SG GLOBAL TOPCO LIMITED
ANNUAL REPORT
&
FINANCIAL STATEMENTS

Year Ended 31 December 2021

Registered Number: 11827427

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Introduction
The Directors present their report and the consolidated financial statements for SG Global Topco Limited, 'the Company', and its subsidiaries, together 'the Group' or 'Study Group', for the year ended 31 December 2021. The Company is domiciled in the United Kingdom with its registered office at 1 Billinton Way, Brighton, East Sussex, BN1 4LF, and the Group is headquartered in London.

The statutory reporting includes twelve months of trading for the year ended 31 December 2021 and comparative period ended 31 December 2020 for the Group.

Overview
Study Group is a leading provider of international education, driving success for its students and partners around the world. This includes the delivery of Higher Education and Pathway programmes, referred to hereafter as the "International Education" business. This business provides undergraduate Foundation, International first year, Pre-Masters and Masters programmes to international students in the UK, the European Union, the United States, Australia and New Zealand. It delivers these programmes to students from over 140 countries.

The increasing global demand for high-quality digital education is supported by Insendi, Study Group's online learning platform acquired in early 2020. Insendi was founded in 2017 by Dr David LeFevre, in conjunction with the Edtech lab at London's Imperial College Business School. The Insendi team partner with highly-ranked universities and business schools across the world to support the high-quality online delivery of Executive and Medical Education. Partner institutions include Imperial College, The University of Oxford Blavatnik School of Government, ETH Zurich and Johns Hopkins University in the United States. The Insendi platform is considered leading edge in its marriage of technological innovation with an education-centred approach.

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

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

The results throughout 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&EU'), Australia & New Zealand ('ANZ') and North America ('NA'). From 2022, the Group will be managed and organised on an integrated global basis, rather than via regional operating divisions. The Group will retain local expertise to facilitate the best possible student experience whilst studying in whichever location the student chooses.

The pandemic required an agile approach to learning delivery, including the use of local study hubs and significant innovations in online learning, assessment and support. During the year, 11,000 students in the International Education business studied programmes delivered via the Insendi platform. In the ANZ region 91% of students were offered the opportunity to progress to the next stage in their Higher Education. In the UK & Europe 82% of students completing their course were offered progression to the next stage.

In the UK, the Group was pleased to sign a new partnership agreement with Teesside University in April, and welcomed the first intake of students to the study centre in November 2021. In North America the Group signed a new partnership with Florida Atlantic University with the first students arriving in the Autumn of 2022, and renewed its agreement with James Madison University.

Insendi signed new partnership agreements with Oxford University's Blavatnik School of Government, LUISS Business School, UBC Sauder School of Business, Imperial College School of Medicine, and ETH Zurich, in addition to renewing agreements with EDHEC Business School, Melbourne University, BI Norwegian School of Management, and European Foundation for Management Development. The pipeline for 2022 is strong and the company is pleased to be in active discussions with almost 30 potential new partners, as well as considering developing provision and extending collaboration with existing partners.

There were also a number of partnerships which came to a conclusion as the market went through a period of change. Charles Stuart University (CSU) has undertaken a strategic review and decided to return to its core purpose of being a regional University, whilst Coventry University is intending to launch its own international pathway programme, and consequently these contracts will not be continuing. Our relationship with the Australian National University (ANU) has evolved in recent years according to the university's needs. Following review during the pandemic, ANU's pathway program for international students is now in the process of being discontinued.

The Directors took the strategic decision to withdraw from the A-level market in the UK, delivered via the Bellerbys brand, and to focus fully on the higher education sector. The Directors are continuing to operate the Bellerbys business as a teach-out for existing students and are considering options for the method of exit.

During 2021 market demand continued to be affected by the Covid-19 pandemic. The Group continued to benefit from government support as a direct result of Covid-19 in the early part of 2021 but the majority of this support ended in Q2 2021, with related other operating income in the year of £1.3 million (2020: £6.0 million). Additional details are provided on page 5 of the Strategic Report and in Note 3.

Overall New Student Enrolments (NSE) increased by 3.5% to 10,362. This included a mixed regional picture: The UK&EU continued to grow rapidly, up 29% on 2020, and North America by 17%. The strict border closures in Australia and New Zealand contributed to a fall of 46% in the ANZ region. Borders are now reopening, but the pandemic has clearly had a significant effect on the operation of international education across the world. The performance of the Group reflects a strong effort to respond and adapt to unprecedented circumstances, with staff rapidly adjusting to the application of new technologies to education in ways which are also expected to be of ongoing value.

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

The financial outcome for the year was an adjusted EBITDA[(i)] of £19.9 million compared with £47.7 million in 2020 at constant currency[(iii)(vii)] and reported EBITDA[(i)] of £15.0 million compared to £44.3 million in 2020 at constant currency[(iii)(vii)].

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

Operating and financial review

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 Group revenue performance of the International Education and the Insendi businesses converted to adjusted EBITDA[(i)] of £19.9 million for the Full Year, compared to £47.7 million for the 2020 at constant currency[(iii)]. The Covid-19 pandemic and management's response to it continued to be a significant influence on the Group's results in 2021.

	Reported results		Variance
£m	**2021**	**2020[(vii)]**	**%**
Revenue (£m)	**180.2**	234.8	(23%)
Constant currency adjustment [(iii)] (£m)		5.9	
Revenue at constant currency (£m)	**180.2**	240.7	(25%)
Adjusted EBITDA [(i)] (£m)	**19.9**	46.9	(58%)
Constant currency adjustment [(iii)] (£m)		0.8	
Adjusted EBITDA[(i)] at constant currency (£m)	**19.9**	47.7	(58%)

Please see footnotes on page 4 for the operational and financial review

£m	Reported results 2021	2020	Variance %
Operating (loss)/profit before Exceptional and Other items (£m)	**(16.8)**	10.5	(>100%)

NSE by Segment	**2021 No.**	2020 No.	Variance %
United Kingdom & Europe	**8,050**	6,236	29%
Australia & New Zealand	**1,802**	3,340	(46%)
North America	**510**	436	17%
New student enrolments (NSE) (vi)	**10,362**	10,012	4%

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:

	Reported results		
	2021	**2020(iii)**	**Variance %**
£m			
On a continuing operations basis:			
United Kingdom & Europe	**128.6**	148.7	(14%)
Australia & New Zealand	**44.3**	80.9	(45%)
North America	**5.0**	9.7	(48%)
Insendi(iv)	**2.3**	1.4	44%
Total Revenue	**180.2**	240.7	(25%)

	Reported results		
	2021	**2020(i)(iii)(vii)**	**Variance %**
£m			
On a continuing operations basis:			
United Kingdom & Europe	**32.9**	41.5	(21%)
Australia & New Zealand	**10.1**	25.8	(61%)
North America	**(0.8)**	(0.1)	(>100%)
Total University Partnerships	**42.2**	67.2	(37%)
Insendi (iv)	**(0.5)**	0.2	(>100%)
Other operating income (v)	**2.4**	6.2	(60%)
Shared functional & corporate costs	**(24.2)**	(25.9)	(7%)
Total Adjusted EBITDA	**19.9**	47.7	(58%)

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

	Reported results		
	2021	**2020(iii)(iv)(vii)**	**% Variance**
£m			
On a continuing operations basis:			
Reported EBITDA (ii)	**15.0**	44.3	(66%)
Exceptional and other items	**4.9**	3.4	44%
Adjusted EBITDA (i)	**19.9**	47.7	(58%)

(i) Adjusted EBITDA for both 2020 and 2021 is defined as earnings before interest, tax, depreciation, amortisation, impairment and exceptional and other items (see Note 8 for details of exceptional and other items) Exceptional items are those which are material in size and are non-recurring in nature. Other items are not necessarily non-recurring in nature, but the Directors believe that it is helpful to show these amounts separately as they are not directly linked to the trading operations of the business.
(ii) Reported EBITDA is defined as earnings before interest, tax, depreciation, amortisation, and impairment.
(iii) 2020 revenue and adjusted and reported EBITDA have been restated at 2021 foreign exchange rates to show the results at constant currency.
(iv) Insendi results relate to the period after 26 February 2020 and therefore the 2020 results only reflect the period after acquisition.
(v) Other operating income relates to Covid-19 support paid by various local governments which benefited the Group financially (£1.3 million), an insurance claim for business interruption losses arising from the pandemic (£1.0 million), and grants in respect of research and development in Insendi (£0.1 million)
(vi) An NSE represents one new student arriving and enrolling in a course.
(vii) 2020 EBITDA has been restated to reflect prior year adjustments (Refer to Note 29).

Review of results by Operating Segment

The following section provides commentary for the full year result compared with the prior year period re-translated at constant currency 2021 foreign exchange rates to allow for a like-for-like comparison. Also, the Group has shown amounts of Government support received related to Covid-19 that financially benefit the results of the Group as Other Operating Income in the Adjusted EBITDA table above so that there can be a more meaningful comparison of the underlying results. Where the government has provided financial support to employees who were furloughed and provided no services to the Group, their costs have been shown net of the government support provided.

Overall Study Group saw an increase in NSE (New Students Enrolled) of 3.5% from 10,012 to 10,362. This included a significant increase in the UK due to the emergence from Covid restrictions and the ongoing benefit of the Graduate route visa scheme in the UK, whereas ANZ saw a further fall in student numbers given the ongoing strict travel regimes including border closures imposed in that region.

UK & Europe
The business in the UK & Europe in 2020 benefited from students who had started their studies in the Autumn of 2019 and January 2020 before the pandemic, and completed their course in the first half of 2020, whereas all intakes in 2021 were affected by Covid-related travel restrictions. This has given rise to a change in sales mix with more students coming from the Indian subcontinent rather than the Chinese market, which has been subdued following the high level of reported Covid-19 cases in the UK. The UK & Europe business also continued to benefit from the favourable Graduate route visa scheme in the UK, which has increased growth and demand for our Graduate Route Student Success centres in particular. In December 2021 the Directors took the decision to exit from providing A-level courses in its Bellerbys centres. During 2022 it will honour all commitments to enable existing students to complete their studies.

In the year student volumes were in line with expectation, however due to the change in sales mix mentioned above, 2021 revenue fell by 14% or £20.1 million to £128.6 million. The reduction in revenue and the change in sales mix also impacted margins flowing through into an Adjusted EBITDA of £32.9 million, 21% or £8.6 million lower than £41.5 million in 2020 on a constant exchange rate basis.

Australia & New Zealand
The impact of Covid-19 and more stringent travel regulations in the region compared with other destinations along with the discontinuation of the partnership with CSU caused a reduction in volumes in both 2021 and 2020. This has resulted in both a fall of NSE by 46% and revenue declining by 45% from £80.9 million in 2020 to £44.3 million in 2021. Notwithstanding significant further cost reductions, Adjusted EBITDA declined from £25.8 million in 2020 to £10.1 million in 2021.

North America
Revenue in 2021 decreased by 48% to £5.0 million (2020: £9.7 million) due to a lower continuing student body following the impact of Covid-19 on H2 2020 intakes, compared to larger H2 2019 intakes pre-Covid that benefitted 2020. Adjusted EBITDA for the year declined to a loss of £0.8 million compared with a loss of £0.1 million in 2020.

Insendi
Revenue in 2021 for the year amounted to £2.3 million compared to £1.4 million for the 10 month period following acquisition in February 2020, with adjusted negative EBITDA of £(0.5) million in 2021 compared with a positive EBITDA of £0.2 million for the 10 months in 2020. This was in line with management expectations and reflected investment in both developing the Insendi platform and globalising the partner development function.

Shared functional, corporate costs and Government support
Functional and corporate costs, being largely central IT, finance, HR and other head office costs reduced by 7% to £24.2 million from £25.9 million in 2020, reflecting the impact of cost reduction measures taken in response to Covid-19. These costs are managed and controlled centrally and as such are reported separately from the operating segments.

The Group received £1.3 million of Government funding in respect of Covid-19 related support (2020: £6.0 million) and this is disclosed separately within other operating income. This came from a number of countries, mainly in the form of wage support packages for those employees continuing to work. Additionally, the UK and Australia governments operated schemes which in certain circumstances provided support in relation to employees that were precluded by the pandemic from carrying out their normal duties for the Group. In those cases the support has been netted against salary costs. The support provided under such schemes amounted to £0.5 million in 2021 and £2.5 million in 2020.

Operating Profit before financing costs
In the current year the Group made an operating loss before financing costs and exceptional items of £16.8 million (2020: operating profit of £10.5 million).

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

Total Exceptional and Other items included in reported EBITDA for the year ended 31 December 2021 (as defined in footnote (i) on page 4) amounted to a net expense of £4.9 million, including £4.8 million from redundancies resulting from the restructuring activities caused by the sustained impact of Covid-19 and the CSU contract moving to a teach-out phase and £0.6 million of various other costs not derived from normal recurring operating activities, partially offset by £0.5 million other restructuring costs relating to the release of accruals in respect of legal liabilities no longer required. This is compared to £3.4 million in 2020; £1.7 million from redundancies due to restructuring activities caused by the impact of Covid-19, £0.2 million other restructuring costs, £0.6 million strategic investments relating to a corporate strategy project, £0.3 million of costs relating to the acquisition of Insendi, and £0.6 million of various other costs not derived from normal recurring operating activities.

Brand and University Partnership impairment
Due to Covid-19 the Group experienced a reduction in the number of new students during the second half of 2020 relative to pre-pandemic expectations. Although the underlying demand from students to study overseas at leading international universities remains strong, they have also been concerned about safety, and limited international travel has meant that demand has reduced. Furthermore, the varying approaches taken by governments in response to Covid-19 has impacted demand across different operating segments, with ANZ governments adopting a stricter border closure approach relative to that of the UK & Europe.

These events and government responses have consequently impacted the medium term outlook. Recovery in the ANZ operating segment is also expected to take longer, in part due to several partnerships not being renewed in 2021, than in the UK & Europe where a more rapid return to growth is expected, aided by the roll out of vaccines, borders being open, and a favourable Graduate route visa scheme introduced in the UK from 2020. These regional dynamics partly offset each other in the medium term, and the Directors believe that the prospects for the business across all operating segments over the longer term remain strong. However, the respective sizes of the ANZ and UK & Europe operating segments are forecast to differ over the medium term relative to pre-pandemic expectations, with ANZ growing at a slower rate and UK & Europe at a faster rate than previously anticipated. As outlined, the UK & Europe business as a whole remains robust. With the decision to exit from the Bellerbys brand, the Directors decided to impair the associated value of the Bellerbys brand in the year, leading to an impairment of £11.4 million.

IAS 36 requires that an annual impairment test is applied to each Cash-Generating Unit, or “CGU” individually, without making allowance or adjustment for the overall group outlook. Therefore, a non-cash impairment of £137.6 million in respect of the carrying value of the university partnerships in the ANZ business has been recognised, due to the reasons mentioned in the paragraph above. Conversely no change has been recognised to the carrying value of goodwill in the UK & Europe where the level of positive headroom has increased due to an enhanced outlook in that CGU. The full details of this review including sensitivity analysis are contained in Note 9 to the Financial Statements.

Property Impairment
The Group owns a freehold property in London which is part of a wider campus that incorporates a number of leasehold properties. The property is a teaching facility and at present is used by Bellerbys, and also in relation to our partnerships with Coventry University and University of Huddersfield. There is a non-binding outline agreement to transfer ownership of both the freehold property and the various leasehold properties to a third party for £4.5 million later in 2022. The Directors consider the long-term lease liabilities to be onerous and the value of these lease liabilities being transferred as significant; therefore the implied market value of the freehold property exceeds the book value. However, as these leases were not previously impaired under IAS 36 in the financial statements, the value of these right-of-use assets on the balance sheet has resulted in an impairment of £1.1 million being recognised at year-end to reflect the terms of the agreement.

Depreciation and amortisation
Depreciation and amortisation for the year ended 31 December 2021 totalled £36.7 million (2020: £36.4 million).

Finance income and expense
The net finance expense for the year ended 31 December 2021 amounted to £28.6 million, an increase of £4.8 million on the net cost in 2020 of £23.8 million. The most significant expense was interest on the term loans of £19.0 million (2020: £16.3 million) where, as a result of the amendment to Senior Facilities Agreement dated 23 December 2020 to waive the leverage covenant during 2021, the Group incurred an additional 1% PIK interest in 2021 in addition to the original 6.00% cash interest rate margin on all its term loans. The revolving credit facility (‘RCF’), only drawn as and when required to manage short-term liquidity, resulted in an interest cost of £0.7 million compared with the £1.2 million incurred in 2020, with commitment fees rising from £0.1 million in 2020 to £0.3 million in 2021, resulting in a net reduction of £0.3 million in 2021. The Group continued to amortise deferred borrowing costs relating to the creation of, and subsequent amendments to, the loan funding arrangements of £1.2 million (2020: £1.2 million).

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 in 2021 the Group incurred interest on investor loan notes of £1.5 million (2020: £nil).

The Group incurred finance costs related to other sources of finance including lease liabilities of £4.5 million, the equivalent cost for 2020 being £4.7 million, and the unwinding of interest calculations on various financial provisions of £0.7 million (2020: 1.0 million). In 2021 the Group incurred net £nil foreign exchange gains due to favourable and unfavourable exchange rate movements fully offsetting during the year. In 2020 £0.7 million of foreign exchange gains were recognised. Additionally an expense of £0.5 million (2020: £nil) was recognised in relation to fees incurred as a result of the amendment to Senior Facilities Agreement dated 23 December 2020 to waive the leverage covenant during 2021, which are being expensed over the period of the covenant waiver.

Taxation

For the year ended 31 December 2021, the Group recognised a tax recovery of £1.1 million and in 2020 a liability of £3.8 million in respect of the current year and prior year trading. However, this was then enhanced with the recognition of various deferred tax timing adjustments of £35.6 million (2020: £4.7 million) which resulted in a positive impact to the Statement of Comprehensive Income of £36.7 million (2020: £0.9 million). The Group settled prior and current year tax liabilities including two instalments of AU$0.5 million each following the conclusion of the Australian Tax Authority's "Star" review, included within the total tax payment across all jurisdictions of £3.0 million in the year (2020: £1.7 million).

Loss after taxation

After deducting the above impairment charges, depreciation and amortisation, finance expenses and taxation from Reported EBITDA of £15.0 million, the loss after taxation from continuing operations for the year to 31 December 2021 was £164.4 million (2020: £171.0 million) which included a non-cash impairment of £13.0 million in the UK & Europe, of which £11.4 million related to the Bellerbys Brand and £1.6 million in respect of freehold property impairments, and £137.6 million which related to the impairment of the University Partnerships in ANZ (2020: £154.2 million in respect of the goodwill carrying value) in the ANZ business. Additionally, the loss on discontinued activities amounted to £1.5 million (2020: profit £0.3 million).

Net debt

Net debt, being external borrowings less available cash, was £239.3 million at 31 December 2021 compared with £225.1 million at 31 December 2020. Net debt increased by £14.2 million in 2021 (2020: £7.6 million); £17.0 million increase due to the loan injection from Ardian, less a reduction of £3.6 million due to foreign exchange movements on the portion of the term loans held in Australian Dollars, with the remaining increase of £0.6 million due to trading in the current year.

Cash flow

The Group generated a free cash inflow (being cash available to service debt) of £31.3 million in the year to 31 December 2021 compared with £12.2 million in 2020. EBITDA contributed £19.9 million in 2021 compared with £46.9 million in 2020, and in 2021 this was enhanced by a cash inflow of £27.0 million relating to movements in working capital compared with an outflow of £23.2 million in 2020. The change in working capital in 2021 resulted mainly from the higher number of UK & Europe NSE starting their courses in the second half of 2021 compared with the same period in 2020. This was offset by a cash outflow from exceptional items of £7.3 million (2020: £4.8 million), a cash outflow of £3.0 million due to the settlement of current tax liabilities (2020: £1.7 million), and capital expenditure of £5.3 million (2020: £5.3 million).

Exceptional cash outflows primarily related to restructuring costs of £5.0 million (2020: £2.2 million).

Capital expenditure in the year related to the continued investment across the business, including improvements to leasehold properties and launch costs for the new centre at Teesside University.

During 2020 the Group's cash flow benefited from tax deferrals arising from local government Covid-19 related support schemes where available, the majority of which have unwound in the current financial year.

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

Reconciliation of Adjusted EBITDA to Free Cash flow	**2021**	**2020(vii)**
	£m	**£m**
Adjusted EBITDA(i) for the continuing business	19.9	46.9
EBITDA attributable to discontinued businesses	-	0.3
Cash exceptional and other items	(7.3)	(4.8)
Movement in working capital	27.0	(23.2)
Cash tax paid	(3.0)	(1.7)
Capital expenditure and other investment activities	(5.3)	(5.3)
Free cash flow	**31.3**	**12.2**

See definition on page 4 for Statutory results footnotes (i) and (vii).

2021 developments including the impact of and response to Covid-19
The market in 2021 continued to evolve and was subject to significant variation between countries in terms of international travel restrictions and requirements for quarantining. For potential future students, this understandably created uncertainty and concern as they made choices about their international education based on their long-term aspirations.

As the duration and impact of the pandemic has extended, management has gathered information from our students, staff and the market to further refine our approach. This is particularly true in relation to continuing to expand our development and delivery of virtual course content.

Specific examples have included:
- The continued development of local learning centres in key student home countries.
- Continued development of the Insendi platform and content. With 11,000 students using the platform in 2021 compared with 3,900 in 2020.

The Group's management is also focusing on the future beyond the pandemic, assessing innovations and developments in the market and aligning those with the changing requirements of the Group's partners. This has been coupled with proactively looking for new partnerships and new student market segments. The market perception of Insendi as a world class quality learning platform and its ability to attract globally recognised partners gives the Directors confidence that the Company has strong growth prospects.

Going concern
At 31 March 2022, being the most recent month end date, the Group had cash and cash equivalents of £61.7 million. After consideration of the impact of Covid-19 and other macroeconomic factors on the business as described below, including the application of scenario and sensitivity analysis, and the ongoing support received to date from the Group's majority shareholder Ardian, there is positive cash headroom on committed facilities throughout the going concern assessment period and the Directors continue to adopt the going concern basis in the financial statements.

On 28 January 2022, Study Group signed an amendment to its Senior Facilities Agreement with its lenders (refer to Note 21 for details of the Group's existing banking facility) to set aside the Group's leverage covenant on its term loan debt and replace it with a new minimum liquidity covenant until March 2024. The agreement included a condition for Ardian to provide an investment in the form of a long-term loan note of £40 million, which was received in cash on 18 February 2022. This is in addition to the investment of £17 million made by Ardian in February 2021.

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

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

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

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

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

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

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

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

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

Further reduction in NSE below the downside scenarios are considered remote. The latest pipeline at the time of writing shows H2 2022 confirmations are 21% higher than the confirmations this time last year and new offers are 72% ahead compared to same time last year.

In addition, the Group continues to be strongly supported by its majority shareholder Ardian who have, in addition to providing the shareholder funding of £17 million and £40 million in February 2021 and February 2022 respectively, also provided a letter of support, albeit not legally binding, in which Ardian state their intention to the Company Directors to provide the support, if needed, in order to ensure Study Group's continuing operation for at least 12 months from signing these financial statements.

Despite the uncertainty noted above, under reasonably possible downside scenarios modelled, the Group has sufficient committed facilities to meet liabilities as they fall due for a period of 12 months from signing these financial statements. Accordingly, the Directors continue to adopt the going concern basis in the financial statements.

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

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

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

In the ANZ region 91% of students were offered the opportunity to progress to the next stage in their Higher Education. In the UK & Europe 82% of students completing their course were offered progression to the next stage.

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

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

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

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

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

Growth-Driven:
Study Group works with high quality university partners to ensure Study Group can offer valuable propositions to its students to support them with the next phase of their education. To this end, the Group is constantly looking for new opportunities to improve the breadth of source channels in order to provide cultural and economic diversity for its existing partners, as well as expanding its offering and maintaining strong relationships, as evidenced by the signing of a new agreement with Teesside University. The Group believes that this, coupled with a longer term goal to build new university partnerships and develop new products and business lines, positions it to be a global leader in international higher education and deliver exceptional student outcomes. Insendi continued to add new partnerships to its portfolio in 2021, signing new agreements with Oxford University's Blavatnik School of Government, LUISS Business School, UBC Sauder School of Business, Imperial College School of Medicine and ETH Zurich.

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

Outlook
Overall, and once again in the context of a Covid-19 impacted trading period, the Group is satisfied with the 2021 business performance and NSE volumes. The Board has considered the below Principal Risks and Uncertainties, in particular the continuing potential impact of Covid-19 on the business as discussed in the Going Concern section above and is confident that its sound financial and market position, together with its ongoing proactive management of the impact of the pandemic, will ensure that the Group will continue to manage through the situation and will emerge strongly.

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

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

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

- **Covid-19**

The global economy has been and remains affected by the Covid-19 pandemic and the emergence of new variants. The Group's management are actively engaged on a daily basis in supporting current and future students and are following public health guidance in each of the territories in which it operates. It is not currently possible to accurately determine how long the pandemic and associated disruption will continue, and therefore the consequent financial impact on the Group. Although 11,000 students were being taught online during 2021 with high satisfaction levels, a number of students are choosing to defer commencing their studies until borders re-open and a level of on-campus teaching and student experience returns. Others are enjoying a blended approach with commencing their studies online and then moving to campus as travel restrictions allow. The Group is keeping its resource levels and investments under close review in order to respond as flexibly as possible to the situation as it evolves. The Board is confident that its sound financial and market position, together with its proactive management of the impact of the outbreak, will ensure that the Group will manage through the situation and will emerge strongly. The Directors' going concern assessment is detailed in the Strategic Report on page 8.

- **Economic, market and trading risks**

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

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

- **Contract risks**

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. If university partners are lost it could damage the future prospects of the Group.

- **Agent relationships**

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

- **Regulatory oversight**

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

- **Financial position**

As noted in the 2020 Financial Statements, the Directors with the support of its shareholders and investors has taken timely action to ensure that the Group remains in a sound financial position, with significant available liquidity. On 28 January 2022, Study Group signed an agreement with its lenders to set aside the Group's leverage covenant on its term loan debt until 2024, and for interest payable in 2022 to be capitalised throughout the year. The agreement included a commitment from Ardian LBO Fund VI B S.L.P ('Ardian') to provide a capital injection of £40.0 million, which was received in February 2022.

The Group monitors its covenant requirements on a regular basis to ensure that it has time to take mitigating action in the event of a projected liquidity reduction. The impact that Covid-19 has had on the business and its financial position, and consequently on the Directors' going concern assessment is detailed in the Strategic Report on page 8.

Refer to the Directors' Report for discussion on the Group's foreign currency and liquidity risk.

- **Business systems risks**

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 risk**

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

- **Litigation risk**

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

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

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

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

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

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

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

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

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

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

In relation to diversity and inclusion, the Group has both an executive steering committee which comprises 4 members of the GET, and a Steering Committee of 15 employees with diverse backgrounds from all areas of the business. These committees oversee both Inclusion Workshops and Ambassador Groups.

Gender pay

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

	Male		Female		Total	
	Number	**Percentage**	**Number**	**Percentage**	**Number**	**Percentage**
Executive Directors	3	75%	1	25%	4	100%
Senior managers	7	78%	2	22%	9	100%
All others	797	41%	1,130	59%	1,927	100%
Total	**807**	**42%**	**1,133**	**58%**	**1,940**	**100%**

The average number of employees, split by gender, for the year ended 31 December 2020 was as follows:

	Male		Female		Total	
	Number	**Percentage**	**Number**	**Percentage**	**Number**	**Percentage**
Executive Directors	3	75%	1	25%	4	100%
Senior managers	9	90%	1	10%	10	100%
All others	823	38%	1,332	62%	2,155	100%
Total	**835**	**38%**	**1,334**	**62%**	**2,169**	**100%**

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

Human Rights and Social Responsibility
The Group wishes to promote the highest standards in relation to respecting everyone's human rights. This extends beyond its direct employees but also encompasses the students in its care and those working in its representative offices.

- Details of its charitable activities in conjunction with Plan International are set out in the Directors report on page 19.
- The Group is looking to expand the team in India and maintains a local presence either directly or via a representative office in China, Singapore, United Arab Emirates, South Korea, Indonesia, Taiwan, Hong Kong, Vietnam, and Thailand.

Section 172 of the Companies Act 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 2021, and in doing so have had particular regard for these matters although not exclusively to:

the likely consequence of any decision in the long term
the interests of the Company's employees
the need to foster the Company's business relationships with suppliers, customers and others
the impact of the Company's operations on the community and the environment
the desirability of the Company maintaining a reputation for high standards of business conduct
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 whilst there are internal boards that have delegated authority to manage the day to day business, the most important one of these being the General Executive Team (GET) who are also charged with reviewing long term consequences of their decisions. The Board conducts an appropriate level of due diligence where required. Board meetings have continued to be predominantly virtual during 2021, with all meetings documented and minutes formally approved at the following meeting. The GCRAB, as defined on page 10, maintains a monthly dashboard that indicates a rating for various sectors of the business.

Sustainable Group development
The development of the Group's strategy under the Board's direction (as stated on page 9) sets a target for the Group to become the leading provider of international education by driving success for the Group's students and partners, evidenced by being named Education Investor's University Pathway provider of the year in 2021 for the second year in a row. The Board ensures there is clear dialogue with employees and other stakeholders about the Group's vision through communications such as weekly newsletters, social media posts (Workplace) and presentations by members of the global executive and senior leadership teams. The Directors consider feedback from employees and other stakeholders in reviewing progress of and aiding principal decisions in relation to future strategy.

As the impact of the Covid-19 pandemic extends into 2022, so through this period the Directors have considered the health and safety of both students and staff to be of paramount importance, leading to a number of specific actions:
- Continuing to support and enhance both the student's experience of studying online and the staff's experience of working from home and only returning to the campus and offices when it is safe to do so and in restricted numbers.
- Where centres have re-opened the Directors have ensured they comply with the relevant Covid-19 guidelines.
- The Directors have also continued to provide support to employees working from home in terms of ensuring a high level of staff engagement comprising regular online global town hall meetings, supported by many other local and regional meetings.
- The organisation of regular online student and employee surveys as a method of gathering feedback from both groups.
- The Group continued to allow employees to benefit from various government backed schemes whilst they were available to help safeguard roles.

The Directors also took other decisions which included: continuing and extending the cost control measures that are outlined in the Shared Functional and Corporate cost section on page 5. The discussion in the going concern section on page 8 outlines the changes to the conditions relating to the long-term borrowing and the 2022 developments including the ongoing development of remote education.

The Directors have also recognised the threat to the Group's data and information systems created by remote working and have engaged additional IT support to provide enhanced safeguards in this area. The financial impact of the pandemic on the business and consequently on shareholders has been outlined on page 10 of the Strategic Report.

The Board recognises that whilst promoting the success of the Company for the benefit of the shareholders is paramount, the interests of other stakeholders including the workforce, students, agents and partners is also crucial. The Board continues to engage with the workforce and has taken into consideration their interests through annual policy reviews, engagement surveys, an online HR service portal and the introduction of self-service career development platforms. Also refer to the employment policies section within the Directors' report on page 12. Students are encouraged to provide feedback to the Company and also have roll on sub-committees that ultimately feed up to the Board. Agents are surveyed for their feedback. The relationships with university partners are maintained through frequent steering/management meetings.

The Board is committed to high standards of ethical conduct, social responsibility, community engagement and environmental sustainability. It currently achieves this through its implementation of Group policies, training and by ensuring the welfare of students and staff is maintained. The Board reviews further ways to address these commitments on a regular basis. The Board has continued to create a positive environmental and social impact with the "Building Futures" initiative which this year has focused on fundraising to improve teaching in rural schools in Ghana. Refer to 'Charitable contributions' on page 19 for further detail on this initiative.

Energy and Carbon Reporting
The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 covering the reporting of Green House Gas (GHG) emissions came into operation for the Group for the first time during the prior reporting period. The Group is considered a large group for the purposes of these regulations and is required from 1st 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 6.7 tonnes (2020: 7.12 tonnes) of CO_2 per £1 million of revenue.

UK Only Consumption		**2021 Tonnes CO_2**	**2020 Tonnes CO_2**
Electricity Consumption	Scope 2	475.9	647.6
Electricity Transmission	Scope 3	42.1	55.7
Business mileage in staff private vehicles	Scope 3	8.8	7.0
Natural Gas Consumption	Scope 1	329.6	344.9
Total		856.4	1,055.2

The Directors are actively looking to work towards developing a more sustainable future with considering seeking ISO14001 environmental accreditation during the next 4 years.

The Directors have seen an increase in business mileage related emissions, purely resulting from the end of Covid-19 "lockdown" restrictions and the fact that staff were required to undertake more business travel. This is seen by the Board as an unavoidable consequence of emerging from the Pandemic. The Directors decision in 2019 & 2020 to reduce the size of its Bellerbys operation in the UK has resulted in significantly reducing overall consumption of gas and electricity, but is primarily at its properties in Oxford, Cambridge, and a site in Brighton which were vacated during 2020. Consumption also fell in 2021 compared to 2020 due to the fact that the majority of the teaching centre and offices were open in the period January to March 2020, whereas they were closed in the equivalent winter period in 2021.

(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.

As a consequence of the board decision in 2021 to further restructure its Bellerbys business with a view to exiting this business in some form in the future, the board is expecting to see its controllable emissions reduce, as the buildings related to the Bellerbys business provided student accommodation and amenities such as a canteen etc. all of which contributed significantly to the Group's overall CO_2 emissions.

In response to employee feedback the Directors have taken the decision to take a steady and staged approach in regard to staff working in the offices again and are not expecting staff to return to full time office-based work in the immediate future. So whilst there is expected to be an increased consumption in 2022 compared with 2021, this results in significant savings compared with consumption levels in the pre pandemic years.

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

E Lancaster
Director
29 April 2022

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 2021.

Principal Activities
Study Group is a leading provider of international education. It delivers its University Partnership programmes to international students from over 140 countries.

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

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

Result and Dividends
The Group loss for the twelve-month reporting period after taxation amounted to £165.9 million (2020: £170.7 million) including discontinued operations, and a loss after taxation of £164.4 million (2020: £171.0 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 (2020 £nil).

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

Directors
The persons who were Directors at any time during or since the end of the financial year are listed below; details of the Directors and their background are set out on pages 20 to 21:

K Burnett, Sir
R Kugler
B Ladriere
E Lancaster
E Little
O Personnaz
M Van Cauwenberge
N Williams
B Witcher

Directors' Indemnities
The Group maintains liability insurance for any 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 LIBOR/SONIA and BBSY. On 23 December 2021, the Group amended its Senior Facilities Agreement to successfully transition its interest rate from LIBOR (London Interbank Offered Rate) to SONIA (Sterling Overnight Index Average rate) following the elimination of LIBOR. Cash 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%. The Group also may at times hold cash and cash equivalents which earn interest at a variable rate. The current banking arrangement has interest rate floors in place for both GBP (0.5% SONIA) and AUD (1.5% BBSY) which impacts the interest rates the Group is exposed to and the Group utilises interest rate cap agreements to manage and mitigate its exposure to changes in interest rates as noted below.

In August 2019, the Group entered into two interest rate cap agreements to cap the floating interest rates on a 6-monthly basis on 50% of the GBP (£57.5 million) and 50% of the AUD term loans ($107.3 million) until 30 August 2022, covering circa 50% of the Group's total loan balance. 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. This risk is partly mitigated by agents and students generally paying tuition fees prior to the commencement of the course.

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. The Company draws on the revolving credit facility as and when required. Whilst the revolving credit facility was fully drawn at the year end, at that time there was an additional £15.0 million undrawn on the Ardian capital injection available to the Company and the Group. Subsequently on 28 January 2022 the directors agreed an additional funding package that is set out on page 8 of the Strategic Report and a further injection of £40.0 million was received from Ardian in February 2022. Also refer to page 8 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: 117.4% in Pound Sterling; 35.4% in Australian Dollars, (30.6%) in Singapore Dollars, (7.1)% in US Dollars and (15.1%) 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 external debt, being its term loans, are denominated 50% in Pound Sterling and 50% in Australian Dollars. It hedges the foreign exchange exposure on the Australian Dollar term loan using a net investment hedge (see Note 21). During 2020 the Group operated under a leverage ratio (upon which its bank loan covenant compliance was calculated) and was partly impacted by movements in foreign exchange rates; however, the impact on EBITDA and net debt to a certain extent offset and is something management regularly monitored. The Group continues to review whether it would be beneficial to take out a foreign currency hedge to mitigate this risk. In February 2021 an amendment to the Senior Facilities Agreement was agreed to replace the leverage ratio with a minimum liquidity covenant for the period until September 2022. In January 2022 a subsequent amendment was agreed to extend this period to March 2024, at which point the leverage ratio covenant will resume but with new leverage ratios set based projects at the time of this latest amendment.

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

It is the policy of the Group to follow equal opportunity employment practices and these include the full consideration of employment prospects for the disabled. Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. It is the policy of the Group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees. Arrangements are made, wherever possible, for retraining employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes. The Group places importance on the contributions to be made by all employees to the progress of the Group and aims to keep them informed by the use of formal and informal communications as well as the Group's intranet site, email, employee forums and newsletters. Via these mediums, employees are made aware of the financial and economic factors affecting the performance of the Company, as well as encouraging our individuals to fulfil their potential and to build positive working relationships within a flourishing and dynamic environment. The Group also incentivises certain roles' performance through various bonus and other reward systems relevant to their level and role. All balanced views are welcomed, and it routinely celebrates diversity across our global workforce, students and partners. Refer to the s172 report on pages 14 to 16 for details on how the Board of Directors engage with employees and take into account their interest when making key business decisions.

Political Contributions
The Group made a political donation of £15,270 to the Australian Federal Labour Business Forum (2020: £14,785). The Group also contributed to the cost of Navitas Pty Ltd, engaging the services of Ethan Fogarty as a political lobbyist to represent the industry's views on a number of issues as they emerge. The Group's contribution in 2021 amounted to £22,753 (2020: £nil). The Company made no Political donations in the year (2020: £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 to 16.

Charitable Contributions
During the year the Group made donations of £32,000 (2020: £11,000) 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, known as 'Building Futures' invests in educational infrastructure projects in developing countries, and aligns with its mission to educate students from every corner of the globe. Study Group matches 1:1 of its employees' contributions in whatever currency the money is raised.

Continuing the partnership's history, the donation made in the year contributed to major funding to improve teaching in rural schools in Ghana through live, interactive broadcast lessons. While the project began prior to the Covid-19 pandemic, it provided significant additional benefit while schools were closed. The project directly benefitted 8,776 girls enrolled in school and at risk of dropping out, 7,644 boys enrolled in participating schools, 983 teachers, and 72 schools across 6 local education authorities. Building Futures' next project is focussed on safer schools for refugees in the Gambella region of Ethiopia. The project will benefit 30,927 children in 29 schools by increasing and improving the physical space available for learning, the teaching available and setting up the support networks needed for children to get the help they need.

Going Concern
Refer to the Going Concern review on page 8 of the Strategic Report.

Greenhouse Gas emissions
The Directors have chosen to disclose the Group's UK Greenhouse gas emissions on page 15 of the S172 report.

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

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

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

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

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

Approved / authorised on behalf of the Board of Directors

N.Williams

N Williams
Director
29 April 2022

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

Emma Lancaster
Chief Executive Officer,
Study Group
Emma Lancaster was appointed Chief Executive Officer of Study Group in September 2018 having served as Chief Financial Officer since April 2013.

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

Ms Lancaster has a BA (Hons) in Zoology from Oxford University.

Nick Williams
Chief Financial Officer
Study Group
Nick joined Study Group in October 2018 as Chief Financial Officer and was appointed to the Board on the same day.

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

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

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

In addition to his role with Study Group, Sir Keith is Chair of the Nuffield Foundation - the charitable trust established in 1943 Lord Nuffield, the founder of Morris Motors, which aims to improve social well-being by funding research and innovation projects in education and social policy and building research capacity in science and social science. He is also the Chair of the Academic Council of the Schmidt Science Fellows in partnership with the Rhodes Trust in Oxford, a global programme to support exemplary interdisciplinary science in partnership with the world's leading universities. He has served as President of the U.K. Science Council, as a trustee of the Royal Society and as a member of the Prime-Minister's Advisory Council on Science and Technology. In 2022 he started his tenure as President-Elect of the Institute of Physics, becoming President in 2024.

A speaker of Mandarin Chinese, Sir Keith has also been a significant leader of scientific and educational partnership between the UK and China. In 2014 and 2016 he was given an Award for Outstanding Personal Achievement by the People's Republic of China for his contribution to the understanding of Chinese language and culture. Sir Keith was the co-founder of the award-winning #WeAreInternational campaign which welcomes international students and scholars to the UK, now supported by over 100 UK universities, education providers and businesses and led by the U.K. Council for International Student Affairs. He was awarded a knighthood in 2013 for services to Science and Higher Education.

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

Ralph has been involved in a number of education activities in recent years. He is Board Trustee on the largest primary school MAT. He was chair of the Advisory board of a leading University business school, recently stepping down after 10 years on the board. Until 2018, he was Chairman of Cognita, the global K12 schools organisation, with over 70 schools worldwide.
Ralph spent 25 years at Unilever, and has lived and worked in S Africa, Brazil, Malaysia, Thailand and Belgium, as well as in the UK. He worked for over 25 years at Unilever, finishing as executive director on the main board of Unilever. He has also been a main board director of Intercontinental Hotels, and was Board advisor on the main board of Mars, Incorporated.

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

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

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

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

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

Michael Van Cauwenberge
Ardian
Michael Van Cauwenberge joined Ardian in 2019 within the Buyout Team in London. He currently sits on the board of Audiotonix.

The Global Executive Team

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

Emma Lancaster, Chief Executive Officer
Nick Williams, Chief Financial Officer
Gordon Bull, Chief Legal Officer (resigned 12 February 2021)
Alex Chevrolle, Managing Director, ANZ *see below
Anthony Claridge, Chief Information Officer
Mike Everett, Chief Growth Enablement Officer
Nikki Hall, Chief People & Transformation Officer
Robert Morgan, Global Chief Operating Officer (resigned 8 February 2021)
James Pitman, Managing Director, Development UK & Europe
Manoj Shetty, Chief Revenue Officer
Mark Cunnington, Executive Director, UK & Europe (appointed 28 February 2020)
Alison Alfers, Chief Legal Officer (appointed 16 February 2021)

> * Alex Chevrolle relinquished his position as a member of the Global Executive Team on 31 December 2021 in line with the new organisation structure as outlined on page 2 and his role is now Director of External Relations, ANZ, with the intention of allowing him to focus on developing potential new partnerships in Australia. The Directors believe that this is key to the Group maintaining its presence in this region and its ongoing development.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT AND THE FINANCIAL STATEMENTS

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the group financial statements in accordance with International Financial Reporting Standards (IFRSs) in conformity with the requirements of the Companies Act 2006 and the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework".

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

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

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

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

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

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

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

On behalf of the Board of Directors

N.Williams

N Williams
Director
29 April 2022

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of SG Global Topco Limited (the 'parent company') and its subsidiaries (the 'group'):

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2021 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB);
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

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

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006 and IFRSs as issued by the IASB. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework".

Basis for opinion

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

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

Conclusions relating to going concern

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

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

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

Other information

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

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

We have nothing to report in this regard.

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

In preparing the financial statements, the directors are responsible for assessing the group’s and the parent company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

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

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

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

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

We obtained an understanding of the legal and regulatory frameworks that the group operates in, and identified the key laws and regulations that:
- had a direct effect on the determination of material amounts and disclosures in the financial statements. These include the UK Companies Act 2006; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the group’s ability to operate or to avoid a material penalty. These included UK Companies Act 2006, HMRC tax legislation, General Data Protection Regulations (“GDPR”), the Office for Students Regulatory framework, Australian Corporations Act 2001 and TESQA Act 2011.

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

As a result of performing the above, we identified the greatest potential for fraud in the following areas, and our specific procedures performed to address them are described below:
- manual journals posted to revenue within the accounting system: we obtained an understanding of the various revenue streams across the Group and the operational processes in accounting for revenue transactions, we tested the design and implementation of controls in place to mitigate the risk of material misstatement, and we profiled all manual journals to revenue and selected a risk focussed sample to agree to supporting documentation, assessing whether the entries showed sensible business rationale and were not indicative of fraud;
- impairment of goodwill and intangible assets and the associated management estimates and judgements within the assessment: we assessed the control environment in relation to management’s goodwill and intangible asset assessment, identifying and testing the design and implementation of relevant controls, we have reviewed Management’s assessment of the CGUs identified, we confirmed the mathematical accuracy of the impairment model, we performed sensitivity analysis on a number of the assumptions used in the calculation, including changes to revenue growth rates, EBITDA margins, WACC rates and long-term growth rates, we assessed the appropriateness of the long-term growth rate, we used an internal specialist to assess WACC rate used to discount the cash flows and we challenged management’s key growth assumptions with reference to third party market data and assessment of historical forecasting accuracy; and
- the classification of exceptional items: we tested the design and implementation of relevant controls relating to the approval and classification of exceptional items; we audited the nature of the costs classified as exceptional and other

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

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

In addition to the above, our procedures to respond to the risks identified included the following:

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

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

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

Matters on which we are required to report by exception
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

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

Helen Burridge

Helen Burridge (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
29 April 2022

GROUP CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2021

		2021			2020 *(Restated)* *		
			Exceptional and other items (Note 8)	**Total**		Exceptional and other items (Note 8)	Total
On a continuing operations basis:	**Note**	**£m**	**£m**	**£m**	£m	£m	£m
Revenue	2	**180.2**	**-**	**180.2**	234.8	-	234.8
Sales and marketing costs		**(51.3)**	**-**	**(51.3)**	(64.2)	-	(64.2)
Delivery costs		**(64.4)**	**-**	**(64.4)**	(79.6)	-	(79.6)
Administrative expenses		**(47.0)**	**(4.9)**	**(51.9)**	(50.3)	(3.4)	(53.7)
Other operating income	3	**2.4**	**-**	**2.4**	6.2	-	6.2
EARNINGS BEFORE DEPRECIATION, AMORTISATION, IMPAIRMENT, NET FINANCING COSTS AND TAXATION FROM CONTINUING OPERATIONS:		**19.9**	**(4.9)**	**15.0**	46.9	(3.4)	43.5
Impairment	3	**-**	**(153.5)**	**(153.5)**	-	(155.2)	(155.2)
Movement in Provisions	8	**-**	**2.7**	**2.7**	-	-	-
Depreciation and amortisation	3	**(36.7)**	**-**	**(36.7)**	(36.4)	-	(36.4)
OPERATING (LOSS)/PROFIT	3	**(16.8)**	**(155.7)**	**(172.5)**	10.5	(158.6)	(148.1)
Finance income	4	**0.3**	**-**	**0.3**	0.4	0.7	1.1
Finance costs	5	**(28.2)**	**(0.7)**	**(28.9)**	(23.9)	(1.0)	(24.9)
(LOSS) BEFORE TAXATION		**(44.7)**	**(156.4)**	**(201.1)**	(13.0)	(158.9)	(171.9)
Taxation	6	**36.7**	**-**	**36.7**	0.9	-	0.9
(LOSS) FOR THE PERIOD AFTER TAXATION FROM CONTINUING OPERATIONS		**(8.0)**	**(156.4)**	**(164.4)**	(12.1)	(158.9)	(171.0)
Discontinued operations:	7						
(Loss)/Profit after tax for the period from discontinued operations, net of tax		**-**	**(1.5)**	**(1.5)**	0.3	-	0.3
(LOSS) FOR THE PERIOD AFTER TAXATION		**(8.0)**	**(157.9)**	**(165.9)**	(11.8)	(158.9)	(170.7)
OTHER COMPREHENSIVE PROFIT							
Other comprehensive income to be reclassified to profit or loss in subsequent periods (net of tax):							
Exchange differences on translation of foreign operations		**0.2**	**-**	**0.2**	8.2	-	8.2
OTHER COMPREHENSIVE PROFIT FOR THE PERIOD, NET OF TAX		**0.2**	**-**	**0.2**	8.2	-	8.2
TOTAL COMPREHENSIVE (LOSS) FOR THE PERIOD		**(7.8)**	**(157.9)**	**(165.7)**	(3.6)	(158.9)	(162.5)

The accompanying notes form an integral part of these financial statements

* The comparative information has been restated as a result of the prior period adjustments as discussed in Note 29

GROUP CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	**31 December 2021 £m**	31 December 2020 *(Restated)** £m	31 December 2019 *(Restated)* * £m
ASSETS				
NON-CURRENT ASSETS				
Goodwill	**9**	**156.2**	156.2	287.7
Other intangible assets	**10**	**232.8**	405.1	401.1
Property, plant and equipment	**11**	**16.9**	21.7	26.1
Right-of-use assets	**12**	**93.1**	100.1	117.4
Interests in joint ventures	**13**	**0.3**	0.3	0.3
Finance lease receivables	**14**	**5.2**	6.0	4.7
Deferred tax assets	**15**	**-**	0.6	20.1
Other financial assets		**-**	-	0.1
		504.5	690.0	857.5
CURRENT ASSETS				
Finance lease receivables	**14**	**0.9**	1.0	0.8
Current tax assets		**0.2**	0.4	0.3
Trade and other receivables	**16**	**60.0**	46.0	56.4
Cash and cash equivalents	**25**	**37.0**	34.5	44.0
		98.1	81.9	101.5
LIABILITIES				
CURRENT LIABILITIES				
Trade and other payables	**17**	**85.7**	78.2	77.8
Unearned revenues	**18**	**99.0**	75.1	112.0
Current tax liabilities		**1.8**	6.2	3.4
Borrowings	**21**	**29.8**	29.7	-
Lease liabilities	**19**	**15.9**	15.3	16.2
Provisions	**20**	**5.1**	12.3	4.8
		237.3	216.8	214.2
NET CURRENT LIABILITIES		**(139.2)**	(134.9)	(112.7)
NON-CURRENT LIABILITIES				
Borrowings	**21**	**246.4**	229.9	221.5
Deferred tax liabilities	**15**	**43.6**	82.5	102.8
Provisions	**20**	**9.1**	5.1	5.2
Lease liabilities	**19**	**92.3**	98.0	113.2
		391.4	415.5	442.7
NET (LIABILITIES)/ASSETS		**(26.1)**	139.6	302.1
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT				
Share capital	**23**	**334.8**	334.8	334.8
Share premium reserve	**23**	**1.0**	1.0	1.0
Translation reserve		**4.2**	4.0	(4.2)
Accumulated losses		**(366.1)**	(200.2)	(29.5)
TOTAL SHAREHOLDERS' FUNDS		**(26.1)**	139.6	302.1

The financial statements and notes on pages 26 to 69 were approved by the Board of Directors on 29 April 2022 and were signed on its behalf by N. Williams. The accompanying notes form an integral part of these financial statements.

N.Williams

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

* The comparative information has been restated and an additional statement of financial position has been presented as at the beginning of the preceding period as a result of the prior period adjustments as discussed in Note 29.

GROUP CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2021

2021	**Ordinary Share Capital £m**	**Share Premium Reserve £m**	**Translation Reserve £m**	**Accumulated Losses £m**	**Total Equity £m**
At 1 January 2021 – As restated*	**334.8**	**1.0**	**4.0**	**(200.2)**	**139.6**
Loss for the year	**-**	**-**	**-**	**(165.9)**	**(165.9)**
Other comprehensive income for the year	**-**	**-**	**0.2**	**-**	**0.2**
Total comprehensive gain/(loss) for the year	**-**	**-**	**0.2**	**(165.9)**	**(165.7)**
At 31 December 2021	**334.8**	**1.0**	**4.2**	**(366.1)**	**(26.1)**

2020	Ordinary Share Capital £m	Share Premium Reserve £m	Translation Reserve £m	Accumulated Losses £m	Total Equity £m
At 1 January 2020 – As restated*	334.8	1.0	(4.2)	(29.5)	302.1
Loss for the year	-	-	-	(170.7)	(170.7)
Other comprehensive income for the year	-	-	8.2	-	8.2
Total comprehensive gain/(loss) for the year	-	-	8.2	(170.7)	(162.5)
At 31 December 2020 – As restated*	334.8	1.0	4.0	(200.2)	139.6

* The comparative information has been restated as a result of the prior period adjustments as discussed in Note 29.

GROUP CONSOLIDATED CASH FLOW STATEMENT
for the year ended 31 December 2021

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

	Note	2021 £m	2020 *(Restated)* * £m
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax (including profit or loss on discontinued businesses)		**(202.6)**	(171.6)
Adjustments for:			
Depreciation and amortisation	**3**	**36.7**	36.4
Impairment of Goodwill	**3**	**-**	154.2
Impairment of tangible assets	**3**	**1.3**	-
Impairment of right-of-use assets	**3**	**3.2**	0.8
Impairment of other intangible assets	**3**	**149.0**	0.2
Gain on disposal of right-of-use assets	**3**	**(0.1)**	-
Remeasurement of financial liabilities	**20**	**(2.7)**	-
Finance costs	**4**	**28.9**	24.9
Finance income	**4**	**(0.3)**	(0.4)
Acquisition costs	**8**	**-**	0.3
		13.4	44.8
(Increase)/decrease in trade and other receivables		**(14.0)**	9.8
Increase/(decrease) in unearned revenues		**23.7**	(37.1)
Increase/(decrease) in provisions		**2.4**	(0.5)
Increase/(decrease) trade and other payables		**7.6**	(0.3)
		33.1	16.7
Acquisition costs		**-**	(0.3)
Income taxes paid		**(3.0)**	(1.7)
Net cash generated from operating activities		**30.1**	14.7
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		**-**	0.2
Interest received from lease receivables		**0.3**	0.3
Business acquisition deferred and initial consideration	**20**	**(2.8)**	(11.2)
Cash balances acquired on acquisition		**-**	0.9
Purchase of property, plant and equipment	**11**	**(1.1)**	(0.9)
Purchase of intangible assets	**10**	**(4.1)**	(4.4)
Net cash used in investing activities		**(7.7)**	(15.1)
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid and financing costs		**(17.8)**	(17.9)
Interest element of lease payments		**(4.4)**	(4.7)
Proceeds on issue of investor loan notes	**21**	**17.0**	-
Proceeds from draw down of revolving facility		**0.1**	29.9
Cash received from the principal element of lease receivables		**0.9**	1.2
Repayment of the principal portion of the lease liability		**(14.8)**	(15.0)
Net cash used in financing activities		**(19.0)**	(6.5)
Net increase/(decrease) in cash and cash equivalents		**3.4**	(6.9)
Cash and cash equivalents at the beginning of the financial period		**34.5**	44.0
Effect of foreign exchange rate changes		**(0.9)**	(2.6)
CLOSING CASH AND CASH EQUIVALENTS	**25**	**37.0**	34.5

* The comparative information has been restated as a result of the prior period adjustments as discussed in Note 29.

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 comparative period for the year to 31 December 2020 was restated to reflect the prior year adjustments (See Note 29). The year ended 31 December 2019 has also been included to show the impact of the prior year adjustments on the opening balance sheet for the prior year. The Group consolidated financial statements were authorised for issue by the Board of Directors on 29 April 2022.

For the year ending 31 December 2021 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
Study Group Distance Learning Ltd *	07145464
SG Global Bidco Ltd	11827693
SG Global Midco Ltd	11827648
SG Global Finco Ltd	11827569

*Dissolved 22 February 2022.

Accounting policies for the year ended 31 December 2021
The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied 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 2021.

Statement of compliance

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

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

The consolidated financial statements of the Group 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.

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

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 1.24.

1. MATERIAL ACCOUNTING POLICIES (CONT'D)

Prior period restatement

The Statement of Financial Position has been restated for the comparative period, and an additional statement has been presented as at the beginning of the preceding period, in relation to the release of accruals in respect of legal liabilities no longer required whereby it has become apparent that these legal liabilities were not valid prior to 2020.

In addition, in April 2021 the IFRS Interpretations Committee (IFRIC) issued an agenda decision on the treatment of configuration and customisation costs for Software as a Service (SaaS). Following the issuance of the IFRIC guidance, the Group elected to change its accounting policy to expense all configuration costs in the period in which they are incurred. Costs of modifying software are capitalised where they meet the recognition criteria in IAS 37 which includes the ability to demonstrate control. As required by IAS 8, this change in policy has been applied retrospectively.

More information can be found in Note 29.

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.

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

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

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

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

Further reduction in NSE below the downside scenarios are considered remote. The latest pipeline at the time of writing shows H2 2022 confirmations are 21% higher than the confirmations this time last year and new offers are 72% ahead compared to same time last year.

1. MATERIAL ACCOUNTING POLICIES (CONT'D)

Therefore, under all reasonably possible downside scenarios modelled, the Group has sufficient committed facilities to meet liabilities as they fall due for a period of 12 months from signing these financial statements. Accordingly, the Directors continue to adopt the going concern basis in the financial statements.

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, for example in exceptional circumstances such as relating to illness or bereavement, or where Study Group has been unable to provide or complete teaching of a paid-for programme of study.

a) **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. Pre-payments for accommodation are treated as deferred revenue and amortised over the duration of stay. Refunds will be granted to students in accordance with the agreed refund policies for each University partner, for example in exceptional circumstances such as relating to illness or bereavement, or where Study Group has been unable to provide or complete teaching of a paid-for programme of study.

b) **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)

c) Insendi

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.

d) Other revenue

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

1.5 STUDENT ACQUISITION COSTS

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

1.6 LEASES

The Group as lessee

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

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

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

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

The lease liability is presented as a separate line in the consolidated statement of financial position.

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

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

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

1. MATERIAL ACCOUNTING POLICIES (CONT'D)

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. At the end of each reporting period, the Group assesses whether there is any indication that a right-of-use asset may be impaired under IAS 36. If there is an indication of impairment, the asset will be written down to its recoverable amount.

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

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

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.

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

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

The Group as lessor

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

When the Group is an intermediate lessor, it accounts for the head lease and the sub-lease as two separate contracts. The sub-lease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.
Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

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

Covid-19-Related Rent Concessions Amendment

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

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments due on or before 30 June 2022; and
- there is no substantive change to other terms and conditions of the lease.

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

1. MATERIAL ACCOUNTING POLICIES (CONT'D)

1.7 EXCEPTIONAL AND OTHER ITEMS

Due to their material nature, certain exceptional and other non-trading or non-recurring items have been classified separately in order to aid the understanding of the reader. Exceptional items comprise, inter alia, impairment charges, restructuring costs and costs associated with material financing or acquisition transactions. Other items include strategic investments which comprise upfront investments for the benefit of future years, non-executive Director fees, restructuring costs and unrealised foreign exchange gains or losses that the Directors believe are beneficial to strip out when analysing the underlying trading result for the year because these are items that are not directly linked to the trading business.

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.

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. 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.

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 INTANGIBLES

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

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

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

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

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

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

In the light of the publication of the clarification to IAS38 in April 2021, the Group has adopted the clarification and amended its accounting policy in regard to software development in relation to software platforms that are operated in a "cloud" or "hosted" environment. In line with the clarification the 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. In line with the principles set out in IAS 8 as this is a clarification on existing standard a prior year adjustment has been recognised for expenditure currently been determined not to meet the definitions contained in the clarification.

Where control can be demonstrated, the amount initially recognised for internally generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Subsequent to initial recognition, internally generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

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

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

1. MATERIAL ACCOUNTING POLICIES (CONT'D)

1.11 TANGIBLE FIXED ASSETS

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

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

Depreciation is provided at rates calculated to write off the cost or valuation of each asset, on a straight-line basis over its expected useful life to their residual values, as follows:

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

Freehold land is not depreciated.

1.12 IMPAIRMENT OF NON-CURRENT ASSETS

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

1.13 FINANCIAL INSTRUMENTS

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

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

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

Specifically:

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

Despite the foregoing, the Group may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

1. MATERIAL ACCOUNTING POLICIES (CONT'D)

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

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

Classes of financial asset
Financial assets at amortised cost

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

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

Financial assets at FVTOCI

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

Financial assets at FVTPL

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

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

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

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

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

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

1. MATERIAL ACCOUNTING POLICIES (CONT'D)

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

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

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

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

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

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

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

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

A financial liability is classified as held for trading if:

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

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

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

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

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

1. MATERIAL ACCOUNTING POLICIES (CONT'D)

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

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

1.14 DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING

a) Hedge of a net investment

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

1.15 PROVISIONS

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

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

1.16 TAXATION INCLUDING DEFERRED TAX

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

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

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

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

1.17 DISCONTINUED OPERATIONS

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

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

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

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

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

1. MATERIAL ACCOUNTING POLICIES (CONT'D)

1.18 CASH AND CASH EQUIVALENTS

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

1.19 EMPLOYEE BENEFITS

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

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

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

1.20 SHARE CAPITAL AND SHARE PREMIUM

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

1.21 FOREIGN CURRENCY

a) Functional and presentation currency

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

b) Transactions and balances

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

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

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

1. MATERIAL ACCOUNTING POLICIES (CONT'D)

1.22 FINANCIAL RISK MANAGEMENT

The Group's operations expose it to a variety of financial risks that include the effects of changes in foreign currency exchange rates, market interest rates, credit risk and its liquidity position. The Group has in place a risk management programme that seeks to limit adverse effects on the financial performance of the Group which is outlined in the Directors' Report.

The fair values of short-term deposits, loans and overdrafts with a maturity of less than one year are assumed to be approximate to their book values.

1.23 ACCOUNTING FOR GOVERNMENT GRANTS

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

- In the circumstances where the Group acts as an agent on behalf of the local government and is distributing financial support to its employees whilst they are unable to undertake their normal duties, the timing of receipts and payments are flowed through the Statement of Financial Position and there is no impact to the Statement of Comprehensive Income.
- In the situation where the Group receives support from the relevant government in terms of a wage or other cost subsidy for which there is no requirement, contingent or otherwise, to repay such financial support at a later stage, the Group treats the grant as Other Operating Income in the Statement of Comprehensive Income to the extent that it becomes permanently entitled to that revenue, and such that it is matched against the relevant costs incurred. Otherwise, the liability is held on the Statement of Financial Position.
- The provision of any loan funding is recognised as a liability in the Statement of Financial Position in line with the repayment terms. Any supporting notes will then further detail the nature, interest cost and major terms of any such loan funding.
- Where a tax credit in relation to Research and Development is claimed, this is treated as Other Operating Income in the Statement of Comprehensive Income to the extent that it becomes permanently entitled to that revenue.

1.24 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Judgements made relating to the Directors' going concern assessment is detailed in the Strategic Report on page 8. There were no other critical judgements in respect of the year ended 31 December 2021.

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 Intangibles

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.

1. MATERIAL ACCOUNTING POLICIES (CONT'D)

The recoverable amounts of cash-generating units 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 units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. 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 9. Covid-19 represented an impairment indicator for the annual impairment assessment, resulting in impairment charges being recognised in both 2020 and 2021. Further detail, including key estimates and assumptions, is provided in Note 9.

1.25 REVISIONS TO IFRS NOT APPLICABLE IN 2021

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 2022

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

Effective date I January 2023

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

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

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

The amendments, where they actually are updates, are effective for annual periods beginning on or after 1 January 2022, with early application permitted.

Other standards not yet effective

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

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, Emma Lancaster. Each segment represents a cash-generating unit ('CGU'). Goodwill has been allocated to the UK & Europe Pathways, ANZ Pathways and Insendi CGUs (refer to Note 10).

	Revenue		Operating (Loss)	
	Year ended 31 December 2021 £m	Year ended 31 December 2020 £m	**Year ended 31 December 2021 £m**	Year ended 31 December 2020 £m
On a continuing operations basis:				
University Partnerships by Geographical Segment (ii)				
United Kingdom & Europe	**128.6**	148.7	**32.9**	41.3
Australia & New Zealand	**44.3**	74.8	**10.1**	25.3
North America	**5.0**	9.9	**(0.8)**	(0.1)
Total University Partnerships revenue & AEBITDA(i)	**177.9**	233.4	**42.2**	66.5
Insendi revenue & AEBITDA(i)	**2.3**	1.4	**(0.5)**	0.2
Other operating income	**-**	-	**2.4**	6.2
Shared functional & corporate costs	**-**	-	**(24.2)**	(26.0)
Total revenue and AEBITDA(i)	**180.2**	234.8	**19.9**	46.9
Exceptional and other items	**-**	-	**(4.9)**	(3.4)
Total revenue and reported EBITDA	**180.2**	234.8	**15.0**	43.5
Impairment	**-**	-	**(153.5)**	(155.2)
Movement in Provisions	**-**	-	**2.7**	-
Depreciation and amortisation	**-**	-	**(36.7)**	(36.4)
Total revenue and operating (loss)	**180.2**	234.8	**(172.5)**	(148.1)

(i) AEBITDA (Adjusted EBITDA) is defined as earnings before interest, tax, depreciation, amortisation, impairment and exceptional and other items.
(ii) During the year there was no trading between segments and central and shared costs have been allocated on a reasonable and consistent basis.

The above operating loss has been reconciled to the loss before tax on the face of the consolidated Statement of Group Comprehensive Income on page 26.

3. OPERATING PROFIT /(LOSS)

The following charges are included within cost of sales, administrative costs and depreciation and amortisation, on a continuing operations basis:

	2021 £m	2020 £m
Depreciation of property, plant and equipment	**4.5**	5.4
Depreciation of right-of-use assets	**14.8**	14.9
Amortisation of intangible assets	**17.4**	16.1
Total depreciation and amortisation	**36.7**	36.4
Impairment of goodwill (Note 9)	**-**	154.2
Impairment of tangible assets (Note 11)	**1.3**	-
Impairment of right of use assets (Note 12)	**3.2**	0.8
Impairment of intangible assets (Note 10)	**149.0**	0.2
Gain on disposal of right-of-use assets	**(0.1)**	-
Employee benefit expense (Note 24)	**92.3**	103.0
Research and development	**0.8**	1.1
Net movement of loss allowance on trade receivables (Note 16)	**(0.2)**	1.0

3. OPERATING PROFIT / (LOSS) (CONT'D)

Services provided by the Group's auditor and network firms

	2021	2020
	£m	£m
Fees payable to the Company's auditor for the audit of parent company and consolidated financial statements	**0.2**	0.2
Fees payable to the Company's auditor and its associates for the audit of the Company's subsidiaries	**0.3**	0.3
Total fees payable for audit services	**0.5**	0.5
Fees payable to the Company's auditor and its associates for other non-audit services:		
- Services relating to due diligence	**-**	0.1
Total fees payable to the Company's auditor and its associates	**0.5**	0.6

Other Operating Income

	2021	2020
	£m	£m
Insurance claim	**1.0**	-
Other operating income from Government support:		
In respect of Covid-19		
Australia	**1.2**	4.7
Canada	**-**	0.2
New Zealand	**-**	0.2
Singapore	**0.1**	0.7
US	**-**	0.2
Total other operating income from Government support in respect of Covid-19	**1.3**	6.0
Grants in respect of research and development in Insendi	**0.1**	0.2
Total other operating income from Government support	**1.4**	6.2
Total other operating income	**2.4**	6.2

As a direct result of Covid-19 and the impact on the business, the Group received a £1.0 million pay-out under its Business Interruption insurance policy (2020: £nil). The insurance receipt has been allocated across the Group based on the relative performance of each CGU and included within other operating income within the Statement of Comprehensive Income.

The income in Australia primarily related to amounts received under the JobKeeper scheme where the Government supplemented wages of employees continuing to work for the Group.

In addition, Government support was received in Australia £0.1 million (2020: £0.8 million) under the JobKeeper payment scheme and the UK £0.3 million (2020: £1.7 million) under the Coronavirus Job Retention Scheme which has been netted off within payroll costs where the employees temporarily ceased to provide services to the Group in accordance with IAS 20, as disclosed in Note 1.23.

4. FINANCE INCOME

	2021	2020
	£m	£m
Finance income:		
Bank interest	**-**	0.1
Finance lease receivables	**0.3**	0.3
Unrealised foreign exchange gains (Note 8)	**-**	0.7
	0.3	1.1

5. FINANCE COSTS

	2021 £m	2020 £m
Finance costs:		
Interest – term loan	**19.0**	16.3
Interest – revolving credit facility	**0.7**	1.2
Amortisation of deferred finance setup costs	**1.2**	1.2
Other finance costs	**1.3**	0.5
Interest on investor loan notes	**1.5**	-
Interest on lease liabilities	**4.5**	4.7
Unwinding of discount on provisions (Note 20)	**0.7**	1.0
	28.9	24.9

6. TAXATION

Analysis of tax credit in the year

	2021	2020
Corporation Tax	**£m**	£m
- UK tax - current period	**-**	(0.1)
- UK tax - prior periods	**-**	0.1
- Overseas tax - current period	**(0.3)**	(2.5)
- Overseas tax - prior periods	**1.4**	(1.3)
Total corporation tax credit/(charge) to the Statement of Comprehensive Income	**1.1**	(3.8)
Analysed by:		
Total corporation tax credit/(charge) on continuing operations	**1.1**	(3.8)
Total corporation tax credit/(charge)	**1.1**	(3.8)
Deferred Tax (Note 15)		
- UK origination and reversal of temporary differences	**44.0**	0.4
- UK adjustments in respect of prior periods	**-**	0.9
- Overseas origination and temporary differences	**(9.7)**	1.3
- Overseas adjustments in respect of prior periods	**1.3**	2.1
Total deferred tax credit to the Statement of Comprehensive Income	**35.6**	4.7
Analysed by:		
Total tax credit on continuing operations	**36.7**	0.9
Total tax credit	**36.7**	0.9
Total tax credit to the Statement of Comprehensive Income	**36.7**	0.9
Analysed by:		
Total tax credit on continuing operations	**36.7**	0.9
Total tax credit to the Statement of Comprehensive Income	**36.7**	0.9

The Group tax rate is the standard rate of corporation tax in the UK at 19% (2020: 19%). Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

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

	2021 £m	2020 £m
Loss before taxation from continuing operations	**201.1**	171.9
Loss/(profit) before tax from discontinued operations	**1.5**	(0.3)
Loss before taxation	**202.6**	171.6

6. TAXATION (CONT'D)

Loss on ordinary activities multiplied by rate of corporate tax in UK of 19%	**38.7**	32.7
Effects of:		
Intangible asset impairment	**-**	-
Goodwill impairment	**-**	(29.3)
Write off of deferred tax asset	**(15.1)**	-
Items not deductible	**0.4**	(1.1)
Tax losses not recognised/paid	**(0.6)**	(0.5)
Change of UK tax rate from 19% to 25%	**(7.0)**	(3.2)
Difference in overseas rates of tax	**17.6**	0.5
Adjustments in respect of prior periods – corporation tax	**1.4**	(1.2)
Adjustments in respect of prior periods – deferred tax	**1.3**	3.0
Total taxation credit	**36.7**	0.9

As announced in the UK Budget on 3 March 2021 the UK tax rate will go up from the current 19% to 25% with effect from 1 April 2023. The impact on the accounting for Deferred Tax is set out in Note 15.

7. DISCONTINUED OPERATIONS

Since 2018, Study Group has been focused primarily on the core University Partnerships business and as a consequence, discontinued the non-core parts of the business. These non-core business segments outlined below which, whilst material lines of business at the point of treating as discontinued, are now relatively small and therefore have been classified as one discontinued business line ('Discontinued businesses') for the years ended 31 December 2021 and 31 December 2020.

Discontinued businesses comprise:

- **Embassy English ('Embassy')** - the global Embassy business was sold in 2018. Revenue of £nil (2020: £0.6 million), other operating income of £0.7 million (2020: £nil), and operating expenses of £nil (2020: £0.3 million) were recognised in the year. Amounts recognised as other operating income related to the finalisation of amounts due in relation to the sale.
- **HE Proprietary Brands ('HE Proprietary') and Vocational Education and Training business ('VET') –** Martin HE, included within HE Proprietary, ceased recruiting new students in 2017. The business was fully exited during 2021. VET was formally discontinued in 2017 and all students were taught out by the end of 2019. Whilst the exit of the VET operations is now complete, the Group continues to hold a provision for potential refund claims from students, with £nil paid out in the current year (£0.3 million paid out during the prior year). Property and other costs of £2.2 million (2020: £nil) were recognised in the year.

Accordingly, the above discontinued operating segment has been classified as a discontinued operation and is not presented within the Segmental analysis in Note 2. The results of the discontinued operation for the year are presented below:

	2021	2020
	£m	£m
Revenue	**-**	0.6
Other operating income	**0.7**	-
Operating expenses	**(2.2)**	(0.3)
(Loss)/profit for the year from discontinued businesses	**(1.5)**	0.3
Presented as:		
Before Exceptional and Other Items	**-**	0.3
Exceptional and Other Items (Costs relating to discontinued businesses, Note 8)	**(1.5)**	-
	(1.5)	0.3

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

	2021	2020
	£m	£m
Net cash used in operating activities	**-**	(1.1)
Net cash outflow	**-**	(1.1)

8. EXCEPTIONAL AND OTHER ITEMS

	Group Exceptional Items 2021 £m	**Group Other items 2021 £m**	**Group Total 2021 £m**	Group Exceptional Items 2020 £m	Group Other items 2020 £m	Group Total 2020 £m
Exceptional and other items included within operating loss:						
Restructuring costs	**4.8**	**(0.5)**	**4.3**	1.7	0.2	1.9
Strategic investments	**-**	**-**	**-**	-	0.6	0.6
Transaction costs	**-**	**-**	**-**	0.3	-	0.3
Other	**-**	**0.6**	**0.6**	-	0.6	0.6
	4.8	**0.1**	**4.9**	2.0	1.4	3.4
Impairment	**153.5**	-	**153.5**	155.2	-	155.2
Movement in Provision	**(2.7)**	-	**(2.7)**	-	-	-
Exceptional and other items included within finance costs:						
Foreign exchange losses/(gains)	**-**	**-**	**-**	-	(0.7)	(0.7)
Unwinding of discount and effect of changes in discount rate on provisions	**0.7**	**-**	**0.7**	1.0	-	1.0
Total costs relating to continuing operations	**156.3**	**0.1**	**156.4**	158.2	0.7	158.9
Exceptional and other items included within discontinued operations:						
Other income and expenses relating to discontinued operations (Note 7)	**1.5**	**-**	**1.5**	-	-	-
Total exceptional and other costs	**157.8**	**0.1**	**157.9**	158.2	0.7	158.9

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 £4.8 million incurred in 2021 (2020: £1.7 million) relate predominantly to redundancy costs as a result of Covid-19.
- Transaction costs of £nil (2020: £0.3 million) relate to legal and professional charges associated with the acquisition of Insendi in February 2020.

Impairment:

- Impairments in the current year of £153.5 million relate to the ANZ University Partnerships (£137.6 million), Bellerbys Brand (£11.4 million), impairments of tangible fixed assets (£1.3 million), and impairments of right-of-use assets (£3.2 million). Details of these impairments are outlined in Notes 10, 11 and 12 respectively.
- Impairments in the prior year of £155.2 million included £154.2 million relating to the impairment of goodwill in the ANZ CGU, £0.8 million relating to right-of-use assets and £0.2 million relating to centre contract assets associated with former Canadian centres which closed in prior periods.

Movement in provision:

- The current year movement in the provision of £2.7 million relates to the contingent consideration on the Insendi acquisition which is remeasured to fair value at the year-end reporting date based on latest revised terms and forecasts (See Note 20).

Exceptional items included within finance costs:

- Exceptional finance costs in the year consist of the unwinding of the discount and changes to the discount rate on the Insendi contingent consideration provision totalling £0.7 million (2020: £1.0 million).

8. EXCEPTIONAL AND OTHER ITEMS (CONT'D)

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

- Other restructuring costs of (£0.5) million relate to the release of accruals for liabilities associated with specific discontinued historic business lines which became statute barred. Other restructuring costs of £0.2 million in the prior year consist of final corporate reorganisation fees and restructuring costs in ANZ.
- Strategic investments costs of £nil (2020: £0.6 million) relate to a Group strategy project.
- Items excluded from EBITDA in the year included £0.4 million non-executive Director fees (2020: £0.3 million), the senior management long-term incentive plan scheme expense totalling £nil (2020: a credit of £0.3 million), £0.2 million relating to Covid-19 incremental costs (2020: £0.5 million), and £nil (2020: £0.1 million) relating to centre closures.
- Unrealised foreign exchange losses for the year were net £nil due to favourable and unfavourable exchange rate movements fully offsetting during the year (2020: £0.7 million gains).

9. GOODWILL

	2021 **£m**	2020 £m
COST		
At 1 January	**310.4**	287.7
Acquisitions	**-**	13.8
Exchange rate adjustments	**-**	8.9
At 31 December	**310.4**	310.4
Impairment		
At 1 January	**154.2**	-
Current Period Impairment	-	154.2
At 31 December	**154.2**	154.2
Net Book Value at 31 December	**156.2**	156.2

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

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

The recoverable amount of each segment was determined based on value-in-use calculations, covering a detailed five year forecast, followed by an extrapolation of expected cash flows for the remaining useful lives using a terminal growth rate. The present value of the expected cash flows of each segment 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.

9. GOODWILL (CONT'D)

The estimate of the recoverable amount for each CGU is particularly sensitive to changes in the forecast NSE as well as the discount and terminal growth rates as detailed in the sensitivity analysis below.

Key assumptions	**Terminal growth rate**	**Post-tax discount rate**
UK & Europe Pathways	2.0%	8.1%
Australia & New Zealand Pathways	2.0%	7.4%
Insendi	2.0%	12.8%

The terminal growth rates reflect the long-term average growth rates for each segment. The discount rates reflect appropriate adjustments relating to market risk and specific risk factors of each segment. For reference, the equivalent pre-tax discount rates for the UK & Europe Pathways, Australia & New Zealand Pathways CGUs and Insendi were 10.7%, 10.6% and 16.7% respectively.

Cash flow assumptions
The free cash flow projections considered as at 31 December 2021 were based on a Board approved five year forecast. The key assumptions include reasonable growth rates and profit margins in each CGU, based on market intelligence and past experience. As outlined in the Strategic Report on page 8 the Group's assumptions reflect consideration of the impact of Covid-19 and government responses to the pandemic in relevant territories. This has had a particular downward impact on the ANZ CGU which along with significant contracts not being renewed has significantly impacted the projected growth of that business and accordingly the associated cash flows over the forecast period. Recovery over the first 3 years in the ANZ CGU is expected to take longer than in the UK & Europe, where a more rapid return to growth is expected, in part aided by the earlier relaxation of border controls, and a favourable Graduate route visa scheme introduced in the UK from 2020. No significant or unreasonable efficiency improvements have been considered and prices and wages reflect publicly available forecasts of inflation for the industry.

Based on these assumptions an impairment of £137.6 million has been recognised against the ANZ CGU. This has been recognised against the University Partnerships within other intangible assets with significant positive headroom in the UK&EU CGU. The Directors have performed a series of sensitivities to these forecast as set out below.

Sensitivity
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 each of the CGUs to which goodwill is allocated. The estimate of the recoverable amount for each CGUs is sensitive to changes in the discount, terminal growth rates, and timing and strength of the forecast recovery:

- If the post-tax discount rate used were to change by 1 percentage basis point from 8.1%, 7.4% and 12.8% to 9.1%, 8.4% and 13.8% in the UK & Europe, ANZ and Insendi CGUs respectively, positive headroom would reduce by £81.6 million but still remain in UK & Europe, Insendi's headroom would also remain positive although would reduce by £1.8 million, and the impairment loss in ANZ would increase by £5.2 million which would be allocated against other intangible assets in the CGU.
- If the terminal growth rate were to decrease by 0.5 percentage basis points from 2.0% to 1.5% for all CGUs, positive headroom would reduce by £33.3 million but still remain in UK & Europe, a similar situation would occur in Insendi where the headroom would reduce by £1.0 million, and the impairment loss in ANZ would increase by £2.3 million which would be allocated against other intangible assets in the CGU.
- If the recovery is delayed or softer than forecast due to macro-economic factors regarding Covid-19 which impact forecast NSE and cause a reduction of 5% in EBITDA in each forecast year over the five year period in all the CGUs, positive headroom would reduce by £29.4 million but still remain in the UK & Europe, likewise Insendi's headroom would reduce by £3.2 million which would lead to an impairment of £0.3 million, and the impairment loss in ANZ would increase by £3.0 million which would be allocated against other intangible assets in the CGU.

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 exceed the recoverable amount. Given the ANZ CGU has been impaired this year any sensitivity consequently would result in further impairment, however the Directors do not consider that the impairment should be increased above the amount recognised at this time. The Insendi CGU has positive headroom based on the current outlook and based on the projected level of investment, and therefore no impairment has been recognised.

10. OTHER INTANGIBLE ASSETS

2021	University Partnerships £m	Brands £m	Software £m	Centre Contract £m	Course Development £m	Technology	Total £m
COST							
At 1 January 2021 original	402.6	12.4	20.9	5.9	0.4	2.0	444.2
Restatement (Note 29)	-	-	(12.9)	-	-	-	(12.9)
At 1 January 2021 restated	**402.6**	**12.4**	**8.0**	**5.9**	**0.4**	**2.0**	**431.3**
Additions	-	-	2.8	-	1.4	-	4.2
Transfers	-	-	(1.2)	-	1.2	-	-
Exchange difference	(9.7)	-	(0.5)	(0.2)	-	-	(10.4)
At 31 December 2021	**392.9**	**12.4**	**9.1**	**5.7**	**3.0**	**2.0**	**425.1**
ACCUMULATED AMORTISATION & IMPAIRMENT							
At 1 January 2021 original	20.9	0.6	9.2	0.9	0.2	0.2	32.0
Restatement (Note 29)	-	-	(5.8)	-	-	-	(5.8)
At 1 January 2021 restated	**20.9**	**0.6**	**3.4**	**0.9**	**0.2**	**0.2**	**26.2**
Charge for the year	13.6	0.4	1.8	0.8	0.6	0.2	17.4
Impairments	137.6	11.4	-	-	-	-	149.0
Exchange difference	-	-	(0.3)	-	-	-	(0.3)
At 31 December 2021	**172.1**	**12.4**	**4.9**	**1.7**	**0.8**	**0.4**	**192.3**
Net book value at 31 December 2021	**220.8**	**-**	**4.2**	**4.0**	**2.2**	**1.6**	**232.8**
Net book value at 31 December 2020	381.7	11.8	4.6	5.0	0.2	1.8	405.1

2020	University Partnerships £m	Brands £m	Software £m	Centre Contract £m	Course Development £m	Technology	Total £m
COST							
At 1 January 2020 original	387.9	12.4	13.5	5.7	0.3	-	419.8
Restatement (Note 29)	-	-	(9.6)	-	-	-	(9.6)
At 1 January 2020 restated	**387.9**	**12.4**	**3.9**	**5.7**	**0.3**	**-**	**410.2**
Additions	-	-	2.9	0.4	0.1	-	3.4
Acquisitions	2.6	-	-	-	-	2.0	4.6
Disposals	-	-	-	(0.4)	-	-	(0.4)
Exchange difference	12.1	-	1.2	0.2	-	-	13.5
At 31 December 2020	**402.6**	**12.4**	**8.0**	**5.9**	**0.4**	**2.0**	**431.3**
ACCUMULATED AMORTISATION & IMPAIRMENT							
At 1 January 2020 original	7.7	0.2	2.8	0.5	-	-	11.2
Restatement (Note 29)	-	-	(2.2)	-	-	-	(2.2)
At 1 January 2020 restated	**7.7**	**0.2**	**0.6**	**0.5**	**-**	**-**	**9.0**
Charge for the year	13.2	0.4	1.5	0.6	0.2	0.2	16.1
Disposals	-	-	-	(0.4)	-	-	(0.4)
Impairments	-	-	-	0.2	-	-	0.2
Exchange difference	-	-	1.2	0.1	-	-	1.3
At 31 December 2020	**20.9**	**0.6**	**3.3**	**1.0**	**0.2**	**0.2**	**26.2**
Net book value at 31 December 2020 restated	**381.7**	**11.8**	**4.7**	**4.9**	**0.2**	**1.8**	**405.1**

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

10 OTHER INTANGIBLE ASSETS (CONT'D)

An annual impairment review is performed each year in December. The key assumptions and sensitivity analysis of the University Partnership impairment review are outlined in Note 9 Goodwill as the same model is used for both impairment reviews, which resulted in an impairment of £137.6 million in respect of the ANZ CGU. The carrying value of the Bellerbys Brand has been impaired in full given the decision to wind down operations in this element of the UK & Europe CGU. No impairment was recognised in 2020.

In the prior year two classes of intangible assets have been recognised in relation to the Insendi acquisition: University Partnerships of £2.6 million, and Technology of £2.0 million relating to the Insendi online learning platform.

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.

Transfers relate to Study Group courses developed for use on the Insendi platform, redesignated from Software to Course development. There were no equivalent transfers in the prior year.

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

11. TANGIBLE FIXED ASSETS

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

2020	**Freehold land and buildings £m**	**Leasehold improvements £m**	**Equipment £m**	**Total £m**
COST				
At January 2020	7.3	12.5	7.4	**27.2**
Additions	-	-	0.1	**0.1**
Disposals	-	0.1	0.8	**0.9**
Transfers	-	(0.2)	(0.3)	**(0.5)**
Exchange difference	-	0.8	0.8	**1.6**
At 31 December 2020	**7.3**	**13.2**	**8.8**	**29.3**
ACCUMULATED DEPRECIATION				
At January 2020	0.2	0.9	-	**1.1**
Disposals	0.2	2.2	3.0	**5.4**
Exchange difference	-	0.5	0.6	**1.1**
At 31 December 2020	**0.4**	**3.6**	**3.6**	**7.6**
Net book value at 31 December 2020	**6.9**	**9.6**	**5.2**	**21.7**

11 TANGIBLE FIXED ASSETS (CONT'D)

Impairments in the year totalled £1.3 million, which included £1.1 million in relation to a Freehold Property in London (refer to page 6 for details), and £0.2 million in relation to Britannia House, Brighton, which is no longer being used by the Group (2020: £nil).

12. RIGHT-OF-USE ASSETS

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

2020	**Land and buildings £m**	**Computer equipment £m**	**Total £m**
COST			
At 1 January 2020	124.9	0.4	**125.3**
Additions	3.5	-	**3.5**
Disposals	(12.6)	-	**(12.6)**
Revaluations	0.6	-	**0.6**
Foreign Currency Translation	1.7	-	**1.7**
At 31 December 2020	118.1	0.4	**118.5**
ACCUMULATED DEPRECIATION			
At 1 January 2020	7.8	0.1	**7.9**
Charge for the year	14.8	0.1	**14.9**
Disposals	(5.7)	-	**(5.7)**
Impairments	0.8	-	**0.8**
Foreign currency translation	0.5	-	**0.5**
At 31 December 2020	18.2	0.2	**18.4**
Net book value at 31 December 2020	**99.9**	**0.2**	**100.1**

The Group leases a number of assets, with an average lease term remaining at the year-end of 3 years (2020: 3 years).

The majority of the Group's right-of-use assets relate to land & buildings, located in the UK £67.7 million (2020: £71.6 million), Australia 2021 £17.7 million (2020: £18.7 million) and other regions £7.6 million (2020 £9.6 million).

Land & buildings additions of £3.5 million (2020: £3.5 million) this relates to either a number of lease contracts renewals and revisions in estimates across the portfolio in both years the most significant of which in 2021 were the renewal of lease agreements in the UK in respect of the ISCs in Cardiff (£0.7 million) and Leeds (£0.4 million). Revaluations of £9.0 million (2020: £0.6 million) predominantly related to lease extensions in Australia (£5.5 million) and indexation price increases in the UK (£3.3 million).

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

Net disposals of £0.3 million (2020: £6.9 million) in the year related to a number of property leases across the Group which expired during the year.

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 £3.2 million (2020: £0.8 million) reflecting the lower net present value of future cash flows forecast for Church Lane, Melbourne (£2.9 million) and Britannia House, Brighton (£0.3 million).

The value-in-use of Church Lane and Britannia House were calculated using separate cash flow forecasts for each property, determined by fixed rents and other charges under the terms of the head-lease (in the case of Britannia House this included an annual inflationary increase of 4.6%) and sub-lease agreements where applicable. These calculations were discounted at a weighted average cost of capital of 13.1% and 11.1% respectively. There are no reasonably possible changes in any key assumptions that would cause the respective carrying amounts to exceed the recoverable amount.

The amount recognised in the Statement of Comprehensive Income for the year to reflect changes in lease payments that arose from Covid-19 rent concessions to which the Group has applied the practical expedient was £nil (2020: £nil).

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

Amounts recognised in profit and loss	**2021**	2020
	£m	£m
Depreciation expense on right-of-use assets	**14.8**	14.9
Interest expense on lease liabilities	**4.4**	4.7
Expense relating to short-term leases	**0.9**	3.7
Expense relating to leases of low value assets	**0.1**	0.1
Income from sub-leasing right-of-use assets	**(0.3)**	(0.3)
	19.9	23.1

At 31 December 2021, the Group is committed to £0.5 million (2020: £0.7 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 majority of leases in Australia have fixed increases built into the lease contract which are therefore included in the right-of-use asset valuation calculated at the commencement of the lease.

Indexation price increases in 2021 were 2.3% (2020: 2.7%) 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 £19.2 million (2020: £19.7 million).

13. INVESTMENTS

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

	2021	2020
	£m	£m
At 1 January	**0.3**	0.3
Current year acquisitions	**-**	-
Share of associate's profit	**-**	-
At 31 December	**0.3**	0.3

13. INVESTMENTS (CONT'D)

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:		**%[iv]**	**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	Australia	100	Indirect	Dormant
Applied Training Pty Ltd	Australia	100	Indirect	Dormant
Study Group Australia Pty Ltd	Australia	100	Indirect	Trading
Study Group Canada Higher Education Inc.	Canada	100	Indirect	Trading
XueJi Education Consulting (Beijing) Ltd	China	100	Indirect	Dormant
SGIPL Study Group India Private Limited	India	100	Indirect	Trading
Study Group Ireland Limited	Ireland	100	Indirect	Dormant
SG Study Group Malaysia Sdn. Bhd	Malaysia	100	Indirect	Trading
Study Group NZ Ltd	New Zealand	100	Indirect	Trading
SGI Consultancy Services Nigeria	Nigeria	100	Indirect	Trading
Insendi Spain S.L.	Spain	100	Indirect	Trading
EDU UK Intermediate Ltd [i]	United Kingdom	100	Indirect	Holding/Dormant
EDU UK Management Services Ltd [i]	United Kingdom	100	Indirect	Holding
EDU UK Topco Ltd [ii]	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 Distance Learning Ltd [i] [iii]	United Kingdom	100	Indirect	Dormant
Study Group Ltd [i]	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
EDU US Holdco Inc.	USA	100	Indirect	Holding/Dormant
Study Group USA Higher Education LLC	USA	100	Indirect	Trading
Study Group USA Inc.	USA	100	Indirect	Dormant
Joint Venture:				
University of Sydney Foundation Program Pty Ltd [ii]	Australia	50	Indirect	Trading

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.

Please see page 56 for footnotes

13. INVESTMENTS (CONT'D)

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: Americo Vespucio, 68-35009 Palmas de Gran Canaria, Las Palmas, Spain

The registered address of all Group companies registered in the UK (other than Insendi Limited) is: 1 Billinton Way, Brighton, East Sussex, BN1 4LF.

The registered address of Insendi Limited registered in the UK is: 50 Sloane Avenue, London, England, SW3 3DD.

The registered address of EDU US Holdco Inc. and Study Group USA Inc. registered in the USA is: 1209 Orange Street, Wilmington, Delaware 19801, USA.

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

(i) EDU UK Management Services Ltd (registered number: 07285370), Study Group Holdings UK Ltd (registered number: 05888001), Study Group Distance Learning Ltd (registered number: 07145464), 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 2020 of EDU UK Management Services Ltd, Study Group Holdings UK Ltd, Study Group Ltd, Study Group Distance Learning Ltd, SG Global Bidco Ltd, SG Global Midco Ltd and SG Global Finco Ltd have been guaranteed by the Company and no liability is expected to arise under the guarantee.

(ii) The University of Sydney Foundation Program Pty Ltd is a joint venture between The University of Sydney and Study Group Australia Pty Limited. Under this arrangement the joint venture entity is required to pay royalties and fees for the provision of services to its joint venture partners. In total, these commitments are calculated as approximately 87% of gross revenue recognised in the accounting period. The principal place of business for this joint venture is at the University of Sydney, and the registered office address of the joint venture entity is Level 24, 201 Elizabeth Street, Sydney 2000, Australia. Both parties hold equal ownership and voting rights of 50% each in the ordinary shares of the company.

(iii) Study Group Distance Learning Limited was dissolved on 22 February 2022.

(iv) 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.

14. FINANCE LEASE RECEIVABLES

	2021 £m	2020 £m
Amounts receivable under finance leases:		
Year 1	**1.1**	1.3
Year 2	**1.1**	1.1
Year 3	**1.1**	1.1
Year 4	**0.7**	1.1
Year 5	**1.1**	0.7
Onwards	**2.0**	3.1
Undiscounted lease payments	**7.1**	8.4
Less: unearned finance income	**(1.0)**	(1.4)
Present value of lease payments receivable	**6.1**	7.0
Impairment loss allowance	**-**	-
Net investment in the lease	**6.1**	7.0
Undiscounted lease payments analysed as:		
Recoverable after 12 months	**6.0**	7.1
Recoverable within 12 months	**1.1**	1.3
	7.1	8.4

	2021 £m	2020 £m
Net investment in the lease analysed as:		
Recoverable after 12 months	**5.2**	6.0
Recoverable within 12 months	**0.9**	1.0
	6.1	7.0

In the UK the Group's Trajan House and St. Aldates properties in Oxford continued to be sublet throughout the year. In Australia the floor previously being sublet by the Group in Charlotte St, Brisbane was surrendered during the year, and therefore the finance lease receivable has been derecognised. At the year-end the average lease term remaining in respect of finance lease receivables was 7.6 years (2020: 8.4 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 Sterling as at 31 December 2021 (2020: £6.8 million).

15. DEFERRED TAX

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

2021	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				
Tax losses carried forward	2.3	0.1	(0.2)	**2.2**
Tangible fixed assets	5.3	2.5	0.6	**8.4**
Lease liabilities	7.6	(7.0)	(0.3)	**0.3**
Accruals and provisions	7.3	2.8	-	**10.1**
	22.5	**(1.6)**	**0.1**	**21.0**
Deferred tax liabilities				
Intangible assets	(97.7)	35.8	2.3	**(59.6)**
Right-of-use assets	(6.0)	1.0	0.3	**(4.7)**
Prepayments	(0.7)	0.4	-	**(0.3)**
	(104.4)	**37.2**	**2.6**	**(64.6)**
Net deferred tax asset / (liability)	**(81.9)**	**35.6**	**2.7**	**(43.6)**

2020	Opening Balance £m	Created on acquisition £m	(Debit)/Credit to P&L £m	Unrealised Foreign Exchange gain /(loss) £m	Closing balance £m
Deferred tax assets					
Tax losses carried forward	2.1	-	(0.1)	0.3	**2.3**
Tangible fixed assets	4.2	-	1.0	0.1	**5.3**
Lease liabilities	9.4	-	(2.3)	0.5	**7.6**
Accruals and provisions	4.4	-	2.8	0.1	**7.3**
	20.1	**-**	**1.4**	**1.0**	**22.5**
Deferred tax liabilities					
Intangible assets	(92.7)	(0.9)	(0.5)	(3.6)	**(97.7)**
Right-of-use assets	(8.1)	-	2.5	(0.4)	**(6.0)**
Prepayments	(2.0)	-	1.3	-	**(0.7)**
	(102.8)	**(0.9)**	**3.3**	**(4.0)**	**(104.4)**
Net deferred tax asset / (liability)	**(82.7)**	**(0.9)**	**4.7**	**(3.0)**	**(81.9)**

15. DEFERRED TAX (CONT'D)

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

The below table shows the deferred tax balances by jurisdiction:

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

The UK tax rate will go up from the current 19% to 25% from 1 April 2023. As the deferred tax balances as at 31 December 2021 are likely to reverse after 1 April 2023, these balances are being recognised at 25%. Australia tax rate remains at 30%.

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

2020	New Zealand £m	Australia £m	UK £m	Total £m
Deferred tax assets				
Tax losses carried forward	0.5	-	1.8	**2.3**
Tangible fixed assets	-	1.4	3.9	**5.3**
Lease liabilities	0.4	7.2	-	**7.6**
Accruals and provisions	0.1	4.7	2.5	**7.3**
	1.0	13.3	8.2	**22.5**
Deferred tax liabilities				
Intangible assets	-	(61.4)	(36.3)	**(97.7)**
Right-of-use assets	(0.4)	(5.6)	-	**(6.0)**
Prepayments	-	(0.7)	-	**(0.7)**
	(0.4)	(67.7)	(36.3)	**(104.4)**
Net deferred tax asset	**0.6**	**-**	**-**	**0.6**
Net deferred tax liability	**-**	**(54.4)**	**(28.1)**	**(82.5)**

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

	2021 £m	2020 £m
Australia	**13.9**	-
New Zealand	**1.2**	-
United Kingdom	**3.0**	3.0
USA	**11.5**	11.0
Canada	**0.9**	0.9
Netherlands	**0.3**	0.1
	30.8	15.0

16. TRADE AND OTHER RECEIVABLES

	2021	2020 *Restated*
	£m	£m
CURRENT:		
Trade receivables	**38.9**	33.0
Loss allowance	**(5.0)**	(5.2)
Trade receivables – net	**33.9**	27.8
Other receivables	**1.8**	1.9
Prepayments	**24.3**	16.3
	60.0	46.0

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

	2021	2020 *Restated*
	£m	£m
At 1 January	**5.2**	4.2
Impairment losses recognised on receivables	**1.0**	1.2
Provision utilised against irrecoverable debt	**(0.4)**	-
Release of excess provision	**(0.8)**	-
Amounts recovered in the year	**-**	(0.2)
Balance as at 31 December	**5.0**	5.2

Trade receivables can be analysed as follows:

Ageing of trade receivables net of loss allowance
In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date the credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. The Group employs historical experience to maintain provisions at levels that are sufficient to absorb actual bad debt write-off's without being excessive. The nature of other receivables and prepayments have been determined not to be appropriate to be considered for determining an Expected Credit Loss provision.

2021	**Not past due**	**30 -60 days**	**60-90 days**	**90-120 days**	**>120 days**	**Total**
	£m	**£m**	**£m**	**£m**	**£m**	**£m**
Trade receivables before Provision	**18.7**	**8.5**	**4.9**	**0.8**	**6.0**	**38.9**
Expected Credit Loss Provision	**(0.1)**	**(0.6)**	**-**	**-**	**(4.3)**	**(5.0)**
Net Receivables	**18.6**	**7.9**	**4.9**	**0.8**	**1.7**	**33.9**
Expected Credit Loss % of Trade Receivables	**0.5%**	**7.1%**	**0.0%**	**0.0%**	**70.0%**	

2020	Not past due	30 -60 days	60-90 days	90-120 days	>120 days	Total *Restated*
	£m	£m	£m	£m	£m	£m
Trade receivables before Provision	19.6	4.4	2.8	1.0	5.2	33.0
Expected Credit Loss Provision	-	(0.1)	(0.4)	(0.1)	(4.6)	(5.2)
Net Receivables	19.6	4.3	2.4	0.9	0.6	27.8
Expected Credit Loss % of Trade Receivables	0.0%	2.3%	14.3%	10.0%	88.5%	

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

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

17. TRADE AND OTHER PAYABLES

	2021 **£m**	2020 *Restated* £m
CURRENT:		
Trade payables	**21.9**	22.7
Accruals	**30.7**	26.5
Other payables	**27.7**	23.4
Interest accrued – term loans	**5.4**	5.6
	85.7	78.2

18. UNEARNED REVENUES

	2021 **£m**	2020 *Restated* £m
Deferred income (current)	**99.0**	75.1

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

19. LEASE LIABILITIES

	2021 **£m**	2020 £m
Maturity analysis:		
Year 1	**20.8**	20.3
Year 2	**18.6**	18.5
Year 3	**15.5**	17.2
Year 4	**13.3**	13.4
Year 5	**12.2**	11.2
Onwards	**55.8**	63.8
	136.2	144.4
Less: unearned interest	**(28.0)**	(31.1)
	108.2	113.3
Analysed as:		
Non-current	**92.3**	98.0
Current	**15.9**	15.3
	108.2	113.3

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

20. PROVISIONS

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

2020 Movement in provisions:	Employee Benefit £m	Property £m	Contingent consideration £m	Other £m	Total £m
At 1 January 2020	5.0	4.3	-	0.7	**10.0**
Current period acquisitions	-	-	6.8	-	**6.8**
Additional provision recognised	3.4	0.1	-	-	**3.5**
Provisions utilised	(3.6)	-	(0.2)	(0.3)	**(4.1)**
Unwinding of discount	-	-	1.0	-	**1.0**
Adjustment for change in discount rate	-	(0.1)	-	-	**(0.1)**
Foreign currency translation	0.3	-		-	**0.3**
At 31 December 2020	**5.1**	**4.3**	**7.6**	**0.4**	**17.4**
Current	4.1	0.2	7.6	0.4	12.3
Non-Current	1.0	4.1	-	-	5.1
	5.1	**4.3**	**7.6**	**0.4**	**17.4**

Employee benefit provisions relate predominantly to annual leave and Australian long service leave entitlements which will be utilised upon employees taking their long service leave, and also includes a provision relating to the Group's 2019 long-term incentive plan for senior employees, payable partly in 2022 and partly in 2023.

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

Contingent consideration relates to Insendi which was acquired by Study Group in February 2020, payable based on various targets, of which £2.8 million has been paid in the year to 31 December 2021 (2020: £0.2 million), £0.7 million recognised in respect of the unwinding of the discount (2020: £1.0 million), with a £2.7 million write down of the provision to fair value based on revised terms and latest forecasts (2020: £nil). A £2.8 million provision remains at 31 December 2021 (2020: £7.6 million) of which £1.8 million is expected to be paid within 12 months.

Other predominantly relates to a provision for student refunds and reflects the Group's expected liability to refund students for fees paid up front and where the course was not completed.

21. BORROWINGS

	Interest rate	Maturity	**2021 £m Principal**	**2021 £m Value**	2020 £m Principal	2020 £m Value
CURRENT BORROWINGS						
£30.0 m Revolving credit facility(i)	4.75% +SONIA(iii)/BBSY	2025	**30.0**	**29.8**	29.9	29.7
			30.0	**29.8**	29.9	29.7
NON-CURRENT BORROWINGS						
Secured borrowings at amortised cost						
GBP £115.0 m Term loan(ii)	6.00% + SONIA(iii)	2026	**116.1**	**113.8**	115.0	111.9
AUD $88.9 m Term loan(ii)	6.00% + BBSY	2026	**48.2**	**47.2**	50.2	48.9
AUD $125.7 m Term loan(ii)	6.00% + BBSY	2026	**68.2**	**66.9**	71.0	69.1
Investor loan notes £17.0 m(iv)	10.00%	2031	**17.0**	**18.5**	-	-
			249.5	**246.4**	236.2	229.9

(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 £30.0 million (2020: £29.9 million), offset by deferred borrowing costs of £0.2 million (2020: £0.2 million). Debt issue and external borrowing costs are amortised to the Statement of Comprehensive Income over the period of the borrowings using the effective interest method.

(ii) As a result of the amendment to Senior Facilities Agreement dated 23 December 2020 to waive the leverage covenant during 2021, the Group accrued 1% PIK interest in addition to the 6% cash interest rate margin on all its term loans.

(iii) On 23 December 2021 the Group amended its Senior Facilities Agreement to successfully transition its interest rate from LIBOR (London Interbank Offered Rate) to SONIA (Sterling Overnight Index Average rate) as a result of the elimination of LIBOR. This is not expected to have a significant impact on the Group's interest costs.

(iv) 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.

22. FINANCIAL INSTRUMENTS

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

Net investment hedge
During 2021, the Group continued to benefit from a net investment hedge using the AUD $88.9 million drawn in the UK to hedge the Group's foreign operations. The hedge is deemed 100% effective up to the value of the loan.

Hedging activities and derivatives
In August 2019, the Group entered into two interest rate cap agreements to cap the floating interest rates on a 6-monthly basis on 50% of the GBP (£57.5 million) and 50% of AUD term loans ($107.3 million) until 30 August 2022, covering 50% of the Group's total loans at the time. These interest rate caps are valued using valuation techniques which employ the use of market observable inputs. The most frequently applied valuation techniques include forward pricing and swap models using present value calculations. Study Group obtain the values for these interest rate caps on a quarterly basis from HSBC UK Bank Plc. The fair value at the year end was £nil (2020: £nil).

Fair values of non-derivative financial assets and liabilities
At 31 December 2021 and 31 December 2020 there is no difference between the carrying amount and fair value of each of the following classes of financial assets and liabilities, principally due to their short maturity: trade and other receivables, cash at bank and in hand, trade and other payables and current borrowings. There is no significant difference between the fair value and carrying amount of non-current borrowings as the impact of discounting is not significant.

22. FINANCIAL INSTRUMENTS (CONT'D)

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

	2021		2020	
	Income Sensitivity £m	**Equity Sensitivity £m**	Income Sensitivity £m	Equity Sensitivity £m
Australian Dollar	**1.0**	**(8.0)**	(0.9)	(9.6)
US Dollar	**0.2**	**-**	0.1	(0.6)
Other	**1.2**	**0.5**	1.3	0.4
Equity decrease	**2.4**	**(7.5)**	0.5	(9.8)

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

	31 December 2021	31 December 2020
Australian Dollar - period average	**1.8320**	1.8626
Australian Dollar - period end	**1.8607**	1.7708
US Dollar - period average	**1.3756**	1.2836
US Dollar - period end	**1.3512**	1.3650

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 2021 and the corresponding historical credit loss within this period. Where objective evidence exists that a trade receivable may be impaired, provision is made for the difference between its carrying amount and the present value of the estimated cash that will be recovered. Evidence of the impairment may include such factors as the customer entering bankruptcy proceedings or a change in their credit rating. All significant balances are reviewed individually for evidence of impairment.

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

23. SHARE CAPITAL AND RESERVES

	2021	**2021**	2020	2020
	Number of shares	**£**	Number of shares	£
A Ordinary shares	**846,153**	**846,153**	846,153	846,153
B Ordinary shares	**6,474**	**6,474**	6,474	6,474
C shares	**127,500**	**153,000**	127,500	153,000
Preference shares	**334,847,973**	**334,847,973**	334,847,973	334,847,973
Total share capital and share premium	**335,828,100**	**335,853,600**	335,828,100	335,853,600
Direct issue costs	**-**	**(17,060)**	-	(17,060)
Total net of direct issue costs	**335,828,100**	**335,836,540**	335,828,100	335,836,540

Movements in shares:

2021	**Number of shares**	**Par value £**	**Share premium £**	**Total £**
Details				
Balance at the beginning of the year	335,828,100	334,857,775	995,825	**335,853,600**
	335,828,100	334,857,775	995,825	**335,853,600**

2020	Number of shares	Par value £	Share premium £	Total £
Details				
Balance at the beginning of the year	335,800,400	334,834,588	990,412	335,825,000
Shares issued on 15 April 2020	27,700	23,187	5,413	28,600
	335,828,100	334,857,775	995,825	335,853,600

On 15 April 2020 23,141 Preference Shares of £1 each were issued at par. Additionally, 59 B Ordinary Shares and 4,500 C Shares of £0.01 each were issued at a premium.

Rights, preferences and restrictions

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

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

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

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

Reserves

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

24. EMPLOYEES

	2021	2020
	£m	£m
Staff costs for the Group during the year[(i)]:		
Wages and salaries	**80.6**	89.9
Social security costs	**7.4**	8.1
Superannuation and other pension costs	**4.3**	5.0
	92.3	103.0

Please see footnotes on page 66

24. EMPLOYEES (CONT'D)

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

	2021	2020
	No.	No.
Teaching (Direct and Indirect)	**1,033**	1,253
Sales, marketing and distribution	**353**	318
Administration	**554**	598
	1,940	2,169

(i) Salary cost excludes staff not working for the Group and being remunerated under various local government schemes.
(ii) Includes those Directors who were employed by the Group during the year.
(iii) During 2020 the GET members took a 20% voluntary pay reduction and many other staff members took a 10% voluntary reduction in recognition of the effect of Covid-19 on the business

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

Key management compensation:
Key management are defined as the Global Executive Team (GET), which is the team of senior management who support the Chief Executive Officer in the day to day management of the Group's affairs and are involved in strategic decision making.

	2021	2020
	£m	£m
Salaries and short-term benefits including management incentives(iii)	**3.3**	2.7
Termination Payments	**0.4**	-
Superannuation and other pension costs	**0.1**	0.1
	3.8	2.8

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

	2021	2020
	£m	£m
Salaries and short-term benefits including management incentives(iii)	**1.1**	0.7
	1.1	0.7

2 Directors are members of the Group's defined contribution pension plans (2020: 2). The Group's contributions to those schemes amounted to less than £0.1 million (2020: less than £0.1 million).

Highest paid Director

	2021	2020
	£m	£m
Salaries and short-term benefits(iii)	**0.6**	0.4
	0.6	0.4

25. NOTES TO THE CASH FLOW STATEMENT

Cash and cash equivalents
Included within cash and cash equivalents at the year end of £37.0 million (2020: £34.5 million) is locked cash of £0.4 million held in Escrow in relation to consideration payments for Insendi (2020: £1.7 million), and £0.1 million restricted cash in Australia and New Zealand in respect of student receipts collected on behalf of third parties (2020: £0.5 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.

25. NOTES TO THE CASH FLOW STATEMENT (CONT'D)

2021	Note			Non-cash changes £m						
		1 January 2021	Financing cash flows	Foreign exchange movements	Interest element in operating activities	Interest element in investing activities	Non-cash lease liability movements	Non-cash finance lease receivable movements	Deferred borrowing costs unwind	31 December 2021
Borrowings	21	259.6	17.1	(1.7)	-	-	-	-	1.2	276.2
Finance lease receivables	14	(7.0)	0.9	(0.1)	-	0.3	-	(0.2)	-	(6.1)
Lease liabilities	19	113.3	(14.8)	(1.1)	(4.4)	-	15.2	-	-	108.2
Total		365.9	3.2	(2.9)	(4.4)	0.3	15.2	(0.2)	1.2	378.3

2020	Note			Non-cash changes £m						
		1 January 2020	Financing cash flows	Foreign exchange movements	Interest element in operating activities	Interest element in investing activities	Non-cash lease liability movements	Non-cash finance lease receivable movements	Deferred borrowing costs unwind	31 December 2020
Borrowings	21	221.5	29.9	7.0	-	-	-	-	1.2	259.6
Finance lease receivables	14	(5.5)	1.2	0.1	-	0.3	-	(3.1)	-	(7.0)
Lease liabilities	19	129.4	(15.0)	1.5	(4.7)	-	2.1	-	-	113.3
Total		345.4	16.1	8.6	(4.7)	0.3	2.1	(3.1)	1.2	365.9

26. FINANCIAL COMMITMENTS

Capital commitments
The Group had no capital commitments at the year-end (2020: none).

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

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

The Group had £5.8 million (2020: £6.5 million) in outstanding bank guarantees at the end of the year against an AUD $15.0 million (2020: AUD $15.0 million) lease line facility held with HSBC UK Bank Plc. The majority of these are guarantees against future rental commitments.

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

No other contingent liabilities noted (2020: none).

27. RELATED PARTY DISCLOSURES

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

The Group issued shareholder loan notes in the year totalling £17.0 million to funds managed by the immediate parent undertaking Ardian LBO Fund VI B S.L.P (2020: £nil). The terms of the loan notes are disclosed in Note 21.

Revenue of £20,291,299 and a marketing contribution of £545,852 was received from the joint venture The University of Sydney Foundation Program Pty Ltd during the year (2020: £24,740,148 and £536,884 respectively). Related party payables of £2,107,952 (2020: £3,417,803) were owing to the joint venture at the year-end.

The Group paid Kugler Advisory Ltd, a company in which a Director of the Group is a Director and shareholder £23,550 (2020: £63,575) in consultancy fees during the year, with £nil outstanding at 31 December 2021 and 2020. The Group incurred expenditure with Regent’s University London, a company in which a Director of a subsidiary Group company is also a Director of Regent’s University, of £5,610 during the year, with £nil outstanding at 31 December 2021 (not a related party in 2020).

28. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The immediate parent undertaking is Ardian LBO Fund VI B S.L.P.

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

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

29. 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 restatement of trade and other receivables (2020: £1.8 million, 2019: £1.8 million) related to items that have been reviewed by management and where it has been determined that an asset no longer exists, nor did it on 1 January 2019.
- The restatement of trade and other payables (2020: £2.2 million, 2019: £2.2 million) and unearned revenue (2020: £1.1 million, 2019: £1.1 million) related to items that have been reviewed by management and where it has been determined that a liability no longer exists, nor did it on 1 January 2019. These also resulted in an adjustment to current tax payable of £0.1 million in 2020 and £0.2 million in 2019.
- Other intangible assets: In April 2021 the IFRS Interpretations Committee (IFRIC) issued an agenda decision on the treatment of configuration and customisation costs related to Software as a Service (SaaS) arrangements. Following the issuance of the IFRIC guidance, the Group elected to change its accounting policy to expense costs previously capitalised related to configuration or customisations where the Group does not have control over the software code. Customisation costs where the Group controls the software code continue to be capitalised in line with the guidance contained in IAS 38. As required by IAS 8, this change in policy has been applied retrospectively, resulting in an adjustment to closing other intangible assets of £7.0 million in 2020 and £7.5 million in 2019 and a consequential adjustment to deferred tax of £1.5 million in 2020 and £1.6 million in 2019.

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

29. PRIOR PERIOD ADJUSTMENT (CONT'D)

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

	2020			2019		
	Original	**Restate -ment**	**Revised**	**Original**	**Restate -ment**	**Revised**
	£m	**£m**	**£m**	**£m**	**£m**	**£m**
Consolidated statement of comprehensive income						
Opening retained earnings	(24.9)	(4.6)	(29.5)			
Administrative expenses	(50.7)	(3.0)	(53.7)			
Depreciation and amortisation	(40.0)	3.6	(36.4)			
Finance income	1.3	(0.2)	1.1			
Finance costs	(24.9)	-	(24.9)			
Taxation	1.0	(0.1)	0.9			
Retained loss for the year	(171.1)	0.4	(170.7)			
Closing retained earnings	(196.1)	(4.1)	(200.2)			
Other shareholder funds	339.8	-	339.8			
Total shareholder funds	**143.7**	**(4.1)**	**139.6**	**306.7**	**(4.6)**	**302.1**
Consolidated statement of financial position						
Other intangible assets	412.1	(7.0)	405.1	408.6	(7.5)	401.1
Trade and other receivables	47.8	(1.8)	46.0	58.2	(1.8)	56.4
Trade and other payables	(80.4)	2.2	(78.2)	(80.0)	2.2	(77.8)
Unearned revenues	(76.2)	1.1	(75.1)	(113.1)	1.1	(112.0)
Current tax payable	(6.1)	(0.1)	(6.2)	(3.2)	(0.2)	(3.4)
Deferred tax	(84.0)	1.5	(82.5)	(104.4)	1.6	(102.8)
	213.2	(4.1)	209.1	166.1	(4.6)	161.5
Other net assets	(69.5)	-	(69.5)	140.6	-	140.6
Net assets	**143.7**	**(4.1)**	**139.6**	**306.7**	**(4.6)**	**302.1**

30. EVENTS AFTER THE BALANCE SHEET DATE

On 18 February 2022, the Group received a cash injection from Ardian totalling £40.0 million in the form of 10-year unsecured investor loan notes. Interest is charged and compounded annually at a fixed rate of 13%.

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

PARENT COMPANY STATEMENT OF FINANCIAL POSITION
as at 31 December 2021

	Note	**31 December 2021 £m**	31 December 2020 £m
ASSETS			
NON-CURRENT ASSETS			
Amounts due from subsidiary undertakings		**398.8**	373.4
Investments	**3**	**1.0**	1.0
		399.8	374.4
NET ASSETS		**399.8**	374.4
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT			
Share capital	**4**	**334.8**	334.8
Share premium reserve		**1.0**	1.0
Retained earnings		**64.0**	38.6
TOTAL EQUITY		**399.8**	374.4

The Company reported a profit for the financial year ended 31 December 2021 of £25.4 million (2020: £23.9 million).

The financial statements and notes on pages 70 to 75 were approved by the Board of Directors on 29 April 2022 and were signed on its behalf by Nick Williams.

N.Williams

N Williams
Director SG Global Topco Limited Registered no. 11827427

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

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2021

2021	**Ordinary Share Capital £m**	**Share Premium Reserve £m**	**Retained Earnings £m**	**Total Equity £m**
At 1 January 2021	**334.8**	**1.0**	**38.6**	**374.4**
Profit for the year	**-**	**-**	**25.4**	**25.4**
At 31 December 2021	**334.8**	**1.0**	**64.0**	**399.8**

2020	Ordinary Share Capital £m	Share Premium Reserve £m	Retained Earnings £m	Total Equity £m
At 1 January 2020	334.8	1.0	14.7	350.5
Profit for the year	-	-	23.9	23.9
At 31 December 2020	334.8	1.0	38.6	374.4

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 2021

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 2022.

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

1.2. BASIS OF PREPARATION

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

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

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

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

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

Going Concern
In order to satisfy themselves that the Company is a going concern for the reference 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 correct to continue to account for the Company as a going concern, based on the reasons set out on Page 31 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 Companies operations expose it to a variety of financial risks that include the effects of market interest rates, credit risk and its liquidity position. The Company has in place a risk management programme that seeks to limit adverse effects on the financial performance of the Company which is outlined in the Directors' Report.

1.5. FINANCIAL INSTRUMENTS

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

1. MATERIAL ACCOUNTING POLICIES (CONT'D)

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

Classes of financial asset
Financial assets at amortised cost

The Group classifies its financial assets as at amortised cost only if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cash flows, and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

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

1.6. FOREIGN CURRENCY

Functional and presentation currency
Items included in the financial statements of each of the Company'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 presentation currency.

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

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

1.7. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

During the year and prior period there were no critical accounting judgements or key sources of estimation uncertainty for the Company.

2. AUDITOR'S REMUNERATION

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

3. INVESTMENTS

Details of the Cost and Net book value of the interest in its subsidiary undertaking is as follows:

	£m
Cost and net book value at 1 January 2021 and 31 December 2021	**1.0**

COMPANY SUBSIDIARY UNDERTAKING

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

Name of Entity	Country of Incorporation	Ownership Interest %	Nature
Directly Controlled Entities:			
SG Global Finco Limited	United Kingdom	100	Holding

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

4. SHARE CAPITAL

	2021 Number of shares	**2021 £**	2020 Number of shares	2020 £
A Ordinary shares	**846,153**	**846,153**	846,153	846,153
B Ordinary shares	**6,474**	**6,474**	6,474	6,474
C shares	**127,500**	**153,000**	127,500	153,000
Preference shares	**334,847,973**	**334,847,973**	334,847,973	334,847,973
Total share capital and share premium	**335,828,100**	**335,853,600**	335,828,100	335,853,600
Direct issue costs	**-**	**(17,060)**	-	(17,060)
Total net of direct issue costs	**335,828,100**	**335,836,540**	335,828,100	335,836,540

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

5. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

There were no employees in the current year other than the Directors who were remunerated by a subsidiary undertaking. Due to the number of appointments and the subjectivity involved it is impossible to accurately allocate their costs relating to the Company.

6. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The immediate parent undertaking is Ardian LBO Fund VI B S.L.P.

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

7. RELATED PARTY TRANSACTIONS

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

8. FINANCIAL COMMITMENTS

The parent company SG Global Topco Limited has provided a written 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 2021.

9. EVENTS AFTER THE BALANCE SHEET DATE

There were no significant events following the balance sheet date.