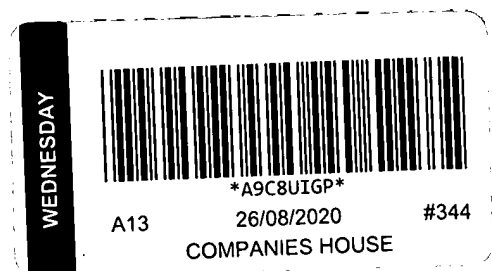




# Annual report and financial statements CEG Properties Limited

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For the year ended 31 August 2019



Company No. 02354796

## Officers and professional advisers

**Company registration number**

02354796

**Registered office**

50-60 Station Road  
Cambridge  
Cambridgeshire  
CB1 2JH

**Directors**

C Stacey

**Independent auditors**

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Maurice Wilkes Building  
St John's Innovation Park  
Cambridge  
CB4 0DS

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## Directors' report

The directors present their report and the audited financial statements of the company for the year ended 31 August 2019.

### Results and dividends

The loss for the financial year amounted to £284,000 (2018 - £5,122,000 profit). No dividends were paid during the year (2018 - £nil). The directors do not recommend payment of a final dividend (2018 – none).

### Business review

The profit in the prior year was largely attributable to the gain made on disposal of investment property. There has been no such disposal in the current year. The directors are satisfied with the results of the company for the year.

The company had net assets of £7,449,000 as at 31 August 2019.

In July 2019, the then ultimate controlling party, Bridgepoint Europe IV Fund, sold its CATS Colleges division to Bright Scholar Education Holdings Limited, a company incorporated in the Cayman Islands and listed on the New York Stock Exchange. Bright Scholar is the largest operator of international and bilingual schools in China. CEG Properties Limited continues to form part of the CATS Colleges group of companies post acquisition of the CATS Colleges division by Bright Scholar.

### Future developments

CEG Properties Limited does not have any employees, however holds investment property held to earn rental income and includes school and college buildings and office premises.

As a group, we will continue to increase the number of student centres in key and iconic locations and continue in 2019/20 to look for ways to develop our offering, especially in the area of modern facilities to improve the quality of the student experience. As a consequence, we expect future growth in performance, notwithstanding the temporary uncertainty caused by COVID-19, which in itself is discussed further in note 13 to the financial statements.

### Directors

The directors who served the company during the year and changes up to the date of the signing of the financial statements were as follows:

D Newton	Appointed 21 March 2019, Resigned 31 March 2020
C Stacey	Appointed 11 June 2019
E Armstrong	Resigned 2 July 2019
M Ioakimides	Resigned 5 July 2019
P Symes	Resigned 5 July 2019
B Webb	Resigned 5 July 2019

### Qualifying third party indemnity provisions

The company has indemnified the directors of the company in respect of proceedings brought by third parties. Such qualifying third party indemnity provision remains in place at the date of this report.

## Directors' report (continued)

### Statement of directors' responsibilities in respect of the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 section 1A "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). 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 financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 section 1A, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors 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 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.

### Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware there is no relevant audit information of which the company's auditors are unaware; and
- the directors have taken all steps that they ought to have taken as a director in order to be aware of any relevant audit information and to establish that the company's auditors are aware of that information.

### Independent auditors

PricewaterhouseCoopers LLP, having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with section 487 (2) of the Companies Act 2006 unless the company receives notice under section 488(1) of the Companies Act 2006.

On behalf of the board



C Stacey  
Director  
27 May 2020

# ***Independent auditors' report to the members of CEG Properties Limited***

## **Report on the audit of the financial statements**

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### **Opinion**

In our opinion, CEG Properties Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 August 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" Section 1A, and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the statement of financial position as at 31 August 2019; the income statement, the statement of comprehensive income, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

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### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Independence**

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

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### **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with

the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. 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 based on these responsibilities.

With respect to the Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

#### *Directors' Report*

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the year ended 31 August 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Directors' Report.

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### **Responsibilities for the financial statements and the audit**

#### *Responsibilities of the directors for the financial statements*

As explained more fully in the statement of directors' responsibilities in respect of the financial statements set out on page 4, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

#### *Auditors' 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 auditors' 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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

#### *Use of this report*

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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## **Other required reporting**

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### **Companies Act 2006 exception reporting**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

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### **Entitlement to exemptions**

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

Richard Bedlow (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Cambridge  
27 May 2020



## Income statement

For the year ended 31 August 2019

	Note	2019 £'000	2018 £'000
Revenue		-	310
Cost of sales		-	-
<b>Gross profit</b>		<b>-</b>	<b>310</b>
Administrative expenses		35	-
Gain on disposal of investment property		-	5,661
Change in fair value of investment property		-	70
<b>Operating profit</b>		<b>35</b>	<b>6,041</b>
Interest expense	6	(310)	(479)
<b>(Loss)/profit before taxation</b>		<b>(275)</b>	<b>5,562</b>
Tax on (loss)/profit		(9)	(440)
<b>(Loss)/profit for the financial year</b>		<b>(284)</b>	<b>5,122</b>

All of the activities of the company are classed as continuing.

## Statement of comprehensive income

For the year ended 31 August 2019

	2019 £'000	2018 £'000
<b>(Loss)/profit for the financial year</b>	<b>(284)</b>	<b>5,122</b>
<b>Total comprehensive (expense)/income for the year</b>	<b>(284)</b>	<b>5,122</b>

**The accompanying notes form part of these financial statements.**

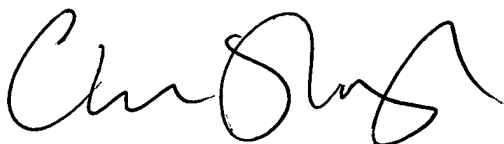
# Statement of financial position

As at 31 August 2019

	Note	2019 £'000	2018 £'000
<b>Fixed assets</b>			
Investment property	7	-	1,950
Tangible assets	8	-	-
		-	1,950
<b>Current assets</b>			
Fixed assets held for sale	9	1,950	-
Debtors	10	16,999	17,257
Cash		20	1,493
		18,969	18,750
<b>Creditors: amounts falling due within one year</b>	11	(11,461)	(12,908)
<b>Net current assets</b>		7,508	5,842
<b>Total assets less current liabilities</b>		7,508	7,792
<b>Provisions for liabilities</b>		(59)	(59)
<b>Net assets</b>		7,449	7,733
<b>Capital and reserves</b>			
Called up share capital		181	181
Share premium		103	103
Retained earnings		7,165	7,449
		7,449	7,733

These financial statements have been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006.

These financial statements on pages 8 to 18 were approved by the directors and authorised for issue on 27 May 2020 and are signed on their behalf by:



C Stacey  
 Director  
 Company Registration Number: 02354796

**The accompanying notes form part of these financial statements.**

## Statement of changes in equity

For the year ended 31 August 2019

	<b>Called- up share capital</b>	<b>Share premium</b>	<b>Retained earnings</b>	<b>Total equity</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>At 1 September 2017</b>	<b>181</b>	<b>103</b>	<b>2,327</b>	<b>2,611</b>
Profit for the financial year	-	-	5,122	5,122
Total comprehensive income for the financial year	-	-	5,122	5,122
<b>At 31 August 2018</b>	<b>181</b>	<b>103</b>	<b>7,449</b>	<b>7,733</b>
Loss for the financial year	-	-	(284)	(284)
Total comprehensive expense for the financial year	-	-	(284)	(284)
<b>At 31 August 2019</b>	<b>181</b>	<b>103</b>	<b>7,165</b>	<b>7,449</b>

**The accompanying notes form part of these financial statements.**

# Notes to the financial statements

## **1 General information**

CEG Properties Limited (“the company”) is a private limited company limited by shares and incorporated in England, United Kingdom under the Companies Act. The address of the registered office, which is also the principal place of business, is given on page 1. The principal activity of the company is the provision of property occupied by other group companies.

## **2 Statement of compliance**

These financial statements have been prepared in compliance with United Kingdom Accounting Standards including “The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland” (“FRS 102 section 1A” applicable to small entities) and the Companies Act 2006 (part 15 special provisions for small companies).

## **3 Summary of significant accounting policies**

The principal accounting policies are summarised below. These policies have been consistently applied to all years presented within the financial statements, unless otherwise stated.

### **a) Basis of preparation**

These financial statements have been prepared on a going concern basis under the historic cost convention, as modified by the recognition of certain assets measured at fair value.

The functional currency of the company is considered to be pounds sterling because that is the currency of the primary economic environment in which the company operates.

Values are presented in thousands of pounds sterling except where the nature of the disclosure or the value disclosed is such that disclosure in pounds sterling is more appropriate.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

Estimates and judgements are continually evaluated and are based on historical experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

### **b) Going concern**

The group, of which the company is a part, meets its day-to-day working capital requirements through its cash and cash equivalents and intra-group loans. The Directors have prepared both detailed budgets and long term forecasts for the group, taking account of reasonably possible changes in trading performance. After making enquiries, the Directors have a reasonable expectation that both the group and company have adequate resources to continue in operational existence for the foreseeable future, within the level of existing facilities and to meet long term liabilities as they fall due. The company therefore continues to adopt the going concern basis in preparing its financial statements.

## Notes to the financial statements (continued)

### 3 Summary of significant accounting policies (continued)

#### c) Revenue

Revenue is stated net of VAT (if applicable) and is recognised when the significant risks and rewards are considered to have transferred to the buyer.

Revenue shown in the income statement represents amounts receivable in respect of the provision of rental property and is recognised on a straight line basis over the term of the lease or license concerned.

#### d) Borrowing costs

All borrowing costs are recognised in the income statement in the period in which they are incurred, using the effective interest rate method.

#### e) Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts to be paid to the tax authorities.

#### f) Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.
- Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

#### g) Investment property

Investment properties are those properties that are held to earn rental income and include school and college buildings and office premises.

Investment properties are measured initially at cost. Cost includes the original purchase price and costs directly attributable to bringing the asset to its working condition for its intended use.

Thereafter investment properties are stated at fair value, which reflects market conditions at the balance sheet date as determined by the directors. That determination is based on periodic external appraisals performed by a qualified external valuer and is inherently subjective. Surpluses and deficits from changes in fair value of investment properties are recognised in the income statement for the year in which they arise.

Investment properties are derecognised on legal completion of disposal. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in the income statement.

## Notes to the financial statements (continued)

### 3 Summary of significant accounting policies (continued)

#### h) Tangible assets

Tangible assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use, dismantling and restoration costs.

Land and buildings include freehold and leasehold schools, colleges, student accommodation and offices. The leasehold buildings are stated at cost and the freehold land and buildings are stated at valuation, less accumulated depreciation and accumulated impairment losses.

Subsequent costs, including major inspections, are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that economic benefits associated with the item will flow to the company and the cost can be measured reliably. Repairs, maintenance and minor inspection costs are expensed as incurred.

Tangible assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in the income statement and included in 'Other operating (losses)/gains'.

Freehold land and buildings are revalued periodically to fair value based on an appraisal undertaken by a qualified external valuer. Any revaluation gains are recognised in equity and any losses are recognised in the income statement unless and to the extent that they offset a gain previously recorded in equity.

#### i) Depreciation and residual values

Depreciation is calculated so as to write off the cost of tangible assets, less their estimated residual value, over the useful economic life of those assets as follows:

Leasehold buildings	6% - 25% straight line
---------------------	------------------------

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each reporting period. The effect of any change is accounted for prospectively. Investment property is not depreciated.

#### j) Fixed assets held for sale

Fixed assets are classified as held for sale only if it is available for sale in its current condition, management is committed to the sale and a sale is highly probable and expected to be completed within one year from the date of classification. Fixed assets classified as held for sale are measured at the lower of carrying amount and fair value less costs of disposal.

#### k) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts, when applicable, are shown within borrowings in current liabilities.

#### l) Short-term debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the income statement in other operating expenses.

## Notes to the financial statements (continued)

### 3 Summary of significant accounting policies (continued)

#### m) Financial instruments

Basic financial assets, including trade and other debtors, amounts owed by group undertakings, accrued income and cash and bank balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction. Financing transactions are measured at the present value of the future receipts discounted at the market rate of interest and are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired, the impairment loss is the difference between the carrying amount and present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the income statement.

Basic financial liabilities including trade and other creditors, amounts owed to group undertakings and accruals are initially recognised at transaction price, unless the arrangement constitutes a financing transaction. For such transactions the debt instrument is measured at present value of the future receipts discounted at a market rate of interest and subsequently carried at amortised cost, using the effective interest rate method.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Dividends and other distributions to the company's shareholders are recognised as a liability in the period in which the dividends and other distributions are approved by the shareholders. These amounts are recognised in the statement of changes in equity.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

## Notes to the financial statements (continued)

### 4 Critical accounting estimates and judgements

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. In the opinion of the directors, the estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities with the next financial year are described below.

#### Taxation

The company establishes provisions based on reasonable estimates and where relevant for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience with previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority.

Management estimation is required to determine the amount of deferred tax assets that is recognised, based upon likely timing and level of future taxable profits together with an assessment of the tax rates that will be applicable in future and the effect of future tax planning strategies.

#### Investment property

The directors determine the fair value of the company's investment properties based on periodic external appraisals performed by a qualified external valuer. The basis of the fair value appraisal is an estimation of the price that would be received to sell an asset in an orderly transaction between market participants. The valuation process is inherently subjective and therefore fair value of the investment properties may differ significantly from the value realised in an actual transaction.

### 5 Particulars of employees

The company did not have any employees during the year (2018 – none).

### 6 Interest expense

	2019	2018
	£'000	£'000
Interest payable and similar charges:		
Interest on intra-group loans	310	479

### 7 Investment property

	£'000
At 31 August 2018	1,950
Transfer to fixed assets held for sale	(1,950)
At 31 August 2019	-

Freehold land and buildings were revalued at 31 August 2018 by Savills (UK) Limited, Chartered Surveyors regulated by RICS, acting as external valuers and in accordance with the RICS Red Book at £1,950,000. The basis of valuation was fair value, which is the price that would be received to sell an asset in an orderly transaction between market participants, before selling expenses and based on market evidence. The directors consider that this valuation is indicative of the value at the balance sheet date.



## Notes to the financial statements (continued)

### 7 Investment property (continued)

At the year end, the freehold land and buildings was under offer, with an expected sale date in less than one year, the fair value of investment property has been transferred to fixed assets held for sale; further details are held in note 9.

### 8 Tangible assets

	Leasehold land and buildings £'000
Cost:	
At 31 August 2018 and 31 August 2019	<u>2,110</u>
Accumulated depreciation:	
At 31 August 2018 and 31 August 2019	<u>2,110</u>
Net book value:	
At 31 August 2019	<u>-</u>
At 31 August 2018	<u>-</u>

The net book value of land included in the above is £nil (2018 - £nil).

### 9 Fixed assets held for sale

	£'000
At 31 August 2018	-
Transfer from investment property	<u>1,950</u>
At 31 August 2019	<u>1,950</u>

At the year end, fixed assets held for sale of £1,950,000 represents freehold land and buildings that are being actively marketed for sale with an expected completion date within one year. The value of fixed assets held for sale represents the expected net disposal proceeds; further details on the valuation of fair value less costs of disposal are held in note 7.

### 10 Debtors

	2019 £'000	2018 £'000
Amounts owed by group undertakings	16,990	17,181
Deferred tax	<u>9</u>	<u>76</u>
	<u>16,999</u>	<u>17,257</u>

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

## Notes to the financial statements (continued)

### 11 Creditors: amounts falling due within one year

	2019 £'000	2018 £'000
Amounts owed to group undertakings	<u>11,461</u>	<u>12,908</u>

Amounts owed to group undertakings includes a loan of £nil (2018 - £10,391,000). The loan was redesignated as an interest-free balance from 31 March 2019. The effective interest rate on this loan up to that date was 5.1% (2018 – 4.8%). All other group balances are interest-free, unsecured, have no fixed date of repayment and are repayable on demand.

### 12 Related party transactions

As a wholly-owned subsidiary of Bright Scholar (UK) Holdings Limited, the company is exempt from the requirement to disclose transactions with other members of the group.

### 13 Capital and other commitments

The company had the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

Payments due:	2019 £'000	2018 £'000
Not later than one year	320	370
Later than one year and not later than five years	638	838
Later than five years	510	677
	<u>1,468</u>	<u>1,885</u>

### 14 Post balance sheet events

On 11 March 2020, the World Health Organisation (WHO) declared the outbreak of a strain of novel coronavirus disease, COVID-19, a global pandemic. Governments in affected areas have imposed a number of measures designed to contain the outbreak, including business closures, travel restrictions, stay at home orders and cancellations of gatherings and events. The spread of COVID-19 has resulted in an economic downturn in jurisdictions in which the group and company operates and the global economy more widely, as well as causing increased volatility and declines in financial markets.

As the impact of COVID-19 is a dynamic and evolving global health situation, the group continues to monitor the situation following the advice of Public Health England, all local and national health authorities, and the WHO. Following the advice of the UK Government, colleges and educational centres of the group remain closed until such a time as the government advises that it is safe for students and staff to return.

## Notes to the financial statements (continued)

### **14 Post balance sheet events (continued)**

As a direct result of international travel restrictions, published government health advice on social distancing and other measures and the introduction of the Coronavirus Bill 2020, a reduced level of activity is expected while restrictions are in place. During this period, the group has redeployed staff and resources across divisions to maximise resource availability. For the year ending 31 August 2020, the Stafford House division is forecasting a full year loss before tax, which is supported by the CATS division forecasting a full year profit before tax. Year on year, the group expects consolidated profit before tax to increase, with the impact of COVID-19 halting growth in profitability in the short term.

In response to the UK Government's advice to close UK schools to help reduce the spread of the COVID-19, all colleges and education centres have moved tuition online to avoid any unnecessary disruption to students' studies. Remote tuition started at the end of March 2020, transitioning to full online learning provision towards the end of April 2020, and this will continue to remain in effect while facilities remain closed. These steps have been taken with an aim to ensure business continuity during this period of uncertainty, while also ensuring the group continues to provide a safe environment for staff and students.

### **15 Ultimate controlling party**

The immediate parent company is CATS Colleges Holdings Limited.

Bright Scholar Education Holdings Limited is the ultimate parent company and the parent undertaking of the smallest and largest group which prepares publicly available consolidated financial statements that incorporate the results of the company. Copies of the consolidated financial statements may be obtained from the address given on page 1.

The ultimate controlling party is Bright Scholar Education Holdings Limited, a company incorporated in the Cayman Islands and listed on the New York Stock Exchange.