# SG GLOBAL TOPCO LIMITED

# CONSOLIDATED ANNUAL REPORT AND FINANCIAL STATEMENTS

## Year ended 31 December 2023

## Registered Number: 11827427

**Page**

# DIRECTORS AND CORPORATE INFORMATION

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## COMPANY REGISTERED NUMBER

Registered in England No. 11827427

## 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 2023. 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 2023 and comparative year ended 31 December 2022 for the Group. The Statement of Financial Position includes a second comparative year ended 31 December 2021, due to a prior year restatement with a material impact on the opening balance of the year ended 31 December 2022.

**Overview from Ian Crichton, CEO**

This is my first full financial year as CEO of Study Group and I am pleased to reflect on the important progress that has been made by the Group thanks to our dedicated, capable and hard-working people over this very challenging period.

Study Group's business purpose is to increase student participation and success in global education. We are privileged to work with an unparalleled portfolio of leading universities, most of whom have been with us for many years, delivering value to them through the global education solutions we provide.

Study Group as a business has been trading successfully since 1994 but, along with our university partners, we faced major headwinds through the Covid-19 pandemic resulting in weak operating results in recent years, compounded by a marked deterioration in our Australian and New Zealand business following the loss of CSU in 2019. The period covered in this report marks a more encouraging time of reset and transition. I am deeply proud of how Study Group has risen to the challenge of turnaround, stabilising the business so that we can focus on growth going forwards. We returned to growth in the second half of the year and our challenge now is ensuring growth remains sustainable and becomes increasingly profitable, generating the cash we will need to invest in our business.

During 2023, we successfully sold our Australian and New Zealand business, which allowed us to refinance the business to ensure sufficient operating liquidity and enabled us to invest in the future success of the group. With a commitment to significantly improving the student and partner experience, we upgraded our admissions systems and expanded our product and partner capabilities. This investment bore early fruit as we announced new partnerships in the United States and going into 2024 have seen our conversion rates improve and partner pipeline expand.

Also, as we turned the business around, I am pleased to say that we maintained the quality of teaching and the attainment of our students, which has never been better. We saw record levels of student progression to UK and Ireland universities. whilst in the United States we placed more students than ever before. Investment in academic leadership means this success will only increase in the exciting years ahead as we move beyond our traditional geographies.

We are now shifting from a period of protecting our business during a global health crisis, to one of developing and seizing major opportunities for growth. Despite technological and political challenges closer to home, international education is thriving around the world and the appetite for its benefits remain undimmed. We understand changing trends in global study and are ready for them. It is an exciting time.

**Ian Crichton**
**CEO**
**29 April 2024**

## GROUP STRATEGY & BUSINESS MODEL

### Strategy

Study Group has a clear purpose: To increase student participation and success in global education. The Group has identified four key strategic intents to help achieve this, anchored by an overarching aim of student success:

*Drive significant partner growth:*
The Group seeks to build multi-layered strategic partnerships that deliver significant value and build on its existing strong relationships through better and broader service offerings. The Group also seeks to rebalance its portfolio to include wider global partners whilst adding new partnerships to existing regions where there are opportunities to broaden its reach. This will be achieved by leveraging the Group's ability to recruit, teach and progress high numbers of quality international students to partner institutions.

*Provide market-leading solutions:*
Study Group aims to develop and deploy novel, outcomes-based, solutions, embracing new and differentiated thinking and better leveraging its existing capabilities, as well as making increased use of data and technology. This can be seen by the offering of different student recruitment and admission services to partners, as well as new courses to meet the ever-changing needs of international students.

*Deliver with excellence:*
Study Group aims to improve its productivity and efficiency by moving to a more cost-effective operating model simplifying how its people work together to deliver better outcomes for our students, partners, agents and employees. The Group also aims to improve its approach to making the best use of the assets at its 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.

*Achieve Financial success:*
Study Group aims to increase the value of its business. This will be achieved through delivering the 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 the Group's partners.

### 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.

In addition, Study Group provides recruitment and admission services to partner universities for students who are able to admit directly onto one of the university's own programmes.

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.

## OUTLOOK

The Global Higer Education sector continues to recover post-pandemic. During early 2023, China lifted its remaining travel restrictions which contributed to a strong recovery of Chinese students returning to international Higher Education institutions. Chinese students still make up less than a quarter of our recruited student volumes. The Group increased cohorts from other Asian, North African and Middle Eastern countries, ensuring that we maintain a diversified international student body.

Within the global trend of international students, there are a number of micro factors in play, primarily tightening of rules regarding dependent visas issued in the UK, Australia, and Canada. Conversely, the US visa regime has remained unchanged, and the number of international students in the US is close to record highs.

With Study Group's mix of Northern Hemisphere partners and vast, diversified agent network, it is able to manage these trends and changes within its portfolio and ensure a strong and stable outlook, whilst continuing to offer students excellent education and ensuing career opportunities.

During 2023, the Group has invested in both its partner and product development teams. As can be seen below, this has led to expanded offerings with current partnerships, renewals and extensions to existing contracts and, in North America, new partnerships being signed. The Group also now has a strong active pipeline of further partnership opportunities which are expected to ensure growth and stability for the foreseeable future.

The Group also continues to actively recruit and maintain strong relationships with its global agent recruitment network. In addition, the Group has invested significantly in its global admissions capability in Noida, India and continued development of admissions and campus systems. This places the Group in a strong position secure a market leading position for recruitment and admissions.

The Group has worked hard to improve risk management across the business, ensuring that it can cope in an increasingly uncertain world and laying the groundwork for the risk taking which will be necessary to seize the opportunities that the Group's growth ambition will require. The risk appetite has been carefully calibrated at Board level and the Executive Committee is fully engaged in risk management as laid out below. See page 17 for details of the Executive Committee.

**United Kingdom & Europe**

Relationships with university partners are fundamental to the Group's success. Many are longstanding partners, and the Group is pleased to see a steady stream of contracts being renewed and expanded.

During 2023, the Group further increased its strength in the UK including the rapid development of the successful Cardiff University partnership. The Group also expanded its 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 took 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.

Contracts were also renewed with The University of Surrey, Durham University, University College Dublin and University of Strathclyde. This is testament to the strong portfolio of relationships held and the value the Group offers to them. Further contracts have also been successfully renewed in the early part of 2024.

**North America**

International education in the US has continued to grow post pandemic and the Group has seen the number of students recruited in to partner universities grow significantly in 2023 with further growth expected in the coming year. In order to support this increased demand, the Group, through the revitalised Partner Development team has looked to grow new partnerships in the US. In late 2023, the Group was excited to announce the signing of three new contracts with university partners in the US – California State University, Towson University and University of Nebraska.

**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 8 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 the Group's global partner portfolio. The Group 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 these colleges that these universities were committed to them continuing to deliver the same high quality of education as they transferred to a new provider. The Group wish them, the students and the universities every success.

Study Group's contract with the University of Auckland concludes in 2024 and in line with the wider strategy, the Group decided not to seek a renewal or extension.

**Insendi**

2023 was a reset year for Insendi, from focussing on distance learning capabilities for the broader Group, to focussing on its existing partnerships, technology development and new partner acquisition. Insendi continues to partner 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 and Imperial College London.

The Group has continued to invest in Insendi, and it is an important area of strategic expertise and innovation. The Group's business plan reflects the latest expectations for Insendi and includes year-on-year growth driven by increased platform and services revenue from both existing and new partners.

**PRINCIPAL RISKS AND UNCERTAINTIES**

The Group updated its approach to risk in 2023 to take into account the revised operating structure of the Group. A risk management framework is in place consisting of a single risk register for the Group, monthly risk meetings where the Executive Committee reviews the risk profile, mitigations and actions in place across all risk categories and directorates to ensure a forward focus on risk is maintained and applied consistently; and relevant risks are now monitored by individuals and governance groups on a regular basis. The Audit and Risk Committee also reviews and gains assurance on adequate risk management on the Board's behalf.

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

- **Economic, market and trading**

  *Industry and political risks*

  Political uncertainty in UK and the USA relating to post-study working rights may cause demand for international education in these destination markets to slow down, where perceptions of an inhospitable environment towards international students or employment challenges post-study develop. 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.

  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 has assessed the situation in regard to the conflicts in Ukraine and in Gaza. Each has a minimal impact on the Group's activities as neither region are key source markets for students and the Group does not place significant reliance on these regions for staff or other business resources. Emergence of conflict in other regions is also actively monitored in terms of potential risk.

  *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. Entry into new destination markets means the potential emergence of new competitors may materialise. The Group ensures that through its strong relationships with high quality university partners and the addition of new products, services and geographies, its partnerships are long lasting and high value and that Study Group's offering remains competitive.

- **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 actions minimise the risk of loss of partnerships and maintain a positive reputation in the market to capitalise on new opportunities in existing and new destination markets.

- **Agents**

  Study Group is committed to ensuring the quality and diversity of international students is maintained in its International Study Centres. The Group works with a global network of education agents to recruit 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 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, take 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 lender covenant requirements on a regular basis to ensure that it has time to take mitigating action in the event of projected challenges. The Directors' going concern assessment is detailed in the Strategic Report on page 14. 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 wellbeing 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 place 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. The Directors 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 articulates its vision and mission by having a 'One Team' approach, with key behaviours of Pace with Purpose, Value Everyone's Voice, Collaborate to Innovate, and Learn and Grow. The Group measures its success in achieving its goals using targeted "Strategic Intents".

The Group encourages the recognition of achievements in all areas of the business. In addition to local initiatives, the One Team Awards is a global peer-to-peer recognition scheme that rewards employees on a monthly basis for making a difference by embracing one of the 'one team' behaviours.

The Executive Committee continue to recognise the importance of professional and personal development, and career progression. This is underpinned by a new Individual Contribution and Development process. The Group runs a management development programme in addition to targeted learning and development interventions for teams and individuals. 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 Group ensures there is effective dialogue with employees through communications such as regular global, functional and local townhalls, internal social media posts (Viva Engage) and presentations by senior leaders.

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

*Employee health and safety*
As the Group expands internationally, we are continually reviewing our compliance with local health and safety requirements and legislation. 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 hosted 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, employees are encouraged to join or create Ambassador Groups, which are made up of Study Group employees from across the organisation, who join together based on shared characteristics and life experiences.

**Gender pay**
The average number of employees, split by gender, for the year ended 31 December 2023 was as follows:

| | **Male** | | **Female** | | **Total** | |
|---|---|---|---|---|---|---|
| | **Number** | **Percentage** | **Number** | **Percentage** | **Number** | **Percentage** |
| **Executive Committee** | **9** | **82%** | **2** | **18%** | **11** | **100%** |
| **All others** | **705** | **42%** | **988** | **58%** | **1,693** | **100%** |
| **Total** | **714** | **43%** | **990** | **57%** | **1,704** | **100%** |

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 Committee | 12 | 75% | 4 | 25% | 16 | 100% |
| All others | 857 | 43% | 1,154 | 57% | 2,011 | 100% |
| Total | 869 | 43% | 1,158 | 57% | 2,027 | 100% |

In accordance with the UK Equality Act 2010 (Gender Pay Gap Information) Regulations 2017 we have published our 2023 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 and 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 19.
- The Group publishes annually its statement on Modern Slavery pursuant to section 54(1) of the Modern Slavery Act 2015.

## BUSINESS PERFORMANCE

### Operating and financial review

The financial outcome for the year for the continuing business was an adjusted EBITDA(i) loss of £(9.0) million compared with a profit of £5.4 million in 2022, and reported EBITDA(i) loss of £(11.7) million compared to a profit of £1.7 million in 2022.

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 disposal.

### 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 £(7.9) million for the Full Year, compared to £14.4 million for 2022 at constant currency(iii).

| **NSE by Segment** | **2023 No.** | **2022** No. | **Change** % |
|---|---|---|---|
| United Kingdom & Europe | **5,839** | 6,244 | (6%) |
| Australia & New Zealand | **407** | 908 | (55%) |
| North America | **1,614** | 948 | 70% |
| **New student enrolments (NSE)** (v) | **7,860** | 8,100 | (3%) |

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:

| **£m** | **2023** | **2022(iii)** | **Change %** |
|---|---|---|---|
| United Kingdom & Europe | **114.1** | 120.4 | (5%) |
| Australia & New Zealand | **4.5** | 6.7 | (33%) |
| North America | **10.5** | 7.0 | 50% |
| **Total University Partnerships Revenue for continuing operations** | **129.1** | 134.1 | (4%) |
| Insendi | **2.0** | 2.2 | (9%) |
| **Total Revenue for continuing operations** | **131.1** | 136.3 | (4%) |
| Revenue for discontinued operations | **4.4** | 27.6 | (84%) |
| **Total Revenue** | **135.5** | 163.9 | (17%) |

| **£m** | **2023** | **2022(i)(iii)** | **Change %** |
|---|---|---|---|
| United Kingdom & Europe | **20.9** | 33.3 | (37%) |
| Australia & New Zealand | **0.4** | 2.7 | (85%) |
| North America | **2.8** | 1.7 | 65% |
| **Total University Partnerships EBITDA for continuing operations** | **24.1** | 37.7 | (36%) |
| Insendi | **(0.7)** | (1.8) | (61%) |
| EBITDA for discontinued operations | **1.1** | 8.5 | (87%) |
| Shared functional & corporate costs | **(32.4)** | (29.9) | (8%) |
| **Total adjusted EBITDA** | **(7.9)** | 14.4 | (155%) |

*Please see footnotes on page 9 for the operational and financial review*

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

| £m | 2023 | 2022 | Change % |
|---|---|---|---|
| Total revenue at constant currency (£m) | **135.5** | 163.9 | (18%) |
| Constant currency adjustment (iii) (£m) | **-** | 2.2 | - |
| Total revenue (£m) | **135.5** | 166.1 | (18%) |
| *Less* revenue attributable to discontinued businesses | **(4.4)** | (28.5) | (85%) |
| **Continuing revenue (£m)** | **131.1** | 137.6 | (5%) |
| Total adjusted EBITDA(i) at constant currency (£m) | **(7.9)** | 14.4 | (155%) |
| Constant currency adjustment (iii) (£m) | **-** | (0.1) | - |
| Total adjusted EBITDA (i) (£m) | **(7.9)** | 14.3 | (155%) |
| *Less* EBITDA attributable to discontinued businesses | **(1.1)** | (8.9) | (112%) |
| **Continuing adjusted EBITDA(i) (£m)** | **(9.0)** | 5.4 | (267%) |

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

| £m | 2023 | 2022 | Change % |
|---|---|---|---|
| *On a continuing operations basis:* | | | |
| Reported EBITDA (ii) | **(11.7)** | 1.7 | (788%) |
| Exceptional and other items | **2.7** | 3.7 | (173%) |
| Adjusted EBITDA (i) | **(9.0)** | 5.4 | (267%) |

(i) Adjusted EBITDA for both 2022 and 2023 is defined as operating loss before depreciation, amortisation, impairment, movement in provisions, other gains and losses and exceptional and other items (see Note 9 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, impairment, movement in provisions and other gains and losses.
(iii) 2022 revenue and adjusted and reported EBITDA have been restated at 2023 foreign exchange rates to show the results at constant currency.
(iv) 2022 other operating income includes £0.2 million of Covid-19 support paid by various local governments which benefited the Group financially and £0.1 million of grants in respect of research and development in Insendi.
(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 2023 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. The results for continuing and discontinued businesses have also been shown separately.

*UK & Europe*

As a result of recruitment caps placed upon students from certain countries by some of our university partners, as well as a change in UK visa conditions for dependants driving a shift in recruitment from the UK to North America, NSE reduced in the year by 6% to 5,839 in 2023 from 6,244 in 2022. The reduction in NSE drove a reduction in revenue by 5% to £114.1 million in 2023 from £120.4 million in 2022. Adjusted EBITDA for the continuing business prior to shared functional and corporate costs was £20.9 million compared to £33.3 million in 2022. The reduction in EBITDA is driven by a number of factors including the reduction in revenue flowing through to EBITDA, £1.5 million increase in sales and marketing costs which relates to revenue in future years and £2.6 million revenue guarantee cost relating to a new contract.

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 8 for an explanation of the classification of discontinued operations.

*Australia & New Zealand*
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. Results for those colleges within the scope of the transaction are presented as discontinued within these financial statements. Refer to Note 8 for an explanation of the classification of discontinued operations.

Results for the continuing business relate to the two remaining partners which are both on teach-out resulting in a 45% reduction in NSE to 407 from 908. The reduction in student numbers has driven a reduction in revenue to £4.5 million in 2023 from £6.7 million in 2022, and a corresponding reduction in EBITDA to a £0.4 million profit in 2023 from a £2.7 million profit in 2022.

*North America*
Study Group continues to see strong growth in North America, with NSE increasing by 70% to 1,614 in 2023. This was predominately due to a change in UK visa conditions for dependants driving a shift in recruitment from the UK to North America. Revenue in 2023 increased by 50% to £10.5 million (2023: £7.0 million). Adjusted EBITDA prior to shared functional and corporate costs for the year increased to a profit of £2.8 million (2021: £1.7 million).

*Insendi*
Revenue in 2023 was £2.0 million, a decrease of £0.2 million compared to 2022. EBITDA was a loss of £(0.7) million in 2023 compared with a loss of £(1.8) million in 2022, the improvement driven by cost saving measures.

*Shared functional, corporate costs and Government support*
Functional and corporate costs, being largely central IT, finance, HR and other shared function costs increased by 8% to £32.4 million from £29.9 million in 2022. The increase is driven by investment in Product and Partner Development teams to drive future growth. These costs are managed and controlled centrally and as such are reported separately from the operating segments.

**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 2023 (as defined in footnote (i) on page 9) amounted to a net expense of £2.7 million. This included £1.6 million restructuring costs associated with the global reorganisation and changes in the Executive Committee to support the new structure, £0.5 million relating to a legal claim on a historically leased property, £0.5 million consultancy fees and £0.5 million of various other costs not related to normal recurring operating activities including non-executive Director fees of £0.3 million, all offset by a release of accruals relating to aged balances of £(0.4) million.

This spend is compared to £3.7 million in 2022; £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 £0.6 million of various other costs not related to normal recurring operating activities including non-executive Director fees of £0.3 million.

**UK & Europe CGU impairment**
Management expects 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 new partnerships will be secured and therefore generate additional future value. However, new partnerships deemed to be based upon 'improvements or enhancements' to the UKEU CGU asset under IAS36 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.

In addition, when compared to the prior year, due to the sale of the ANZ business and the changed shape of the Group there was a higher allocation of corporate and shared costs to the UK & Europe CGU reducing the recoverable amount in addition to a higher proportion of allocated shared Group net assets to the UK & Europe CGU carrying value as a comparison.

These factors have resulted in an impairment of £13.4 million being recognised in the year.

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 based on a forecast return to pre-COVID 19 numbers for the Group plus low double-digit annual percentage increases. 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 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 5.0% in EBITDA in each forecast year over the five-year period, these scenarios would each lead to the impairment charge increasing by £24.8 million, £13.1 million, and £15.8 million respectively. Conversely, if the post-tax discount rate were to decrease by 0.46%, or the terminal growth rate were to increase by 0.44%, or EBITDA were to grow by 5.8% 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 key assumptions are discussed further in Note 10.

**Property impairment and termination**
The Group leases a number of sites which are no longer used within the Group's operations. These sites have been assessed for impairment and an impairment loss of £2.9 million (2022: £29.8 million) on right-of-use assets and an impairment reversal of £(0.4) million (2022: £2.6 million impairment) on tangible fixed assets has been recognised in the year. Additionally, a £2.1 million loss on disposal of right-of-use assets has been recognised in the year. The full details and sensitivities are contained in Note 12 and Note 13 to the Financial Statements.

**Depreciation and amortisation**
Depreciation and amortisation for the year ended 31 December 2023 totalled £21.3 million (2022: £24.2 million) for the continuing business.

**Other gains and losses**
For the year ended 31 December 2023, the Group recognised a net loss of £0.5 million (2022: nil). This comprised a £1.0 million mark to market loss relating to FX forward contracts, offset by a £0.5 million gain resulting from an increase in the fair value of other financial assets which relate to monies held in escrow.

**Operating loss before financing costs**
In the current year the Group made an operating loss before financing costs and exceptional and other items of £30.8 million (2022: £18.8 million loss). After exceptional and other items, the operating loss is £52.2 million (2022: £2.5 million loss).

**Finance income and expense**
The net finance expense for the year ended 31 December 2023 amounted to £41.6 million for the continuing business, an increase of £11.9 million on the net cost in 2022 of £30.1 million.

The most significant expense was interest on the term loans and associated deferred borrowing costs of £30.9 million (2022: £18.7 million). The increase in cost is as a result of compounding interest following an amendment to the Senior Facilities Agreement effective March 2023 allowing all interest to be capitalised instead of cash paid, combined with an increase in interest rates impacting the variable element of the term loans. The revolving credit facility, drawn as and when required to manage short-term liquidity, resulted in a an interest cost of £1.9 million in 2023 compared with £1.7 million in 2022 due to the impact of the capitalisation of interest during the year in accordance with the Senior Facilities Agreement amendment.

In February 2022 and March 2023, the Group received cash injections from Ardian totalling £40.0 million and £20.0 million respectively in the form of 9-year and 5-year unsecured investor loan notes. The notes accrue interest at a fixed rate of 13% compounded annually. The Group incurred interest on these investor loan notes of £9.9 million (2022: £6.4 million).

Finance costs relating to lease liabilities amounted to £3.4 million (2022: £1.7 million), with the increase due to finance costs on lease liabilities previously used within the Bellerbys business recognised in continuing operations, as opposed to discontinued operations, from September 2022.

Interest income amounted to £0.8 million (2022: £0.3 million) and foreign exchange gains amounted to £3.7 million (2022: £1.7 million loss) due to favourable exchange rate movements in the year.

**Taxation**
For the year ended 31 December 2023, the Group recognised a tax liability of £0.4 million (2022: a tax liability of £0.1 million) in respect of the current year and prior year trading, and a tax credit of £34.5 million (2022: £11.8 million liability) in respect of deferred tax. This resulted in a net tax credit within the Statement of Comprehensive Income of £34.1 million (2022: net tax charge of £11.9 million), of which £6.4 million credit related to the continuing business (2022: £9.3 million liability) and £27.7 million credit to discontinued businesses (2022: £2.6 million liability).

**Loss after taxation**
After deducting the above impairment charges, depreciation and amortisation, other gains and losses, finance expenses and taxation from Reported EBITDA loss of £11.7 million (2022: £1.7 million profit), the loss after taxation from continuing operations for the year to 31 December 2023 was £87.4 million (2022: £41.9 million).

**Discontinued operations**
Revenue for discontinued operations decreased by 85% to £4.4 million in 2023 from £27.6 million in 2022, and EBITDA decreased to £1.1 million in 2023 from £8.5 million in 2022, both driven by the closure of Bellerbys in August 2022 and the sale of the ANZ business in April 2023. £3.3 million exceptional income in the year predominately relates to the profit on disposal of the ANZ business. The net income from discontinued operations after exceptional and other items and taxation was £2.5 million (2022: £36.0 million loss).

**Loss after taxation and discontinued operations**
The loss after taxation and discontinued operations for the year was £84.9 million (2022: £77.9 million).

**Net debt**
Net debt, being external borrowings less available cash, was £360.3 million at 31 December 2023 compared with £349.6 million at 31 December 2022. Net debt increased by £10.7 million in 2023 (2022: £90.7 million); £18.2 million increase in term loans predominantly as a result of PIK interest and the capitalisation of interest payable in 2023 and £29.9 million increase in investor notes including £20.0 million additional investment in the year and interest accrued of £9.9 million, partially offset by an increase in cash of £6.2 million and repayment of the Revolving Credit Facility of £31.2 million.

**Cash flow**

The Group generated negative free cash flow (being cash available to service debt) of £13.1 million in the year to 31 December 2023 compared to negative free cash flow of £44.5 million generated in 2022. EBITDA contributed a £9.0 million outflow 2023 for the continuing business compared with a £5.4 million inflow in 2022, and a £1.1 million inflow for discontinued businesses compared with a £8.9 million inflow in 2022. Exceptional cash outflows including payments relating to restructuring costs, transaction fees, other corporate costs totalled £1.7 million (2022: 9.3 million). The Group generated a £3.0 million working capital inflow compared with a £37.1 million outflow in 2022. The change in working capital in 2023 resulted mainly from the higher number of NSE starting their courses in the second half of 2023 and the first half of 2024 compared with the same periods in the prior year, whilst the prior year outflow resulted mainly from the lower number of NSE starting their courses in the second half of 2022 and the first half of 2023 compared with 2021 including the impact of the closure of the Bellerbys Colleges. Additionally, the Group incurred cashflows in relation to the settlement of current tax liabilities of £nil (2022: £1.7 million), and capital expenditure of £6.5 million (2022: £10.2 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 admissions system.

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

| **Reconciliation of adjusted EBITDA to Free Cash flow** | **2023** | **2022** |
|---|---|---|
| | **£m** | **£m** |
| Adjusted EBITDA[i] for the continuing business | **(9.0)** | 5.4 |
| Adjusted EBITDA attributable to discontinued businesses | **1.1** | 8.9 |
| Cash exceptional and other items | **(1.7)** | (9.3) |
| Movement in working capital | **3.0** | (37.6) |
| Cash tax paid | **-** | (1.7) |
| Capital expenditure and other investment activities | **(6.5)** | (10.2) |
| **Free cash flow** | **(13.1)** | (44.5) |

(i) *See definition on page 9 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 to 30 April 2025, 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 continued recovery within the UK ISCs indicated by a 35% increase in confirmed new student volumes for H2 2024 versus this time last year, a favourable revenue mix in the confirmations, and continued strong growth in North America.

On 7 February 2023, Study Group signed an amendment to its Senior Facilities Agreement with its lenders 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. 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 has historically been the Group's seasonal liquidity low point). At 31 March 2024, the last date the covenant was tested, the Group had significant headroom with respect to the minimum liquidity covenant requirement.

Looking ahead to April 2025, management have run a number of sensitivities including a base case and an illustrative "downside" to model the impact on minimum liquidity in each scenario. The base case reflects the Board-approved budget and five-year plan for current business lines and has an expected level of student volume growth built in whereas the downside case brings H2 2024 and H1 2025 new student volumes down by 10% in both periods. In both scenarios, Study Group continues to maintain liquidity above its minimum liquidity covenant throughout the going concern period. Study Group may also utilise cash management actions during any seasonal liquidity low points to stay above the minimum liquidity covenants.

The latest pipeline and student volumes so far in 2024 support the base case liquidity being achievable, therefore the base case is expected to be achieved and the downside case scenario is considered unlikely. In any reasonably possible downside scenario where volumes are lower than Budget but higher than the downside 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.

**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 2023, 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 Group's risk management framework, as defined on page 5-6, enables the Executive Committee to monitor the Group's risk profile and take mitigating actions where necessary.

**Sustainable Group development**
The development of the Group's strategy under the Board's direction (as stated on page 3) sets the Group's Purpose to increase student participation and success in global education, through the four key strategic intents described in the Group Strategy section. 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 (Viva Engage) 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 page 14 and the Outlook section on page 3 outlines the changes to the conditions relating to the long-term borrowing and the 2023 developments including the changes and trends in International Education.

As outlined on Page 2 and 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 enabled investment in the growth and support achievement of our business plan. and enables 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.

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 19). 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, increasing its focus in this area with a balanced but ambitious ESG programme designed with all stakeholder groups in mind.

**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 3.0 tonnes (2022: 4.9 tonnes) of $CO_2$ per £1.0 million of revenue.

| **UK only consumption** | | **2023 Tonnes $CO_2$** | **2022 Tonnes $CO_2$** |
|---|---|---|---|
| Electricity consumption | Scope 2 | 115.2 | 310.5 |
| Electricity transmission | Scope 3 | 10.5 | 28.4 |
| Business mileage in staff private vehicles | Scope 3 | 18.9 | 17.0 |
| Natural gas consumption | Scope 1 | 193.3 | 288.1 |
| Total | | 337.9 | 644.0 |

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 reduction in electricity and natural gas consumption is driven by the closure of Bellerbys College Brighton and London in September 2022 as well as the sale of the freehold property relating to Bellerbys College London also in September 2022. In addition, 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 and as a result the Group reduced the size of its office space in early 2023.

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.

**Ian Crichton**
**Director**
**29 April 2024**

(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.

## 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 2023.

### 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 14 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 £84.9 million (2022: £77.9 million) including discontinued operations, and a loss after taxation of £87.4 million (2022: £41.9 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 (2022: £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:

S Belfer (appointed 31 May 2023)
K Burnett, Sir
I Crichton
J Czapalski (appointed 2 May 2023)
R Kugler
B Ladriere
E Lancaster (resigned 31 May 2023)
E Little
O Personnaz
J Raes (appointed 20 April 2023)
M Van Cauwenberge (resigned 20 April 2023)
N Williams (resigned 31 May 2023)
B Witcher

### The Executive Committee

The Executive Committee 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, the function that they lead, or both. The members of the Executive Committee and roles were as follows at the end of the year:

Ian Crichton, Chief Executive Officer
Ruth Arnold, Executive Director – External Affairs
July Behl, Executive Director – Partner Acquisition and Development
Simon Belfer, Chief Financial Officer
Anthony Claridge, Executive Director – Partner Management & Operations, RoW
Steve Goh, Executive Director – Student Acquisition
Ed Griffin, Executive Director – Organisational Effectiveness
Steve Pinches, Executive Director – Product, Brand & Digital
James Pitman, Executive Director – SME
Elena Rodriguez-Falcon, Executive Director – Academic and UK & Ireland Operations
Ravi Singh, Executive Director – Admissions

**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.

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. 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 page 14 for specific consideration given to liquidity with respect to the going concern assessment.

**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: (86.5)% in Pound Sterling; (29.4)% in US Dollars, 61.6% in Australian Dollars, 83.9% in Singapore Dollars and 70.4% 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 has booked a number of FX forward hedges to reduce its exposure to currency movement between Australian Dollars and British Pounds. These hedges are for a range of tenors and sizes with varying expiry dates, giving flexibility should any extensions or amendments occur to the existing term loan arrangements.

**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 disabled people. Applications for employment by disabled people 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 via formal and informal communications as well as the Group's intranet site, internal social media platform (Viva Engage), email, town halls, employee forums and newsletters. Via these channels, employees are made aware of the financial and economic factors affecting the performance of the Company, and encouraged to fulfil their potential and to build positive working relationships within a flourishing and dynamic environment.

All views are welcomed, and the Group routinely celebrates diversity across our global workforce, students and partners. Refer to the s172 report on page 14 for details on how the Board of Directors engage with employees and take into account their interest when making key business decisions.

The Group also incentivises certain roles' performance through various bonus and other reward systems relevant to their level and role.

**Political contributions**

The Group made a political donation of £nil to the Australian Federal Labour Business Forum (2022: £17,000). The Company made no Political donations in the year (2022: £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 14.

**Charitable contributions**

During the year the Group made donations of £3,000 (2022: £10,000) 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', is Study Group's social responsibility program where we work with Plan International to support projects that help improve education opportunities for communities in need. Study Group matches 1:1 its employees' contributions in whatever currency the money is raised.

Through the Group's charity partnership with Plan International, Study Group has pledged support to a larger education programme, Education Cannot Wait, to invest in providing quality education in Myanmar, for over 51,000 children across 30 townships affected by the ongoing conflict and protracted crisis.

**Going concern**

Refer to the going concern review on page 14 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 34 of the consolidated financial statements and Note 8 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.

**Appointment of auditor**
Following an extensive tender process, the Group appointed Crowe U.K. LLP as auditors for the Financial Year 2023 for the Group and certain subsidiaries that are subject to audit.

Approved / authorised on behalf of the Board of Directors

**Ian Crichton**
**Director**
**29 April 2024**

**SG GLOBAL TOPCO LIMITED**
**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

**Ian Crichton**
**Director**
**29 April 2024**

**Opinion**

We have audited the financial statements of SG Global Topco Limited (the "parent company") and its subsidiaries (the "Group") for the year ended 31 December 2023 which comprise the consolidated statement of comprehensive income, the consolidated and parent company statements of financial position, the consolidated and parent company statements of changes in equity, the consolidated cash flow statement and the related notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and UK-adopted international accounting standards in conformity with the requirements of the Companies Act 2006. 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 Disclosures Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 December 2023 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-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.

**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 in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including 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 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 directors are responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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 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.

**Opinion on other matter prescribed by the Companies Act 2006**

In our opinion based on the work undertaken in the course of our 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.

**Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the Group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you 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.

**Responsibilities of directors**

As explained more fully in the statement of directors' responsibilities set out on page 21, 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.

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 obtained an understanding of the legal and regulatory frameworks that are applicable to the Group and the procedures in place for ensuring compliance. These included the Companies Act 2006, applicable accounting standards, HMRC tax legislation, General Data Protection Regulation ("GDPR") and the Office for Students Regulatory framework.
- As part of our audit planning process, we assessed the different areas of the financial statements, including disclosures, for the risk of material misstatement. This included considering the risk of fraud where direct enquiries were made with management and those charged with governance concerning both whether they had any knowledge of any actual or suspected fraud and their assessment of the susceptibility to fraud. We considered the risk to be greater in areas involving significant management estimation or judgement, including those impacting revenue recognition, impairment of goodwill and intangibles, disclosure of discontinued operations and the use of alternative performance measures. Based on this assessment we designed audit procedures to focus on these specific areas.
- We held discussions with Group Legal Counsel, the Director of Risk Management and other staff members outside of the finance function and inspected related correspondence to gain an understanding of areas of fraud risk and any instances of non-compliance with laws and regulations.
- We assessed the design and implementation of controls over significant audit risks and obtained an understanding of the Group's financial reporting process.
- We tested the appropriateness of journal entries throughout the year by vouching a risk-based sample of journals to supporting documentation and explanations.
- A detailed review of the Group's year end adjusting entries was performed. Any items that appeared unusual in nature or amount were vouched to supporting documentation.
- We performed a detailed review of financial statements disclosures to ensure these were complete, having regard to the explanations and information received in the course of the audit.
- We obtained a list of related parties from management and performed audit procedures to identify undisclosed related parties.
- We utilised external confirmations to confirm cash balances.
- We considered the narrative and presentation of matters in the front section of the annual report, including the Group's use of alternative performance measures and the reconciliation of these measures to GAAP measures.

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

**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.

Nick Jones
Senior Statutory Auditor
For and on behalf of
**Crowe U.K. LLP**
Statutory Auditor
**London**
**29 April 2024**

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2023

| | | **2023** | | | 2022 *(Restated*)* | | |
|---|---|---|---|---|---|---|---|
| | | | **Exceptional and other items (Note 9)** | **Total** | | Exceptional and other items (Note 9) | Total |
| *On a continuing operations basis:* | **Note** | **£m** | **£m** | **£m** | £m | £m | £m |
| Revenue | 2 | **131.1** | **-** | **131.1** | 137.6 | - | 137.6 |
| Sales and marketing costs | | **(48.2)** | **-** | **(48.2)** | (46.2) | - | (46.2) |
| Delivery costs | | **(45.6)** | **-** | **(45.6)** | (44.3) | - | (44.3) |
| Administrative expenses | | **(46.4)** | **(2.7)** | **(49.1)** | (42.0) | (3.7) | (45.7) |
| Other operating income | 3 | **0.1** | **-** | **0.1** | 0.3 | - | 0.3 |
| **EBITDA**** | | **(9.0)** | **(2.7)** | **(11.7)** | 5.4 | (3.7) | 1.7 |
| Impairment | 3,9 | **-** | **(18.7)** | **(18.7)** | - | 18.8 | 18.8 |
| Movement in provisions | 9 | **-** | **-** | **-** | - | 1.2 | 1.2 |
| Depreciation and amortisation | 3 | **(21.3)** | **-** | **(21.3)** | (24.2) | - | (24.2) |
| Other gains and losses | 6 | **(0.5)** | **-** | **(0.5)** | - | - | - |
| **OPERATING (LOSS)/PROFIT** | 3 | **(30.8)** | **(21.4)** | **(52.2)** | (18.8) | 16.3 | (2.5) |
| Finance income | 4 | **0.8** | **3.7** | **4.5** | 0.3 | - | 0.3 |
| Finance costs | 5 | **(46.1)** | **-** | **(46.1)** | (28.5) | (1.9) | (30.4) |
| **(LOSS)/PROFIT BEFORE TAXATION** | | **(76.1)** | **(17.7)** | **(93.8)** | (47.0) | 14.4 | (32.6) |
| Taxation | 7 | **6.2** | **0.2** | **6.4** | 1.5 | (10.8) | (9.3) |
| **(LOSS)/PROFIT AFTER TAXATION** | | **(69.9)** | **(17.5)** | **(87.4)** | (45.5) | 3.6 | (41.9) |
| *Discontinued operations:* | | | | | | | |
| (Loss)/profit after taxation for the year from discontinued operations, net of tax | 8 | **(0.8)** | **3.3** | **2.5** | 0.1 | (36.1) | (36.0) |
| **(LOSS) FOR THE YEAR AFTER TAXATION AND DISCONTINUED OPERATIONS** | | **(70.7)** | **(14.2)** | **(84.9)** | (45.4) | (32.5) | (77.9) |
| **OTHER COMPREHENSIVE PROFIT/(LOSS)** | | | | | | | |
| *Other comprehensive income to be reclassified to profit or loss in subsequent periods (net of tax):* | | | | | | | |
| Exchange differences on translation of foreign operations | | **4.2** | **-** | **4.2** | (4.1) | - | (4.1) |
| **OTHER COMPREHENSIVE PROFIT/(LOSS), NET OF TAX** | | **4.2** | **-** | **4.2** | (4.1) | - | (4.1) |
| **TOTAL COMPREHENSIVE (LOSS) FOR THE YEAR** | | **(66.5)** | **(14.2)** | **(80.7)** | (49.5) | (32.5) | (82.0) |

The accompanying notes form an integral part of these financial statements

*The 2022 figures have been restated as a result of prior period adjustments detailed in Note 33

** EBITDA is defined as operating loss before depreciation, amortisation, impairment, movement in provisions and other gains and losses

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | Note | 31 December 2023 £m | 31 December 2022 *(Restated*)* £m | 31 December 2022 *(Restated*)* £m |
|---|---|---|---|---|
| **ASSETS** | | | | |
| NON-CURRENT ASSETS | | | | |
| Goodwill | 10 | 128.6 | 142.0 | 156.2 |
| Other intangible assets | 11 | 164.7 | 169.5 | 232.8 |
| Property, plant and equipment | 12 | 4.9 | 6.0 | 16.9 |
| Right-of-use assets | 13 | 39.9 | 45.7 | 93.1 |
| Interests in joint ventures | 14 | - | - | 0.3 |
| Finance lease receivables | 15 | 4.3 | 4.7 | 5.2 |
| Other financial assets | 16 | 1.5 | - | - |
| | | 343.9 | 367.9 | 504.5 |
| CURRENT ASSETS | | | | |
| Finance lease receivables | 15 | 1.2 | 1.0 | 0.9 |
| Current tax assets | | 0.3 | 0.3 | 0.2 |
| Trade and other receivables | 18 | 47.6 | 39.8 | 60.0 |
| Other financial assets | 16 | 3.3 | - | - |
| Cash and cash equivalents | 28 | 23.7 | 17.5 | 37.0 |
| | | 76.1 | 58.6 | 98.1 |
| Assets classified as held for sale | 32 | - | 117.1 | - |
| | | 76.1 | 175.7 | 98.1 |
| **LIABILITIES** | | | | |
| CURRENT LIABILITIES | | | | |
| Trade and other payables | 19 | 58.7 | 53.1 | 80.3 |
| Unearned revenues | 20 | 67.3 | 59.0 | 99.0 |
| Current tax liabilities | | 0.4 | 0.4 | 1.8 |
| Borrowings | 23 | - | 29.5 | 29.8 |
| Lease liabilities | 21 | 15.1 | 13.9 | 15.9 |
| Provisions | 22 | 1.5 | 4.1 | 5.1 |
| | | 143.0 | 160.0 | 231.9 |
| Liabilities directly associated with assets held for sale | 32 | - | 32.1 | - |
| | | 143.0 | 192.1 | 231.9 |
| NET CURRENT LIABILITIES | | (66.9) | (16.4) | (133.8) |
| NON-CURRENT LIABILITIES | | | | |
| Borrowings | 23 | 384.0 | 337.6 | 266.1 |
| Deferred tax liabilities | 17 | 19.6 | 54.1 | 41.5 |
| Provisions | 22 | 3.7 | 3.6 | 9.1 |
| Lease liabilities | 21 | 69.6 | 76.4 | 92.3 |
| Derivative financial instruments | 24 | 1.0 | - | - |
| | | 477.9 | 471.7 | 409.0 |
| **NET LIABILITIES** | | (200.9) | (120.2) | (38.3) |
| **EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT** | | | | |
| Share capital | 26 | 334.8 | 334.8 | 334.8 |
| Share premium reserve | 26 | 0.9 | 0.9 | 1.0 |
| Capital reduction account | 26 | 0.2 | 0.2 | - |
| Translation reserve | | 4.3 | 0.1 | 4.2 |
| Accumulated losses | | (541.1) | (456.2) | (378.3) |
| **TOTAL SHAREHOLDERS' FUNDS** | | (200.9) | (120.2) | (38.3) |

*The comparative information has been restated as a result of a prior period adjustments in both 2022 and 2021 (which had a material impact on the opening balance). This is discussed in Note 33. The financial statements and notes on pages 25 to 79 were approved by the Board of Directors and authorised for issue on 29 April 2024 and were signed on its behalf by I Crichton. The accompanying notes form an integral part of these financial statements.

**Ian Crichton, Director, SG Global Topco Limited, Registered no. 11827427**

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2023

| **2023** | **Ordinary share capital £m** | **Share premium reserve £m** | **Capital reduction account £m** | **Translation reserve £m** | **Accumulated losses £m** | **Total equity £m** |
|---|---|---|---|---|---|---|
| At 1 January 2023 *(Restated*)* | **334.8** | **0.9** | **0.2** | **0.1** | **(456.2)** | **(120.2)** |
| Loss for the year | **-** | **-** | **-** | **-** | **(84.9)** | **(84.9)** |
| Other comprehensive loss for the year | **-** | **-** | **-** | **4.2** | **-** | **4.2** |
| Total comprehensive loss for the year | **-** | **-** | **-** | **4.2** | **(84.9)** | **(80.7)** |
| **At 31 December 2023** | **334.8** | **0.9** | **0.2** | **4.3** | **(541.1)** | **(200.9)** |

| **2022** *(Restated*)* | **Ordinary share capital £m** | **Share premium reserve £m** | **Capital reduction account £m** | **Translation reserve £m** | **Accumulated losses £m** | **Total equity £m** |
|---|---|---|---|---|---|---|
| At January 2022 *(Restated*)* | 334.8 | 1.0 | - | 4.2 | (378.3) | (38.3) |
| Loss for the year *(Restated*)* | - | - | - | - | (77.9) | (77.9) |
| Other comprehensive loss for the year | - | - | - | (4.1) | - | (4.1) |
| Total comprehensive loss for the year | - | - | - | (4.1) | (77.9) | (82.0) |
| 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 | (456.2) | (120.2) |

*The 2023 and 2022 opening balances, and the 2022 loss for the year have all been restated as a result of prior period adjustments detailed in Note 33.

## CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 December 2023

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 8.

| | Note | 2023 | 2022 |
|---|---|---|---|
| | | | *(Restated*)* |
| | | £m | £m |
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Loss before tax (including loss on discontinued businesses) | | **(119.0)** | (66.0) |
| *Adjustments for:* | | | |
| Depreciation and amortisation | **3** | **23.3** | 30.8 |
| Impairment of goodwill | **3&10** | **13.4** | 14.2 |
| (Reversal)/impairment of tangible assets | **3** | **(0.4)** | 2.7 |
| Impairment of right-of-use assets | **3** | **2.9** | 29.5 |
| Impairment of other intangible assets | **3** | **0.7** | (33.5) |
| Loss on disposal of right-of-use assets | **3** | **2.1** | 0.1 |
| Profit on disposal of tangible assets | **3** | **-** | (2.5) |
| Loss before tax on sale of subsidiary | **32** | **25.0** | - |
| Remeasurement of financial liabilities | **6&22** | **1.0** | (1.2) |
| Remeasurement of financial assets | **6** | **(0.5)** | - |
| Finance costs | **5** | **46.4** | 31.3 |
| Finance income | **4** | **(4.5)** | (0.4) |
| (Increase)/decrease in trade and other receivables | | **(3.5)** | 19.3 |
| Increase/(decrease) in unearned revenues | | **10.3** | (40.0) |
| (Decrease)/increase in provisions | | **(1.2)** | 1.7 |
| Decrease in trade and other payables | | **(2.6)** | (18.6) |
| | | **(6.6)** | (32.6) |
| Income taxes paid | | **-** | (1.7) |
| Net cash used in operating activities | | **(6.6)** | (34.3) |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Interest received | | **0.6** | 0.2 |
| Interest received from lease receivables | | **0.2** | 0.2 |
| Business acquisition deferred consideration | **22** | **(0.2)** | (1.5) |
| Proceeds on disposal of subsidiary | **32** | **53.2** | - |
| Proceeds on disposal of property, plant and equipment | | **-** | 8.4 |
| Purchase of property, plant and equipment | **11** | **(5.1)** | (1.8) |
| Purchase of intangible assets | **10** | **(1.4)** | (8.4) |
| Net cash generated from/(used in) investing activities | | **47.3** | (2.9) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Interest paid and financing costs | | **(6.8)** | (0.4) |
| Interest element of lease payments | | **(3.6)** | (4.4) |
| Proceeds on issue of investor loan notes | **21** | **20.0** | 40.0 |
| (Repayment)/draw down of revolving facility | | **(29.5)** | - |
| Cash received from the principal element of lease receivables | | **1.1** | 0.9 |
| Repayment of the principal portion of the lease liability | | **(13.2)** | (15.9) |
| Net cash (used in)/generated from financing activities | | **(32.0)** | 20.2 |
| Net increase/(decrease) in cash and cash equivalents | | **8.7** | (17.0) |
| Cash and cash equivalents at the beginning of the financial period | | **21.0** | 37.0 |
| Effect of foreign exchange rate changes | | **(6.0)** | 1.0 |
| | **28** | **23.7** | 21.0 |
| Cash transferred to assets held for sale | **32** | **-** | (3.5) |
| **CLOSING CASH AND CASH EQUIVALENTS** | | **23.7** | 17.5 |

*The 2022 figures have been restated as a result of prior period adjustments detailed in Note 33

## 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 29 April 2024.

For the year ending 31 December 2023 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 2023**
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 2023.

**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 Cash Flow Statement 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.

**Prior period errors**

Note 33 to these financial statements details prior period adjustments that were made in 2023 to balances in both 2022 and 2021. These prior period adjustments arose due to errors in following the requirements in IFRS9 regarding the carrying value of the term loans (see Note 23). The majority of the adjustment was required due to the non-substantial changes to future cash flows arising from contract modifications which should have resulted in the revision of the carrying amount of the liability and this revision was not recognised at the time.

Additionally, as a direct effect of the prior year adjustments relating to the term loans there were further adjustments to the deferred tax asset arising due to timing differences on the term loan interest.

## 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 to 30 April 2025, 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 continued recovery within the UK ISCs indicated by a 35% increase in confirmed new student volumes for H2 2024 versus this time last year, a favourable revenue mix in the confirmations, and continued strong growth in North America.

On 7 February 2023, Study Group signed an amendment to its Senior Facilities Agreement with its lenders 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. 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 has historically been the Group's seasonal liquidity low point). At 31 March 2024, the last date the covenant was tested, the Group had significant headroom with respect to the minimum liquidity covenant requirement.

Looking ahead to April 2025, management have run a number of sensitivities including a base case and an illustrative "downside" to model the impact on minimum liquidity in each scenario. The base case reflects the Board-approved budget and five-year plan for current business lines and has an expected level of student volume growth built in whereas the downside case brings H2 2024 and H1 2025 new student volumes down by 10% in both periods. In both scenarios, Study Group continues to maintain liquidity above its minimum liquidity covenant throughout the going concern period. Study Group may also utilise cash management actions during any seasonal liquidity low points to stay above the minimum liquidity covenants.

The latest pipeline and student volumes so far in 2024 support the base case liquidity being achievable, therefore the base case is expected to be achieved and the downside case scenario is considered unlikely. In any reasonably possible downside scenario where volumes are lower than Budget but higher than the downside 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 Statement of Financial Position 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).

## 1. MATERIAL ACCOUNTING POLICIES (CONT'D)

- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

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

## 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 Statement of Financial Position 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 Statement of Financial Position 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.

## 1. MATERIAL ACCOUNTING POLICIES (CONT'D)

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.

**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 Statement of Financial Position 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.

## 1. MATERIAL ACCOUNTING POLICIES (CONT'D)

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.

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.

## 1. MATERIAL ACCOUNTING POLICIES (CONT'D)

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.

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

The group is party to five foreign currency forward contracts to the value of $200 million AUD. Due to the critical terms including value and maturity date not aligning with the hedged item and the administrative burden of applying hedge accounting under IFRS9 the Group has elected not to apply hedge accounting. The foreign currency forward contracts are held at FVTPL.

### 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 Statement of Financial Position 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 Statement of Financial Position 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 Statement of Financial Position 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.

## 1. MATERIAL ACCOUNTING POLICIES (CONT'D)

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 Statement of Financial Position 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.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

### 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 8. All other notes to the financial statements include amounts for continuing operations, unless indicated otherwise.

### 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 Statement of Financial Position 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. MATERIAL ACCOUNTING POLICIES (CONT'D)

### 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 retranslated at the exchange rates ruling at the Statement of Financial Position 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 Statements of Financial Position 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.

### 1.22 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. MATERIAL ACCOUNTING POLICIES (CONT'D)

### 1.24 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

***Critical accounting judgements***

*Going concern*
Judgements made relating to the Directors' going concern assessment is detailed in the Strategic Report on page 14. This is considered a critical accounting judgement due to the level of uncertainty around future forecasts.

*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 2023 is included in Note 9.

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.

***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 10.

*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 13.

## 1. MATERIAL ACCOUNTING POLICIES (CONT'D)

*Fair value measurement*
Certain financial instruments included in the Group's financial statements require measurement at, and/or disclosure of, fair value.

The fair value measurement of the Group's financial and non-financial assets and liabilities utilise market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the 'fair value hierarchy'):

- Level 1: Quoted prices in active markets for identical items (unadjusted)
- Level 2: Observable direct or indirect inputs other than Level 1 inputs
- Level 3: Unobservable inputs (i.e. not derived from market data).

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

For more detailed information in relation to the fair value measurement please refer to Note 25.

*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 previously 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 22.

## 1.25 REVISIONS TO IFRS NOT APPLICABLE IN 2023

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 2024
- IAS 7 and IFRS 7 – Supplier Finance Amendments
- IAS 1 – Non Current Liabilities with Covenants Amendment
- IAS 1 – Deferral of Effective Date Amendment
- IAS 1 – Classification of Liabilities as Current or Non-Current Amendment
- IFRS 16 – Lease Liability in a Sale and Leaseback Amendment

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 (refer to Note 10) as Goodwill previously allocated to other CGUs has been fully impaired in prior periods.

| | **Revenue** | | **Operating profit/(loss)** | |
|---|---|---|---|---|
| | **Year ended 31 December 2023 £m** | Year ended 31 December 2022 *(Restated*)* £m | **Year ended 31 December 2023 £m** | Year ended 31 December 2022 *(Restated*)* £m |
| *Continuing operations by CGU:* | | | | |
| **University Partnerships by Geographical Segment** [(i)] | | | | |
| United Kingdom & Europe | **114.1** | 120.4 | **20.9** | 33.1 |
| Australia & New Zealand | **4.5** | 8.0 | **0.4** | 2.6 |
| North America | **10.5** | 7.0 | **2.8** | 1.7 |
| **Total University Partnerships** | **129.1** | 135.4 | **24.1** | 37.4 |
| **Insendi** | **2.0** | 2.2 | **(0.7)** | (1.8) |
| Other operating income | **-** | - | **-** | 0.3 |
| Shared functional and corporate costs | **-** | - | **(32.4)** | (30.5) |
| **Total before exceptional and other items** | **131.1** | 137.6 | **(9.0)** | 5.4 |
| Exceptional and other items | **-** | - | **(2.7)** | (3.7) |
| **Total after exceptional and other items** | **131.1** | 137.6 | **(11.7)** | 1.7 |
| Impairment | **-** | - | **(18.7)** | 18.8 |
| Movement in provisions | **-** | - | **-** | 1.2 |
| Depreciation and amortisation | **-** | - | **(21.3)** | (24.2) |
| Other gains and losses | **-** | - | **(0.5)** | - |
| **Total** | **131.1** | 137.6 | **(52.2)** | (2.5) |

| | **Revenue** | | **Operating profit/(loss)** | |
|---|---|---|---|---|
| | **Year ended 31 December 2023 £m** | Year ended 31 December 2022 £m | **Year ended 31 December 2023 £m** | Year ended 31 December 2022 £m |
| *Discontinued operations by CGU:* [(ii)] | | | | |
| **University Partnerships by Geographical Segment** | | | | |
| United Kingdom & Europe | **0.3** | 10.3 | **0.3** | (33.3) |
| Australia & New Zealand | **4.1** | 18.2 | **(1.3)** | 2.0 |
| Other | **-** | - | **0.2** | 0.4 |
| **Total** | **4.4** | 28.5 | **(0.8)** | (30.9) |

(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 8 for further details of discontinued operations.

*The methodology of the allocation of shared costs to different territories was changed in 2023 to better reflect the changed shape of the central functions after the sale of the ANZ business. The 2022 column has been updated to split the shared costs using the same methodology in order to maintain comparability.

## 3. OPERATING LOSS

Operating loss for the continuing business is stated after charging:

| | 2023 | 2022 |
|---|---|---|
| | £m | £m |
| Depreciation of property, plant and equipment | **2.8** | 2.8 |
| Depreciation of right-of-use assets | **9.2** | 9.5 |
| Amortisation of intangible assets | **9.3** | 11.9 |
| **Total depreciation and amortisation** | **21.3** | 24.2 |
| Impairment of goodwill | **13.4** | 14.2 |
| Reversal of impairment of tangible assets | **(0.4)** | - |
| Impairment of right of use assets | **2.9** | 0.5 |
| Impairment of intangible assets | **0.7** | (33.5) |
| Loss on disposal of right-of-use assets | **2.1** | - |
| Foreign exchange (gains) / losses | **(3.7)** | 1.7 |
| Employee benefit expense | **71.7** | 73.2 |
| Research and development | **0.8** | 0.9 |
| Net movement of loss allowance on trade receivables | **0.4** | 0.2 |

**Services provided by the Group's auditor and network firms**

| | 2023 | 2022 |
|---|---|---|
| | £m | £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 | **0.3** | 0.6 |
| Total fees payable for audit services | **0.5** | 0.8 |
| Total fees payable to the Company's auditor and its associates | **0.5** | 0.8 |

**Other operating income**

| | 2023 | 2022 |
|---|---|---|
| | £m | £m |
| **Other operating income from Government support:** | | |
| *In respect of Covid-19* | | |
| Singapore | **-** | 0.2 |
| **Total other operating income from Government support in respect of Covid-19** | **-** | 0.2 |
| Grants in respect of research and development in Insendi | **0.1** | 0.1 |
| **Total other operating income from Government support** | **0.1** | 0.3 |

## 4. FINANCE INCOME

| | 2023 | 2022 |
|---|---|---|
| | £m | £m |
| Bank interest | **0.6** | 0.2 |
| Finance lease interest receivable | **0.2** | 0.1 |
| Unrealised foreign exchange gains (Note 9) | **3.7** | - |
| | **4.5** | 0.3 |

## 5. FINANCE COSTS

| | 2023 | 2022 *(Restated*)* |
|---|---|---|
| | £m | £m |
| Interest – term loan | **29.2** | 17.5 |
| Interest – revolving credit facility | **1.9** | 1.7 |
| Other finance costs | **1.7** | 1.2 |
| Interest on investor loan notes | **9.9** | 6.4 |
| Interest on lease liabilities | **3.4** | 1.7 |
| Unwinding of discount on provisions (Note 22) | **-** | 0.2 |
| Unrealised foreign exchange losses (Note 9) | **-** | 1.7 |
| | **46.1** | 30.4 |

## 6. OTHER GAINS AND LOSSES

| | 2023 | 2022 |
|---|---|---|
| | £m | £m |
| Net gain arising on financial assets measured at FVTPL (i) | **0.5** | - |
| Net loss arising on financial liabilities designated as at FVTPL (ii) | **(1.0)** | - |
| | **(0.5)** | - |

(i) The net gain on financial assets measured at fair value through profit or loss (FVTPL) resulted from an increase in the fair value of other financial assets which relates to monies held in escrow. The escrow asset was part of the consideration for the sale of the ANZ business and is contingent on certain conditions being met including the resolution of an outstanding legal claim relating to the ANZ business. The increase in fair value was a result of the difference between a probability weighted estimate of the net present value of the future cash flows as at the sale date and the net present value of the future cash flows as at the financial year-end, by which time a settlement outcome had been reached (see Notes 16, 25 and 32 for further details).

(ii) The net loss arising on financial liabilities designated as FVTPL resulted from the December mark-to-market valuation of five AUD denominated FX Forward Contracts taken out in the year due to the movement in the AUD rate (see Note 24 for further details). The group elected not to apply hedge accounting under IFRS9 therefore this derivative is designated as FVTPL.

*The 2022 figures have been restated as a result of prior period adjustments detailed in Note 33

## 7. TAXATION

**Analysis of tax credit / (charge) in the year**

| | 2023 | 2022 *(Restated*)* |
|---|---|---|
| **Corporation tax** | **£m** | £m |
| - Overseas tax – current period | **(0.5)** | (0.4) |
| - Overseas tax – prior periods | **0.1** | 0.3 |
| Total corporation tax charge to the Statement of Comprehensive Income | **(0.4)** | (0.1) |
| Analysed by: | | |
| Total corporation tax charge on continuing operations | **(0.4)** | (0.5) |
| Total corporation tax credit on discontinued operations | **-** | 0.4 |
| **Total corporation tax charge** | **(0.4)** | (0.1) |
| **Deferred tax (Note 17)** | | |
| - UK origination and reversal of temporary differences | **7.7** | (0.7) |
| - UK adjustments in respect of prior periods | **(1.1)** | 0.2 |
| - Accounting adjustments in FY23 for prior year | **-** | (1.1) |
| - Overseas origination and temporary differences | **27.9** | (10.2) |
| Total deferred tax credit / (charge) to the Statement of Comprehensive Income | **34.5** | (11.8) |
| Analysed by: | | |
| Total deferred tax credit / (charge) on continuing operations | **6.8** | (8.8) |
| Total deferred tax credit / (charge) on discontinuing operations | **27.7** | (3.0) |
| **Total deferred tax credit / (charge)** | **34.5** | (11.8) |
| **Total tax credit / (charge) to the Statement of Comprehensive Income** | **34.1** | (11.9) |
| Analysed by: | | |
| Total tax credit / (charge) on continuing operations | **6.4** | (9.3) |
| Total tax credit / (charge) on discontinuing operations | **27.7** | (2.6) |
| **Total tax credit / (charge) to the Statement of Comprehensive Income** | **34.1** | (11.9) |

The Group tax rate is the standard rate of corporation tax in the UK at 23.5% (2022: 19%). Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions. The UK corporate tax rate remains at 25% beyond April 2024.

*The 2022 figures have been restated as a result of prior period adjustments detailed in Note 33

## 7. TAXATION (CONT'D)

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

| | **2023** | 2022 *(Restated*)* |
|---|---|---|
| | **£m** | £m |
| Loss before taxation from continuing operations | **(93.8)** | (32.6) |
| Loss before tax from discontinued operations | **(25.2)** | (33.4) |
| Loss before taxation | **(119.0)** | (66.0) |
| Loss on ordinary activities multiplied by rate of corporate tax in UK of 23.5% (2022: 19%) | **28.0** | 13.8 |
| Effects of: | | |
| Change in deferred tax recognition | **6.2** | (8.8) |
| Items non-taxable/(not deductible) | **5.1** | (1.6) |
| Tax losses not recognised/paid | **(8.8)** | (12.3) |
| Change of UK tax rate from 19% to 25% | **-** | 0.3 |
| Difference in overseas rates of tax | **4.6** | (2.7) |
| Accounting adjustments in FY23 for prior year – deferred tax | **-** | (1.1) |
| Adjustments in respect of prior periods – corporation tax | **0.1** | 0.3 |
| Adjustments in respect of prior periods – deferred tax | **(1.1)** | 0.2 |
| Total taxation credit/(charge) | **34.1** | (11.9) |

*The 2022 figures have been restated as a result of prior period adjustments detailed in Note 33

## 8. DISCONTINUED OPERATIONS

**Bellerbys (UK & Europe)**

Study Group historically ran 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. In August 2022 the Directors closed the remaining Bellerbys Colleges in Brighton and London. Bellerbys was considered a separate major line of business for the Group, and therefore has been treated as a discontinued operation within these financial statements.

**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, effected by a sale of the shares in Study Group Australia Pty Limited and its subsidiaries to Navitas Pty Limited. The disposal was effected in order to generate cash flows for the expansion of the Group's other CGUs.

The prior year financial statements included 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 prior year-end, which considered the carrying value of net assets of the total ANZ CGU at that date.

Total sales proceeds for the Australia and New Zealand transaction of £61.5 million (AUD $117 million) were recognised on completion, which includes a fair value estimate of the element of consideration which is contingent (see Notes 16 and 25). Prior to the disposal, the remaining University Partnership intangible assets for the ANZ CGU had a carrying value of £91.1 million, with associated deferred tax liabilities of £27.3 million, which have been fully written off as part of the gain on disposal. The total net liabilities disposed of net of tax were £5.7 million, with net transaction fees and employee costs of £1.1 million recognised in the year, resulting in a gain on disposal of £2.3 million. Refer to Note 32 for a detailed breakdown of the assets and liabilities disposed and the calculation of the profit on disposal. As this disposal was a mid-year disposal of foreign currency denominated subsidiaries, there was also related FX on the gain on disposal.

## 8. DISCONTINUED OPERATIONS (CONT'D)

**Other discontinued businesses ('Other')**

*-Vocational Education and Training business ('VET')* – 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, at the beginning of 2023 the Group held a provision for potential refund claims from students which was released in the year.

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

| **2023** | **Bellerbys** | **ANZ** | **Other** | **TOTAL** |
|---|---|---|---|---|
| | **£m** | **£m** | **£m** | **£m** |
| Revenue | **0.3** | **4.1** | **-** | **4.4** |
| Operating expenses | **-** | **(5.4)** | **0.2** | **(5.2)** |
| Operating profit | **0.3** | **(1.3)** | **0.2** | **(0.8)** |
| Finance costs | **-** | **(0.3)** | **-** | **(0.3)** |
| Profit/(loss) before tax | **0.3** | **(1.6)** | **0.2** | **(1.1)** |
| Attributable tax credit | **-** | **0.4** | **-** | **0.4** |
| Profit on disposal net of tax | **-** | **2.3** | **-** | **2.3** |
| FX on gain on disposal | **-** | **0.9** | **-** | **0.9** |
| **Profit for the year from discontinued businesses** | **0.3** | **2.0** | **0.2** | **2.5** |
| *Presented as:* | | | | |
| Earnings before interest, tax, depreciation and amortisation | **0.3** | **0.8** | **-** | **1.1** |
| Exceptional and other items including attributable tax expense | **-** | **3.1** | **0.2** | **3.3** |
| Depreciation, amortisation, and net finance costs | **-** | **(2.3)** | **-** | **(2.3)** |
| Remaining attributable tax expense | **-** | **0.4** | **-** | **0.4** |
| | **0.3** | **2.0** | **0.2** | **2.5** |

**Exceptional and other items included within 2023 operating loss:**

ANZ exceptional income of £(3.1) million comprised:

- £(25.0) million for the gain on disposal of the ANZ business before netting of the related tax credit
- £27.3 million for the related tax credit from the disposal of the ANZ university partnerships intangible asset
- £0.9 million for related FX on the AUD elements of the gain on disposal
- £(0.1) million relating to legal costs

Other exceptional income comprised:

- £0.2 million relating to a provision release for refund claims from VET students

## 8. DISCONTINUED OPERATIONS (CONT'D)

| 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 (loss)/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) |

**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 12) and right-of-use assets of £29.0 million (see Note 13)
- £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 12)

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 22)
- (£0.4) million in relation to an adjustment to debtors
- Partially offset by legal fees incurred of £0.1 million

## 8. DISCONTINUED OPERATIONS (CONT'D)

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

| **2023** | **Bellerbys £m** | **ANZ £m** | **TOTAL £m** |
|---|---|---|---|
| Net cash used in operating activities | **-** | **(0.9)** | **(0.9)** |
| Net cash generated from investing activities | **-** | **53.2** | **53.2** |
| Net cash used in financing activities | **-** | **(0.7)** | **(0.7)** |
| Net cash inflow | **-** | **51.6** | **51.6** |

| **2022** | **Bellerbys £m** | **ANZ £m** | **TOTAL £m** |
|---|---|---|---|
| Net cash (used in)/generated from operating activities | (8.5) | 8.2 | (0.3) |
| 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) | 5.0 | 0.8 |

## 9. EXCEPTIONAL AND OTHER ITEMS

| | **Exceptional items 2023 £m** | **Other items 2023 £m** | **Total 2023 £m** | Exceptional items 2022 £m | Other items 2022 £m | Total 2022 £m |
|---|---|---|---|---|---|---|
| ***Exceptional and other items included within operating loss:*** | | | | | | |
| Restructuring costs | **1.2** | **-** | **1.2** | 3.1 | - | 3.1 |
| Strategic investments | **-** | **-** | **-** | - | 0.1 | 0.1 |
| Shareholder & management fees | **-** | **0.3** | **0.3** | - | 0.3 | 0.3 |
| Other | **1.0** | **0.1** | **1.1** | 0.1 | 0.1 | 0.2 |
| Transfer pricing | **-** | **0.1** | **0.1** | - | - | - |
| | **2.2** | **0.5** | **2.7** | 3.2 | 0.5 | 3.7 |
| Impairment | **18.7** | **-** | **18.7** | (18.8) | - | (18.8) |
| Movement in provision | **-** | **-** | **-** | (1.2) | - | (1.2) |
| ***Exceptional and other items included within finance costs:*** | | | | | | |
| Foreign exchange (gains) / losses | **-** | **(3.7)** | **(3.7)** | - | 1.7 | 1.7 |
| Unwinding of discount and effect of change in discount rate on provisions | **-** | **-** | **-** | 0.2 | - | 0.2 |
| Tax attributable to exceptional and other items | **(0.2)** | **-** | **(0.2)** | 10.8 | - | 10.8 |
| **Total costs relating to continuing operations** | **20.7** | **(3.2)** | **17.5** | (5.8) | 2.2 | (3.6) |
| **Exceptional and other items included within discontinued operations:** | | | | | | |
| Other income and expenses relating to discontinued operations (Note 8) | **(3.3)** | **-** | **(3.3)** | 36.1 | - | 36.1 |
| **Total exceptional and other costs** | **17.4** | **(3.2)** | **14.2** | 30.3 | 2.2 | 32.5 |

## 9. EXCEPTIONAL AND OTHER ITEMS (CONT'D)

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 £1.2 million incurred in 2023 comprise costs associated with the global reorganisation including redundancies and changes in the Executive Committee to support the new organisational structure (£1.6 million), partially offset by the release of accruals relating to aged balances (£(0.4) million). Restructuring costs of £3.1 million in the prior year related to redundancy costs as a result of the global reorganisation.

Other costs of £1.0 million relate to a legal claim on a previously leased property in Auckland (£0.5 million) and consultancy fees (£0.5 million). £0.1 million in 2022 related to fees incurred in the 2021 investment in QSA (Quarantine Services Australia).

**Impairment:**
Impairment costs of £18.7 million consists of £13.4 million Goodwill impairment (see Note 10), £2.9 million right-of-use assets impairment costs and £2.1 million right-of-use assets loss on termination, predominantly relating to UK properties (see Note 13). It also includes a £0.7 million impairment of the retained Auckland Taylors College portion of the ANZ University Partnerships intangible asset. These are partially offset by the reassessment of impairment calculations for various other leases (£(0.4) million).

Net impairment reversals in the prior year of £(18.8) million related to a reversal of impairments of the ANZ University Partnerships (£(38.6) million), partially offset by impairment of goodwill in Insendi and the UK & Europe 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).

**Movement in provision:**
There is nil movement in provision in 2023. The movement in provision of £(1.2) million in the prior year related to the contingent consideration on the Insendi acquisition which was remeasured to fair value at the year-end reporting date based on actual contracts signed.

**Exceptional items included within finance costs:**
There are nil exceptional finance costs in 2023. Costs in prior year related to the unwinding of the discount on the Insendi contingent consideration provision totalling £0.2 million.

**Tax attributable to exceptional and other items:**
Tax attributable to exceptional and other items of £0.2m in 2023 related to the impairment of the retained Auckland Taylors College portion of the ANZ University Partnerships intangible asset. Prior year of £10.8 million related to the tax impact of the net impairment reversals in the year.

**Other items:**
Other items include non-executive Director fees, consultancy fees and unrealised foreign exchange gains that the Directors believe are beneficial to strip out when analysing the underlying trading result for the year.

- Strategic investments costs of £nil in the year. Prior year costs of £0.1 million related to a Group strategy project.
- Shareholder and management fees include £0.3 million non-executive director fees (2022: £0.3 million).
- Other operating exceptional items in the year include £0.1 million costs relating to disposal of fixed assets in Holland ISC due to centre closure (2022: £nil). Prior year costs of £0.1 million related to Covid-19 incremental costs.
- Transfer pricing of £0.1 million which relates to FX (2022: £nil).
- Unrealised foreign exchange gains for the year were £3.7 million due to net favourable exchange rate movements during the year (2022: £1.7 million net loss).

## 10. GOODWILL

| | **2023** | 2022 |
|---|---|---|
| | **£m** | £m |
| **COST** | | |
| At 1 January | **310.4** | 310.4 |
| **At 31 December** | **310.4** | 310.4 |
| **IMPAIRMENT** | | |
| At 1 January | **168.4** | 154.2 |
| Current Period Impairment | **13.4** | 14.2 |
| **At 31 December** | **181.8** | 168.4 |
| **Net Book Value at 31 December** | **128.6** | 142.0 |

**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** | **2023** | 2022 |
|---|---|---|
| | **£m** | £m |
| UK & Europe Pathways | **128.6** | 142.0 |

The recoverable amount of UK & Europe CGU was determined based on a value-in-use calculation, 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 estimate of the recoverable amount for the UK & Europe CGU is sensitive to changes in the forecast EBITDA as well as the discount and terminal growth rates as detailed in the sensitivity analysis below. 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 rate for the UK & Europe Pathways CGU was 14.7%.

| **Key assumptions** | **Terminal growth rate** | | **Post-tax discount rate** | |
|---|---|---|---|---|
| | **2023** | 2022 | **2023** | 2022 |
| UK & Europe Pathways | **2.0%** | 2.0% | **11.0%** | 11.0% |

**Cash flow assumptions**

As outlined in the Strategic Report on page 11 the Group's assumptions reflect the latest expectations for the UK & Europe CGU. 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 IAS36, within the five-year forecast used for the purpose of the impairment review all new products, pathways and partnerships involving what could be deemed improvements or enhancements in either our offering or technologically have been removed. The resultant forecast therefore does not reflect the Directors' expectations for the business over the short to medium-term.

## 10. GOODWILL (CONT'D)

In addition, compared to the prior year, due to the sale of the ANZ business and the changed shape of the Group there was a higher allocation of corporate and shared costs to the UKEU CGU reducing the recoverable amount in addition to a higher proportion of allocated net assets to the UKEU CGU from the corporate and sales entities when calculating the carrying value.

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 based on a forecast return to pre-COVID 19 numbers for the Group plus low double-digit annual percentage increases. 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.

These factors have resulted in an impairment of £13.4 million being recognised in the year.

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

**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 CGU to which goodwill is allocated. The estimate of the recoverable amount for each CGU 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 £24.8 million. Conversely if the post-tax discount rate were to decrease by fifty basis points to 10.5% the carrying amount would equal the value-in-use and therefore no impairment would be 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 £13.1 million. Conversely if the terminal growth rate were to increase by forty-four basis points to 2.44%, 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 £15.8 million. Conversely EBITDA would need to grow by 5.8% in each year of the five-year forecast period in order for the carrying amount to equal the value-in-use and have no impairment 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.

## 11. OTHER INTANGIBLE ASSETS

| 2023 | University Partnerships £m | Brands £m | Software £m | Centre contract £m | Course development £m | Technology £m | Total £m |
|---|---|---|---|---|---|---|---|
| **COST** | | | | | | | |
| At 1 January 2023 | **282.1** | **12.4** | **17.7** | **2.0** | **3.6** | **2.0** | **319.8** |
| Additions | **-** | **-** | **4.9** | **-** | **0.2** | **-** | **5.1** |
| Disposals | **-** | **-** | **(1.3)** | **(0.9)** | **(0.2)** | **-** | **(2.4)** |
| Transferred from assets held for sale | **0.7** | **-** | **0.1** | **-** | **-** | **-** | **0.8** |
| Exchange difference | **0.1** | **-** | **(1.1)** | **-** | **-** | **-** | **(1.0)** |
| **At 31 December 2023** | **282.9** | **12.4** | **20.3** | **1.1** | **3.6** | **2.0** | **322.3** |
| **ACCUMULATED AMORTISATION & IMPAIRMENT** | | | | | | | |
| At 1 January 2023 | **122.9** | **12.4** | **10.0** | **1.2** | **1.8** | **2.0** | **150.3** |
| Charge for the year | **6.0** | **-** | **2.1** | **0.3** | **0.9** | **-** | **9.3** |
| Impairments | **0.7** | **-** | **-** | **-** | **-** | **-** | **0.7** |
| Disposals | **-** | **-** | **(1.3)** | **(0.8)** | **(0.2)** | **-** | **(2.3)** |
| Exchange difference | **-** | **-** | **(0.5)** | **0.1** | **-** | **-** | **(0.4)** |
| **At 31 December 2023** | **129.6** | **12.4** | **10.3** | **0.8** | **2.5** | **2.0** | **157.6** |
| **Net book value at 31 December 2023** | **153.3** | **-** | **10.0** | **0.3** | **1.1** | **-** | **164.7** |
| Net book value at 31 December 2022 | **159.2** | **-** | **7.7** | **0.8** | **1.8** | **-** | **169.5** |

| 2022 | University Partnerships £m | Brands £m | Software £m | Centre contract £m | Course development £m | Technology £m | 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 |

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.

## 11. OTHER INTANGIBLE ASSETS (CONT'D)

Assets transferred from assets held for sale relate to Auckland which was included in assets held for sale at 31 December 2022, but later excluded from the sale

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 10 Goodwill as the same model is used for both impairment reviews. The current year review resulted in total impairment losses allocated to other intangibles of £0.7 million related to the retained Auckland Taylors College portion of the ANZ University Partnerships intangible asset (2022: impairment reversal of £38.6 million, an impairment of Insendi university partnerships of £1.8 million, an impairment of Insendi technology assets of £1.3 million and an impairment of Insendi's capitalised development software costs of £2.0 million).

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.

Included within Software and Course development is £1.8 million and £0.6 million respectively in respect of assets under the course of construction. The assets will be depreciated when brought into use in line with the Group's accounting policy.

## 12. TANGIBLE FIXED ASSETS

| **2023** | **Freehold land and buildings £m** | **Leasehold improvements £m** | **Equipment £m** | **Total £m** |
|---|---|---|---|---|
| **COST** | | | | |
| At 1 January 2023 | **-** | **11.4** | **5.9** | **17.3** |
| Additions | **-** | **0.9** | **0.5** | **1.4** |
| Transferred from assets held for sale | **-** | **(0.7)** | **1.3** | **0.6** |
| Exchange difference | **-** | **-** | **(0.2)** | **(0.2)** |
| **At 31 December 2023** | **-** | **11.6** | **7.5** | **19.1** |
| | | | | |
| **ACCUMULATED DEPRECIATION** | | | | |
| At 1 January 2023 | **-** | **7.3** | **4.0** | **11.3** |
| Charge for the year | **-** | **1.7** | **1.1** | **2.8** |
| Reversal of impairments | **-** | **(0.4)** | **-** | **(0.4)** |
| Transferred from assets held for sale | **-** | **(0.4)** | **1.0** | **0.6** |
| Exchange difference | **-** | **-** | **(0.1)** | **(0.1)** |
| **At 31 December 2023** | **-** | **8.2** | **6.0** | **14.2** |
| **Net book value at 31 December 2023** | **-** | **3.4** | **1.5** | **4.9** |

## 12. TANGIBLE FIXED ASSETS (CONT'D)

| **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 |

Impairment reversals in the year totalled £0.4 million (2022: £2.6 million impairment) and related to Voyager House, Brighton (£2.2 million). The prior year impairment included McMillan Student Village, London (£0.2 million), Paris House, Brighton (£0.1 million) and Stroudley Road, Brighton (£0.1 million).

Assets transferred from assets held for sale relate to Auckland which was included in assets held for sale at 31 December 2022, but later excluded from the sale, as well as a reclass to the correct asset category.

## 13. RIGHT-OF-USE ASSETS

| 2023 | Land and buildings £m | Computer equipment £m | Total £m |
|---|---|---|---|
| **COST** | | | |
| At 1 January 2023 | **109.3** | **0.4** | **109.7** |
| Additions | **1.5** | **-** | **1.5** |
| Disposals | **(5.0)** | **-** | **(5.0)** |
| Revaluations | **6.9** | **0.1** | **7.0** |
| Transferred from assets held for sale | **1.9** | **-** | **1.9** |
| **At 31 December 2023** | **114.6** | **0.5** | **115.1** |
| | | | |
| **ACCUMULATED DEPRECIATION** | | | |
| At 1 January 2023 | **63.8** | **0.2** | **64.0** |
| Charge for the year | **9.0** | **0.2** | **9.2** |
| Disposals | **(2.2)** | **-** | **(2.2)** |
| Impairments | **2.9** | **-** | **2.9** |
| Transferred from assets held for sale | **1.3** | **-** | **1.3** |
| **At 31 December 2023** | **74.8** | **0.4** | **75.2** |
| **Net book value at 31 December 2023** | **39.8** | **0.1** | **39.9** |

| 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 |

The Group leases a number of assets, with an average lease term remaining at the year-end of three years (2022: three years).

The majority of the Group's right-of-use assets relate to land & buildings, located in the UK £31.5 million (2022: £34.7 million), Australia £5.7 million (2022: £8.4 million) and other regions £1.9 million (2022: £2.4 million). The Group also has £0.1 million right-of-use assets in respect of computer equipment (2022: £0.2 million).

## 13. RIGHT-OF-USE ASSETS (CONT'D)

Land & buildings additions of £1.5 million (2022: £1.8 million) related to a number of new lease agreements the portfolio. Revaluations of £6.9 million (2021: £9.0 million) relate to a number rent reviews and contract renewals across the portfolio. Net disposals of £2.8 million (2022: £1.2 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. Assets transferred from assets held for sale relate to the Auckland lease which was included in assets held for sale at 31 December 2022, but later excluded from the sale.

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 £2.9 million (2022: £29.8 million) reflecting the lower net present value of future cash flows forecast for Voyager House, Brighton (£2.0 million) and McMillan Student Village, London (£1.3 million) partially offset by a part-reversal of prior year impairments for St Ebbes, Oxford (£0.4 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 3.8% for properties situated in Australia.

The value-in-use calculations are sensitive to the cash flow assumptions. For Voyager House, Brighton, the building is currently not in use and the cash flow assumptions are based on the lease being in use within the business, sublet or assigned by March 2027 before a further impairment is required. The maximum additional impairment would be £9.0 million. For McMillan Student Village, London, the building is currently sublet as student accommodation and the cash flow assumptions are based on the current arrangement continuing to the end of the lease term. For St Ebbes, Oxford, the building is current sublet, and the cash flow assumptions are based on the lease being assigned to the sub-tenant in H1 2024. For Darlinghurst Sydney, the building is current sublet, and the cash flow assumptions are based on the sub-lease continuing to the end of the lease term. For Little Collins Street, Melbourne, the building is mostly sublet, and the cash flow assumptions are based on the current sub-leases continuing to the end of the lease term and new sub-leases being executed for the empty floors by the end of 2024.

The maturity analysis of lease liabilities is presented in Note 21.

| **Amounts recognised in profit and loss** | **2023 £m** | 2022 £m |
|---|---|---|
| Depreciation expense on right-of-use assets | **9.8** | 14.8 |
| Interest expense on lease liabilities | **3.6** | 4.4 |
| Expense relating to short-term leases | **1.0** | 0.6 |
| Expense relating to leases of low value assets | **-** | 0.1 |
| Expense relating to variable lease payments | **1.6** | 1.2 |
| Income from sub-leasing right-of-use assets | **(0.2)** | (0.2) |
| | **15.8** | 20.9 |

At 31 December 2023, the Group is committed to £0.5 million (2022: £0.4 million) in respect of short-term leases for the next twelve months.

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 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 8.5% (2022: 7.9%) 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 £16.8 million (2022: £20.3 million).

## 14. INVESTMENTS

The movements in the net book value of interests in joint ventures are as follows:

| | **2023** | 2022 |
|---|---|---|
| | **£m** | £m |
| At 1 January | **-** | 0.3 |
| Transferred to assets held for sale | **-** | (0.3) |
| **At 31 December** | **-** | - |

**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 | - | Indirect | Dormant |
| Applied Training Pty Ltd [iv] | Australia | - | Indirect | Dormant |
| Study Group Australia Pty Ltd [iv] | Australia | - | 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 | - | Indirect | Trading |
| Study Group NZ (Auckland) Ltd | 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 | - | Indirect | Trading |

## 14. 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), EDU UK Topco Ltd (registered number: 07285288), EDU UK Intermediate Ltd (registered number: 07285315), Insendi Ltd (registered number: 11098726), 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 2023 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 was a joint venture between The University of Sydney and Study Group Australia Pty Limited. Under this arrangement the joint venture entity was required to pay royalties and fees for the provision of services to its joint venture partners. In total, these commitments were calculated as approximately 97% of gross revenue recognised in the accounting period. The principal place of business for this joint venture was at the University of Sydney, and the registered office address of the joint venture entity was Level 24, 201 Elizabeth Street, Sydney 2000, Australia. Both parties held equal ownership and voting rights of 50% each in the ordinary shares of the company. See (iv) for further information.

(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.

## 15. FINANCE LEASE RECEIVABLES

| | 2023 £m | 2022 £m |
|---|---|---|
| **Amounts receivable under finance leases:** | | |
| Year 1 | **1.4** | 1.2 |
| Year 2 | **0.9** | 1.2 |
| Year 3 | **1.4** | 0.7 |
| Year 4 | **0.7** | 1.2 |
| Year 5 | **0.5** | 0.6 |
| Onwards | **1.3** | 1.7 |
| Undiscounted lease payments | **6.2** | 6.6 |
| Less: unearned finance income | **(0.7)** | (0.9) |
| Present value of lease payments receivable | **5.5** | 5.7 |
| Net investment in the lease | **5.5** | 5.7 |
| | | |
| Undiscounted lease payments analysed as: | | |
| Recoverable after 12 months | **4.8** | 5.4 |
| Recoverable within 12 months | **1.4** | 1.2 |
| | **6.2** | 6.6 |
| | | |
| Net investment in the lease analysed as: | | |
| Recoverable after 12 months | **4.3** | 4.7 |
| Recoverable within 12 months | **1.2** | 1.0 |
| | **5.5** | 5.7 |

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 5.5 years (2022: 6.9 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 2023 and as at 31 December 2022.

## 16. OTHER FINANCIAL ASSETS

| | 2023 £m | 2022 £m |
|---|---|---|
| Financial assets measured at fair value: | | |
| Measured at fair value through profit or loss – current | **3.3** | - |
| Measured at fair value through profit or loss – non-current | **1.5** | - |
| | **4.8** | - |

As part of the ANZ transaction, an escrow agreement was entered into, such that a portion of the consideration is being held in escrow by a third-party agent until the specified conditions of the contract are met, including the full settlement of certain legal proceedings. In accordance with IFRS 9 a financial asset at fair value through profit or loss has been recognised in relation to this agreement.

The fair value was estimated on completion date and subsequently revalued at the year end, with any revaluation gains or losses being recognised in the Statement of Comprehensive Income (See Note 6). The valuation methodology for these financial assets is disclosed in Note 25.

## 17. 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:

| **2023** | **Opening balance** *Restated** **£m** | **(Debit)/credit to P&L** **£m** | **Unrealised foreign exchange gain /(loss) and other movements** **£m** | **Closing balance** **£m** |
|---|---|---|---|---|
| **Deferred tax assets** | | | | |
| Accruals and provisions | **13.6** | **5.1** | **-** | **18.7** |
| | **13.6** | **5.1** | **-** | **18.7** |
| **Deferred tax liabilities** | | | | |
| Intangible assets | **(67.7)** | **29.4** | **-** | **(38.3)** |
| | **(67.7)** | **29.4** | **-** | **(38.3)** |
| **Net deferred liability** | **(54.1)** | **34.5** | **-** | **(19.6)** |

| **2022** *(Restated*)* | **Opening balance** **£m** | **(Debit)/credit to P&L** **£m** | **Unrealised foreign exchange gain /(loss) and other movements** **£m** | **Closing balance** **£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 | 12.2 | 1.3 | 0.1 | 13.6 |
| | 23.1 | (9.6) | 0.1 | 13.6 |
| **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** | (41.5) | (11.8) | (0.8) | (54.1) |

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 UK corporate tax rate will remain at 25% from 1 April 2024. The deferred tax balances as at 31 December 2023 are being recognised at 25%.

## 17. DEFERRED TAX (CONT'D)

The below table shows the deferred tax balances by jurisdiction:

| **2023** | **New Zealand £m** | **Australia £m** | **UK £m** | **Total £m** |
|---|---|---|---|---|
| **Deferred tax assets** | | | | |
| Accruals and provisions | **-** | **-** | **18.7** | **18.7** |
| | **-** | **-** | **18.7** | **18.7** |
| **Deferred tax liabilities** | | | | |
| Intangible assets | **-** | **-** | **(38.3)** | **(38.3)** |
| | **-** | **-** | **(38.3)** | **(38.3)** |
| **Net deferred tax liability** | **-** | **-** | **(19.6)** | **(19.6)** |

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

| **2022** *Restated** | **New Zealand £m** | **Australia £m** | **UK £m** | **Total £m** |
|---|---|---|---|---|
| **Deferred tax assets** | | | | |
| Accruals and provisions | - | - | 13.6 | 13.6 |
| | - | - | 13.6 | 13.6 |
| **Deferred tax liabilities** | | | | |
| Intangible assets | - | (27.9) | (39.8) | (67.7) |
| | - | (27.9) | (39.8) | (67.7) |
| **Net deferred tax liability** | - | (27.9) | (26.2) | (54.1) |

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

| | **2023 £m** (i) | 2022 £m |
|---|---|---|
| Australia (at corporate tax rate of 30%) | **14.4** | 16.9 |
| New Zealand (at corporate tax rate of 28%) | **0.6** | 2.2 |
| United Kingdom (at corporate tax rate of 25%) | **26.7** | 22.2 |
| USA (at corporate tax rate of 21%) | **12.2** | 12.5 |
| Canada (at corporate tax rate of 28%) | **0.6** | 0.7 |
| Netherlands (at corporate tax rate of 25%) | **0.1** | - |
| | **54.6** | 54.5 |

(i) Included in the above unrecognised deferred tax assets are tax losses of £12.2 million (2022: £12.5 million) which accrued in the US before 2018 and will have expired by 2038, and £0.6 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, Ireland, Australia and US post 2018 may be carried forward indefinitely.

*The 2022 figures have been restated as a result of prior period adjustments detailed in Note 33.

## 18. TRADE AND OTHER RECEIVABLES

| | 2023 £m | 2022 £m |
|---|---|---|
| CURRENT: | | |
| Trade receivables | **27.5** | 26.1 |
| Loss allowance | **(6.1)** | (5.7) |
| Trade receivables, net | **21.4** | 20.4 |
| | | |
| Other receivables | **1.5** | 1.7 |
| Prepayments | **24.7** | 19.3 |
| | **47.6** | 41.4 |
| Transferred to assets held for sale | **-** | (1.6) |
| Total trade and other receivables | **47.6** | 39.8 |

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

| | 2023 £m | 2022 £m |
|---|---|---|
| At 1 January | **5.7** | 5.0 |
| Impairment losses recognised on receivables | **0.4** | 1.0 |
| Amounts recovered in the year | **-** | (0.3) |
| Balance as at 31 December | **6.1** | 5.7 |

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. Trade receivables represent amounts due from students and university partners or, in some cases, their agents. The nature of other receivables and prepayments have been determined not to be appropriate to be considered for determining an Expected Credit Loss provision.

| **2023** | **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 | **14.8** | **2.4** | **1.6** | **0.6** | **8.1** | **27.5** |
| Expected credit loss provision | **-** | **(0.2)** | **-** | **-** | **(5.9)** | **(6.1)** |
| Net receivables | **14.8** | **2.2** | **1.6** | **0.6** | **2.2** | **21.4** |
| Expected credit loss % of trade receivables | **0.0%** | **8.3%** | **0.0%** | **0.0%** | **72.8%** | |

| **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% | |

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

## 19. TRADE AND OTHER PAYABLES

| | 2023 | 2022 |
|---|---|---|
| | £m | £m |
| CURRENT: | | |
| Trade payables | 12.3 | 19.8 |
| Accruals | 24.9 | 19.6 |
| Other payables | 21.5 | 23.5 |
| | 58.7 | 62.9 |
| Transferred to assets held for sale | - | (9.8) |
| Total trade and other payables | 58.7 | 53.1 |

## 20. UNEARNED REVENUES

| | 2023 | 2022 |
|---|---|---|
| | £m | £m |
| Deferred income (current) | 67.3 | 60.0 |
| Transferred to assets held for sale | - | (1.0) |
| | 67.3 | 59.0 |

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

## 21. LEASE LIABILITIES

| | 2023 | 2022 |
|---|---|---|
| | £m | £m |
| **Maturity analysis:** | | |
| Year 1 | 18.3 | 20.4 |
| Year 2 | 14.8 | 18.6 |
| Year 3 | 13.4 | 16.8 |
| Year 4 | 11.0 | 15.8 |
| Year 5 | 8.5 | 13.3 |
| Later years | 33.1 | 44.0 |
| | 99.1 | 128.9 |
| Less: unearned interest | (14.4) | (21.8) |
| | 84.7 | 107.1 |
| Transferred to assets held for sale | - | (16.8) |
| Total lease liabilities | 84.7 | 90.3 |
| **Analysed as:** | | |
| Non-current | 69.6 | 76.4 |
| Current | 15.1 | 13.9 |
| | 84.7 | 90.3 |

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.

## 22. PROVISIONS

| **2023** **Movement in provisions:** | **Employee benefit £m** | **Property £m** | **Contingent consideration £m** | **Other £m** | **Total £m** |
|---|---|---|---|---|---|
| At 1 January 2023 | **1.3** | **3.7** | **0.2** | **2.5** | **7.7** |
| Additional provision recognised | **0.3** | **0.5** | **-** | **0.6** | **1.4** |
| Provisions utilised | **(0.8)** | **(0.5)** | **(0.2)** | **(2.4)** | **(3.9)** |
| Transferred from assets held for sale | **0.1** | **0.1** | **-** | **-** | **0.2** |
| Foreign currency translation | **(0.1)** | **-** | **-** | **(0.1)** | **(0.2)** |
| At 31 December 2023 | **0.8** | **3.8** | **-** | **0.6** | **5.2** |
| | | | | | |
| Current | **0.6** | **0.3** | **-** | **0.6** | **1.5** |
| Non-current | **0.2** | **3.5** | **-** | **-** | **3.7** |
| | **0.8** | **3.8** | **-** | **0.6** | **5.2** |

| **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 |

Employee benefit provisions relate predominantly to Australian annual leave and long service leave entitlements which will be utilised upon employees taking their annual leave and long service leave.

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. The final payment of £0.2 million has been paid in the year to 31 December 2023 (2022: £1.6 million paid), after which no liability remains.

In 2023 ‘Other’ predominately relates to a legal claim involving a previously leased property of £0.6 million, being management’s best estimate of expected future cash outflows. Legal expenses incurred and provisions related to legal claims are charged to exceptional costs (Note 9). In the prior year ‘Other’ predominantly related to a £2.4 million provision for estimated transaction fees in respect of the ANZ sale, the transactions fees were settled during 2023.

## 23. BORROWINGS

| | Interest rate | Maturity | **2023 £m** | **2023 £m** | 2022 £m *Restated** | 2022 £m *Restated** |
|---|---|---|---|---|---|---|
| **CURRENT BORROWINGS** | | | Principal | Value | Principal | Value |
| £30.0m Revolving credit facility(i) | 4.75% +SONIA/BBSY | 2025 | - | - | 29.6 | 29.5 |
| | | | - | - | 29.6 | 29.5 |
| **NON-CURRENT BORROWINGS** | | | | | | |
| **Secured borrowings at amortised cost** | | | | | | |
| GBP £115.0m Term loan(ii) | 6.00% + SONIA | 2026 | **145.1** | **144.0** | 128.9 | 128.8 |
| AUD $88.9m Term loan(ii) | 6.00% + BBSY | 2026 | **59.9** | **60.1** | 56.8 | 58.9 |
| AUD $125.7m Term loan(ii) | 6.00% + BBSY | 2026 | **84.7** | **85.1** | 80.2 | 83.3 |
| Investor loan notes £17.0m(iii) | 10% | 2031 | **20.4** | **22.4** | 18.5 | 20.4 |
| Investor loan notes £40.0m(iv) | 13% | 2031 | **44.5** | **50.3** | 40.0 | 44.5 |
| Investor loan notes £20.0m(v) | 13% | 2028 | **20.0** | **22.1** | - | - |
| Capitalised interest of Revolving credit facility(ii) | | 2026 | **-** | **-** | 1.7 | 1.7 |
| | | | **374.6** | **384.0** | 326.1 | 337.6 |

(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 £nil (2022: £29.6 million), prior year balance was also offset by deferred borrowing costs of £0.1 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 amendments to Senior Facilities Agreement dated 28 January 2022 and 7 February 2023 where it was agreed to set aside the Group's leverage covenant on its term loan debt until 2024 (per the 2022 amendment) and then subsequently until 2025 (per the 2023 amendment), 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 9-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.

(v) On 9 March 2023, the Group received a cash injection from Ardian totalling £20.0 million in the form of 5-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 on 31 May 2028, whichever is sooner.

In February 2023 the contract terms of the Senior Facilities Agreement were amended. Per IFRS9 the Group compared the net present value of the future cash flows discounted at the original EIR both under the original terms and under the terms per the latest amendment and deemed the modification to be substantial. The carrying value of the previous debt was therefore extinguished in March 2023 and a new carrying value recognised at fair value.

*The 2022 figures have been restated as a result of prior period adjustments detailed in Note 33.

## 24. DERIVATIVE FINANCIAL INSTRUMENTS

**Derivative financial liabilities**

| | 2023 £m | 2022 £m |
|---|---|---|
| Derivatives not designated as hedging instruments: | | |
| Foreign exchange forward contracts liability | **1.0** | - |
| Total derivatives not designated as hedging instruments | **1.0** | - |
| Total derivatives not designated as hedging instruments | **1.0** | - |
| Less non-current portion | | |
| Foreign exchange forward contracts liability | **(1.0)** | - |
| Current portion | **-** | - |

During 2023 the Group entered into five foreign exchange forward contracts (see Note 26). The year-end mark-to-market valuation for each of the foreign exchange forward contracts was provided by a third-party and verified by the Group, using quoted prices in active markets to compare current forward rates against the contract rates. The above liability recognises the mark-to-market loss on these forward contracts as at the financial year-end. See Note 25 for more information on valuation techniques and observable inputs.

## 25. 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.

**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, 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.

| | **2023** | | | 2022 | |
|---|---|---|---|---|---|
| | **Income sensitivity £m** | **Equity sensitivity £m** | | Income sensitivity £m | Equity sensitivity £m |
| Australian Dollar | **1.5** | **(9.1)** | (i) | 1.6 | (11.0) |
| US Dollar | **(0.2)** | **0.3** | | 0.1 | 0.2 |
| Other | **1.5** | **0.3** | | 1.3 | 0.6 |
| Equity decrease | **2.8** | **(8.5)** | | 3.0 | (10.2) |

(i) In the prior year this sensitivity analysis above did not include effects from the tranche of the external borrowings that is denominated in AUD but held in a UK entity (and therefore sensitive to exchange rate movements) due to there being an offsetting net investment hedge with equal and opposite critical terms. The net investment hedge was against investments in subsidiaries that were disposed of in the year. In 2023 the Group entered into five foreign currency forward contracts in AUD totalling AUD $200 million to partially offset this risk. The above Equity Sensitivity figure for Australian Dollar includes the unhedged portion of the AUD denominated term loans held in a UK entity as the value of the two are not equal.

Overall, the Group's sensitivity to foreign currency has decreased due to the disposal of the ANZ business denominated in AUD.

## 25. FINANCIAL INSTRUMENTS (CONT'D)

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

| | **31 December 2023** | 31 December 2022 |
|---|---|---|
| Australian Dollar – period average | **1.8734** | 1.7795 |
| Australian Dollar – period end | **1.8690** | 1.7743 |
| US Dollar – period average | **1.2438** | 1.2370 |
| US Dollar – period end | **1.2731** | 1.2097 |

**Hedging activities and derivatives**
During the current year the Group entered into five AUD foreign currency forward contracts to partially hedge the AUD exposure from the loans held by the Group that are denominated in AUD. Three were entered into in May 2023, one in June 2023 and one in September 2023 totalling AUD $200 million (AUD $40 million each). One of the contracts matures in May 2024, two mature in May 2025 and two mature in May 2026. The hedging strategy of the Group regarding the amounts and maturity dates of the foreign currency forward contracts is deliberately flexible and the critical terms do not directly match the amounts and maturity dates of the loans (the hedged item). Due to this, and the administrative burden of doing so the Group elected not to apply hedge accounting under IFRS9. This is detailed further in Note 1. The foreign currency forward contracts are therefore held as a derivative at fair value through the profit and loss.

During the majority of the prior year the Group was still party to two interest rate cap agreements entered into in August 2019 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 prior year, and the fair value at the prior year end was £nil.

**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 2023 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.

**Fair values of financial assets and liabilities**
At 31 December 2023 and 31 December 2022 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 and trade and other payables.

## 25. FINANCIAL INSTRUMENTS (CONT'D)

**Fair Value and Hierarchy Levels**
The following table shows the carrying amounts and fair values of financial instruments recognised in the consolidated Statement of Financial Position, analysed by types and hierarchy levels at year-end (excluding those where carrying amount approximates fair value):

| £m | Note | Level[1] | **31 December 2023** Carrying amount | Fair value | 31 December 2022 Carrying amount *(restated)*[2] | Fair value |
|---|---|---|---|---|---|---|
| *Financial assets* | | | | | | |
| **Fair value through profit or loss** | | | | | | |
| Contingent consideration receivable | 16 | 2 | **4.8** | **4.8** | - | - |
| **Total** | | | **4.8** | **4.8** | - | - |
| *Financial liabilities* | | | | | | |
| **Fair value through profit or loss** | | | | | | |
| Derivative financial instruments | 24 | 1 | **(1.0)** | **(1.0)** | - | - |
| **Amortised cost** | | | | | | |
| External borrowings | 23 | 2 | **(289.2)** | **(297.3)** | (271.0) | (263.2) |
| **Total** | | | **(290.2)** | **(298.3)** | (271.0) | (263.2) |

1. Level 1 – The fair value measurement is based on quoted prices in active markets.
   Level 2 – The fair value measurement is based on observable market data, other than quoted prices in Level 1.
   Level 3 – Valuation technique using non-observable data.
   For the category "Other financial assets at amortised costs" it is expected that the carrying amounts are a reasonable approximation of the respective fair values due to their short-term nature.
2. Excluding assets held for sale.

There were no transfers between levels during the period.

The valuation techniques and significant unobservable inputs used in determining the fair value measurement of level 2 and level 3 financial instruments, as well as the inter-relationship between key unobservable inputs and fair value, are set out in the table below.

## 25. FINANCIAL INSTRUMENTS (CONT'D)

| Financial instrument | Valuation technique(s) and key input(s) | Significant unobservable input(s) | Relationship and sensitivity of unobservable inputs to fair value |
|---|---|---|---|
| Contingent consideration receivable in a business disposal (Note 16) | At inception at April 2023 (value included in the gain on disposal – see Note 32) a probability weighted discounted cash flow model was used to capture the present value of the expected cashflows arising from the contingent consideration. At the year-end the fair value was calculated using a discounted future cash flow model to capture the present value of the expected cashflows as per the signed settlement agreements. | At inception at April 2023 (value included in the gain on disposal – see Note 32) the timing of certain 'trigger' events, devised by taking into account knowledge of internal legal counsel and external legal advisors, ranging from Q4 2024 to Q2 2025. The year-end valuation (in the statement of financial position) was based upon an agreed settlement, so this was no longer an unobservable input. | A change in timing assumptions would not materially impact the fair value at inception, due to the equal and opposite impact of the change in discount factor and period of interest earned.<br>This was no longer an unobservable input by the year-end valuation. |
| | | Interest earned on the cash balance held in escrow is calculated at the official cash rate of Australia plus 0.05%, therefore dependant on estimated future movements. | The higher the interest rate, the higher the fair value.<br><br>For the year-end valuation this has an immaterial impact given the short-term nature now a settlement agreement has been reached. If the interest rate used were to increase by five hundred basis points while all other variables were held constant, the fair value would increase by £0.1 million. |
| | | The cash flows are discounted at the year-end by 4.1% being the risk-free rate specific to Australia. As management has adjusted the cash flows for inflation, no adjustment to the discount rate was made. The cash flows are estimated on a pre-tax basis, and accordingly a pre-tax discount rate has been applied. The discount rate does not include a risk adjustment premium. Instead, the cash flows have incorporated any risk as determined by management. | The higher the discount rate, the lower the fair value.<br><br>If the discount rate used were to increase by two hundred basis points while all other variables were held constant, the fair value would decrease by £0.1 million. |

There is not considered to be any material risk in relation to the contingent consideration receivable, including liquidity, credit, or market risk. The funds relating to the contingent consideration are held in escrow, managed by a third-party agent. The remaining consideration that will be remitted to Study Group at a future date is based on a signed agreement, and therefore is not impacted by market-related factors.

There is not considered to be any material risk in relation to the foreign exchange forward contract, including liquidity, credit, or market risk. The contracts are arranged through a third-party foreign exchange brokerage firm.

## 26. SHARE CAPITAL AND RESERVES

| | **2023 Number of shares** | **2023 £** | 2022 Number of shares | 2022 £ |
|---|---|---|---|---|
| A Ordinary shares | **846,153** | **846,153** | 846,153 | 846,153 |
| B Ordinary shares | **6,474** | **6,474** | 6,474 | 6,474 |
| C shares | **128,500** | **17,133** | 121,500 | 16,200 |
| Preference shares | **334,847,973** | **334,847,973** | 334,847,973 | 334,847,973 |
| **Total share capital and share premium** | **335,829,100** | **335,717,733** | 335,822,100 | 335,716,800 |
| Capital reduction account | **249,000** | **169,200** | 127,500 | 153,000 |
| Direct issue costs | **-** | **(17,060)** | - | (17,060) |
| **Total net of direct issue costs** | **336,078,100** | **335,869,873** | 335,949,600 | 335,852,740 |

Movements in shares:

| **2023** | **Number of shares** | **Par value £** | **Share premium £** | **Total £** |
|---|---|---|---|---|
| **Details** | | | | |
| Balance as at 1 January 2023 | **335,822,100** | **334,857,715** | **859,085** | **335,716,800** |
| Extinguishing of existing C Shares | **(121,500)** | **(1,215)** | **(14,985)** | **(16,200)** |
| New issues of C Shares | **128,500** | **1,285** | **15,848** | **17,133** |
| Balance as at 31 December 2023 | **335,829,100** | **334,857,785** | **859,948** | **335,717,733** |

| **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 |

On 3 August 2023 the share capital of the Company was reduced by cancelling and extinguishing 121,500 C Shares of £0.01 each. This was passed by a written special resolution on that date. On 4 August 2023 128,500 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.

## 27. EMPLOYEES

| | 2023 | 2022 |
|---|---|---|
| | **£m** | £m |
| Staff costs for the Group during the year: | | |
| Wages and salaries | **64.9** | 77.3 |
| Social security costs | **6.7** | 7.4 |
| Superannuation and other pension costs | **2.6** | 3.6 |
| | **74.2** | 88.3 |

Average monthly number of people employed by the Group[(i)]

| | 2023 | 2022 |
|---|---|---|
| | **No.** | No. |
| Teaching (direct and indirect) | **665** | 1,035 |
| Sales, marketing and distribution | **515** | 407 |
| Administration | **524** | 585 |
| | **1,704** | 2,027 |

(i) 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 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.

| | 2023 | 2022 |
|---|---|---|
| | **£m** | £m |
| Salaries and short-term benefits including management incentives | **4.2** | 3.4 |
| Termination Payments | **0.2** | 0.7 |
| | **4.4** | 4.1 |

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

| | 2023 | 2022 |
|---|---|---|
| | **£m** | £m |
| Salaries and short-term benefits including management incentives | **1.5** | 1.1 |
| Payment for loss of office | **-** | 0.2 |
| | **1.5** | 1.3 |

No Directors are members of the Group's defined contribution pension plans (2022: none).

**Highest paid Director**

| | 2023 | 2022 |
|---|---|---|
| | **£m** | £m |
| Salaries and short-term benefits | **0.7** | 0.5 |
| Payment for loss of office | **-** | 0.2 |
| | **0.7** | 0.7 |

## 28. NOTES TO THE CASH FLOW STATEMENT

**Cash and cash equivalents**

Included within cash and cash equivalents at the year-end of £23.7 million (2022: £21.0 million) is locked cash of £nil held in Escrow in relation to consideration payments for Insendi (2022: £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.

| **2023 (£m)** | **Note** | | | **Non-cash changes** | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | **1 January 2023** | **Financing cash flows** | **Foreign exchange movements** | **Interest element in investing activities** | **Non-cash lease movements** | **Lease liabilities on disposal of subsidiary** | **Deferred borrowin g costs unwind** | **Other changes (i)** | **31 December 2023** |
| **Borrowings** | **21** | **367.1** | **(11.4)** | **(12.5)** | **-** | **-** | **-** | **1.5** | **39.3** | **384.0** |
| **Finance lease receivables** | **14** | **(5.7)** | **1.3** | **-** | **(0.2)** | **(0.9)** | **-** | **-** | **-** | **(5.5)** |
| **Lease liabilities** | **19** | **107.1** | **(16.8)** | **(1.4)** | **-** | **10.5** | **(14.7)** | **-** | **-** | **84.7** |
| **Total** | | **468.5** | **(26.9)** | **(13.9)** | **(0.2)** | **9.6** | **(14.7)** | **1.5** | **39.3** | **463.2** |

| **2022 (£m) *(Restated*)*** | **Note** | | | **Non-cash changes** | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | **1 January 2022** | **Financing cash flows** | **Foreign exchange movements** | **Interest element in investing activities** | **Non-cash lease movements** | **Lease liabilities on disposal of subsidiary** | **Deferred borrowin g costs unwind** | **Other changes (i)** | **31 December 2022** |
| **Borrowings** | **21** | 295.9 | 40.0 | 5.1 | - | - | - | 1.2 | 24.9 | 367.1 |
| **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** | | 398.0 | 20.6 | 6.4 | 0.2 | 17.2 | - | 1.2 | 24.9 | 468.5 |

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

*The 2022 figures have been restated as a result of prior period adjustments detailed in Note 33.

## 29. FINANCIAL COMMITMENTS

**Capital commitments**
The Group had no capital commitments at the year-end (2022: 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 £2.4 million (2022: £5.8 million) in outstanding bank guarantees at the end of the year against an AUD $4.5 million (2022: AUD $15.0 million) lease line facility held with HSBC UK Bank Plc. 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 (2022: none).

## 30. 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 2ʻ 'Related party disclosur's' 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 £20.0 million to funds managed by the immediate parent undertaking Ardian LBO Fund VI B S.L.P (2022: £40.0 million). The terms of the loan notes are disclosed in Note 23.

Revenue of £3,210,408 and a marketing contribution of £195,723 was received from the joint venture The University of Sydney Foundation Program Pty Ltd during the year up to the date of the sale of the ANZ business (2022: £14,829,307 and £561,956 respectively). Related party payables of £nil (2022: £2,215,705) were owing to the joint venture at the year-end, included in trade payables in Note 19.

The Group paid Andrew Stoner & Associates Pty Ltd, a company in which a Director of a subsidiary Group company is a Director and shareholder £18,593 (2022: £48,514) in advisory fees, with £nil outstanding at 31 December 2023 (2022: £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 £nil (2022: £3,870). The Group paid subscription fees of £11,574 (2022: £10,529) to Independent Higher Education which a Director of the company is also a Director of a subsidiary Group company.

## 31. 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.

## 32. DISPOSAL OF A SUBSIDIARY

On 12 May 2023 the Group disposed of its interest in Study Group Australia Pty Limited and its subsidiaries.

The gain on disposal is included in the loss for the year from discontinued operations (see Note 8).

The post-tax gain on disposal of discontinued operations was determined as follows:

| | 2023 £m |
|---|---|
| *Consideration and fees* | |
| Cash consideration received | **57.1** |
| Fair value of contingent consideration (i) | **4.4** |
| **Total consideration** | **61.5** |
| Fees and expenses paid in 2023 | **(3.5)** |
| Less transaction fees provided for in 2022 | **2.4** |
| **Total consideration net of fees** | **60.4** |
| | |
| *Net assets disposed of:* | |
| Intangible assets | **2.2** |
| Property, plant and equipment | **0.3** |
| Right-of-use assets | **13.6** |
| Other financial assets | **0.3** |
| Trade and other receivables | **1.0** |
| Cash and cash equivalents | **0.4** |
| Trade and other payables | **(2.0)** |
| Unearned revenues | **(3.1)** |
| Lease liabilities | **(14.7)** |
| Provisions | **(3.7)** |
| Attributable intangible assets | **91.1** |
| **Total net assets disposed of:** | **85.4** |
| | |
| Pre-tax loss on disposal of discontinued operation | **(25.0)** |
| | |
| Related tax credit | **27.3** |
| | |
| **Net gain on disposal of subsidiary** | **2.3** |

| | |
|---|---|
| Consideration received in cash and cash equivalents | **57.1** |
| Less cash and cash equivalents disposed of | **(0.4)** |
| Fees and expenses paid in the year | **(3.5)** |
| **Net cash inflow arising on disposal** | **53.2** |

(i) Contingent consideration relates to monies held in escrow and is receivable at a future date based on certain events. In accordance with IFRS 9 the fair value has been estimated on completion date and with a financial asset recognised at fair value through profit or loss. Refer to Note 24 for further details.

There were no disposals of subsidiaries in 2022.

## 32. DISPOSAL OF A SUBSIDIARY (CONT'D)

At 31 December 2022, the ANZ business was held as a disposal group stated at fair value less costs to sell and comprised the following assets and liabilities.

| | 2022 £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 |

**Changes to the plan of 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. It was assessed as being a discontinued operation with associated assets and liabilities classed as held for sale at the 2022 year-end. Subsequently, the sale completed on 12 May 2023 under revised terms, Study Group to retained Auckland.

## 33. PRIOR PERIOD ADJUSTMENT

The Statement of Financial Position has been restated for the comparative period, and an additional statement has been presented as at the beginning of the preceding period, in relation to the following:

Prior to 2021 the three tranches of Term Loan in the Senior Facilities Agreement (see Note 23) were initially measured at face value but were not subsequently measured correctly at amortised cost in accordance with IFRS9 using the Effective Interest method. As a result, there is an opening balance adjustment to 2021 to correct this and the associated tax charge (£1.0 million). Subsequently the contract relating to the Senior Facilities Agreement was subject to two sets of amendments to the original terms effective in January 2021 and February 2022. In accordance with IFRS9 an assessment took place to determine whether the modification to the terms of the contract constituted a substantial or a non-substantial modification, with both the 2021 and the 2022 amendment being correctly deemed as non-substantial modifications. However, in accordance with IFRS9 non-substantial changes to future cash flows arising from contract modifications should result in the revision of the carrying amount of the liability and this revision was not recognised at the time.

- The carrying amount of the liability for the three tranches of Term Loans were therefore restated through a prior period adjustment to restate the carrying value at the point of the amendments to equal the discounted net present value of future cash flows and then to subsequently measure at amortised cost to the year-end position (2022: £(7.8) million to Borrowing – Non-Current, 2021: £(14.3) million split between the accrued interest in Trade and Other Payables £5.4 million and Borrowings – Non-Current £(19.7) million).

- There was then an adjustment to the Deferred Tax Asset arising due to timing differences on the Term Loan interest related to the above adjustments for each of the periods affected by the Term Loan adjustments (2022: £1.0 million, 2021: £2.1 million).

## 33. PRIOR PERIOD ADJUSTMENT (CONT'D)

| | 2022 | | | 2021 | | |
|---|---|---|---|---|---|---|
| | Original | Restate-ment | Revised | Original | Restate-ment | Revised |
| | £m | £m | £m | £m | £m | £m |
| **Consolidated statement of comprehensive income** | | | | | | |
| Opening retained earnings | **(366.1)** | **(12.2)** | **(378.3)** | (200.2) | 1.0 | (199.2) |
| Finance costs | **(39.4)** | **6.5** | **(32.9)** | (25.8) | (15.5) | (41.3) |
| Taxation | **(10.8)** | **(1.1)** | **(11.9)** | 36.7 | 2.3 | 39.0 |
| Retained loss for the year | **(83.3)** | **5.4** | **(77.9)** | (165.9) | (13.2) | (179.1) |
| Closing retained earnings | **(449.4)** | **(6.8)** | **(456.2)** | (366.1) | (12.2) | (378.3) |
| Other shareholder funds | **336.0** | **-** | **336.0** | 340.0 | - | 340.0 |
| **Total shareholder funds** | **(113.4)** | **(6.8)** | **(120.2)** | (26.1) | (12.2) | (38.3) |
| | | | | | | |
| **Consolidated statement of financial position** | | | | | | |
| Trade and other payables | **(53.1)** | **-** | **(53.1)** | (85.7) | 5.4 | (80.3) |
| Borrowings – Non-current | **(329.8)** | **(7.8)** | **(337.6)** | (246.4) | (19.7) | (266.1) |
| Deferred tax liabilities | **(55.1)** | **1.0** | **(54.1)** | (43.6) | 2.1 | (41.5) |
| | **(438.0)** | **(6.8)** | **(444.8)** | (375.7) | (12.2) | (387.9) |
| Other net assets | **324.6** | **-** | **324.6** | 349.6 | - | 349.6 |
| **Net assets** | **(113.4)** | **(6.8)** | **(120.2)** | (26.1) | (12.2) | (38.3) |

## 34. EVENTS AFTER THE BALANCE SHEET DATE

There were no significant events required to be disclosed occurring between the Balance Sheet date and the date of signing these financial statements.

## PARENT COMPANY STATEMENT OF FINANCIAL POSITION
**as at 31 December 2023**

| | Note | **31 December 2023 £m** | 31 December 2022 £m |
|---|---|---|---|
| **ASSETS** | | | |
| NON-CURRENT ASSETS | | | |
| Investments | | **-** | - |
| Amounts due to subsidiary undertakings | | **-** | - |
| | | **-** | - |
| **LIABILITIES** | | | |
| CURRENT LIABILITIES | | | |
| Amounts due to subsidiary undertakings | | **(0.5)** | (0.2) |
| | | **(0.5)** | (0.2) |
| **NET LIABILITIES** | | **(0.5)** | (0.2) |
| **EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT** | | | |
| Share capital | **3** | **334.8** | 334.8 |
| Share premium reserve | | **0.9** | 0.9 |
| Capital reduction account | | **0.2** | 0.2 |
| Accumulated losses | | **(336.4)** | (336.1) |
| **TOTAL EQUITY** | | **(0.5)** | (0.2) |

The Company reported a loss for the financial year ended 31 December 2023 of £0.3 million (2022: £400.1 million loss).

The financial statements and notes on pages 80 to 84 were approved by the Board of Directors and authorised for issue on 29 April 2024 and were signed on its behalf by Ian Crichton.

**I Crichton**
**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 2023**

| **2023** | **Ordinary share capital £m** | **Share premium reserve £m** | **Capital reduction account £m** | **Accumula-ted losses £m** | **Total equity £m** |
|---|---|---|---|---|---|
| **At 1 January 2023** | **334.8** | **0.9** | **0.2** | **(336.1)** | **(0.2)** |
| Loss for the year | **-** | **-** | **-** | **(0.3)** | **(0.3)** |
| **At 31 December 2023** | **334.8** | **0.9** | **0.2** | **(336.4)** | **(0.5)** |

| **2022** | **Ordinary share capital £m** | **Share premium reserve £m** | **Capital reduction account £m** | **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) |

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 2023**

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 29 April 2024.

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
- 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 Disclosure*

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 Page 14 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. MATERIAL ACCOUNTING POLICIES (CONT'D)

### 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.

**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 retranslated 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. SHARE CAPITAL

| | **2023 Number of shares** | **2023 £** | 2022 Number of shares | 2022 £ |
|---|---|---|---|---|
| A Ordinary shares | **846,153** | **846,153** | 846,153 | 846,153 |
| B Ordinary shares | **6,474** | **6,474** | 6,474 | 6,474 |
| C shares | **128,500** | **17,133** | 121,500 | 16,200 |
| Preference shares | **334,847,973** | **334,847,973** | 334,847,973 | 334,847,973 |
| **Total share capital and share premium** | **335,829,100** | **335,717,733** | 335,822,100 | 335,716,800 |
| Capital reduction account | **249,000** | **169,200** | 127,500 | 153,000 |
| Direct issue costs | **-** | **(17,060)** | - | (17,060) |
| **Total net of direct issue costs** | **336,078,100** | **335,869,873** | 335,949,600 | 335,852,740 |

Refer to Note 26 to the consolidated statements for details of rights per class of share and movements in share capital during the year.

## 4. 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.

## 5. 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.

## 6. 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.

## 7. 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 2023.

## 8. EVENTS AFTER THE BALANCE SHEET DATE

Refer to Note 34 to the consolidated statements for details of events after the balance sheet date.