



Annual report and financial statements CEG Properties Limited

For the year ended 31 August 2022



Company No. 02354796

Officers and professional advisers

Company registration number	02354796
Registered office	Suites 6-7 The Turvill Building Old Swiss 149 Cherry Hinton Road Cambridge England CB1 7BX
Directors	C A J Stacey R Niu
Independent auditor	Deloitte LLP 1 Station Square Cambridge CB1 2GA United Kingdom

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Directors' report

Introduction

The directors present their report and the audited financial statements of the company for the year ended 31 August 2022.

Principal activity

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

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:

C A J Stacey	
R Niu	(Appointed 4 April 2023)
J He	(Terminated 4 April 2023)
D M Li	(Terminated 4 April 2023)

Results and dividends

The profit for the financial year amounted to £84,000 (2021: £36,000). No dividends were paid during the year (2021: £nil). The directors do not recommend payment of a final dividend (2021: none).

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.

Post balance sheet events

Subsequent to year end, an intercompany net down agreement was entered into by entities within the Bright Scholar (UK) Holdings Limited Group. Amounts due from group undertakings were netted off against amounts due to group undertakings. The net down balance after the net off was either due to/due from CATS Colleges Holdings Limited, or Bright Scholar (UK) Holdings Limited. This net down balance was then recognized either as an intercompany waiver or contribution to capital investment.

Going concern

The directors have considered the company's financial position taking into account reasonably possible changes in trading performance, including the possible impacts of the cost of living and energy crisis on the company. The company has net assets of £7,266,000 (2021: £7,182,000) and net current assets of £5,566,000 (2021: £5,482,000), including cash of £20,000 (2021: £20,000) at the balance sheet date. A significant portion of the current liabilities (£11,277,000) relate to amounts due to related entities. The parent company of these related entities has issued a letter of guarantee that these balances will not be demanded for a period of at least 12 months from the approval of the financial statements.

After considering all of the above factors, the directors have a reasonable expectation that the company has sufficient access to adequate resources to continue in operational existence for the foreseeable future, and for at least the period of twelve months following the date of approval of the financial statements. The directors therefore consider it appropriate to adopt the going concern principle in preparing the financial statements.

Directors' report (continued)

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.

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

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

Approved by the Board of Directors and signed on its behalf by:



C A J Stacey
Director

Date: **16 October 2023**

Directors' responsibility statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- 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 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 Companies House. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditor's report to the members of CEG Properties Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of CEG Properties Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 August, 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 19.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

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

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

Conclusions relating to going concern

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

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

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

Independent auditor's report to the members of CEG Properties Limited (continued)

Other information

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

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

We have nothing to report in this regard.

Responsibilities of directors

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

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

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.

Independent auditor's report to the members of CEG Properties Limited (continued)

Extent to which the audit was considered capable of detecting irregularities, including fraud

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

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

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These included Employments Law, Data Protection and Health and Safety Legislation.

We discussed among the audit engagement team 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 was in the posting of non-routine revenue recognition entries, such as posting of fictitious journals in order to overstate revenue, credits to revenue where the debit side of transaction is recorded in an unrelated account. Our procedures performed to address this risk included testing the appropriateness of a sample of manual journal entries crediting revenue during the year.

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 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.

Independent auditor's report to the members of CEG Properties Limited (continued)

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

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.



Chris Aylott ACA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Cambridge, United Kingdom
16 October 2023

Profit and loss account

For the year ended 31 August 2022

	Note	2022 £'000	2021 £'000
Turnover	5	68	67
Cost of sales		-	-
Gross profit		68	67
Other income		59	-
Administrative expenses		-	(62)
Operating profit		127	5
Profit before taxation		127	5
Tax on profit	7	(43)	31
Profit for the financial year		84	36

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

Statement of comprehensive income

For the year ended 31 August 2022

	Note	2022 £'000	2021 £'000
Profit for the financial year		84	36
Revaluation on investment property	8	-	(250)
Total comprehensive income/(expense) for the year		84	(214)

The notes on pages 13 to 23 form part of these financial statements.

Balance sheet

As at 31 August 2022

	Note	2022 £'000	2021 £'000
Fixed assets			
Tangible assets	9	-	-
Investment property	8	1,700	1,700
		<u>1,700</u>	<u>1,700</u>
Current assets			
Debtors	10	16,874	16,959
Cash at bank and in hand		20	20
		<u>16,894</u>	<u>16,979</u>
Creditors: amounts falling due within one year	11	<u>(11,328)</u>	<u>(11,497)</u>
Net current assets		<u>5,566</u>	<u>5,482</u>
Total assets less current liabilities		<u>7,266</u>	<u>7,182</u>
Net assets		<u><u>7,266</u></u>	<u><u>7,182</u></u>
Capital and reserves			
Called up share capital	13	181	181
Share premium		103	103
Profit and loss account		6,982	6,898
Shareholders funds		<u><u>7,266</u></u>	<u><u>7,182</u></u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A small entities.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



C A J Stacey
Director

Date: **16 October 2023**

Company Registration Number: 02354796

The notes on pages 13 to 23 form part of these financial statements.

Statement of changes in equity

For the year ended 31 August 2022

	Called-up share capital	Share premium	Profit and loss account	Total equity
	£'000	£'000	£'000	£'000
At 1 September 2020	181	103	7,112	7,396
Profit for the financial year	-	-	36	36
Revaluation of investment property	-	-	(250)	(250)
Total comprehensive expense for the financial year	-	-	(214)	(214)
At 31 August 2021	181	103	6,898	7,182
Profit for the financial year	-	-	84	84
Total comprehensive income for the financial year	-	-	84	84
At 31 August 2022	181	103	6,982	7,266

The notes on pages 13 to 23 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 and Wales under the Companies Act 2006. 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 Basis of accounting

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 of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 Section 1A Small Entities requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 4).

The following principal accounting policies have been applied:

b) Going concern

The directors have considered the company's financial position taking into account reasonably possible changes in trading performance, including the possible impacts of the cost of living and energy crisis on the company. The company has net assets of £7,266,000 (2021: £7,182,000) and net current assets of £5,566,000 (2021: £5,482,000), including cash of £20,000 (2021: £20,000) at the balance sheet date. A significant portion of the current liabilities (£11,277,000) relate to amounts due to related entities. The parent company of these related entities has issued a letter of guarantee that these balances will not be demanded for a period of at least 12 months from the approval of the financial statements.

After considering all of the above factors, the directors have a reasonable expectation that the company has sufficient access to adequate resources to continue in operational existence for the foreseeable future, and for at least the period of twelve months following the date of approval of the financial statements. The directors therefore consider it appropriate to adopt the going concern principle in preparing the financial statements.

c) Turnover

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

Turnover shown in the profit and loss account 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.

Notes to the financial statements (continued)

3 Summary of significant accounting policies (continued)

d) Borrowing costs

All borrowing costs are recognised in the profit and loss account in the period in which they are incurred, using the effective interest rate method.

e) Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit and loss account except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current corporation tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

f) 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 profit and loss account 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 profit and loss account.

Notes to the financial statements (continued)

3 Summary of significant accounting policies (continued)

g) 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 profit and loss account.

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 profit and loss account unless and to the extent that they offset a gain previously recorded in equity.

h) 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
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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.

i) 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.

j) 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 of debtors are recognised in the profit and loss account in other operating expenses.

Notes to the financial statements (continued)

3 Summary of significant accounting policies (continued)

k) Operating leases

Operating leases are arrangements where substantially all of the benefits and risks of ownership remain with the lessor and rentals under such arrangements are charged against profits on a straight-line basis over the period of the lease.

Incentives received to enter into an operating lease are credited to the profit and loss account to reduce the lease expense, on a straight-line basis over the whole life of the lease.

l) 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 profit and loss account.

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.

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.

Critical judgements in applying the Company's accounting policies

There are no critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Company's accounting policies that have a significant effect on the amounts recognised in the financial statements.

Key sources of estimation uncertainty

In preparing these financial statements, the directors have made the following estimations:

- Determine the fair value of land and buildings held as investment property. Factors taken into consideration in reaching such a decision include the market value and expected future financial performance of the asset.
- Determine whether the amounts receivable from group undertakings are recoverable. Some of the balances are due from counterparties who are in a net current liability position at year end. The recoverability of these receivables have been assessed at year end and up until the date of signing the financial statements.

5 Turnover

	2022	2021
	£'000	£'000
Intra group recharges	<u>68</u>	<u>67</u>

Turnover shown in the profit and loss account 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.

6 Auditor's remuneration

	2022 £'000	2021 £'000
Fees payable to the company's auditor for the audit of the company's annual financial statements	-	6
Fees payable to the company's auditor and its associates in respect of		
Taxation compliance services	-	2
All other services	-	-

Auditor fees have been borne by other group companies for the current year.

7 Employees

The company has no employees other than the directors, who do not receive remuneration (2021: £nil). Directors' remuneration is borne by other group companies and it is deemed not possible to allocate a charge from other group companies.

Notes to the financial statements (continued)

8 Taxation

(a) Tax charge included in the profit and loss account

	2022 £'000	2021 £'000
Current tax:		
UK Corporation tax based on the profit/(loss) for the year at 19% (2021: 19%)	10	(15)
Adjustment in respect of prior periods	15	(39)
Total current tax	<u>25</u>	<u>(54)</u>
Deferred tax:		
Origination and reversal of timing differences	-	21
Adjustments in respect of prior periods	18	(1)
Adjustments in respect of tax changes	-	3
Total deferred tax (note 13)	<u>18</u>	<u>23</u>
Tax on profit	<u>43</u>	<u>(31)</u>

(b) Factors affecting tax charge

The tax assessed on the profit before taxation for the year is higher (2021: lower) than the standard rate of corporation tax in the UK of 19% (2021: 19%).

	2022 £'000	2021 £'000
Profit before taxation	<u>127</u>	<u>5</u>
Profit before taxation multiplied by rate of tax	24	1
Expenses not deductible for tax purposes	-	-
Depreciation for the year in excess of capital allowance	-	-
Adjustment in respect of prior periods	15	(40)
Other	4	8
Tax on profit	<u>43</u>	<u>(31)</u>

(c) Tax rate changes

The deferred tax balances recognised in the accounts as at year-end have been calculated using the 25% rate. A change in corporation tax is due to take place from 1 April 2023 and was substantively enacted in the Finance Act 2021 on 24 May 2021. This was not adjusted in Finance Act 2022.

The company has unrecognised accumulated tax losses of £134,018 (2021: £134,018).

Notes to the financial statements (continued)

9 Investment property

	2022	2021
	£'000	£'000
At 1 September	1,700	1,950
Revaluation through other comprehensive income	-	(250)
At 31 August	1,700	1,700

Freehold land and buildings were revalued at 31 August 2021 by Savills (UK) Limited, Chartered Surveyors regulated by RICS, acting as external valuers and in accordance with the RICS Red Book at £1,700,000. 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.

10 Tangible assets

	Leasehold land and buildings £'000
Cost:	
At 1 September 2021 and 31 August 2022	<u>2,110</u>
Accumulated depreciation:	
At 1 September 2021 and 31 August 2022	<u>2,110</u>
Net book value:	
At 31 August 2022	<u>-</u>
At 31 August 2021	<u>-</u>

The net book value of land included in the above is £nil (2021: £nil).

Notes to the financial statements (continued)

11 Debtors

	2022 £'000	2021 £'000
Amounts owed by parent company	15,932	15,932
Amounts owed by group undertakings	942	1,027
	<u>16,874</u>	<u>16,959</u>

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

12 Creditors: amounts falling due within one year

	2022 £'000	2021 £'000
Amounts owed to group undertakings	11,277	11,405
Deferred tax liabilities (Note 12)	51	33
Other creditors	-	59
	<u>11,328</u>	<u>11,497</u>

All group balances are interest-free, unsecured, have no fixed date of repayment and are repayable on demand.

13 Deferred tax

	2022 £'000	2021 £'000
Balance as at 1 September	(33)	(10)
Charge in year	-	(16)
Prior year adjustment	(18)	1
Changes in tax rate	-	(8)
Balance as at 31 August	<u>(51)</u>	<u>(33)</u>

Notes to the financial statements (continued)

14 Share Capital

	2022 £'000	2021 £'000
Allotted and called up		
4,250,000 (2021 – 4,250,000) Ordinary A shares of £0.01 each	43	43
13,800,000 (2021 – 13,800,000) Ordinary shares of £0.01 each	138	138
	<u>181</u>	<u>181</u>

15 Reserves

The company's capital and reserves are as follows:

Share capital

Called up share capital reserve represents the nominal value of the shares issued.

Share premium

Share premium represents the premium value of the shares issued.

Profit and loss account

The profit and loss account represents cumulative profits or losses net of dividends paid and other adjustments.

16 Related party transactions

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

17 Capital and other commitments

At 31 August 2022 the company has future minimum lease payments under non-cancellable operating leases as set out below:

	2022 £'000	2021 £'000
Payments due:		
Not later than one year	446	432
Later than one year and not later than five years	1,786	1,727
Later than five years	2,157	2,518
	<u>4,389</u>	<u>4,677</u>

Included within this disclosure are amounts committed to by the company on behalf of the fellow subsidiary, Cambridge Arts & Sciences Limited, as the leased property is utilised by the fellow subsidiary.

The company had no other off-balance sheet arrangements and no capital commitments contracted but not provided (2021: none).

Notes to the financial statements (continued)

18 Post balance sheet events

Subsequent to year end, an intercompany net down agreement was entered into by entities within the Bright Scholar (UK) Holdings Limited Group. Amounts due from group undertakings were netted off against amounts due to group undertakings. The net down balance after the net off was either due to/due from CATS Colleges Holdings Limited, or Bright Scholar (UK) Holdings Limited. This net down balance was then recognized either as an intercompany waiver or contribution to capital investment.

19 Ultimate controlling party

The immediate parent company is CATS Colleges Holdings Limited, a company incorporated in the United Kingdom, whose registered office address is below.

The ultimate controlling party is Ms Meirong Yang and Ms Huiyan Yang by virtue of their controlling interest in the company's ultimate parent undertaking.

Bright Scholar Education Holdings Limited is the smallest and largest group which prepares publicly available consolidated financial statements that incorporate the results of the company. Bright Scholar Education Holdings Limited is incorporated in the Cayman Islands and listed on the New York Stock Exchange. Copies of the consolidated financial statements may be obtained from the company's registered office address below:

Suites 6-7 The Turvill Building Old Swiss
149 Cherry Hinton Road
Cambridge
England
CB1 7BX