ended 31 December 2022.

Principal activities
Study Group is a leading provider of international education. It delivers its University Partnership programmes to international students from over 100 countries.

The subsidiaries and associated undertakings of the Group in the year, including those registered overseas, are listed in Note 13 to the financial statements.

Ultimate parent company
In the view of the Directors, the ultimate parent undertaking and controlling party is Ardian LBO Fund VI B S.L.P., a French Special Limited Partnership with registered office at 20 place Vendôme, 75 001 Paris, France.

Result and dividends
The Group loss for the year after taxation amounted to £83.3 million (2021: £165.9 million) including discontinued operations, and a loss after taxation of £47.3 million (2021: £148.5 million) for continuing operations. Of the Group loss for the year, no loss is attributable to non-controlling interests. The Directors do not recommend payment of a dividend (2021: £nil).

Business review and future developments
The information contained in the Strategic Report constitutes the review of the Group's business. It also contains details of expected future developments in the business of the Group, 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; details of the Directors and their background are set out on pages 21 to 22:

K Burnett, Sir
J Czapalski (appointed 2 May 2023)
I Crichton (appointed 1 September 2022)
R Kugler
B Ladriere
E Lancaster
E Little
O Personnaz
J Raes (appointed 20 April 2023)
M Van Cauwenberge (resigned 20 April 2023)
N Williams
B Witcher

Directors' indemnities
The Group maintains liability insurance for all Directors and officers of any Group company. The Group 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 Group'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 Group's financial liabilities comprise borrowings, trade creditors, lease liabilities and other creditors, the main purpose of which is to raise finance for the Group's operations. The Group also has financial assets comprising cash, trade and other debtors.

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

The main risks arising from the Group's financial instruments are interest rate risk, liquidity risk, credit 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 Group's primary exposure to market interest rates relates to the Group's long-term borrowing obligations. The risk of the Group being exposed to movement in interest rates is partially mitigated through the use of different currency loans in Pound Sterling and Australian Dollars with different variable rate basis of SONIA and BBSY. Interest on the term loans is subject to changes in variable base rates plus a margin of 6.00%. For the rolling credit facility, the margin is set at 4.75%. There is a further 1% premium for capitalising the interest due. The Group also may at times hold cash and cash equivalents which earn interest at a variable rate. The current banking arrangement had interest rate floors in place for both GBP (0.5% SONIA) and AUD (1.5% BBSY) which impacted the interest rates the Group was exposed to and interest rate cap agreements were utilised to manage and mitigate its exposure to changes in interest rates, which all expired on 30 August 2022.

During 2023, in order to combat rising inflation, most central banks have raised their headline interest rates which in turn have increased SONIA and BBSY, leading to increased interest costs for the Group. The Group will continue to regularly monitor and sensitise interest rate risk and will consider additional interest rate arrangements to manage and mitigate its exposure to changes in interest rates if this is considered appropriate.

Credit risk
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group's two largest creditors are students and sponsors. This risk is mainly mitigated by students paying a large portion of tuition fees prior to the commencement of their course. As such, even with events such as the Russian invasion of Ukraine, there is minimal bad debt from impacted students. Government Sponsors paying student tuition fees, whilst not paid in advance, are usually paid late in the first term or early in the student's second term. The timing of this payment and the good standing of these government organisations mitigates against any material bad debt risk.

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 and draws on the revolving credit facility as and when required. On 7 February 2023 the Directors agreed an additional funding package and a further injection of £20.0 million was received from Ardian, partly in February, and partly in March 2023. Net proceeds from sale were also received on 12 May 2023 in relation to the Australia and New Zealand transaction. Refer to pages 10 to 11 for specific consideration given to liquidity with respect to the going concern assessment.

In February 2021, an amendment to the Senior Facilities Agreement was agreed to replace the leverage ratio with a minimum liquidity covenant for the period until September 2022. In January 2022, a subsequent amendment was agreed to extend this period to March 2024, and then in February 2023 the period was extended to June 2025.

Foreign currency risk
The Group undertakes transactions denominated in foreign currencies, hence experiences translational and transactional exchange rate exposures. The Group is mainly exposed to movements between Pound Sterling and Australian Dollars/US Dollars. EBITDA for the year was generated as follows: 151.5% in Pound Sterling; 18.1% in Australian Dollars, (34.6%) in Singapore Dollars, (3.0)% in US Dollars and (32.0%) other. The transaction risk is mitigated by revenues being billed in the currency where the services/operating costs are delivered/incurred.

The largest elements of the Group's external debt, being its term loans, are denominated 50% in Pound Sterling and 50% in Australian Dollars. With the disposal of the Australia and New Zealand operating businesses, the Group no longer has a natural hedge or Australian Dollar income stream. As a result, the Group is considering hedging the Australian Dollar foreign currency risk on its loans following completion (which occurred on 12 May 2023) and the termination of the loans in June 2025.

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 views are welcomed, and it routinely celebrates diversity across our global workforce, students and partners. Refer to the s172 report on pages 15 to 17 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 Group made a political donation of £17,000 to the Australian Federal Labour Business Forum (2021: £15,270). The Group also contributed to the cost of Navitas Pty Ltd, engaging the services of Ethan Fogarty as a political lobbyist to represent the industry's views on a number of issues as they emerge. The Group's contribution in the year amounted to £nil (2021: £22,753). The Company made no Political donations in the year (2021: £nil).

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 s172 report on page 15 to 17.

Charitable contributions
During the year the Group made donations of £10,000 (2021: £32,000) to its charitable partner, Plan International, which strives to advance children's rights and equality for girls all over the world. The Group's partnership with Plan International, 'Building Futures', invests in educational infrastructure projects in developing countries and aligns with its mission to educate students from every corner of the globe. Study Group matches 1:1 its employees' contributions in whatever currency the money is raised.

Continuing the partnership's history, the donation made in the year contributed to major funding focussed on safer schools for refugees in the Gambella region of Ethiopia. The project completed in December 2022 and had a total reach of 30,927 children across 29 schools by increasing and improving the physical space available for learning, the teaching available and setting up the support networks needed for children to get the help they need. Building Futures' next project is focussed on education for displaced young people in North East Nigeria. The project aims to directly improve learning outcomes for 60,000 children and will also benefit 1,200 teachers, 20 education officials and 9,857 parents or caregivers.

Going concern
Refer to the going concern review on pages 10 to 11 of the Strategic Report.

Greenhouse gas emissions
The Directors have made the required disclosures in respect of the Group's UK Greenhouse gas emissions on page 16 of the s172 report.

Events after the balance sheet date
Events between the balance sheet date and the date the financial statements were issued are disclosed in Note 30 of the consolidated financial statements and Note 9 of the parent company financial statements.

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.

Reappointment of auditor
The auditor, Deloitte LLP, have indicated their willingness to continue in office and appropriate arrangements have been put in place concerning their re-appointment in the absence of an annual general meeting.

Approved / authorised on behalf of the Board of Directors

N. Williams

N Williams
Director
26 May 2023

The Directors include the following individuals, being a balance of executive Directors and non-executive Directors:

Ralph Kugler
Non-Executive Chairman
Ralph has worked on a number of private equity deals, in a number of different sectors. He currently chairs Williams Lea Tag, an Advent International investment, and is Independent Director of Keter, a BC Partners investment. He also chairs an exciting early stage business, Headbox.

Ralph has been involved in a number of education activities in recent years. He is Board Trustee on the largest primary school MAT. He chairs the Advisory board of a leading University business school. Until 2018 he was Chairman of Cognita, the global K12 schools organisation, with over 70 schools worldwide.

Ralph spent 25 years at Unilever, and has lived and worked in S Africa, Brazil, Malaysia, Thailand and Belgium, as well as the UK. He rose to become executive director on the main board of Unilever. He has also been a director of Intercontinental Hotels, and was Board advisor on the main board of Mars, Incorporated.

Ralph was appointed Commander of the Royal Order of the Direkgunaborn, a Thai royal honour, in 1999.

Ian Crichton
Chief Executive Officer
Ian Crichton joined Study Group as Chief Executive Officer in September 2022. In the course of an international career spanning over 30 years, Ian has worked in a variety of private and public sector roles, 12 of them as CEO. Prior to his appointment with Study Group, Ian was Chief Executive of Servelec, a global health informatics company supplying software to the healthcare, social care and education sectors, where he led the transformation of the company from a legacy software business to a successful innovative business focused on improving public services at scale.

Ian is a graduate of the University of Aberdeen and has undertaken executive education at CEDEP (INSEAD), Harvard University and the Saïd Business School at the University of Oxford.

Nick Williams
Chief Financial Officer
Nick joined Study Group in October 2018 as Chief Financial Officer.

Nick began his finance career at KPMG, and prior to joining Study Group was finance leader for a number of growing, international businesses. Immediately before joining the Group he was CFO of JacTravel, a global B2B travel provider. Nick serves as Non-Executive Director of Cambridge Scientific Innovations.

Following the successful completion of the Australia and New Zealand disposal, Nick will shortly leave Study Group having served for almost 5 years. He is succeeded as CFO by Simon Belfer, who joined on 27 March 2023.

Nick has a BA (Hons) in History from the University of Exeter and is a Fellow of the Institute of Chartered Accountants in England and Wales.

Professor Sir Keith Burnett CBE FRS FLSW FInstP
Vice-Chair (Academic)
Professor Sir Keith Burnett FRS is an eminent scientist who was formerly the Head of the Division of Mathematical, Physical and Life Sciences at The University of Oxford. He also worked as a physicist in the United States and at Imperial College in London before spending two decades at Oxford and then 11 years as the President and Vice-Chancellor of The University of Sheffield.

In addition to his role with Study Group, Sir Keith is Chair of the Nuffield Foundation - the charitable trust established in 1943 by Lord Nuffield, the founder of Morris Motors, which aims to improve social well-being by funding research and innovation projects in education and social policy, and building research capacity in science and social science. He is also the Chair of the Academic Council of the Schmidt Science Fellows in partnership with the Rhodes Trust in Oxford, a global programme to support exemplary interdisciplinary science in partnership with the world’s leading universities. He has served as President of the U.K. Science Council, as a trustee of the Royal Society and as a member of the Prime-Minister’s Advisory Council on Science and Technology.

A speaker of Mandarin Chinese, Sir Keith has also been a significant leader of scientific and educational partnership between the UK and China. In 2014 and 2016 he was given an Award for Outstanding Personal Achievement by the People’s Republic of China for his contribution to the understanding of Chinese language and culture. Sir Keith was the co-founder of the award-winning #WeAreInternational campaign which welcomes international students and scholars to the UK, now supported by over

100 UK universities, education providers and businesses and led by the U.K. Council for International Student Affairs. He was awarded a knighthood in 2013 for services to Science and Higher Education.

Emma Lancaster
Non-Executive Board Member
Emma Lancaster was appointed to the Study Group Board as a non-executive director in November 2022, having served as Chief Executive Officer and Chief Financial Officer for Study Group from September 2018 and April 2013 respectively.

Emma was Chief Financial Officer of SHL Group Ltd for 11 years, during which time it was both a public company and private equity backed. Prior to SHL, she was Director of Finance and Business Development at The Rank Group plc. Emma's early career was at Arthur Andersen in a variety of both client-facing and internal roles in the Global Corporate Finance group.

Emma has a BA (Hons) in Zoology from the University of Oxford (Keble College), UK.

Olivier Personnaz
Ardian
Olivier is a Managing Director based in the London office at Ardian. Prior to joining Ardian in 2011, he was a Principal at Apax Partners in the business and financial services team. Previously, Mr. Personnaz worked in Paris as a management consultant with McKinsey & Company. He graduated as an Engineer from Ecole Centrale Paris. Currently sits on the board of Audiotonix and Indexia.

Bruno Ladrière
Ardian
Bruno has been a Managing Director with Ardian since 2002. He was previously a Director at PAI Partners. He has extensive investment experience in the food, chemicals, industrials and healthcare sectors. Bruno has worked in the pharmaceutical industry with Rhone-Poulenc, in management consulting with Corporate Decisions and in investment banking with Triago. He qualified as a Medical Doctor and received an MBA from The Wharton School. Currently sits on the board of Inula, Frulact and Audiotonix.

Edward Little
Ardian
Edward Little is based in the London office of Ardian. Prior to joining Ardian in 2018, Mr. Little worked at TPG Capital where he focused on the consumer and business services sectors. Previously, Edward worked at HIG Capital and began his career as an investment banker at Rothschild in London. He is a graduate of the London School of Economics. Currently sits on the board of Audiotonix.

Benjamin Witcher
Ardian
Benjamin Witcher joined Ardian in 2015 within Ardian's Buyout team in London. Prior to joining Ardian, he spent two years in the Leveraged Finance & Sponsors Group at Credit Suisse. In addition he currently sits on the board of Audiotonix.

John Raes
Ardian
John Raes joined Ardian in 2023 within Ardian's Buyout team in London. Prior to joining Ardian, he spent two years at CapVest Partners and began his career as an investment banker at UBS in London. He is a graduate of ESCP Europe and the K.U. Leuven. In addition he currently sits on the board of Audiotonix.

Jack Czapalski
Ardian
Jack Czapalski joined Ardian in 2021 within the Buyout team in London. Prior to joining Ardian, he spent four years at Partners Group within their Private Equity Buyout team. He is a graduate of the University of Oxford. In addition he currently sits on the board of Audiotonix.

The Executive Committee

The 'ExCo' is responsible for the day to day management of the Group's affairs. It is led by the Group's CEO, Ian Crichton. All members of the team have extensive experience in, and in-depth knowledge of, the education sector or the function that they lead, or both.

The members of the ExCo and roles were as follows at the end of the year:

Ian Crichton, Chief Executive Officer
Alison Alfers, Chief Legal Officer
Anthony Claridge, Chief Information Officer
Mark Cunnington, Executive Director, UK & Europe
Steve Goh, Chief Student Recruitment Officer
Ed Griffin, Executive Director - Organisational Effectiveness
Fiona Harvey, Executive Director, Marketing
Steve Pinches, Chief Product Officer (appointed 27 June 2022)
James Pitman, Managing Director, Development UK & Europe
Nick Williams, Chief Financial Officer

The members of the ExCo who resigned during the financial year are as follows:

Emma Lancaster, Chief Executive Officer
Alex Chevrolle, Managing Director, ANZ
Mike Everett, Chief Growth Enablement Officer
Nikki Hall, Chief People & Transformation Officer
Steve Hill, Chief Partnerships Officer
Manoj Shetty, Chief Revenue Officer

Following the year end, Ruth Arnold was appointed to the ExCo as Head of External Affairs on 19 January 2023, July Behl, was appointed as Executive Director of Partner Development on 6 February 2023, and Simon Belfer was appointed as Chief Financial Officer on 27 March 2023. Fiona Harvey, Executive Director, Marketing relinquished her position as a member of the ExCo on 19 January 2023 to support the restructure of the marketing function.

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 group financial statements in accordance with International Financial Reporting Standards (IFRSs) in conformity with the requirements of the Companies Act 2006 and the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework".

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 the parent company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

In preparing the group financial statements, International Accounting Standard 1 requires that Directors:

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

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

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

On behalf of the Board of Directors

N.Williams

N Williams
Director
26 May 2023

Report on the audit of the financial statements

Opinion

In our opinion:

- the financial statements of SG Global Topco Limited (the ‘parent company’) and its subsidiaries (the ‘group’) give a true and fair view of the state of the group’s and of the parent company’s affairs as at 31 December 2022 and of the group’s loss for the year then ended;
- the group financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 “Reduced Disclosure Framework”; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated statement of comprehensive income;
- the consolidated and parent company statement of financial position;
- the consolidated and parent company statements of changes in equity;
- the consolidated cash flow statement;
- the related notes to the consolidated financial statements 1 to 30; and
- the related notes to the parent company financial statements 1 to 9.

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and United Kingdom adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 “Reduced Disclosure Framework”.

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 group and the parent 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 group’s and parent 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[1], 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 group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

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

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

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

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

We obtained an understanding of the legal and regulatory frameworks that the group 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. This included UK Companies Act; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the group'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 and the Australian Corporations Act 2001.

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

As a result of performing the above, we identified the greatest potential for fraud in the following areas, and our procedures performed to address them are described below:

- manual journals posted to revenue within the accounting system: we obtained an understanding of the various revenue streams across the Group and the operational processes in accounting for revenue transactions, 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;
- impairment of goodwill and intangible assets within the UK CGU, and the associated management estimates and judgements within the assessment: we have challenged the appropriateness of management's underlying forecasts based on the group's five year plan and long term growth rate with reference to third party market data and assessment of historical forecasting accuracy; we confirmed the mathematical accuracy of the impairment model, we performed sensitivity analysis on a number of the assumptions used in the calculation, including changes to revenue growth rates, EBITDA margins, discount rates and long-term growth rates, we used an internal specialist to assess the discount rate used to discount the cash flows and to review the accuracy of the model; and

- the classification of exceptional items: we audited the nature of the costs classified as exceptional and other costs during the year; we challenged management on whether cost meets the definition in IAS 1 for any exceptional or other costs which are also classified as separately disclosed items, on whether they meet the internal definition of exceptional and other costs and on whether the exceptional costs are consistent with those costs classified as exceptional and other within the wider market place as well as the treatment in the prior year. We performed a test of detail on the exceptional and other costs balance by agreeing a sample to supporting documentation.

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

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 and external 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.

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 group and of the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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
26 May 2023

GROUP CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2022

		2022			2021 *(Restated) **		
On a continuing operations basis:	**Note**	**£m**	**Exceptional and other items (Note 8) £m**	**Total £m**	£m	Exceptional and other items (Note 8) £m	Total £m
Revenue	2	**137.6**	**-**	**137.6**	139.6	-	139.6
Sales and marketing costs		**(46.2)**	**-**	**(46.2)**	(45.3)	-	(45.3)
Delivery costs		**(44.3)**	**-**	**(44.3)**	(40.9)	-	(40.9)
Administrative expenses		**(42.0)**	**(3.7)**	**(45.7)**	(43.8)	(4.4)	(48.2)
Other operating income	3	**0.3**	**-**	**0.3**	2.4	-	2.4
EARNINGS BEFORE DEPRECIATION, AMORTISATION, IMPAIRMENT, NET FINANCING COSTS AND TAXATION		**5.4**	**(3.7)**	**1.7**	12.0	(4.4)	7.6
Impairment	3	**-**	**18.8**	**18.8**	-	(141.4)	(141.4)
Movement in provisions	8	**-**	**1.2**	**1.2**	-	2.7	2.7
Depreciation and amortisation	3	**(24.2)**	**-**	**(24.2)**	(28.3)	-	(28.3)
OPERATING LOSS	3	**(18.8)**	**16.3**	**(2.5)**	(16.3)	(143.1)	(159.4)
Finance income	4	**0.3**	**-**	**0.3**	-	-	-
Finance costs	5	**(35.0)**	**(1.9)**	**(36.9)**	(24.8)	(1.0)	(25.8)
LOSS BEFORE TAXATION		**(53.5)**	**14.4**	**(39.1)**	(41.1)	(144.1)	(185.2)
Taxation	6	**2.6**	**(10.8)**	**(8.2)**	36.7	-	36.7
LOSS FOR THE PERIOD AFTER TAXATION		**(50.9)**	**3.6**	**(47.3)**	(4.4)	(144.1)	(148.5)
Discontinued operations:							
Loss after tax for the period from discontinued operations, net of tax	7	**0.1**	**(36.1)**	**(36.0)**	(3.3)	(14.1)	(17.4)
LOSS FOR THE PERIOD AFTER TAXATION AND DISCONTINUED OPERATIONS		**(50.8)**	**(32.5)**	**(83.3)**	(7.7)	(158.2)	(165.9)
OTHER COMPREHENSIVE PROFIT							
Other comprehensive income to be reclassified to profit or loss in subsequent periods (net of tax):							
Exchange differences on translation of foreign operations		**(4.1)**	**-**	**(4.1)**	0.2	-	0.2
OTHER COMPREHENSIVE (LOSS)/PROFIT FOR THE PERIOD, NET OF TAX		**(4.1)**	**-**	**(4.1)**	0.2	-	0.2
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		**(54.9)**	**(32.5)**	**(87.4)**	(7.5)	(158.2)	(165.7)

The accompanying notes form an integral part of these financial statements

* The Group has restated comparative amounts to reflect newly classified discontinued operations under IFRS 5 (refer to Note 7)

GROUP CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	**31 December 2022 £m**	31 December 2021 £m
ASSETS			
NON-CURRENT ASSETS			
Goodwill	**9**	**142.0**	156.2
Other intangible assets	**10**	**169.5**	232.8
Property, plant and equipment	**11**	**6.0**	16.9
Right-of-use assets	**12**	**45.7**	93.1
Interests in joint ventures	**13**	**-**	0.3
Finance lease receivables	**14**	**4.7**	5.2
		367.9	504.5
CURRENT ASSETS			
Finance lease receivables	**14**	**1.0**	0.9
Current tax assets		**0.3**	0.2
Trade and other receivables	**16**	**39.8**	60.0
Cash and cash equivalents	**25**	**17.5**	37.0
		58.6	98.1
Assets classified as held for sale	**29**	**117.1**	-
		175.7	98.1
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	**17**	**53.1**	85.7
Unearned revenues	**18**	**59.0**	99.0
Current tax liabilities		**0.4**	1.8
Borrowings	**21**	**29.5**	29.8
Lease liabilities	**19**	**13.9**	15.9
Provisions	**20**	**4.1**	5.1
		160.0	237.3
Liabilities directly associated with assets held for sale	**29**	**32.1**	-
		192.1	237.3
NET CURRENT LIABILITIES		**(16.4)**	(139.2)
NON-CURRENT LIABILITIES			
Borrowings	**21**	**329.8**	246.4
Deferred tax liabilities	**15**	**55.1**	43.6
Provisions	**20**	**3.6**	9.1
Lease liabilities	**19**	**76.4**	92.3
		464.9	391.4
NET LIABILITIES		**(113.4)**	(26.1)
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT			
Share capital	**23**	**334.8**	334.8
Share premium reserve	**23**	**0.9**	1.0
Capital reduction account	**23**	**0.2**	-
Translation reserve		**0.1**	4.2
Accumulated losses		**(449.4)**	(366.1)
TOTAL SHAREHOLDERS' FUNDS		**(113.4)**	(26.1)

The financial statements and notes on pages 28 to 78 were approved by the Board of Directors and authorised for issue on 26 May 2023 and were signed on its behalf by N. Williams. The accompanying notes form an integral part of these financial statements.

N. Williams

N. Williams, Director, SG Global Topco Limited, Registered no. 11827427

GROUP CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2022

2022	**Ordinary share capital**	**Share premium reserve**	**Capital reduction account**	**Translation reserve**	**Accumulated losses**	**Total equity**
	£m	**£m**	**£m**	**£m**	**£m**	**£m**
At 1 January 2022	**334.8**	**1.0**	**-**	**4.2**	**(366.1)**	**(26.1)**
Loss for the year	-	-	-	-	**(83.3)**	**(83.3)**
Other comprehensive loss for the year	**-**	**-**	**-**	**(4.1)**	**-**	**(4.1)**
Total comprehensive loss for the year	**-**	**-**	**-**	**(4.1)**	**(83.3)**	**(87.4)**
Extinguishing of existing C Shares	**-**	**(0.1)**	**-**	**-**	**-**	**(0.1)**
Capital reduction account	**-**	**-**	**0.2**	**-**	**-**	**0.2**
At 31 December 2022	**334.8**	**0.9**	**0.2**	**0.1**	**(449.4)**	**(113.4)**

2021	Ordinary share capital	Share premium reserve	Capital reduction account	Translation reserve	Accumulated losses	Total equity
	£m	£m	£m	£m	£m	£m
At 1 January 2021	334.8	1.0	-	4.0	(200.2)	139.6
Loss for the year	-	-	-	-	(165.9)	(165.9)
Other comprehensive income for the year	-	-	-	0.2	-	0.2
Total comprehensive gain/(loss) for the year	-	-	-	0.2	(165.9)	(165.7)
At 31 December 2021	334.8	1.0	-	4.2	(366.1)	(26.1)

GROUP CONSOLIDATED CASH FLOW STATEMENT
for the year ended 31 December 2022

The Group has elected to present a statement of cash flows that analyses all cash flows in total, including both continuing and discontinued operations; amounts relating to discontinued operations are disclosed in Note 7.

	Note	2022 £m	2021 £m
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax (including loss on discontinued businesses)		**(72.5)**	(202.6)
Adjustments for:			
Depreciation and amortisation	**3**	**30.8**	36.7
Impairment of goodwill	**3**	**14.2**	-
Impairment of tangible assets	**3**	**2.7**	1.3
Impairment of right-of-use assets	**3**	**29.5**	3.2
Impairment of other intangible assets	**3**	**(33.5)**	149.0
Loss/(gain) on disposal of right-of-use assets	**3**	**0.1**	(0.1)
Profit on disposal of tangible assets	**3**	**(2.5)**	-
Remeasurement of financial liabilities	**20**	**(1.2)**	(2.7)
Finance costs	**4**	**37.8**	28.9
Finance income	**4**	**(0.4)**	(0.3)
		5.0	13.4
Decrease/(increase) in trade and other receivables		**19.3**	(14.0)
(Decrease)/increase in unearned revenues		**(40.0)**	23.7
Increase in provisions		**1.7**	2.4
(Decrease)/increase in trade and other payables		**(18.6)**	7.6
		(32.6)	33.1
Income taxes paid		**(1.7)**	(3.0)
Net cash (used in)/generated from operating activities		**(34.3)**	30.1
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		**0.2**	-
Interest received from lease receivables		**0.2**	0.3
Business acquisition deferred consideration	**20**	**(1.5)**	(2.8)
Proceeds on disposal of property, plant and equipment		**8.4**	-
Purchase of property, plant and equipment	**11**	**(1.8)**	(1.1)
Purchase of intangible assets	**10**	**(8.4)**	(4.1)
Net cash used in investing activities		**(2.9)**	(7.7)
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid and financing costs		**(0.4)**	(17.8)
Interest element of lease payments		**(4.4)**	(4.4)
Proceeds on issue of investor loan notes	**21**	**40.0**	17.0
Proceeds from draw down of revolving facility		**-**	0.1
Cash received from the principal element of lease receivables		**0.9**	0.9
Repayment of the principal portion of the lease liability		**(15.9)**	(14.8)
Net cash generated from/(used in) financing activities		**20.2**	(19.0)
Net (decrease)/increase in cash and cash equivalents		**(17.0)**	3.4
Cash and cash equivalents at the beginning of the financial period		**37.0**	34.5
Effect of foreign exchange rate changes		**1.0**	(0.9)
	25	**21.0**	37.0
Cash transferred to assets held for sale	**29**	**(3.5)**	-
CLOSING CASH AND CASH EQUIVALENTS		**17.5**	37.0

1. MATERIAL ACCOUNTING POLICIES

1.1 GENERAL INFORMATION

SG Global Topco Limited is a private company limited by shares and is incorporated in the United Kingdom under the Companies Act 2006, and is registered in England and Wales. The Group consolidated financial statements were authorised for issue by the Board of Directors on 26 May 2023.

For the year ending 31 December 2022 the following subsidiaries of the Company were entitled to exemption from audit under s479A of the Companies Act 2006 relating to subsidiary companies:

Subsidiary name	Companies House registration number
EDU UK Intermediate Ltd	07285315
EDU UK Management Services Ltd	07285370
EDU UK Topco Ltd	07285288
Insendi Limited	11098726
Study Group Holdings UK Ltd	05888001
Bellerbys UK Ltd	04275123
SG Global Bidco Ltd	11827693
SG Global Midco Ltd	11827648
SG Global Finco Ltd	11827569

Accounting policies for the year ended 31 December 2022
The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied throughout the year and the prior period, unless otherwise stated.

1.2 BASIS OF PREPARATION

These financial statements include the consolidated results of the SG Global Topco Limited Group ('the Group') for the year ended 31 December 2022.

Statement of compliance

These financial statements of the Group, which comprise the Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flows and notes thereto, have been prepared in accordance with the UK-adopted International Accounting Standards (UK-IAS).

The consolidated 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 Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 1.24.

1. MATERIAL ACCOUNTING POLICIES (CONT'D)

Going concern

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.

Positive cash headroom on committed facilities is projected throughout the going concern assessment period and the Directors continue to adopt the going concern basis in the financial statements. This basis is adopted after consideration of the positive growth prospects within the business, including the recovery anticipated within the UK & Europe indicated by increased offer volume seen in 2023, the easing of China travel restrictions and continued growth in North America, along with the ongoing support received to date from the Group's majority shareholder Ardian and the net cash proceeds received from the Australia and New Zealand sale.

On 7 February 2023, Study Group signed an amendment to its Senior Facilities Agreement with its lenders (refer to Note 21 for details of the Group's existing banking facility) to amend the minimum liquidity covenant, permit all interest to be capitalised instead of cash paid until at least April 2025 and extend the period without the leverage covenant until June 2025. The agreement included a condition for Ardian to provide shareholder funding of £20.0 million, half of which was received in February 2023, with the remaining half in March 2023. This is in addition to the investment of £17.0 million made in February 2021 and £40.0 million in February 2022 by Ardian.

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 £30.0 million on the last working day of each month (with a lower minimum threshold of £20.0 million in March, April and May in 2024 which is the Group's seasonal liquidity low point).

As at 15 May 2023, the Group had total liquidity of £73.1 million. This is following completion of the Australia and New Zealand transaction on 12 May 2023.

Looking out to June 2024, management have run a number of sensitivities including a base case and an illustrative "flat case" to model the impact on minimum liquidity in each scenario. The base case reflects the Board-approved Budget and has an expected level of student volume growth built in whereas the flat case holds volumes from current centres flat against the prior comparative period for H2 2023 and H1 2024, with a 25% reduction compared to the base case for new partners. In both scenarios, Study Group continues to maintain liquidity above our minimum liquidity covenant.

The latest pipeline and volumes achieved so far in 2023 are above the base case, therefore the base case is expected to be achieved and the flat case scenario is considered unlikely. In any reasonably possible downside scenario where volumes are lower than Budget but higher than the flat case scenario, the Group would therefore still have sufficient committed facilities to meet its liabilities as they fall due.

Based on the above considerations and the scenarios modelled, the Directors believe 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. MATERIAL ACCOUNTING POLICIES (CONT'D)

1.3 BASIS OF CONSOLIDATION

Subsidiaries
Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable. The acquisition date is the date on which control is transferred to the acquirer. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Joint arrangements
A joint arrangement is an arrangement over which the Group and one or more third parties have joint control. These joint arrangements are in turn classified as:

- Joint ventures whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities; and
- Joint operations whereby the Group has rights to the assets and obligations for the liabilities relating to the arrangement.

Application of the equity method to joint ventures
Joint ventures are accounted for using the equity method (equity accounted investees) and are initially recognised at cost. The Group's investment includes goodwill identified on acquisition, net of any accumulated impairment losses. The consolidated financial statements include the Group's share of the total comprehensive income and equity movements of equity accounted investees, from the date that joint control commences until the date that joint control ceases. When the Group's share of losses exceeds its interest in an equity accounted investee, the Group's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of an investee.

1.4 REVENUE RECOGNITION

Revenue comprises the fair value of the consideration received or receivable for the sale of services in the ordinary course of the Group's activities. Revenue is shown net of sales taxes and discounts.

Revenue is recognised as follows, in accordance with the principles of IFRS 15:

a) Tuition revenue
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.

b) Accommodation revenue
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. Prepayments 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.

c) Matriculation or placement revenue
Matriculation or placement revenue from University Partners is recognised when the Group's performance obligations are met, which is the point at which matriculation or placement of the student is confirmed. The revenue is recognised for all semesters and years, with an estimate of subsequent year amounts being made by taking into account average progression rates. Payment is due in accordance with agreed payment terms with that particular University. Study Group is entitled to payment once the student enrols on their course, and there is no obligation for a refund should the student fail to complete the course.

1. MATERIAL ACCOUNTING POLICIES (CONT'D)

d) Software as a Service ("SaaS") revenue (Insendi)
SaaS turnover is recognised when the performance obligations have been met. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, and value added tax. Platform fees are invoiced annually in advance and recognised over the period of the agreement in line with the performance obligations. Amounts related to future periods are included in deferred income. Service fees relating to course development are invoiced in advance and turnover is recognised in line with costs incurred until the course is delivered at which point any profit is recognised as the performance obligations have been met. Implementation and consultancy income is recognised upon delivery of these services.

e) Other revenue
Other revenue is recognised in line with IFRS 15 and when the performance obligations have been met.

1.5 STUDENT ACQUISITION COSTS

Commission and bonuses paid to third party agents, where the Group 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 Group has no recourse to claw them back are expensed as they are earned by the third party.

1.6 LEASES

The Group as lessee
The Group assesses whether a contract is or contains a lease at inception of the contract. The Group 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 Group 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 presented as a separate line in the consolidated statement of financial position.

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 Group 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).
- 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.

1. MATERIAL ACCOUNTING POLICIES (CONT'D)

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. At the end of each reporting period, the Group assesses whether there is any indication that a right-of-use asset may be impaired under IAS 36. If there is an indication of impairment, the asset will be written down to its recoverable amount.

Whenever the Group 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 Group expects to exercise a purchase option, the related right-of-use asset is depreciated on a straight-line basis 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 consolidated statement of financial position.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' 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 "Other operating 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 Group has elected to apply this to leases of student accommodation and motor vehicles only. For contracts that contain a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group as lessor
Leases for which the Group 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 Group 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 2022; and
- there is no substantive change to other terms and conditions of the lease.

Study Group has chosen to apply the practical expedient to all rent concessions that meet the conditions of the amendment.

1. MATERIAL ACCOUNTING POLICIES (CONT'D)

1.7 EXCEPTIONAL AND OTHER ITEMS

Due to their material nature, certain exceptional and other non-trading or non-recurring items have been classified separately in order to aid the understanding of the reader. Exceptional items comprise, inter alia, impairment charges, restructuring costs and costs associated with material financing, acquisition, or disposal transactions. Other items include strategic investments which comprise upfront investments for the benefit of future years, non-executive Director fees and foreign exchange gains or losses that the Directors believe are beneficial to strip out when analysing the underlying trading result for the year.

1.8 BUSINESS COMBINATIONS

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 and IAS 19 respectively;

Goodwill is measured as the excess of the sum of the consideration transferred over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the excess is recognised immediately in profit or loss as a bargain purchase gain. Where fair values of acquired contingent liabilities cannot be measured reliably, the assumed contingent liability is not recognised but is disclosed in the same manner as other contingent liabilities.

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Other contingent consideration is re-measured to fair value at subsequent reporting dates with changes in fair value recognised in profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

1.9 GOODWILL

On acquisition of a business, fair values are attributed to the identifiable assets and liabilities and contingent liabilities unless the fair value cannot be measured reliably, in which case the value is subsumed into goodwill.

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Goodwill is allocated to CGUs for the purpose of impairment testing, with CGUs in line with the reported operating segments. The allocation is made to those CGUs or Groups of CGUs that are expected to benefit from the business combination in which the goodwill arose identified according to operating segment. Goodwill is recorded in the functional currency of the CGU to which it relates.

1. MATERIAL ACCOUNTING POLICIES (CONT'D)

1.10 INTANGIBLE FIXED 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.

Intangible assets acquired in a business combination
Intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and their fair values can be measured reliably. Intangible assets acquired in a business combination are recorded in the functional currency of the CGU to which they relate. Subsequent to initial recognition at fair value, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses at the balance sheet exchange rate, on the same basis as intangible assets acquired separately.

The following useful lives have been determined for the intangible assets acquired separately or in a business combination:

University Partnerships	10-30 years
Brand	30 years
Software	3-5 years
Centre Contracts	Life of contract
Course Development	3 years
Technology	10 years

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

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

The Group expenses implementation, configuration and customisation costs incurred in instances where it does not have control over the software code. Customisation costs where the Group has control over the software code continues to be capitalised and amortised over its useful life.

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 – Study Group	Life of the course or ISC contract
Course Development - Insendi	3 years
Software Development	3-5 years

1. MATERIAL ACCOUNTING POLICIES (CONT'D)

1.11 TANGIBLE FIXED ASSETS

Fixed assets are shown at historical cost less accumulated depreciation and impairment losses. The 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 provided at rates calculated to write off the cost or valuation of each asset, on a straight-line basis over its expected useful life to their residual values, as follows:

Freehold buildings	- 50 years
Equipment	- 2-10 years
Leasehold improvements	- Term of lease

Freehold land is not depreciated.

1.12 IMPAIRMENT OF NON-CURRENT ASSETS

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying value exceeds its recoverable amount, which is considered to be the higher of value in use and fair value less costs to sell. In order to assess impairment, assets are grouped into the lowest levels for which there are separately identifiable cash flows (cash-generating units). Cash flows used to assess impairment are discounted using appropriate rates taking into account the cost of capital and any risks relevant to those assets.

1.13 FINANCIAL INSTRUMENTS

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

Financial assets
All financial assets are normally recognised and de-recognised on a trade date basis where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit and loss, which are initially measured at fair value. On de-recognition, however, where a specific transaction is entered into with a counterparty that is judged to carry a high credit or liquidity risk, then the Directors may determine that de-recognition of the financial asset shall be based on settlement date rather than trade date, with any realised gain or loss taken to the income statement on date of settlement.

Financial assets that are within the scope of IFRS 9 are required to be classified and measured subsequently at amortised cost, fair value through other comprehensive income ('FVTOCI') or fair value through profit and loss ('FVTPL') on the basis of the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Specifically:
- debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at amortised cost;
- debt instruments that are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at FVTOCI; and
- all other debt investments and equity investments are measured subsequently at FVTPL.

Despite the foregoing, the Group may make the following irrevocable election/designation at initial recognition of a financial asset:
- the Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

1. MATERIAL ACCOUNTING POLICIES (CONT'D)

Effective interest method
The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and amounts paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

Classes of financial asset
Financial assets at amortised cost

The Group classifies its financial assets as at amortised cost only if both of the following criteria are met:
- the asset is held within a business model whose objective is to collect the contractual cash flows, and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

Trade and other receivables that have fixed or determinable payments that are not quoted in an active market are classified at amortised cost. Trade and other receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Financial assets at FVTOCI

Financial assets at FVTOCI are stated at fair value, with any gains or losses arising on re-measurement recognised in other comprehensive income.

Financial assets at FVTPL

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognised in the income statement. The net gain or loss recognised in the income statement incorporates any dividend or interest earned on the financial asset and is included in the "other gains and losses" line item in the income statement.

Impairment of financial assets
Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each balance sheet date. In accordance with IFRS 9 impairment of financial assets is based on an expected credit loss ('ECL') model. The ECL model requires the Group 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 Group 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 Group 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.

For all financial assets, including finance lease receivables, objective evidence of impairment could include:
- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial reorganisation.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

1. MATERIAL ACCOUNTING POLICIES (CONT'D)

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the statement of comprehensive income.

De-recognition of financial assets
The Group de-recognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities and equity
Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Financial liabilities
Financial liabilities are classified as either "financial liabilities at FVTPL" or "other financial liabilities".

Financial guarantee contract liabilities
Financial guarantee contract liabilities are measured initially at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

- the amount of the obligation under the contract, as determined in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets; and
- the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies set out above.

Financial liabilities at FVTPL
Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL on initial recognition.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives and IFRS 9 Financial Instruments permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognised in the income statement. The net gain or loss recognised in the income statement incorporates any interest paid on the financial liability and is included in the "other gains and losses" line item in the statement of comprehensive income.

Other financial liabilities
Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

1. MATERIAL ACCOUNTING POLICIES (CONT'D)

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

De-recognition of financial liabilities
The Group de-recognises financial liabilities when the Group's obligations are discharged, cancelled or they expire.

1.14 DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING

Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised in the Statement of Changes in Equity while any gains or losses relating to the ineffective portion are recognised in the Statement of Comprehensive Income. On disposal of the foreign operation, the cumulative value of any such gains or losses recorded in equity is transferred to the statement of profit or loss.

1.15 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.

1.16 TAXATION INCLUDING DEFERRED TAX

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.

1.17 DISCONTINUED OPERATIONS

A disposal group qualifies as a discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- represents a separate major line of business or geographical area of operations
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations

Or
- is a subsidiary acquired exclusively with a view to resale

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of comprehensive income.

Additional disclosures are provided in Note 7. All other notes to the financial statements include amounts for continuing operations, unless indicated otherwise.

1. MATERIAL ACCOUNTING POLICIES (CONT'D)

1.18 CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes cash in hand, deposits at all banks, other liquid investments or funds with original maturities of three months or less and bank overdrafts. Bank overdrafts or loans are shown within borrowings in current or non-current liabilities on the balance sheet as appropriate, where they are expected to be settled on this basis.

1.19 EMPLOYEE BENEFITS

Defined contribution plans
During the year the Group contributed to defined contribution pension schemes under which it pays contributions based upon a percentage of the members' basic salary. The schemes are administered by trustees either appointed by the Group or elected by the members.

Contributions to defined contribution pension schemes are charged to the Statement of Comprehensive Income according to the year in which they are payable.

Employee leave entitlements
Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave, payable to employees in certain jurisdictions, when it is probable that settlement will be required and they are capable of being measured reliably. Provisions made in respect of employee benefits expected to be settled within 12 months are measured at their nominal values using the remuneration rate expected to apply at the time of settlement. Provisions made in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made in respect of services provided by employees up to reporting date.

1.20 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.

1.21 FOREIGN CURRENCY

a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Pound Sterling, which is the Company's functional and the Group's presentation currency.

b) Transactions and balances

Transactions denominated in foreign currencies are recorded in Pound Sterling at the exchange rates ruling at the date of the transaction. Foreign exchange gains and losses resulting from such transactions are recognised in the Statement of Comprehensive Income, except when deferred in equity as qualifying cash flow hedges. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rates ruling at the balance sheet date and any exchange differences are taken to the Statement of Comprehensive Income.

Foreign exchange gains and losses relating to foreign currency loans and other foreign exchange adjustments are included within finance income and expenses.

On consolidation, incomes and cash flows of foreign subsidiaries are translated into Pound Sterling using average rates that existed during the accounting year. The balance sheets of foreign subsidiaries are translated into Pound Sterling at the rates of exchange ruling at the balance sheet date. Gains or losses arising on the re-translation of opening and closing net assets are recognised in the Statement of Comprehensive Income and accumulated in a foreign exchange translation reserve.

1. MATERIAL ACCOUNTING POLICIES (CONT'D)

1.22 FINANCIAL RISK MANAGEMENT

The Group'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 Group has in place a risk management programme that seeks to limit adverse effects on the financial performance of the Group 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.

1.23 ACCOUNTING FOR GOVERNMENT GRANTS

In various circumstances the Group 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 Group looks to apply IAS 20 accounting for government grants. Accordingly, the Group 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 Group 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 Group 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 Group treats the grant as Other Operating Income 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.
- The provision of any loan funding is recognised as a liability in the Statement of Financial Position in line with the repayment terms. Any supporting notes will then further detail the nature, interest cost and major terms of any such loan funding.
- Where a tax credit in relation to Research and Development is claimed, this is treated as Other Operating Income in the Statement of Comprehensive Income to the extent that it becomes permanently entitled to that revenue.

1.24 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Critical accounting judgements

Going concern
Judgements made relating to the Directors' going concern assessment is detailed in the Strategic Report on pages 10 to 11. This is considered a critical accounting judgement due to the level of uncertainty around future forecasts.

Probability of the Australia and New Zealand transaction
In March 2023, Study Group announced an agreement to sell its shares in Study Group Australia Pty Limited and its subsidiaries to Navitas Pty Limited. The sale completed on 12 May 2023.

The Directors assessed whether the transaction was highly probable at the year end and whether it was expected to complete within 12 months of the balance sheet date. This was a critical judgement at the year end which has a material impact on the financial statements.

In making their judgement the Directors considered the date the sale agreement was signed, the terms of the sale agreement, and the likelihood and timing of any conditions precedent being satisfied based on events and circumstances as at 31 December 2022. After assessment, the Directors concluded that as at 31 December 2022 the sale was highly probable and expected to complete within 12 months of the balance sheet date.

1. MATERIAL ACCOUNTING POLICIES (CONT'D)

The impact of this on the financial statements is that the associated assets and liabilities have been disclosed as held for sale (Note 29) and the associated business has been classed as a discontinued operation (Note 7). Furthermore, the remaining University Partnership intangible assets for the ANZ CGU have been assessed based on the fair value less cost of disposal rather than the net present value of projected future cash flows for the CGU (Note 9) and the estimated transaction fees associated with the sale have been provided for at the year-end (Note 20).

Given the terms of the sale agreement entered into before the balance sheet date and the progress of the sale at the year-end, the uncertainty surrounding the judgment is considered minimal, with low risk of material misstatement.

The 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 are discussed below.

Exceptional and other items
Judgements are required as to whether items are disclosed as exceptional or other items, with consideration given to both quantitative and qualitative factors. Further information about the determination of exceptional and other items in the year ended 31 December 2022 is included in Note 8.

Key sources of estimation uncertainty

Goodwill and Intangible fixed assets
Annually the Group tests whether intangible assets and goodwill have suffered any impairment, in accordance with the accounting policy stated in Notes 1.9 and 1.10.

The recoverable amounts of cash-generating units have been determined based on the higher of value-in-use and fair value less cost of disposal ('FVLCOD'). In respect of value-in-use, these calculations require management to make an estimate of the expected future cash flows from cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. For FVLCOD calculations, management will refer to the sale agreement where applicable. During the course of the impairment review the Directors carry out sensitivity analysis and disclose their findings on the possible effect of a change in assumed values for the items selected to be assessed as part of this analysis. Further detail, including key estimates, assumptions, and sensitivity analysis, is provided in Note 9.

Right of use assets
Annually the Group tests whether right of use assets have suffered any impairment, in accordance with the accounting policy stated in Notes 1.6. The recoverable amounts of right of use assets have been determined based on value-in-use calculations. These calculations require management to make an estimate of the expected future cash flows from cash-generating leases. During the course of any impairment review the Directors carry out sensitivity analysis and disclose their findings on the possible effect of a change in assumed values for the items selected to be assessed as part of this analysis as set out in Note 12. The closure of Bellerbys Colleges in Brighton and London in August 2022 represented an impairment indicator for the annual impairment assessment, resulting in impairment charges being recognised in 2022. Further detail, including key estimates and assumptions, is provided in Note 12.

Legal and other disputes
Management makes a judgement of whether there is sufficient information to be able to make a reliable estimate of the likely outcome of legal disputes and other expenses arising from claims against the Group. If insufficient information is available, no provision is made and disclosure of the claim is given.

The estimated provisions take into account the specific circumstances of each dispute and relevant external advice, are inherently judgmental and could change substantially over time as each dispute progresses and new facts emerge. The Group's Directors, having taken legal advice, have established provisions after taking into account the relevant facts and circumstances of each matter and in accordance with accounting requirements.

The Group may become involved in legal proceedings in respect of which it is not possible to meaningfully assess whether the outcome will result in a probable outflow or to quantify or reliably estimate the liability. In these cases, appropriate disclosure about such cases would be provided, but no provision would be made and no contingent liability can be quantified.

The Group is currently a defendant in relation to a legal dispute that arose in relation to a leased property. The estimation uncertainty includes the probability of any cash outflow for the Group, the estimated amount of settlement as well as associated interest and costs, and the timing associated with that settlement. Details of the status and various uncertainties involved in any significant disputes are set out in Note 20.

1. MATERIAL ACCOUNTING POLICIES (CONT'D)

1.25 REVISIONS TO IFRS NOT APPLICABLE IN 2022

At the date of authorisation of these financial statements, the Group 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 2023

- IFRS 17 - Insurance contracts
- IAS 1 - Amendment - Disclosure initiative – Accounting policies
- IAS 8 - Definition of accounting estimates
- IAS 12 - Amendment Deferred tax related to Assets and liabilities arising from a single transaction

The Directors do not expect that the adoption of the amendments to the existing Standards listed above will have a material impact on the consolidated financial statements of the Group in future periods.

2. SEGMENTAL ANALYSES

The primary reportable segments of the Group have been identified as UK & Europe Pathways, ANZ Pathways, North America Pathways and Insendi. These are in line with the internal reporting of the Group's performance to the Chief Operating Decision Maker, ('CODM') identified as the CEO, Ian Crichton. Each segment represents a cash-generating unit ('CGU'). Goodwill has been allocated to the UK & Europe Pathways, ANZ Pathways and Insendi CGUs (refer to Note 9).

	Revenue		**Operating loss**	
	Year ended 31 December 2022 £m	Year ended 31 December 2021 *(Restated)* * £m	**Year ended 31 December 2022 £m**	Year ended 31 December 2021 *(Restated)* * £m
Continuing operations by CGU:				
University Partnerships by Geographical Segment (i)				
United Kingdom & Europe	**120.8**	114.0	**30.8**	32.7
Australia & New Zealand	**7.8**	18.3	**(2.0)**	2.1
North America	**7.0**	5.0	**0.2**	(0.7)
Total University Partnerships	**135.6**	137.3	**29.0**	34.1
Insendi	**2.0**	2.3	**(0.1)**	(0.5)
Other operating income	**-**	-	**0.3**	2.4
Shared functional and corporate costs	**-**	-	**(23.8)**	(24.0)
Total before exceptional and other items	**137.6**	139.6	**5.4**	12.0
Exceptional and other items	**-**	-	**(3.7)**	(4.4)
Total after exceptional and other items	**137.6**	139.6	**1.7**	7.6
Impairment	**-**	-	**18.8**	(141.4)
Movement in provisions	**-**	-	**1.2**	2.7
Depreciation and amortisation	**-**	-	**(24.2)**	(28.3)
Total	**137.6**	139.6	**(2.5)**	(159.4)

* The Group has restated comparative amounts to reflect newly classified discontinued operations under IFRS 5 (refer to Note 7)

	Revenue		**Operating profit/(loss)**	
	Year ended 31 December 2022 £m	Year ended 31 December 2021 £m	**Year ended 31 December 2022 £m**	Year ended 31 December 2021 £m
Discontinued operations by CGU: (ii)				
University Partnerships by Geographical Segment				
United Kingdom & Europe	**10.3**	14.6	**(33.3)**	(17.6)
Australia & New Zealand	**18.2**	26.0	**2.0**	4.8
Other	**-**	-	**0.4**	(1.5)
Total	**28.5**	40.6	**(30.9)**	(14.3)

(i) During the year there was no trading between segments and central and shared costs have been allocated on a reasonable and consistent basis.
(ii) Refer to Note 7 for further details of discontinued operations.

3. OPERATING LOSS

Operating loss for the continuing business is stated after charging/(crediting):

	2022 £m	2021 £m
Depreciation of property, plant and equipment	**2.8**	3.2
Depreciation of right-of-use assets	**9.5**	8.1
Amortisation of intangible assets	**11.9**	17.0
Total depreciation and amortisation	**24.2**	28.3
Impairment of goodwill	**14.2**	-
Impairment of tangible assets	**-**	0.4
Impairment of right of use assets	**0.5**	3.4
Impairment of intangible assets	**(33.5)**	137.6
Foreign exchange losses	**1.7**	0.2
Employee benefit expense	**73.2**	75.4
Research and development	**0.9**	0.8
Net movement of loss allowance on trade receivables	**0.2**	(0.2)

Services provided by the Group's auditor and network firms

	2022 £m	2021 £m
Fees payable to the Company's auditor for the audit of parent and consolidated accounts	**0.2**	0.2
Fees payable to the Company's auditor and its associates for the audit of the subsidiaries	**0.6**	0.3
Total fees payable for audit services	**0.8**	0.5
Total fees payable to the Company's auditor and its associates	**0.8**	0.5

Other operating income

	2022 £m	2021 £m
Insurance claim	**-**	1.0
Other operating income from Government support:		
In respect of Covid-19		
Australia	**-**	1.2
Singapore	**0.2**	0.1
US	**-**	-
Total other operating income from Government support in respect of Covid-19	**0.2**	1.3
Grants in respect of research and development in Insendi	**0.1**	0.1
Total other operating income from Government support	**0.3**	1.4
Total other operating income	**0.3**	2.4

As a direct result of Covid-19 and the impact on the business, in the prior year the Group received a £1.0 million pay-out under its Business Interruption insurance policy. The insurance receipt has been allocated across the Group based on the relative performance of each CGU and included within other operating income within the Statement of Comprehensive Income.

Government support was received in Australia £nil (2021: £0.1 million) under the JobKeeper payment scheme and the UK £nil million (2021: £0.3 million) under the Coronavirus Job Retention Scheme which has been netted off within payroll costs where the employees temporarily ceased to provide services to the Group in accordance with IAS 20, as disclosed in Note 1.23.

4. FINANCE INCOME

	2022	2021
	£m	£m
Finance income:		
Bank interest	**0.2**	-
Finance lease receivables	**0.1**	-
	0.3	-

5. FINANCE COSTS

	2022	2021
	£m	£m
Finance costs:		
Interest – term loan	**22.8**	19.0
Interest – revolving credit facility	**1.7**	0.7
Amortisation of deferred finance setup costs	**1.2**	1.2
Other finance costs	**1.2**	1.3
Interest on investor loan notes	**6.4**	1.5
Interest on lease liabilities	**1.7**	1.2
Unwinding of discount on provisions (Note 20)	**0.2**	0.7
Unrealised foreign exchange losses (Note 8)	**1.7**	0.2
	36.9	25.8

6. TAXATION

Analysis of tax (charge)/credit in the year

	2022	2021
Corporation tax	£m	£m
- UK tax - current period	**-**	-
- UK tax - prior periods	**-**	-
- Overseas tax - current period	**(0.4)**	(0.3)
- Overseas tax - prior periods	**0.3**	1.4
Total corporation tax (charge)/credit to the Statement of Comprehensive Income	**(0.1)**	1.1
Analysed by:		
Total corporation tax (charge)/credit on continuing operations	**(0.5)**	1.1
Total corporation tax credit on discontinued operations	**0.4**	-
Total corporation tax (charge)/credit	**(0.1)**	1.1
Deferred tax (Note 15)		
- UK origination and reversal of temporary differences	**(0.7)**	44.0
- UK adjustments in respect of prior periods	**0.2**	-
- Overseas origination and temporary differences	**(10.2)**	(9.7)
- Overseas adjustments in respect of prior periods	**-**	1.3
Total deferred tax (charge)/credit to the Statement of Comprehensive Income	**(10.7)**	35.6
Analysed by:		
Total deferred tax (charge)/credit on continuing operations	**(7.7)**	35.6
Total deferred tax charge on discontinuing operations	**(3.0)**	-
Total deferred tax (charge)/credit	**(10.7)**	35.6
Total tax (charge)/credit to the Statement of Comprehensive Income	**(10.8)**	36.7
Analysed by:		
Total tax (charge)/credit on continuing operations	**(8.2)**	36.7
Total tax charge on discontinuing operations	**(2.6)**	-
Total tax (charge)/credit to the Statement of Comprehensive Income	**(10.8)**	36.7

6. TAXATION (CONT'D)

The Group tax rate is the standard rate of corporation tax in the UK at 19% (2021: 19%). Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The total tax (charge)/credit for the year can be reconciled to the loss in the Statement of Comprehensive Income as follows:

	2022	2021
	£m	£m
Loss before taxation from continuing operations	**(39.1)**	(185.2)
Loss before tax from discontinued operations	**(33.4)**	(17.4)
Loss before taxation	**(72.5)**	(202.6)
Loss on ordinary activities multiplied by rate of corporate tax in UK of 19%	**13.8**	38.7
Effects of:		
Change in deferred tax recognition	**(8.8)**	(15.1)
Items (not deductible)/non-taxable	**(1.6)**	0.4
Tax losses not recognised/paid	**(12.3)**	(0.6)
Change of UK tax rate from 19% to 25%	**0.3**	(7.0)
Difference in overseas rates of tax	**(2.7)**	17.6
Adjustments in respect of prior periods – corporation tax	**0.3**	1.4
Adjustments in respect of prior periods – deferred tax	**0.2**	1.3
Total taxation (charge)/credit	**(10.8)**	36.7

The UK corporate 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.

7. DISCONTINUED OPERATIONS

Bellerbys (UK & Europe)

Study Group has historically run Bellerbys College from sites in Brighton, Oxford, Cambridge, and London. The former site in Cambridge closed in 2020, while the site in Oxford closed in 2017.

Due to changes in international student demand and after a period of consultation which was initiated in January 2022, the Directors took the difficult but necessary decision to close the remaining Bellerbys Colleges in Brighton and London on 31 August 2022.

Bellerbys is considered a separate major line of business for the Group, and therefore has been treated as a discontinued operation within these financial statements, with comparatives restated on the face of the Statement of Comprehensive Income, in accordance with IFRS 5.

Australia and New Zealand ('ANZ')

On 12 May 2023, a transaction to sell Study Group's interests in the pathway colleges associated with the University of Sydney in Australia and the University of Waikato in New Zealand was completed. This followed a public announcement on 1 March 2023, and was effected by a sale of the shares in Study Group Australia Pty Limited and its subsidiaries to Navitas Pty Limited. See Note 13 for further details of those companies in scope of the sale.

As at 31 December 2022, due to the exact terms and scope of the sale not yet being final, management assessed the most likely outcome at that date, which was that Taylors College Auckland would be included within the sale. Subsequently, the sale completed under revised terms allowing Study Group to retain Auckland and keep a high-quality presence in the southern hemisphere.

7. DISCONTINUED OPERATIONS (CONT'D)

As a result of this year end assessment, the assets and liabilities associated with the University of Sydney, the University of Waikato, and Taylors College Auckland are considered to be a 'disposal group' under IFRS 5. As at 31 December 2022, the disposal group is deemed to meet the definition of held for sale under IFRS 5, as management's expectation at the year-end was that the sale was highly probable and expected to complete within 12 months of the balance sheet date.

Details of the assets and liabilities held for sale are disclosed in Note 29.

At the year end the ANZ transaction was considered to be part of a single co-ordinated plan to dispose of a separate major line of business and geographical area of operations, and therefore the reported results of the three colleges has been treated as a discontinued operation within these financial statements, with comparatives restated on the face of the Statement of Comprehensive Income, in accordance with IFRS 5.

Other discontinued businesses ('Other')

-*Embassy English ('Embassy')* - the global Embassy business was sold in 2018. Operating expenses recognised during the year related to an impairment charge on a leased property. Amounts recognised as other operating income related to an adjustment to debtors.

-*HE Proprietary Brands ('HE Proprietary') and Vocational Education and Training business ('VET')* – Martin HE, included within HE Proprietary, ceased recruiting new students in 2017. The business was fully exited during 2021. VET was formally discontinued in 2017 and all students were taught out by the end of 2019. Whilst the exit of the VET operations is now complete, the Group continues to hold a provision for potential refund claims from students (refer to Note 20). Other operating income predominantly related to an adjustment to the student refund provision. Property and other costs of £0.1 million (2021: £2.2 million) were recognised in the year.

The results of the discontinued operations, which have been included in the profit for the year, were as follows:

2022	**Bellerbys £m**	**ANZ £m**	**Other £m**	**TOTAL £m**
Revenue	**10.3**	**18.2**	**-**	**28.5**
Other operating income	**-**	**-**	**0.6**	**0.6**
Operating expenses	**(43.6)**	**(16.2)**	**(0.2)**	**(60.0)**
Operating profit	**(33.3)**	**2.0**	**0.4**	**(30.9)**
Finance costs	**(1.8)**	**(0.7)**	**-**	**(2.5)**
(Loss)/profit before tax	**(35.1)**	**1.3**	**0.4**	**(33.4)**
Attributable tax expense	**(3.0)**	**0.4**	**-**	**(2.6)**
(Loss)/profit for the year from discontinued businesses	**(38.1)**	**1.7**	**0.4**	**(36.0)**
Presented as:				
Earnings before interest, tax, depreciation and amortisation	**0.8**	**8.2**	**(0.1)**	**8.9**
Exceptional and other items including attributable tax expense	**(33.6)**	**(3.0)**	**0.5**	**(36.1)**
Depreciation, amortisation, and net finance costs	**(5.3)**	**(3.9)**	**-**	**(9.2)**
Remaining attributable tax expense	**-**	**0.4**	**-**	**0.4**
	(38.1)	**1.7**	**0.4**	**(36.0)**

7. DISCONTINUED OPERATIONS (CONT'D)

Exceptional and other items included within 2022 operating loss:

Bellerbys exceptional costs of £33.6 million comprised:

- £1.4 million incurred for restructuring costs associated with the closure of the colleges, including redundancies and other fees.
- £31.7 million in respect of impairments of tangible fixed assets of £2.7 million (see Note 11) and right-of-use assets of £29.0 million (see Note 12).
- £3.0 million attributable tax expense on exceptional and other items.
- Partially offset by the net gain on disposal of the Group's Freehold Property in London during the year (£(2.5) million) (see Note 11).

ANZ exceptional costs of £3.0 million related to professional fees in respect of the Australia and New Zealand sale.

Other exceptional income of (£0.5) million comprised:

- (£0.2) million to adjust the VET student refund provision (see Note 20).
- (£0.4) million in relation to an adjustment to debtors.
- Partially offset by legal fees incurred of £0.1 million.

2021	Bellerbys	ANZ	Other	TOTAL
	£m	£m	£m	£m
Revenue	14.6	26.0	-	40.6
Other operating income	-	-	0.7	0.7
Operating expenses	(32.2)	(21.2)	(2.2)	(55.6)
Operating profit	(17.6)	4.8	(1.5)	(14.3)
Finance costs	(2.7)	(0.4)	-	(3.1)
(Loss)/profit before tax	(20.3)	4.4	(1.5)	(17.4)
Attributable tax expense	-	-	-	-
(Loss)/profit for the year from discontinued businesses	(20.3)	4.4	(1.5)	(17.4)
Presented as:				
Earnings before interest, tax, depreciation and amortisation	0.2	7.7	-	7.9
Exceptional and other items	(12.6)	-	(1.5)	(14.1)
Depreciation, amortisation, and net finance costs	(7.9)	(3.3)	-	(11.2)
Attributable tax expense	-	-	-	-
	(20.3)	4.4	(1.5)	(17.4)

Exceptional and other items included within 2021 operating loss:

Bellerbys exceptional costs of £12.6 million comprised:

- £11.4 million impairment of the associated value of the Bellerbys brand following the decision to close the colleges.
- £1.1 million impairment in relation to the Group's freehold property in London and associated right-of-use assets, to reflect the terms of the sale agreement at the year-end.
- £0.1 million of restructuring costs.

Other exceptional costs of £1.5 million comprised:

- £2.0 million provision recognised in relation to a leased property.
- £0.2 million legal fees incurred.
- Partially offset by an adjustment to debtors and other balances (£(0.7) million).

7. DISCONTINUED OPERATIONS (CONT'D)

The net cash flows incurred by the discontinued businesses are as follows:

2022	**Bellerbys £m**	**ANZ £m**	**TOTAL £m**
Net cash (used in)/generated from operating activities	**(8.5)**	**9.9**	**1.4**
Net cash generated from/(used in) investing activities	**8.1**	**(0.3)**	**7.8**
Net cash used in financing activities	**(3.8)**	**(2.9)**	**(6.7)**
Net cash (outflow)/inflow	**(4.2)**	**6.7**	**2.5**

2021	**Bellerbys £m**	**ANZ £m**	**TOTAL £m**
Net cash (used in)/generated from operating activities	(3.7)	10.4	6.7
Net cash used in investing activities	(0.3)	-	(0.3)
Net cash used in financing activities	(7.4)	(3.0)	(10.4)
Net cash (outflow)/inflow	(11.4)	7.4	(4.0)

8. EXCEPTIONAL AND OTHER ITEMS

	Exceptional items 2022 £m	**Other items 2022 £m**	**Total 2022 £m**	Exceptional items 2021 £m	Other items 2021 £m	Total 2021 £m
Exceptional and other items included within operating loss:						
Restructuring costs	**3.1**	**-**	**3.1**	4.3	(0.5)	3.8
Strategic investments	**-**	**0.1**	**0.1**	-	-	-
Other	**0.1**	**0.4**	**0.5**	-	0.6	0.6
	3.2	**0.5**	**3.7**	4.3	0.1	4.4
Impairment	**(18.8)**	**-**	**(18.8)**	141.4	-	141.4
Movement in provision	**(1.2)**	**-**	**(1.2)**	(2.7)	-	(2.7)
Exceptional and other items included within finance costs:						
Foreign exchange losses	**-**	**1.7**	**1.7**	-	0.3	0.3
Unwinding of discount and effect of changes in discount rate on provisions	**0.2**	**-**	**0.2**	0.7	-	0.7
Tax attributable to exceptional and other items	**10.8**	**-**	**10.8**	-	-	-
Total costs relating to continuing operations	**(5.8)**	**2.2**	**(3.6)**	143.7	0.4	144.1
Exceptional and other items included within discontinued operations:						
Other income and expenses relating to discontinued operations (Note 7)	**36.1**	**-**	**36.1**	14.1	-	14.1
Total exceptional and other costs	**30.3**	**2.2**	**32.5**	157.8	0.4	158.2

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 principal activities of the business.

Exceptional items included within operating loss:

- Restructuring costs of £3.1 million incurred in 2022 comprise restructuring costs associated with the global reorganisation including redundancies, consultancy fees and changes in the Executive Committee to support the new structure (£3.7 million), partially offset by the release of accruals relating to aged balances (£(0.6) million). Restructuring costs of £4.3 million in the prior year related to redundancy costs as a result of the sustained impact of Covid-19.
- Other costs of £0.1 million (2021: £nil) relate to fees incurred for the prior year investment in QSA (Quarantine Services Australia).

Impairment:

- Net impairments reversals in the current year of £(18.8) million relate to a reversal of impairments of the ANZ University Partnerships (£(38.6) million), partially offset by impairment of goodwill in Insendi and UKEU CGU (£13.8 million and £0.4 million respectively), impairment of Insendi university relationships (£1.8 million), impairment of Insendi technology assets and other intangible assets (£1.3 million), impairment of software (£2.0 million), and right-of-use assets (£0.5 million). Details of these impairments are outlined in Notes 10,11 and 12 respectively.
- Impairments in the prior year of £141.4 million related to the ANZ University Partnerships (£137.6 million), impairments of tangible fixed assets (£0.4 million), and impairments of right-of-use assets (£3.4 million).

Movement in provision:

- The movement in the provision of £(1.2) million (2021: £(2.7) million) relates to the contingent consideration on the Insendi acquisition which is remeasured to fair value at the year-end reporting date based on actual contracts signed The final payment was made in February 2023 and had been agreed by the year-end. (See Note 20).

8. EXCEPTIONAL AND OTHER ITEMS (CONT'D)

Exceptional items included within finance costs:
Exceptional finance costs in the year relate to the unwinding of the discount on the Insendi contingent consideration provision totalling £0.2 million (2021: £0.7 million).

Tax attributable to exceptional and other items:
Tax attributable to exceptional and other items of £10.8 million (2021: £nil) relates to the tax impact of the net impairment reversals in the year.

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

- Other restructuring costs of £nil (2021: £(0.5) million) related to the release of accruals for liabilities associated with specific discontinued historic business lines.
- Strategic investments costs of £0.1 million (2021: £nil) relate to a Group strategy project.
- Items excluded from EBITDA in the year include £0.3 million non-executive Director fees (2021: £0.4 million) and £0.1 million relating to Covid-19 incremental costs (2021: £0.2 million).
- Unrealised foreign exchange losses for the year were £1.7 million due to net unfavourable exchange rate movements during the year (2021: £0.3 million).

9. GOODWILL

	2022 £m	2021 £m
COST		
At 1 January	**310.4**	310.4
At 31 December	**310.4**	310.4
Impairment		
At 1 January	**154.2**	154.2
Current Period Impairment	**14.2**	-
At 31 December	**168.4**	154.2
Net Book Value at 31 December	**142.0**	156.2

Impairment testing
The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired. For the purpose of impairment testing, goodwill is allocated to the cash generating units expected to benefit from the synergies of the business combinations in which the goodwill arises as set out below, and is compared to its recoverable value:

Goodwill allocated to operating segments	**2021 £m**	2020 £m
UK & Europe Pathways	**142.0**	142.4
Australia & New Zealand Pathways	**-**	-
Insendi	**-**	13.8
	142.0	156.2

The recoverable amount of UK & Europe and Insendi CGUs was determined based on value-in-use calculations, covering a detailed five-year forecast, followed by an extrapolation of expected cash flows for the remaining useful lives using a terminal growth rate. The present value of the expected cash flows is determined by applying a suitable discount rate reflecting current market assessments of the time value of money and risks specific to the segment, bench-marked against relevant market rates.

The recoverable amount of the ANZ CGU was determined based on management's calculation of the FVLCOD, as its carrying amount will be recovered principally through a sale transaction instead of through continuing use.

9. GOODWILL (CONT'D)

The estimate of the recoverable amount for the UK & Europe and Insendi CGUs is sensitive to changes in the forecast EBITDA as well as the discount and terminal growth rates as detailed in the sensitivity analysis below.

Key assumptions	**Terminal growth rate**		**Post-tax discount rate**	
	2022	2021	**2022**	2021
UK & Europe Pathways	**2.0%**	2.0%	**11.0%**	8.1%
Insendi	**2.0%**	2.0%	**12.1%**	12.8%

The terminal growth rates reflect the long-term average growth rates for each segment. The discount rates reflect appropriate adjustments relating to market risk and specific risk factors of each segment. For reference, the equivalent pre-tax discount rates for the UK & Europe Pathways and Insendi were 14.7% and 16.3% respectively.

Cash flow assumptions

UK & Europe

As outlined in the Strategic Report on page 8 the Group's assumptions reflect the latest expectations for the UK & Europe Pathways business. The Directors are expecting a return to growth and believe that the prospects over the longer term remain strong. Opportunity exists for Study Group to benefit from relationships with new partners for ISC pathway programmes as well as 'Recruit and Admit', and future volumes are expected to benefit from the impact of new partners and wider initiatives to drive further growth.

However, in accordance with accounting standards, within the five-year forecast used for the purpose of the impairment review all new partners have been removed from the forecast where they were not sufficiently advanced at the year-end.

In addition, compared to the prior year, there has been a significant increase in discount rate (11.0% in 2022 compared to 8.1% in 2021) as a result of the higher interest rates seen during the last twelve months, resulting in a greater discounting of cash flows, thereby reducing the CGU's value in use.

These factors have resulted in an impairment of £0.4m being recognised in the year.

Reducing the discount rate to 8.1% for an illustrative comparison to 2021 would generate headroom of £125.7m and no impairment being recognised.

Within the five-year forecast used for the purpose of the impairment review, for existing pathway partners, the compound annual growth rate of UK & Europe NSE is 11%. NSE is a key driver of revenue and therefore EBITDA growth. The overall growth rate in the forecast was built up from detailed plans by individual university partnership, and took into consideration a number of external inputs including publicly-available data, and specialist market analysis. The resultant overall UK & Europe growth rate is at the higher end of the range of expected underlying market growth in international students over the relevant period.

The Directors' belief is that there is long term value in the business due to their expectation that as yet unsigned partnerships will be secured and therefore generate additional future value. However, as these are not yet specifically identifiable they have not been included in any forecasts for impairment purposes. The resultant forecast therefore does not reflect the Directors' expectations for the business over the short to medium-term.

There is also opportunity within existing contracts to extend and/or broaden the scope of the existing partnerships, thereby increasing the value in use. On the other hand there are partnerships due for renewal that could impact the value in use if they are not renewed (notwithstanding the fact that Directors do believe they will be renewed).

The Directors have performed a series of sensitivities to the forecast as set out below.

Insendi

As outlined in the Strategic Report on page 8 Insendi is an important area of strategic expertise and innovation in international education, and the Group's five-year plan reflects the latest expectations for Insendi, and includes year-on-year growth driven by increased platform revenue from both existing and new partners which we are projecting to sign.

Despite management's long-term growth expectations for the business, goodwill and intangible assets relating to the Insendi CGU have been fully impaired in 2022 following management's calculated value in use.

9. GOODWILL (CONT'D)

When calculating the Company's value in use, a terminal growth rate of 2.0% has been applied, reflecting the expected longer-term growth in the wider UK economy, rather than a rate specific to the Insendi business, which is in accordance with IAS 36. However in consideration of the long-term strategy for the business, the Directors intend that the growth rate for Insendi will be significantly higher for a number of years. Furthermore, as discussed on Page 3, the pandemic led us to divert Insendi's focus from partner acquisition to providing key distance learning capabilities for the broader Group, which has adversely impacted the financial performance of Insendi.

As a result of the above factors, an impairment of £18.9 million has been recognised against the Insendi CGU within these financial statements. £13.8 million of this has been recognised against goodwill and £5.1m against intangible assets (£1.8m to university partnerships, £1.3m to technology assets, and £2.0m to the Insendi capitalised platform team intangible assets). The Goodwill and intangible assets are now fully impaired.

<u>ANZ</u>

As outlined in Note 7, in respect of the Australia and New Zealand transaction, management's expectation at the year-end was that the sale was highly probable and expected to complete within 12 months of the balance sheet date based on the sale agreement which had been signed by the year-end.

Therefore, in accordance with IAS 36, management believes the recoverable amount is the Fair Value Less Costs Of Disposal ('FVLCOD') of the business, as its carrying amount will be recovered principally through a sale transaction instead of through continuing use.

The FVLCOD was determined based on the terms of the sale agreement, including the agreed consideration, subject to certain conditions being met.

Based on management's calculation of the FVLCOD a reversal of an impairment loss of £38.6 million has been recognised and allocated against other intangible assets in the CGU.

Sensitivity analysis on UK & Europe
The Group has conducted an analysis of the sensitivity of the impairment test to changes in the key assumptions used to determine the recoverable amount for the UK & Europe and Insendi CGUs to which goodwill is allocated. The estimate of the recoverable amount for each CGUs is sensitive to changes in the discount, terminal growth rates, and timing and strength of the forecast recovery:

- If the post-tax discount rate used were to change by one hundred basis points from 11.0% to 12.0% the impairment charge would increase by £26.2 million. Conversely if the post-tax discount rate were to decrease by just two basis points, the carrying amount would equal the value-in-use and therefore no impairment would be recognised. Reducing the discount rate to 8.1% for an illustrative comparison to 2021 would generate headroom of £125.7 million and no impairment being recognised.

- If the terminal growth rate were to decrease by fifty basis points from 2.0% to 1.5% the impairment charge would increase by £10.1 million. Conversely if the terminal growth rate were to increase by just three basis points, the carrying amount would equal the value-in-use and therefore no impairment would be recognised.

- If the recovery is delayed or softer than forecast due to macro-economic factors which impact forecast NSE and cause a reduction of 5% in EBITDA in each forecast year over the five-year period, the impairment charge would increase by £13.2 million. Conversely if EBITDA were to grow minimally across the five-year period, the carrying amount would equal the value-in-use and therefore no impairment would be recognised.

Management is not currently aware of any other reasonably possible changes in the key assumptions on which the recoverable amount of the UK & Europe CGU is based that would cause the carrying amount to reduce by a material amount.

10. OTHER INTANGIBLE ASSETS

2022	University Partnerships £m	Brands £m	Software £m	Centre contract £m	Course development £m	Technology	Total £m
COST							
At 1 January 2022	**392.9**	**12.4**	**9.1**	**5.7**	**3.0**	**2.0**	**425.1**
Additions	**-**	**-**	**8.0**	**-**	**0.4**	**-**	**8.4**
Transferred to assets held for sale	**(113.4)**	**-**	**(0.1)**	**(3.9)**	**-**	**-**	**(117.4)**
Exchange difference	**2.6**	**-**	**0.7**	**0.2**	**0.2**	**-**	**3.7**
At 31 December 2022	**282.1**	**12.4**	**17.7**	**2.0**	**3.6**	**2.0**	**319.8**
ACCUMULATED AMORTISATION & IMPAIRMENT							
At 1 January 2022	**172.1**	**12.4**	**4.9**	**1.7**	**0.8**	**0.4**	**192.3**
Charge for the year	**8.1**	**-**	**2.3**	**0.8**	**1.0**	**0.2**	**12.4**
Impairments	**(36.9)**	**-**	**2.0**	**-**	**-**	**1.4**	**(33.5)**
Transferred to assets held for sale	**(20.4)**	**-**	**-**	**(1.5)**	**-**	**-**	**(21.9)**
Exchange difference	**-**	**-**	**0.8**	**0.2**	**-**	**-**	**1.0**
At 31 December 2022	**122.9**	**12.4**	**10.0**	**1.2**	**1.8**	**2.0**	**150.3**
Net book value at 31 December 2022	**159.2**	**-**	**7.7**	**0.8**	**1.8**	**-**	**169.5**
Net book value at 31 December 2021	**220.8**	**-**	**4.2**	**4.0**	**2.2**	**1.6**	**232.8**

2021	University Partnerships £m	Brands £m	Software £m	Centre contract £m	Course development £m	Technology	Total £m
COST							
At 1 January 2021	402.6	12.4	8.0	5.9	0.4	2.0	431.3
Additions	-	-	2.8	-	1.4	-	4.2
Transfers	-	-	(1.2)	-	1.2	-	-
Exchange difference	(9.7)	-	(0.5)	(0.2)	-	-	(10.4)
At 31 December 2021	392.9	12.4	9.1	5.7	3.0	2.0	425.1
ACCUMULATED AMORTISATION & IMPAIRMENT							
At 1 January 2021	20.9	0.6	3.4	0.9	0.2	0.2	26.2
Charge for the year	13.6	0.4	1.8	0.8	0.6	0.2	17.4
Impairments	137.6	11.4	-	-	-	-	149.0
Exchange difference	-	-	(0.3)	-	-	-	(0.3)
At 31 December 2021	172.1	12.4	4.9	1.7	0.8	0.4	192.3
Net book value at 31 December 2021	220.8	-	4.2	4.0	2.2	1.6	232.8
Net book value at 31 December 2020	381.7	11.8	4.6	5.0	0.2	1.8	405.1

Intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and their fair values can be measured reliably. Intangible assets acquired in a business combination are recorded in the functional currency of the CGU to which they relate. Subsequent to initial recognition at fair value, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses at the balance sheet exchange rate, on the same basis as intangible assets acquired separately.

An annual impairment review is performed each year in December. The key assumptions and sensitivity analysis of the University Partnership impairment review are outlined in Note 9 Goodwill as the same model is used for both impairment reviews.

10. OTHER INTANGIBLE ASSETS (CONT'D)

The current year review resulted in a reversal of an impairment loss of £38.6 million in respect of ANZ university partnerships (2021: impairment of £137.6 million), an impairment of Insendi university partnerships of £1.8 million (2021: £nil), an impairment of Insendi technology assets of £1.3 million (2021: £nil), and an impairment of Insendi's capitalised development software costs of £2.0 million (2021: £nil). In the prior year the carrying value of the Bellerbys Brand was fully impaired by £11.4 million given the decision to wind down operations in this element of the UK & Europe CGU.

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

Amortisation for all classes of intangible assets is included within 'depreciation and amortisation' in the Statement of Comprehensive Income.

Other intangible assets associated with the Australia and New Zealand sale are classified as held for sale as at 31 December 2022 and are shown separately on the face of the Statement of Financial Position. See further details in Notes 7 and 29.

11. TANGIBLE FIXED ASSETS

2022	**Freehold land and buildings £m**	**Leasehold improvements £m**	**Equipment £m**	**Total £m**
COST				
At 1 January 2022	**7.3**	**12.9**	**9.0**	**29.2**
Additions	**-**	**1.2**	**0.6**	**1.8**
Disposals	**(7.3)**	**(3.3)**	**(2.9)**	**(13.5)**
Transferred to assets held for sale	**-**	**-**	**(1.6)**	**(1.6)**
Exchange difference	**-**	**0.6**	**0.8**	**1.4**
At 31 December 2022	**-**	**11.4**	**5.9**	**17.3**
ACCUMULATED DEPRECIATION				
At 1 January 2022	**1.7**	**5.3**	**5.3**	**12.3**
Charge for the year	**0.1**	**1.8**	**1.7**	**3.6**
Disposals	**(1.8)**	**(3.0)**	**(2.7)**	**(7.5)**
Impairments	**-**	**2.6**	**-**	**2.6**
Transferred to assets held for sale	**-**	**-**	**(1.1)**	**(1.1)**
Exchange difference	**-**	**0.6**	**0.8**	**1.4**
At 31 December 2022	**-**	**7.3**	**4.0**	**11.3**
Net book value at 31 December 2022	**-**	**4.1**	**1.9**	**6.0**

2021	Freehold land and buildings £m	Leasehold improvements £m	Equipment £m	Total £m
COST				
At 1 January 2021	7.3	13.2	8.8	29.3
Additions	-	0.3	0.8	1.1
Disposals	-	-	(0.1)	(0.1)
Exchange difference	-	(0.6)	(0.5)	(1.1)
At 31 December 2021	7.3	12.9	9.0	29.2
ACCUMULATED DEPRECIATION				
At 1 January 2021	0.4	3.6	3.6	7.6
Charge for the year	0.2	2.0	2.3	4.5
Impairments	1.1	0.2	-	1.3
Exchange difference	-	(0.5)	(0.6)	(1.1)
At 31 December 2021	1.7	5.3	5.3	12.3
Net book value at 31 December 2021	5.6	7.6	3.7	16.9

11. TANGIBLE FIXED ASSETS (CONT'D)

The current year disposal of freehold land and buildings related to the Group's Freehold Property in London, which was sold during the year, resulting in a net gain on disposal of £2.5 million. Current year leasehold improvements and equipment disposals predominantly related to closed colleges in ANZ.

Impairments in the year totalled £2.6 million (2021: £1.3 million) and related to Voyager House, Brighton (£2.2 million), McMillan Student Village, London (£0.2 million), Paris House, Brighton (£0.1 million) and Stroudley Road, Brighton, which (£0.1 million). The prior year included £1.1 million in relation to the Freehold Property in London and £0.2 million in relation to Britannia House, Brighton.

Tangible fixed assets associated with the Australia and New Zealand sale are classified as held for sale as at 31 December 2022 and are shown separately on the face of the Statement of Financial Position. See further details in Notes 7 and 29.

12. RIGHT-OF-USE ASSETS

2022	**Land and buildings £m**	**Computer equipment £m**	**Total £m**
COST			
At 1 January 2022	**126.6**	**0.2**	**126.8**
Additions	**1.8**	**0.2**	**2.0**
Disposals	**(6.0)**	**(0.1)**	**(6.1)**
Revaluations	**11.0**	**0.1**	**11.1**
Transferred to assets held for sale	**(26.1)**	**-**	**(26.1)**
Foreign currency translation	**2.0**	**-**	**2.0**
At 31 December 2022	**109.3**	**0.4**	**109.7**
ACCUMULATED DEPRECIATION			
At 1 January 2022	**33.6**	**0.1**	**33.7**
Charge for the year	**14.7**	**0.1**	**14.8**
Disposals	**(4.9)**	**-**	**(4.9)**
Impairments	**29.8**	**-**	**29.8**
Transferred to assets held for sale	**(10.4)**	**-**	**(10.4)**
Foreign currency translation	**1.0**	**-**	**1.0**
At 31 December 2022	**63.8**	**0.2**	**64.0**
Net book value at 31 December 2022	**45.5**	**0.2**	**45.7**

2021	Land and buildings £m	Computer equipment £m	Total £m
COST			
At 1 January 2021	118.1	0.4	118.5
Additions	3.5	-	3.5
Disposals	(2.4)	(0.2)	(2.6)
Revaluations	9.0	-	9.0
Foreign currency translation	(1.6)	-	(1.6)
At 31 December 2021	126.6	0.2	126.8
ACCUMULATED DEPRECIATION			
At 1 January 2022	18.2	0.2	18.4
Charge for the year	14.7	0.1	14.8
Disposals	(2.1)	(0.2)	(2.3)
Revaluations	0.3	-	0.3
Impairments	3.2	-	3.2
Foreign currency translation	(0.7)	-	(0.7)
At 31 December 2021	33.6	0.1	33.7
Net book value at 31 December 2021	93.0	0.1	93.1

12. RIGHT-OF-USE ASSETS (CONT'D)

The Group leases a number of assets, with an average lease term remaining at the year-end of three years (2021: three years).

The majority of the Group's right-of-use assets relate to land & buildings, located in the UK £30.6 million (2021: £67.7 million), Australia 2022 £8.4 million (2021: £17.7 million) and other regions £6.5 million (2021: £7.6 million). The Group also has £0.2 million right-of-use assets in respect of computer equipment (2021: £0.1 million).

Land & buildings additions of £1.8 million (2021: £3.5 million) related to a number of new lease agreements and contract renewals across the portfolio.

Revaluations of £11.1 million (2021: £9.0 million) predominantly related to the extension of the Bourke Street, Waterloo lease in Australia.

Net disposals of £1.2 million (2021: £0.3 million) in the year related to a number of property leases across the Group which either expired, or were early exited or surrendered during the year.

Right-of-use assets associated with the ANZ transaction are classified as held for sale as at 31 December 2022 and are shown separately on the face of the Statement of Financial Position. See further details in Notes 7 and 29.

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. At the financial year-end, where indicators of impairment existed, a reassessment of the value-in-use of such assets has been performed, with the net impairment charge of £29.8 million (2021: £3.2 million) reflecting the lower net present value of future cash flows forecast for Voyager House, Brighton (£24.6 million), McMillan Student Village, London (£4.4 million), St Ebbes, Oxford (£0.4 million) Oxford Street, Darlinghurst in Sydney (£0.7 million), and Stroudley Road, Brighton (£0.3 million). These were partially offset by a part-reversal of prior year impairments for Church Lane, Melbourne (£(0.6) million).

The value-in-uses were calculated using separate cash flow forecasts for each property, determined by other charges under the terms of the head-lease, and sub-lease agreements where applicable. The forecasts for the UK-based properties also included an annual inflationary increase of 2.0%. These calculations were discounted at the risk free rate of 4.1% for properties situated in the UK, and 3.9% for properties situated in Australia.

The impairment for Voyager House and McMillan Student Village is sensitive to the cash flow assumptions. The leases related to McMillan Student Village, London end in 2034 and are currently sublet as student accommodation for the academic year 2022/2023. The leases related to Voyager House, Brighton end in 2032 and the site is used for student accommodation and teaching. A letter of intent is in place to sublet the accommodation block for the academic year 2023/2024. Impairment assumptions for McMillan Student Village are based around the current arrangement for the let of the accommodation to the end of the lease. Impairment assumptions for Voyager House include the let of the accommodation block until the end of the lease on the same terms as the letter of intent and the assumption that the teaching block will be let from September 2024 at the same net income as the accommodation block adjusted for floor area. The impairment is sensitive to the achievement of income assumptions relating to the teaching block. The maximum additional impairment in future years related to the Voyager House if the teaching block income is not achieved is £8.1 million.

The maturity analysis of lease liabilities is presented in Note 19.

Amounts recognised in profit and loss	**2022** **£m**	2021 £m
Depreciation expense on right-of-use assets	**14.8**	14.8
Interest expense on lease liabilities	**4.4**	4.4
Expense relating to short-term leases	**0.6**	0.9
Expense relating to leases of low value assets	**0.1**	0.1
Expense relating to variable lease payments	**1.2**	0.1
Income from sub-leasing right-of-use assets	**(0.2)**	(0.3)
	20.9	20.0

At 31 December 2022, the Group is committed to £0.4 million (2021: £0.5 million) in respect of short-term leases for the next twelve months.

12. RIGHT-OF-USE ASSETS (CONT'D)

Approximately one third of the property leases in which the Group is the lessee contain rent review clauses within the lease contract, the majority of which are subject to indexation increases, all based within the UK. In contrast, the majority of leases in Australia have fixed increases built into the lease contract which are therefore included in the right-of-use asset valuation calculated at the commencement of the lease.

Indexation price increases in 2022 were 7.9% (2021: 2.3%) on average and the impact of expected future rent increases is not considered to present a significant liquidity risk to the Group.

The total cash outflow for leases in the year amounted to £20.3 million (2021: £19.2 million).

13. INVESTMENTS

The movements in the net book value of interests in joint ventures are as follows:	**2022 £m**	2021 £m
At 1 January	**0.3**	0.3
Transferred to assets held for sale	**(0.3)**	-
At 31 December	**-**	0.3

Subsidiary undertakings

Details of the subsidiary undertakings of the Company, which are included in the consolidated financial statements, are set out in the following table.

Name of entity	**Country of incorporation**	**Ownership interest**		**Nature**
Controlled entities:		**%(iii)**	**Method**	
EDU Holdings SPV Pty Ltd	Australia	100	Indirect	Holding
EDU Investments SPV Pty Ltd	Australia	100	Indirect	Holding/Dormant
Study Group (Finance) Pty Ltd	Australia	100	Indirect	Holding
Study Group Pty Ltd	Australia	100	Indirect	Holding/Dormant
Australian Institute of Applied Sciences Pty Ltd (iv)	Australia	100	Indirect	Dormant
Applied Training Pty Ltd (iv)	Australia	100	Indirect	Dormant
Study Group Australia Pty Ltd (iv)	Australia	100	Indirect	Trading
Study Group Canada Higher Education Inc.	Canada	100	Indirect	Trading
XueJi Education Consulting (Beijing) Ltd	China	100	Indirect	Trading
SGIPL Study Group India Private Limited	India	100	Indirect	Trading
Study Group Ireland Limited	Ireland	100	Indirect	Trading
SG Study Group Malaysia Sdn. Bhd	Malaysia	100	Indirect	Trading
Study Group NZ Ltd (iv)	New Zealand	100	Indirect	Trading
SGI Consultancy Services Nigeria	Nigeria	100	Indirect	Dormant
Insendi Spain S.L.	Spain	100	Indirect	Trading
EDU UK Intermediate Ltd	United Kingdom	100	Indirect	Holding/Dormant
EDU UK Management Services Ltd (i)	United Kingdom	100	Indirect	Holding
EDU UK Topco Ltd	United Kingdom	100	Indirect	Holding
Insendi Limited	United Kingdom	100	Indirect	Trading
Study Group Holdings UK Ltd (i)	United Kingdom	100	Indirect	Holding/Dormant
Study Group UK Ltd	United Kingdom	100	Indirect	Holding
Bellerbys UK Ltd	United Kingdom	100	Indirect	Dormant
Study Group Ltd	United Kingdom	100	Indirect	Trading
SG Global Bidco Ltd (i)	United Kingdom	100	Indirect	Holding
SG Global Midco Ltd (i)	United Kingdom	100	Indirect	Holding
SG Global Finco Ltd (i)	United Kingdom	100	Direct	Holding
Study Group USA Higher Education LLC	USA	100	Indirect	Trading
Joint venture:				
University of Sydney Foundation Program Pty Ltd (ii) (iv)	Australia	50	Indirect	Trading

13. INVESTMENTS (CONT'D)

The registered address of all Group companies registered in Australia is: Level 1, 63 Oxford Street, Darlinghurst, NSW 2010, Australia.

The registered address of the above Group company registered in Canada is: Suite 600-1741 Lower Water Street, Halifax, Nova Scotia, B3J 0J2, Canada.

The registered address of the above Group company registered in China is: Units 1707, E Tower, No. C-12, Guanghua Road, Beijing, China.

The registered address of the above Group company registered in India is: 0-503A, 5th Floor, Salcon Rasvilas Saket District Center, New Delhi, DL 110017, India.

The registered address of the above Group company registered in Ireland is: Riverside 2, 43-49 Sir John Rogerson's Quay, Dublin 2, D02 KV60, Ireland.

The registered address of the above Group company registered in Malaysia is: Level 21, Suite 21.01, The Gardens South Tower, Mid Valley City, Lingkaran Syed Putra, 592000 Kuala Lumpur.

The registered address the above Group company registered in New Zealand is: Taylors House, 75 Karangahape Road, Auckland 1000, New Zealand.

The registered address the above Group company registered in Nigeria is: First Business Alliance Suites, 2nd Floor Plot 5, Chief Yesuf, Abiodun Street, Victoria Island, Lagos, Nigeria.

The registered address the above Group company registered in Spain is: Calle Perdomo, 22, CP: 35002 Las Palmas Gran Canaria.

The registered address of all Group companies registered in the UK is: Britannia House, 21 Station Street, Brighton, England, BN1 4DE.

The registered address of Study Group USA Higher Education LLC registered in the USA is: 200 S Wacker Dr, Floor 31, Chicago, Illinois, 60606 USA.

(i) EDU UK Management Services Ltd (registered number: 07285370), Study Group Holdings UK Ltd (registered number: 05888001), SG Global Bidco Ltd (registered number: 11827693), SG Global Midco Ltd (registered number: 11827648) and SG Global Finco Ltd (registered number: 11827569), wholly owned subsidiaries of the Company, are exempt from the requirements of the Companies Act 2006 relating to the audit of individual accounts by virtue of section 479A for non-dormant subsidiaries. All outstanding liabilities as at 31 December 2021 of EDU UK Management Services Ltd, Study Group Holdings UK Ltd, Study Group Ltd, SG Global Bidco Ltd, SG Global Midco Ltd and SG Global Finco Ltd have been guaranteed by the Company and no liability is expected to arise under the guarantee.

(ii) The University of Sydney Foundation Program Pty Ltd is a joint venture between The University of Sydney and Study Group Australia Pty Limited. Under this arrangement the joint venture entity is required to pay royalties and fees for the provision of services to its joint venture partners. In total, these commitments are calculated as approximately 97% of gross revenue recognised in the accounting period. The principal place of business for this joint venture is at the University of Sydney, and the registered office address of the joint venture entity is Level 24, 201 Elizabeth Street, Sydney 2000, Australia. Both parties hold equal ownership and voting rights of 50% each in the ordinary shares of the company.

(iii) The Group owns 100% of all classes of shares issued by any subsidiary company apart from University of Sydney Foundation Program Pty Ltd as noted above.

(iv) On 12 May 2023, a transaction to sell Study Group's interests in the pathway colleges associated with the University of Sydney in Australia and the University of Waikato in New Zealand was completed. This followed a public announcement on 1 March 2023, and was effected by a sale of the shares in Study Group Australia Pty Limited and its subsidiaries to Navitas Pty Limited. Refer to Notes 7 and 29 for further detail.

14. FINANCE LEASE RECEIVABLES

	2022 **£m**	2021 £m
Amounts receivable under finance leases:		
Year 1	**1.2**	1.1
Year 2	**1.2**	1.1
Year 3	**0.7**	1.1
Year 4	**1.2**	0.7
Year 5	**0.6**	1.1
Onwards	**1.7**	2.0
Undiscounted lease payments	**6.6**	7.1
Less: unearned finance income	**(0.9)**	(1.0)
Present value of lease payments receivable	**5.7**	6.1
Net investment in the lease	**5.7**	6.1
Undiscounted lease payments analysed as:		
Recoverable after 12 months	**5.4**	6.0
Recoverable within 12 months	**1.2**	1.1
	6.6	7.1

	2022 **£m**	2021 £m
Net investment in the lease analysed as:		
Recoverable after 12 months	**4.7**	5.2
Recoverable within 12 months	**1.0**	0.9
	5.7	6.1

In the UK, the Group’s Trajan House and St. Aldates properties in Oxford continued to be sublet throughout the year. At the year-end, the average lease term remaining in respect of finance lease receivables was 6.9 years (2021: 7.6 years).

The Group’s exposure to foreign currency risk as a result of the leasing arrangements is not considered to be significant, as all of the net investment in the lease is denominated in Pound Sterling as at 31 December 2022 and as at 31 December 2021.

15. DEFERRED TAX

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:

2022	**Opening balance**	**(Debit)/credit to P&L**	**Unrealised foreign exchange gain /(loss) and other movements**	**Closing balance**
	£m	**£m**	**£m**	**£m**
Deferred tax assets				
Tax losses carried forward	**2.2**	**(2.2)**	**-**	**-**
Tangible fixed assets	**8.4**	**(8.4)**	**-**	**-**
Lease liabilities	**0.3**	**(0.3)**	**-**	**-**
Accruals and provisions	**10.1**	**2.4**	**0.1**	**12.6**
	21.0	**(8.5)**	**0.1**	**12.6**
Deferred tax liabilities				
Intangible assets	**(59.6)**	**(7.4)**	**(0.7)**	**(67.7)**
Right-of-use assets	**(4.7)**	**4.9**	**(0.2)**	**-**
Prepayments	**(0.3)**	**0.3**	**-**	**-**
	(64.6)	**(2.2)**	**(0.9)**	**(67.7)**
Net deferred liability	**(43.6)**	**(10.7)**	**(0.8)**	**(55.1)**

2021	Opening balance	(Debit)/credit to P&L	Unrealised foreign exchange gain /(loss) and other movements	Closing balance
	£m	£m	£m	£m
Deferred tax assets				
Tax losses carried forward	2.3	0.1	(0.2)	2.2
Tangible fixed assets	5.3	2.5	0.6	8.4
Lease liabilities	7.6	(7.0)	(0.3)	0.3
Accruals and provisions	7.3	2.8	-	10.1
	22.5	(1.6)	0.1	21.0
Deferred tax liabilities				
Intangible assets	(97.7)	35.8	2.3	(59.6)
Right-of-use assets	(6.0)	1.0	0.3	(4.7)
Prepayments	(0.7)	0.4	-	(0.3)
	(104.4)	37.2	2.6	(64.6)
Net deferred tax (liability) / asset	(81.9)	35.6	2.7	(43.6)

15. DEFERRED TAX (CONT'D)

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

The below table shows the deferred tax balances by jurisdiction:

2022	**New Zealand £m**	**Australia £m**	**UK £m**	**Total £m**
Deferred tax assets				
Accruals and provisions	**-**	**-**	**12.6**	**12.6**
	-	**-**	**12.6**	**12.6**
Deferred tax liabilities				
Intangible assets	**-**	**(27.9)**	**(39.8)**	**(67.7)**
	-	**(27.9)**	**(39.8)**	**(67.7)**
Net deferred tax liability	**-**	**(27.9)**	**(27.2)**	**(55.1)**

The UK corporate tax rate will go up from the current 19% to 25% from 1 April 2023. As the deferred tax balances as at 31 December 2022 are likely to reverse after 1 April 2023, these balances are being recognised at 25%. Australia tax rate remains at 30%.

The below table shows the deferred tax balances by jurisdiction for the prior period:

2021	New Zealand £m	Australia £m	UK £m	Total £m
Deferred tax assets				
Tax losses carried forward	-	-	2.2	2.2
Tangible fixed assets	-	2.1	6.3	8.4
Lease liabilities	0.3	-	-	0.3
Accruals and provisions	-	2.6	7.5	10.1
	0.3	4.7	16.0	21.0
Deferred tax liabilities				
Intangible assets	-	(16.1)	(43.5)	(59.6)
Right-of-use assets	(0.3)	(4.4)	-	(4.7)
Prepayments	-	(0.3)	-	(0.3)
	(0.3)	(20.8)	(43.5)	(64.6)
Net deferred tax liability	-	(16.1)	(27.5)	(43.6)

The Group has unrecognised deferred tax assets that are unlikely to reverse in the foreseeable future as follows:

	2022 £m (i)	2021 £m
Australia (at corporate tax rate of 30%)	**16.9**	13.9
New Zealand (at corporate tax rate of 28%) (ii)	**2.2**	1.2
United Kingdom (at corporate tax rate of 25%)	**22.2**	3.0
USA (at corporate tax rate of 21%)	**12.5**	11.5
Canada (at corporate tax rate of 28%)	**0.7**	0.9
Netherlands (at corporate tax rate of 25%)	**-**	0.3
	54.5	30.8

(i) Included in the above unrecognised deferred tax assets are tax losses of £12.5 million (2021: £11.8 million) which accrued in the US before 2018 and will have expired by 2038, and £0.7 million (2021: £0.7 million) in Canada which accrued between 2012 and 2021 and will have expired by 2041. Other tax losses in the UK, Australia and US post 2018 may be carried forward indefinitely.

(ii) Study Group NZ Ltd was sold on 12 May 2023 and therefore unrecognised deferred tax assets in New Zealand are held for sale as at 31 December 2022.

16. TRADE AND OTHER RECEIVABLES

	2022 £m	2021 £m
CURRENT:		
Trade receivables	**26.1**	38.9
Loss allowance	**(5.7)**	(5.0)
Trade receivables – net	**20.4**	33.9
Other receivables	**1.7**	1.8
Prepayments	**19.3**	24.3
	41.4	60.0
Transferred to assets held for sale	**(1.6)**	-
Total trade and other receivables	**39.8**	60.0

The following table shows the movement in the loss allowance that has been recognised for trade receivables:

	2022 £m	2021 £m
At 1 January	**5.0**	5.2
Impairment losses recognised on receivables	**1.0**	1.0
Provision utilised against irrecoverable debt	**-**	(0.4)
Release of excess provision	**-**	(0.8)
Amounts recovered in the year	**(0.3)**	-
Balance as at 31 December	**5.7**	5.0

Trade receivables can be analysed as follows:

Ageing of trade receivables net of loss allowance

In determining the recoverability of a trade receivable, the Group 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 Group employs historical experience to maintain provisions at levels that are sufficient to absorb actual bad debt write-off's without being excessive. The nature of other receivables and prepayments have been determined not to be appropriate to be considered for determining an Expected Credit Loss provision.

2022	**Not past due £m**	**30 -60 days £m**	**60-90 days £m**	**90-120 days £m**	**>120 days £m**	**Total £m**
Trade receivables before provision	**10.6**	**5.5**	**2.5**	**0.4**	**7.1**	**26.1**
Expected credit loss provision	**-**	**(0.2)**	**-**	**-**	**(5.5)**	**(5.7)**
Net receivables	**10.6**	**5.3**	**2.5**	**0.4**	**1.6**	**20.4**
Expected credit loss % of trade receivables	0.0%	3.6%	0.0%	0.0%	77.5%	

2021	Not past due £m	30 -60 days £m	60-90 days £m	90-120 days £m	>120 days £m	Total £m
Trade receivables before Provision	18.7	8.5	4.9	0.8	6.0	38.9
Expected Credit Loss Provision	(0.1)	(0.6)	-	-	(4.3)	(5.0)
Net Receivables	18.6	7.9	4.9	0.8	1.7	33.9
Expected Credit Loss % of Trade Receivables	0.5%	7.1%	0.0%	0.0%	71.7%	

The net charge relating to the increase in loss allowance has been included in 'administrative expenses' in the Statement of Comprehensive Income.

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

17. TRADE AND OTHER PAYABLES

	2022 £m	2021 £m
CURRENT:		
Trade payables	**19.8**	21.9
Accruals	**19.6**	30.7
Other payables	**23.5**	27.7
Interest accrued – term loans	**-**	5.4
	62.9	85.7
Transferred to assets held for sale	**(9.8)**	-
Total trade and other payables	**53.1**	85.7

18. UNEARNED REVENUES

	2022 £m	2021 £m
Deferred income (current)	**60.0**	**99.0**
Transferred to assets held for sale	**(1.0)**	**-**
	59.0	**99.0**

Deferred income arises from students paying tuition fees in advance and Insendi platform fees invoiced but relating to future periods.

19. LEASE LIABILITIES

	2022 £m	2021 £m
Maturity analysis:		
Year 1	**20.4**	20.8
Year 2	**18.6**	18.6
Year 3	**16.8**	15.5
Year 4	**15.8**	13.3
Year 5	**13.3**	12.2
Later years	**44.0**	55.8
	128.9	136.2
Less: unearned interest	**(21.8)**	(28.0)
	107.1	108.2
Transferred to assets held for sale	**(16.8)**	-
Total lease liabilities	**90.3**	108.2
Analysed as:		
Non-current	**76.4**	92.3
Current	**13.9**	15.9
	90.3	108.2

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

20. PROVISIONS

2022 **Movement in provisions:**	**Employee benefit** **£m**	**Property** **£m**	**Contingent consideration** **£m**	**Other** **£m**	**Total** **£m**
At 1 January 2022	**3.7**	**7.3**	**2.8**	**0.4**	**14.2**
Additional provision recognised	**1.0**	**0.3**	**-**	**2.5**	**3.8**
Provisions utilised	**(1.8)**	**(0.1)**	**(1.6)**	**-**	**(3.5)**
Unwinding of discount	**-**	**-**	**0.2**	**-**	**0.2**
Release of provision	**-**	**(1.4)**	**(1.2)**	**(0.2)**	**(2.8)**
Transferred to assets held for sale	**(1.8)**	**(2.5)**	**-**	**(0.2)**	**(4.5)**
Foreign currency translation	**0.2**	**0.1**	**-**	**-**	**0.3**
At 31 December 2022	**1.3**	**3.7**	**0.2**	**2.5**	**7.7**
Current	**1.0**	**0.4**	**0.2**	**2.5**	**4.1**
Non-current	**0.3**	**3.3**	**-**	**-**	**3.6**
	1.3	**3.7**	**0.2**	**2.5**	**7.7**

2021 **Movement in provisions:**	Employee benefit £m	Property £m	Contingent consideration £m	Other £m	Total £m
At 1 January 2021	5.1	4.3	7.6	0.4	17.4
Additional provision recognised	4.0	3.1	-	-	7.1
Provisions utilised	(5.2)	(0.1)	(2.8)	-	(8.1)
Unwinding of discount	-	-	0.7	-	0.7
Release of provision	-	-	(2.7)	-	(2.7)
Foreign currency translation	(0.2)	-	-	-	(0.2)
At 31 December 2021	3.7	7.3	2.8	0.4	14.2
Current	2.9	-	1.8	0.4	5.1
Non-current	0.8	7.3	1.0	-	9.1
	3.7	7.3	2.8	0.4	14.2

Employee benefit provisions relate predominantly to annual leave and Australian long service leave entitlements which will be utilised upon employees taking their long service leave, and also includes a provision relating to the Group's 2019 long-term incentive plan for senior employees. £0.1 million was paid during 2022 and another £0.1 million is expected to be paid in 2023.

Property provisions predominantly relate to dilapidation and other associated provisions on leased and previously leased properties, which expire across a variety of dates, ranging from one to twelve years.

Contingent consideration relates to Insendi, which was acquired by Study Group in February 2020, payable based on various targets, of which £1.6 million has been paid in the year to 31 December 2022 (2021: £2.8 million), £0.2 million recognised in respect of the unwinding of the discount (2021: £0.7 million), with a £1.2 million write down of the provision to fair value based on the actual contracts signed (2021: £2.7 million). A £0.2 million provision remains at 31 December 2022 (2021: £2.8 million) which has been paid in February 2023.

Other predominantly relates to a £2.5 million provision for estimated transaction fees in respect of the ANZ sale (2021: £nil). The remaining £0.2 million relates to a provision for student refunds and reflects the Group's expected liability to refund students for fees paid up front and where the course was not completed (2021: £0.4 million). This was written down by £0.2 million during the year (2021: £nil) based on management's estimate of future refunds expected to be paid during 2023 and 2024.

Provisions associated with the ANZ sale are classified as held for sale as at 31 December 2022 and are shown separately on the face of the Statement of Financial Position. See further details in Notes 7 and 29. This includes a provision in relation to a legal claim involving a leased property of £2.1 million, being management's best estimate of expected future cash outflows. Based on its current assessment of the progress of the dispute, the claim is not expected to be settled within one year of the signing of these financial statements. At 31 December 2022, it was expected that £nil (2021: £nil million) of the provision made for legal and other disputes will be reimbursed by third parties. See additional details below.

20. PROVISIONS (CONT'D)

Legal disputes

The Group is involved in legal proceedings in relation to a leased property, described below.

The Group assesses its provision for these proceedings at each financial year end. Legal expenses incurred and provisions related to legal claims are charged to exceptional costs (Note 8).

Leased property dispute

The Group is a defendant in relation to a legal dispute that arose in relation to a leased property.

Proceedings were filed against Study Group Australia Pty Ltd ('SGA') and the other parties on 25 October 2022. The claim made is for direct indemnity from SGA in the amount of AUD $8.9 million.

Preliminary defences and cross-claims have been filed by all parties, and the parties are in the process of finalising their pleadings. No date has yet been set for a court hearing. It is possible that this will take place in early 2024.

The estimation uncertainty includes the probability of any cash outflow for the Group, the estimated amount of settlement as well as associated interest and costs, and the timing associated with that settlement. Based on management's expectations at the year-end date, along with advice sought from external lawyers, the likelihood of a cash outflow arising from the legal claim is deemed to be probable, and management has estimated the year-end provision of £2.1 million based on the most likely estimate within a range of outcomes.

Current estimations are that any settlement would reasonably be expected to take place during 2024, but not within 12 months of the signing of these financial statements.

In a worst-case scenario, which the Directors consider to be a remote possibility, Study Group would have to settle the full claim amount of AUD $8.9 million and accrued interest of approximately £1.5 million. In this scenario, Study Group would likely incur further costs and expenses in defending the claim and making its own cross-claims of up to £0.5 million, in addition to £1.0 million of costs recharged from the other parties involved.

21. BORROWINGS

	Interest rate	Maturity	**2022 £m** Principal	**2022 £m** Value	2021 £m Principal	2021 £m Value
CURRENT BORROWINGS						
£30.0 m Revolving credit facility(i)	4.75% +SONIA/BBSY	2025	**29.6**	**29.5**	30.0	29.8
			29.6	**29.5**	30.0	29.8
NON-CURRENT BORROWINGS						
Secured borrowings at amortised cost						
GBP £115.0 m Term loan(ii)	6.00% + SONIA	2026	**128.9**	**127.6**	116.1	113.8
AUD $88.9 m Term loan(ii)	6.00% + BBSY	2026	**56.8**	**56.2**	48.2	47.2
AUD $125.7 m Term loan(ii)	6.00% + BBSY	2026	**80.2**	**79.4**	68.2	66.9
Investor loan notes £17.0 m(iii)	10%	2031	**18.5**	**20.4**	17.0	18.5
Investor loan notes £40.0 m(iv)	13%	2031	**40.0**	**44.5**	-	-
Capitalised interest of Revolving credit facility(ii)		2026	**1.7**	**1.7**	-	-
			326.1	**329.8**	249.5	246.4

(i) The Group has a revolving credit Facility partly denominated in Great British Pounds and partly in Australian Dollars with a maximum facility of £30.0 million. At the year-end the Group had drawn £29.6 million (2021: £30.0 million), offset by deferred borrowing costs of £0.1 million (2021: £0.2 million). Debt issue and external borrowing costs are amortised to the Statement of Comprehensive Income over the period of the borrowings using the effective interest method.

(ii) As a result of the amendment to Senior Facilities Agreement dated 28 January 2022 where it was agreed to set aside the Group's leverage covenant on its term loan debt until 2024, the Group has capitalised interest as well as additional 1% PIK interest and added to the principal amount of the relevant Term loan and Revolving facility loan at the end of the applicable interest period.

(iii) On 22 February 2021, the Group received a cash injection from Ardian totalling £17.0 million in the form of 10-year unsecured investor loan notes. The notes accrue interest at a fixed rate of 10% compounded annually and become payable in the event of a change of ownership, or 10 years from the date of issue, whichever is sooner.

(iv) On 18 February 2022, the Group received a cash injection from Ardian totalling £40.0 million in the form of 10-year unsecured investor loan notes. The notes accrue interest at a fixed rate of 13% annually and become payable in the event of a change of ownership, or 10 years from the date of issue, whichever is sooner.

22. FINANCIAL INSTRUMENTS

The Group's policies and strategies in relation to risk and financial instruments are explained in the Directors' Report. Accounting policies used to account for financial instruments are detailed in Note 1. There are no externally imposed capital requirements from any of our lenders.

Net investment hedge
During 2022, the Group continued to benefit from a net investment hedge using the AUD $88.9 million drawn in the UK to hedge the Group's foreign operations. The hedge is deemed 100% effective up to the value of the loan.

Hedging activities and derivatives
In August 2019, the Group entered into two interest rate cap agreements to cap the floating interest rates on a 6-monthly basis on 50% of the GBP (£57.5 million) and 50% of AUD term loans ($107.3 million) until 30 August 2022, covering 50% of the Group's total loans at the time. These interest rate caps are valued using valuation techniques which employ the use of market observable inputs. The most frequently applied valuation techniques include forward pricing and swap models using present value calculations. Study Group obtain the values for these interest rate caps on a quarterly basis from HSBC UK Bank Plc. The interest rate caps expired during the year, and the fair value at the prior year end was £nil.

Fair values of non-derivative financial assets and liabilities
At 31 December 2022 and 31 December 2021 there is no difference between the carrying amount and fair value of each of the following classes of financial assets and liabilities, principally due to their short maturity: trade and other receivables, cash at bank and in hand, trade and other payables and current borrowings. There is no significant difference between the fair value and carrying amount of non-current borrowings as the impact of discounting is not significant.

22. FINANCIAL INSTRUMENTS (CONT'D)

Foreign currency sensitivity

The Group is primarily exposed to fluctuations in the Australian Dollar and US Dollar. The following table details how the Group's income and equity would increase on a before tax and exceptional costs basis, given a 10% decrease in the respective year-end currencies against Pound Sterling and in accordance with IFRS 7 all other variables remaining constant. A 10% decrease in the value of Pound Sterling against the respective year-end currencies would have the opposite effect.

	2022		2021	
	Income sensitivity £m	**Equity sensitivity £m**	Income sensitivity £m	Equity sensitivity £m
Australian Dollar	**1.6**	**(11.0)**	1.0	(8.0)
US Dollar	**0.1**	**0.2**	0.2	-
Other	**1.3**	**0.6**	1.2	0.5
Equity decrease	**3.0**	**(10.2)**	2.4	(7.5)

Foreign exchange rates

Year end and average exchange rates per £1.00 are as follows:

	31 December 2022	31 December 2021
Australian Dollar - period average	**1.7795**	1.8320
Australian Dollar - period end	**1.7743**	1.8607
US Dollar - period average	**1.2370**	1.3756
US Dollar - period end	**1.2097**	1.3512

Impairment of financial assets

The Group subjects trade receivables to the expected credit loss model. While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. The expected credit loss rates are based on the payment profiles of sales over a period of 12 months before the 31 December 2022 and the corresponding historical credit loss within this period. Where objective evidence exists that a trade receivable may be impaired, provision is made for the difference between its carrying amount and the present value of the estimated cash that will be recovered. Evidence of the impairment may include such factors as the customer entering bankruptcy proceedings or a change in their credit rating. All significant balances are reviewed individually for evidence of impairment.

Trade receivables are written off when there is no reasonable expectancy of the recovery. Where receivable have been written off the Group continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised within the statement of comprehensive income.

23. SHARE CAPITAL AND RESERVES

	2022	**2022**	2021	2021
	Number of shares	**£**	Number of shares	£
A Ordinary shares	**846,153**	**846,153**	846,153	846,153
B Ordinary shares	**6,474**	**6,474**	6,474	6,474
C shares	**121,500**	**16,200**	127,500	153,000
Preference shares	**334,847,973**	**334,847,973**	334,847,973	334,847,973
Total share capital and share premium	**335,822,100**	**335,716,800**	335,828,100	335,853,600
Capital reduction account	**127,500**	**153,000**	-	-
Direct issue costs	**-**	**(17,060)**	-	(17,060)
Total net of direct issue costs	**335,949,600**	**335,852,740**	335,828,100	335,836,540

Movements in shares:

2022	**Number of shares**	**Par value £**	**Share premium £**	**Total £**
Details				
Balance as at 1 January 2022	**335,828,100**	**334,857,775**	**995,825**	**335,853,600**
Extinguishing of existing C Shares	**(127,500)**	**(1,275)**	**(151,725)**	**(153,000)**
New issues of C Shares	**121,500**	**1,215**	**14,985**	**16,200**
Balance as at 31 December 2022	**335,822,100**	**334,857,715**	**859,085**	**335,716,800**

2021	Number of shares	Par value £	Share premium £	Total £
Details				
Balance as at 1 January 2021	335,828,100	334,857,775	995,825	335,853,600
Balance as at 31 December 2021	335,828,100	334,857,775	995,825	335,853,600

On 16 August 2022 the share capital of the Company was reduced by cancelling and extinguishing 127,500 C Shares of £0.01 each. This was passed by a written special resolution on that date.

On 26 August 2022 91,500 C Shares of nominal value £0.01 were issued. Amount paid per share was £0.133333.

On 9 September 2022 30,000 C Shares of nominal value £0.01 were issued. Amount paid per share was £0.133333.

Rights, preferences and restrictions
The Ordinary A and Ordinary B shares are considered pari passu as if the Ordinary Shares constituted one class of shares in the case of dividends.

Upon winding up, the distribution between A Ordinary, B Ordinary and C shares is determined by a formula set out in the Articles of Association, which is publicly available from Companies House.

The preference shares accrue a fixed cumulative preferential dividend at the annual rate of 10% of a sum equal to the entire nominal and premium amounts paid up on such Preference Share. If the dividend is not paid, the unpaid amount carries interest at 10%.

Each Ordinary A and Ordinary B share carry one vote per share. The C Shares and Preference Shares carry no voting rights.

Reserves
The translation reserve in the Statement of Financial Position comprises all foreign exchange differences attributable to the owners of the parent. These exchange differences arise from the translation of the financial statements of its foreign subsidiaries and from the translation of financial instruments that hedge the Group's net investment in foreign operations.

24. EMPLOYEES

	2022	2021
	£m	£m
Staff costs for the Group during the year(i):		
Wages and salaries	**77.3**	85.1
Social security costs	**7.4**	7.4
Superannuation and other pension costs	**3.6**	4.3
	88.3	96.8

Average monthly number of people employed by the Group:(ii)

	2022	2021
	No.	No.
Teaching (Direct and Indirect)	**1,035**	1,090
Sales, marketing and distribution	**407**	395
Administration	**585**	554
	2,027	2,039

(i) Salary cost excludes staff not working for the Group and being remunerated under various local government schemes.
(ii) Includes those Directors who were employed by the Group during the year.

The average number of people employed by the parent company during the year is nil.

Key management compensation:
Key management are defined as the Executive Committee (‘ExCo’), which is the team of senior management who support the Chief Executive Officer in the ongoing management of the Group’s affairs and are involved in strategic decision making.

	2022	2021
	£m	£m
Salaries and short-term benefits including management incentives	**3.4**	3.4
Termination Payments	**0.7**	0.4
	4.1	3.8

Aggregate Directors' remuneration:
The total amount for Directors' remuneration was as follows:

	2022	2021
	£m	£m
Salaries and short-term benefits including management incentives	**1.1**	1.1
Payment for loss of office	**0.2**	-
	1.3	1.1

No Directors are members of the Group’s defined contribution pension plans (2021: none).

Highest paid Director

	2022	2021
	£m	£m
Salaries and short-term benefits	**0.5**	0.6
Payment for loss of office	**0.2**	-
	0.7	0.6

25. NOTES TO THE CASH FLOW STATEMENT

Cash and cash equivalents

Included within cash and cash equivalents at the year end of £21.0 million (2021: £37.0 million) is locked cash of £0.1 million held in Escrow in relation to consideration payments for Insendi (2021: £0.4 million), and £nil restricted cash in Australia and New Zealand in respect of student receipts collected on behalf of third parties (2021: £0.1 million).

Changes in liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated cash flow statement as cash flows from financing activities.

2022 (£m)	**Note**			**Non-cash changes**						
		1 January 2022	Financing cash flows	Foreign exchange movements	Interest element in investing activities	Non-cash lease liability movements	Non-cash finance lease receivable movements	Deferred borrowing costs unwind	Other changes (i)	31 December 2022
Borrowings	**21**	**276.2**	**40.0**	**5.1**	**-**	**-**	**-**	**1.2**	**36.8**	**359.3**
Finance lease receivables	**14**	**(6.1)**	**0.9**	**0.1**	**0.2**	**-**	**(0.8)**	**-**	**-**	**(5.7)**
Lease liabilities	**19**	**108.2**	**(20.3)**	**1.2**	**-**	**18.0**	**-**	**-**	**-**	**107.1**
Total		**378.3**	**20.6**	**6.4**	**0.2**	**18.0**	**(0.8)**	**1.2**	**36.8**	**460.7**

(i) Other changes include interest and SFA amendment fees capitalised during the year.

2021 (£m)	Note			Non-cash changes					
		1 January 2021	Financing cash flows	Foreign exchange movements	Interest element in investing activities	Non-cash lease liability movements	Non-cash finance lease receivable movements	Deferred borrowing costs unwind	31 December 2021
Borrowings	**21**	259.6	17.1	(1.7)	-	-	-	1.2	276.2
Finance lease receivables	**14**	(7.0)	0.9	(0.1)	0.3	-	(0.2)	-	(6.1)
Lease liabilities	**19**	113.3	(19.2)	(1.1)	-	15.2	-	-	108.2
Total		365.9	(1.2)	(2.9)	0.3	15.2	(0.2)	1.2	378.3

26. FINANCIAL COMMITMENTS

Capital commitments
The Group had no capital commitments at the year-end (2021: none).

Contingent liabilities
The Company and its subsidiary undertakings are, from time to time, parties to legal proceedings and claims, which arise in the ordinary course of business. Provisions have been made for the Directors' best estimate of known legal claims, investigations and legal actions in progress after taking into consideration advice from external legal counsel. However, as such matters have not been finalised, the eventual outcome is not known and any amounts paid could be higher or lower than the provisions made. The Group takes legal advice as to the likelihood of success of claims and actions and no provision is made where the Directors consider, based on that advice, that the action is unlikely to succeed, or that the Group cannot make a sufficiently reliable estimate of the potential obligation.

The Group's activities are monitored by a number of regulatory bodies depending on the jurisdiction of the operation. From time to time, there is a risk that the Group may not comply with all requirements imposed by the relevant regulator giving rise to a risk of refund of fees, penalties or both.

The Group had £5.8 million (2021: £5.8 million) in outstanding bank guarantees at the end of the year against an AUD $15.0 million (2021: AUD $15.0 million) lease line facility held with HSBC UK Bank Plc. The majority of these are guarantees against future rental commitments.

In addition, the Group provides guarantees in the ordinary course of business, which correspond mainly to lease guarantees in respect of various buildings, for which no financial exposure has been identified at the year end.

No other contingent liabilities noted (2021: none).

27. RELATED PARTY DISCLOSURES

There were no contracts with SG Global Topco Limited (the Company) or any of its subsidiaries existing during or at the end of the financial period in which a Director of the Company was materially interested. The Group has taken advantage of the exemption available under IAS 24 'Related party disclosures' not to disclose transactions and balances between Group entities that have been eliminated on consolidation.

The Group issued shareholder loan notes in the year totalling £40.0 million to funds managed by the immediate parent undertaking Ardian LBO Fund VI B S.L.P (2021: £17.0 million). The terms of the loan notes are disclosed in Note 21.

Revenue of £14,829,307 and a marketing contribution of £561,956 was received from the joint venture The University of Sydney Foundation Program Pty Ltd during the year (2021: £20,291,299 and £545,852 respectively). Related party payables of £2,215,705 (2021: £2,107,952) were owing to the joint venture at the year-end, included in trade payables in Note 17.

During the year the Group paid Kugler Advisory Ltd, a company in which a Director of the Group is a Director and shareholder £nil (2021: £23,550) in consultancy fees during the year, with £nil outstanding at 31 December 2022 (2021: £nil). The Group paid Andrew Stoner & Associates Pty Ltd, a company in which a Director of a subsidiary Group company is a Director and shareholder £48,514 (2021: £41,280) in advisory fees, with £nil outstanding at 31 December 2022 (2021: £nil). The Group incurred expenditure with Regent's University London, a company in which a Director of a subsidiary Group company is a Director of £3,870 (2021: £5,610). The Group paid subscription fees of £10,529 (2021: £nil) to Independent Higher Education which a Director of the company is also a Director of a subsidiary Group company.

28. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The immediate and ultimate parent undertaking and controlling party is Ardian LBO Fund VI B S.L.P, a French Special Limited Partnership with a separate legal identity registered and resident in France, with registered office at 20 place Vendôme, 75 001 Paris, France.

The parent company of the largest consolidated group and the smallest consolidated group is SG Global Topco Limited.

29. DISPOSAL OF ASSETS HELD FOR SALE

On 12 May 2023, a transaction to sell Study Group's interests in the pathway colleges associated with the University of Sydney in Australia and the University of Waikato in New Zealand was completed. This followed a public announcement on 1 March 2023, and was effected by a sale of the shares in Study Group Australia Pty Limited and its subsidiaries to Navitas Pty Limited.

As at 31 December 2022, due to the exact terms and scope of the sale not yet being final, management assessed the most likely outcome at that date, which was that Taylors College Auckland would be included within the sale. Subsequently, the sale completed under revised terms allowing Study Group to retain Auckland and keep a high-quality presence in the southern hemisphere.

As a result of this year end assessment, the assets and liabilities associated with the University of Sydney, the University of Waikato, and Taylors College Auckland are considered to be a 'disposal group' under IFRS 5. As at 31 December 2022, the disposal group is deemed to meet the definition of held for sale under IFRS 5, as management's expectation at the year-end was that the sale was highly probable and expected to complete within 12 months of the balance sheet date.

Details of the assets and liabilities held for sale are disclosed below.

Impairment reversal relating to the disposal group
Based on management's calculation of the FVLCOD a reversal of an impairment loss of £38.6 million has been recognised in the year and allocated against other intangible assets in the CGU. Refer to Notes 7 and 10 for further details.

Assets and liabilities of disposal group held for sale
At 31 December 2022, the disposal group was stated at fair value less costs to sell and comprised the following assets and liabilities.

	2021 **£m**
Trade and other receivables	**1.1**
Intercompany receivables	**0.5**
Trade and other receivables including intercompany	**1.6**
Other intangible assets	**95.5**
Property, plant and equipment	**0.5**
Right-of-use assets	**15.7**
Interest in joint ventures	**0.3**
Cash and equivalents	**3.5**
Assets held for sale	**117.1**
Trade and other payables	**3.4**
Intercompany payables	**6.4**
Trade and other payables including intercompany	**9.8**
Unearned revenues	**1.0**
Lease liabilities	**16.8**
Provisions	**4.5**
Liabilities held for sale	**32.1**
Net assets held for sale	**85.0**

Income and expenses included in Statement of Comprehensive Income
In accordance with IFRS 5 the results of the ANZ business in scope of the sale have been presented in discontinued operations in 2022 and in the 2021 comparative results. These are disclosed further in Note 7.

30. EVENTS AFTER THE BALANCE SHEET DATE

On 7 February 2023, 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 June 2025, and for interest payable to be capitalised until at least May 2025. The agreement included a condition for Ardian to provide shareholder funding of £20.0 million, half of which was received in February 2023, with the remaining half in March 2023, in the form of 9-year unsecured investor loan notes. Interest is charged and compounded annually at a fixed rate of 13%. Refer to the Going Concern assessment included in Note 1.2 for further details.

On 12 May 2023, the Australia and New Zealand transaction completed. Following an amendment to the sale agreement prior to completion, Study Group retained its ownership of Taylors College Auckland, the pathway college associated with University of Auckland. The net assets associated with Taylors College Auckland were £0.9 million and are shown as held for sale within these financial statements, based on management's expectations as at 31 December 2022. Refer to Note 1.24 for further details of the key judgements that were considered in making that assessment. These financial statements include a reversal of an impairment loss of £38.6 million based on management's calculation of the fair value less cost of disposal at the year-end. The net profit or loss on disposal related to the Australia and New Zealand transaction following completion on 12 May 2023 is yet to be calculated, and will be finalised and disclosed within the 2023 financial statements. Our current estimate is that a loss of approximately £1.6 million will be reported, predominantly due to the retention of Taylors College Auckland. Refer to Notes 7 and 9 for further details about the transaction.

PARENT COMPANY STATEMENT OF FINANCIAL POSITION
as at 31 December 2022

	Note	31 December 2022 £m	31 December 2021 £m
ASSETS			
NON-CURRENT ASSETS			
Amounts due from subsidiary undertakings		**-**	398.8
Investments	**3**	**-**	1.0
		-	399.8
LIABILITIES			
CURRENT LIABILITIES			
Amounts due to subsidiary undertakings		**(0.2)**	-
		(0.2)	-
NET (LIABILITIES) / ASSETS		**(0.2)**	399.8
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT			
Share capital	**4**	**334.8**	334.8
Share premium reserve		**0.9**	1.0
Capital reduction account		**0.2**	-
(Accumulated losses) / Retained earnings		**(336.1)**	64.0
TOTAL EQUITY		**(0.2)**	399.8

The Company reported a loss for the financial year ended 31 December 2022 of £400.1 million (2021: profit of £25.4 million).

The financial statements and notes on pages 79 to 84 were approved by the Board of Directors and authorised for issue on 26 May 2023 and were signed on its behalf by Nick Williams.

N Williams
Director SG Global Topco Limited Registered no. 11827427

The accompanying notes form an integral part of these financial statements.

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2022

2022	**Ordinary share capital £m**	**Share premium reserve £m**	**Capital reduction account £m**	**Retained earnings / (Accumula-ted losses) £m**	**Total equity £m**
At 1 January 2022	**334.8**	**1.0**	**-**	**64.0**	**399.8**
Loss for the year	**-**	**-**	**-**	**(400.1)**	**(400.1)**
Extinguishing of C shares	**-**	**(0.1)**	**-**	**-**	**(0.1)**
Capital reduction in the year	**-**	**-**	**0.2**	**-**	**0.2**
At 31 December 2022	**334.8**	**0.9**	**0.2**	**(336.1)**	**(0.2)**

2021	Ordinary share capital £m	Share premium reserve £m	Retained earnings £m	Total equity £m
At 1 January 2021	334.8	1.0	38.6	374.4
Profit for the year	-	-	25.4	25.4
At 31 December 2021	334.8	1.0	64.0	399.8

The accompanying notes form an integral part of these financial statements.

1. MATERIAL ACCOUNTING POLICIES

1.1. GENERAL INFORMATION

Accounting policies for the year ended 31 December 2022

SG Global Topco Limited is a private company incorporated, domiciled and registered in the United Kingdom. The financial statements were authorised for issue by the Board of Directors on 26 May 2023.

During the year and the prior period, the principal activity of the Company was that of a holding company for the Group.

1.2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ('FRS 101') on the historical cost basis.

The financial statements of the Company have been prepared in accordance with UK-adopted international Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

In these financial statements the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a cash flow statement and related notes; and
- the requirements of IAS 24 Related Party Transactions and has, therefore, not disclosed transactions between the Company and its wholly owned subsidiaries; and
- the effect of new but not yet effective IFRSs
- certain disclosures required by IFRS 13 *Fair Value Measurement* and the disclosures required by IFRS *7 Financial Instrument Disclosures*

As permitted by Section 408 of the Companies Act 2006, a separate income statement for the Company has not been included in these financial statements. As permitted by the audit fee disclosure regulations, disclosure of non-audit fees information is not included in respect of the Company.

Going Concern
In order to satisfy themselves that the Company is a going concern for the period of the next 12 months from the date of signing these financial statements, the Directors have reviewed the forecasts for both the Company and the Group for that period. On the basis that the Company's ability to continue as a going concern is primarily linked to the Group being able to meet its commitments under its borrowing arrangements, the Directors of the Company have determined that it is appropriate to continue to account for the Company as a going concern, based on the reasons set out on Pages 10 to 11 of the Group financial statements.

1.3. INVESTMENTS

In the Company's financial statements, investments in subsidiary undertakings are stated at cost less any impairment.

1.4. FINANCIAL RISK MANAGEMENT

The Company's investments expose it to a variety of financial risks that include the effects of 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.

1.5. FINANCIAL INSTRUMENTS

Financial assets
All financial assets are normally recognised and de-recognised on a trade date basis where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit and loss, which are initially measured at fair value. On de-recognition, however, where a specific transaction is entered into with a counterparty that is judged to carry a high credit or liquidity risk, then the Directors may determine that de-recognition of the financial asset shall be based on settlement date rather than trade date, with any realised gain or loss taken to the income statement on date of settlement.

1. MATERIAL ACCOUNTING POLICIES (CONT'D)

Effective interest method
The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and amounts paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Classes of financial asset
Financial assets at amortised cost

The Group classifies its financial assets as at amortised cost only if both of the following criteria are met:
- the asset is held within a business model whose objective is to collect the contractual cash flows, and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

Trade and other receivables that have fixed or determinable payments that are not quoted in an active market are classified at amortised cost. Trade and other receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

1.6. FOREIGN CURRENCY

Transactions and balances
Transactions denominated in foreign currencies are recorded in Pound Sterling at the exchange rates ruling at the date of the transaction. Foreign exchange gains and losses resulting from such transactions are recognised in the Statement of Comprehensive Income, except when deferred in equity as qualifying cash flow hedges. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rates ruling at the balance sheet date and any exchange differences are taken to the Statement of Comprehensive Income.

Foreign exchange gains and losses relating to foreign currency loans and other foreign exchange adjustments are included within finance income and expenses.

1.7. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Critical accounting judgements

Going concern
This is considered a critical accounting judgement due to the level of uncertainty around future forecasts. Refer to Note 1.24 to the consolidated statements for further details.

Key sources of estimation uncertainty

Value of investments and recoverability of amounts due from subsidiary undertakings
Where there are indicators of impairment, the Company assesses the recoverable amount of investments and amounts due from subsidiary undertakings, in consideration of the value-in-use of the Group. Refer to Note 1.24 to the consolidated statements for further details of the key estimates included within the calculations.

2. AUDITOR'S REMUNERATION

The auditor's remuneration for audit and other services is disclosed in Note 3 to the consolidated financial statements and has been borne by the Company's subsidiary undertakings.

3. INVESTMENTS

Details of the cost and impairment of the interest in its subsidiary undertaking is as follows:

	2022	2021
	£m	£m
COST		
At 1 January	**1.0**	1.0
At 31 December	**1.0**	1.0
Impairment		
At 1 January	**-**	-
Current Period Impairment	**(1.0)**	-
At 31 December	**(1.0)**	-
Net Book Value at 31 December	**-**	1.0

COMPANY SUBSIDIARY UNDERTAKING

Details of the subsidiary undertaking of the Company, which are included in the financial statements, are set out below.

Name of entity	**Country of incorporation**	**Ownership interest %**	**Nature**
Directly controlled entities:			
SG Global Finco Limited	United Kingdom	100	Holding

Details of indirectly controlled entities are detailed in Note 13 to the consolidated statements.

Impairment testing
The Company tests for impairment if there are indications that the investment might be impaired.

The recoverable amount of the investment was determined based on the value-in-use of the Group and the value of cash and cash equivalents, borrowings, and working capital balances. Refer to Note 9 to the consolidated statements for details on the basis of the value-in-use calculations.

4. SHARE CAPITAL

	2022 Number of shares	**2022 £**	2021 Number of shares	2021 £
A Ordinary shares	**846,153**	**846,153**	846,153	846,153
B Ordinary shares	**6,474**	**6,474**	6,474	6,474
C shares	**121,500**	**16,200**	127,500	153,000
Preference shares	**334,847,973**	**334,847,973**	334,847,973	334,847,973
Total share capital and share premium	**335,822,100**	**335,716,800**	335,828,100	335,853,600
Capital reduction account	**127,500**	**153,000**	-	-
Direct issue costs	**-**	**(17,060)**	-	(17,060)
Total net of direct issue costs	**335,949,600**	**335,852,740**	335,828,100	335,836,540

Refer to Note 23 to the consolidated statements for details of rights per class of share and movements in share capital during the year.

5. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

There were no employees in the current year other than the Directors who were remunerated by a subsidiary undertaking. Due to the number of appointments and the subjectivity involved it is not possible to accurately allocate their costs relating to the Company.

6. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The immediate and ultimate parent undertaking and controlling party is Ardian LBO Fund VI B S.L.P, a French Special Limited Partnership with a separate legal identity registered and resident in France, with registered office at 20 place Vendôme, 75 001 Paris, France.

7. RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption in IAS 24 from the requirement to disclose transactions between the Company and its wholly owned subsidiaries.

8. FINANCIAL COMMITMENTS

The parent company SG Global Topco Limited has provided a letter of support to certain subsidiary undertakings such that it will not seek repayment of the debt owed to it by those companies and, where necessary, will provide financial support in appropriate form to assist or enable those companies to meet any obligations that fall due for a period of twelve months from the date of signing the financial statements for the year ended 31 December 2022.

9. EVENTS AFTER THE BALANCE SHEET DATE

Refer to Note 30 to the consolidated statements for details of events after the balance sheet date.