

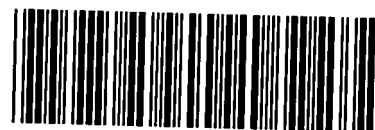


# Annual report and financial statements Stafford House Study Holidays Limited

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For the year ended 31 August 2022

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COMPANIES HOUSE

Company No. 02404309

## Officers and professional advisers

<b>Company registration number</b>	02404309
<b>Registered office</b>	Suites 6-7 The Turvill Building Old Swiss 149 Cherry Hinton Road Cambridge England CB1 7BX
<b>Directors</b>	C A J Stacey R Niu
<b>Independent auditor</b>	Deloitte LLP 1 Station Square Cambridge CB1 2GA United Kingdom

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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 2022.

### Principal activities

The principal activity of the company during the year was the provision of short-term courses in English language, arts, sports and academic preparation to international students as part of CATS Colleges ("CATS").

CATS, established in 1952, is a UK-based global group that specialises in the provision of high quality academic and English language programmes to international students across the UK, USA, Canada and China.

The international education sector remains an attractive and growing market with demographic trends driving an increased demand for Western education from the emerging markets. A growing middle class in the emerging markets with rising disposable incomes and lack of university places are the drivers for future market growth.

The underlying principles across the group are:

- world-class provision of classroom based teaching in the English language;
- helping our students to achieve entry to the best universities according to their aspirations and abilities;
- continuous investment into state-of-the-art facilities which is evident at sites in London, Canterbury, Cambridge, Boston and Shanghai;
- exceptional pastoral care ensures that our students' educational experience is also safe, healthy and enjoyable.

The policies and procedures that are in place to monitor and manage these risks include:

- ensuring a robust business continuity plan is in place to ensure mitigation of risks associated with the cost of living pressures.

### Directors

The directors who served the company during the year and 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 £67,000 (2021: loss of £21,000). No dividends were paid during the year (2021 - £nil). The directors do not recommend payment of a final dividend (2021 – none).

The company had net assets of £1,474,000 as at 31 August 2022 (2021: £1,407,000).

### 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)

### 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 £1,474,000 (2021: £1,407,000) and net current assets of £1,474,000 (2021: £1,407,000) at the balance sheet date. A significant portion of the current liabilities (£7,023,000) 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.

### 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: 31 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 Stafford House Study Holidays Limited

## Report on the audit of the financial statements

### Opinion

In our opinion the financial statements of Stafford House Study Holidays 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 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 Stafford House Study Holidays 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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.



## Independent auditor's report to the members of Stafford House Study Holidays 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, pensions legislation, 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 Stafford House Study Holidays 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  
31 October 2023

## Profit and loss account

For the year ended 31 August 2022

	Note	2022 £'000	2021 £'000
<b>Turnover</b>	5	3,170	179
Cost of sales		(2,298)	(149)
<b>Gross profit</b>		<u>872</u>	<u>30</u>
Administrative expenses		(792)	(309)
Other operating income	6	-	279
<b>Operating profit</b>	7	<u>80</u>	<u>-</u>
<b>Profit before taxation</b>		<u>80</u>	<u>-</u>
Tax	10	(13)	(21)
<b>Profit/(Loss) for the financial year</b>		<u><u>67</u></u>	<u><u>(21)</u></u>

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

The notes on pages 13 to 24 form part of these financial statements.

## Balance sheet

As at 31 August 2022

	Note	2022 £'000	2021 £'000
<b>Fixed assets</b>			
Tangible assets	11	-	-
		<u>-</u>	<u>-</u>
<b>Current assets</b>			
Debtors	12	9,899	10,092
Cash at bank and in hand		-	-
		<u>9,899</u>	<u>10,092</u>
<b>Creditors: amounts falling due within one year</b>	13	<u>(8,425)</u>	<u>(8,685)</u>
<b>Net current assets</b>		<u>1,474</u>	<u>1,407</u>
<b>Total assets less current liabilities</b>		<u>1,474</u>	<u>1,407</u>
<b>Net assets</b>		<u>1,474</u>	<u>1,407</u>
<b>Capital and reserves</b>			
Called up share capital	15	93	93
Profit and loss account	15	1,381	1,314
<b>Shareholders funds</b>		<u>1,474</u>	<u>1,407</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.

These financial statements were approved by the directors and authorised for issue and are signed on their behalf by:



**C A J Stacey**  
 Director  
 Company Registration Number: 02404309

Date: 31 October 2023

The notes on pages 13 to 24 form part of these financial statements.

## Statement of changes in equity

For the year ended 31 August 2022

	Called up share capital	Retained earnings	Total equity
	£'000	£'000	£'000
<b>At 1 September 2020</b>	<b>93</b>	<b>1,335</b>	<b>1,428</b>
Loss for the financial year	-	(21)	(21)
Total comprehensive expense for the financial year	-	(21)	(21)
<b>At 31 August 2021</b>	<b>93</b>	<b>1,314</b>	<b>1,407</b>
Profit for the financial year	-	67	67
Total comprehensive income for the financial year	-	67	67
<b>At 31 August 2022</b>	<b>93</b>	<b>1,381</b>	<b>1,474</b>

The notes on pages 13 to 24 form part of these financial statements.

# Notes to the financial statements

## **1 General information**

Stafford House Study Holidays Limited ("the company") is a private limited company limited by shares, and incorporated in England, United Kingdom 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 short-term English language and activity programmes.

## **2 Basis of accounting**

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).

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of, and no objection to, the use of exemptions by the company's shareholders.

The company qualifies and has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- from the financial instrument disclosures required under FRS 102 paragraphs 11.39 to 11.48A and paragraphs 12.26 to 12.29, as the information is provided in the consolidated financial statements of the group in which the company is consolidated;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7; and
- from the key management personnel compensation disclosures required under FRS 102 paragraph 33.7, as the information is provided in the consolidated financial statement of the group in which the company is consolidated.

This information is included in the consolidated financial statements of Bright Scholar Education Holdings Limited and these financial statements may be obtained from the registered address of the Company, included in note 19.

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

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and prior year in these financial statements.

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

These financial statements have been prepared on a going concern basis under the historic cost method.

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.

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.

## Notes to the financial statements (continued)

### **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 £1,474,000 (2021: £1,407,000) and net current assets of £1,474,000 (2021: £1,407,000) at the balance sheet date. A significant portion of the current liabilities (£7,023,000) 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) Foreign currencies**

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transaction. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions are recognised in the profit and loss account.

Monetary assets and liabilities in foreign currencies are translated into the functional currency of pounds sterling at the rates of exchange ruling at the balance sheet date. Gains and losses that relate to borrowings and cash and cash equivalents are presented in the profit and loss account within net interest expense. All other foreign exchange gains and losses are presented in the profit and loss account within administrative expenses.

### **d) 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 educational and tuition services and is recognised as the performance of those services occurs.

Where a contract has only been partially completed at the balance sheet date, turnover represents the fair value of the services provided to date, based on the stage of completion of the contract activity at the balance sheet date. Where payments are received from customers in advance of services provided, those amounts are recorded as deferred income or, if potentially refundable within the terms of the contract, as other creditors, both as part of creditors due within one year.

## Notes to the financial statements (continued)

### **e) Interest**

Interest income is recognised in the period in which it is earned using the effective interest rate method.

### **f) 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.

### **g) Employee benefits**

The company provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined contribution pension plans.

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

The group operates a defined contribution plans for its employees. A defined contribution plan is a pension plan under which the group pays fixed contributions into an arrangement separate from the group. Once the contributions have been paid, the group has no further payment obligations. The contributions are recognised as an expense when they are due. Differences between contributions payable and actually paid are shown as either accruals or prepayments in the balance sheet. The assets of the plan are held separately from the group in independently administered funds.

The company operates an annual bonus plan for employees. An expense is recognised in the profit and loss account when the group has a legal or constructive obligation to make payments under the plans as a result of past events and a reliable estimate of the obligation can be made.

### **h) Current and deferred tax**

The tax expense for the year comprises current and deferred tax. Tax is recognised in the 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.



## Notes to the financial statements (continued)

### **i) 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.

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 and included in 'Other operating (losses)/gains'.

### **j) Depreciation and residual values**

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Plant and equipment    15% - 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.

### **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) Government grants**

Government grants are recognised on the accrual basis and any performance requirements are disclosed as required.

### **m) 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 administrative expenses.

## Notes to the financial statements (continued)

### **n) Financial instruments**

The company has chosen to adopt Section 11 and 12 of FRS 102 in full in respect of financial instruments, subject to the disclosure exemptions described in note 2.

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.

Trade creditors are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities then trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest 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.

## Notes to the financial statements (continued)

### **4 Judgements in applying accounting policies and key sources of estimation uncertainty**

The company makes judgements, 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 critical judgements, including 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.

In preparing these financial statements, the director has had to make the following judgements:

- Intercompany receivables

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.

Other key sources of estimation uncertainty:

- Impairment of debtors

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the ageing profile of debtors and historical experience. The net carrying amount of the debtors and the associated impairment provision is given in note 12.

### **5 Turnover**

Turnover and profit before tax are attributable to the principal activity of the company and all revenues arise in the United Kingdom.

## Notes to the financial statements (continued)

### 6 Other operating income

	2022	2021
	£'000	£'000
Management recharges	-	256
Coronavirus Job Retention Scheme	-	23
	<u>-</u>	<u>279</u>

The UK government on 20 March 2020 announced the introduction of the Coronavirus Job Retention Scheme as a part of a comprehensive set of grants offered to companies to ensure continued business continuity. The company was awarded the grant to furlough employees as required; the scheme finished on 30 September 2021.

### 7 Operating profit

Operating profit is stated after charging/(crediting):

	Note	2022	2021
		£'000	£'000
Depreciation of tangible assets	11	-	8
(Reversal)/Impairment of trade debtors		(4)	6
Government grants		-	(23)
Audit fees payable to the Company's auditors		<u>18</u>	<u>16</u>

## Notes to the financial statements (continued)

### 8 Auditor's remuneration

	2022 £'000	2021 £'000
Fees payable to the company's auditor for the audit of the company's annual financial statements	<u>18</u>	<u>16</u>
<b>Fees payable to the company's auditor in respect of:</b>		
Tax compliance services	-	3
All other services	<u>-</u>	<u>1</u>
	<u>-</u>	<u>4</u>

### 9 Employees

The monthly average number of staff employed by the company during the financial year amounted to:

	2022 No.	2021 No.
Number of teaching and administrative staff	12	11
Number of temporary teaching staff	<u>20</u>	<u>1</u>
	<u>32</u>	<u>12</u>

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)

### 10 Tax

#### (a) Tax expense included in the profit and loss account

	2022 £'000	2021 £'000
Current tax:		
UK Corporation tax based on the results for the year at 19% (2021 – 19%)	17	3
Adjustment in respect of prior periods	(3)	-
Total current tax	14	3
Deferred tax:		
Adjustments in respect of prior periods	(1)	21
Adjustment in respect of change in tax rates	-	(3)
Total deferred tax	(1)	18
Tax	13	21

#### (b) Factors affecting tax charge

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

	2022 £'000	2021 £'000
Profit/(Loss) before taxation	80	-
Profit/(Loss) before taxation multiplied by rate of tax	15	-
Expenses not deductible for tax purposes	2	3
Adjustments in respect of change in UK corporation tax rate	-	(3)
Adjustments in respect of prior periods	(4)	21
Tax charge for the year	13	21

#### (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.

## Notes to the financial statements (continued)

### 11 Tangible assets

	Plant & equipment £'000
Cost	
At 1 September 2021 and as at 31 August 2022	<u>6</u>
Accumulated depreciation:	
At 1 September 2021 and as at 31 August 2022	<u>6</u>
Net book value	
At 31 August 2021 and as at 31 August 2022	<u>-</u>

### 12 Debtors

	2022 £'000	2021 £'000
Trade debtors	410	5
Amounts owed by group undertakings	9,436	10,075
Other debtors	33	-
Deferred taxation	12	11
Prepayments and accrued income	8	1
	<u>9,899</u>	<u>10,092</u>

Trade debtors are stated after provisions for impairment of £609 (2021: £7,000 charge).

All remaining group balances are interest-free, unsecured, have no fixed date of repayment and are repayable on demand. As per note 16, the company has elected to apply the exemption.

The deferred tax asset is the tax effect of a timing difference between depreciation and tax allowances on tangible assets. During the year £1,000 was credited to the profit and loss account (2021: £18,000 charge).

## Notes to the financial statements (continued)

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

	2022	2021
	£'000	£'000
Bank overdrafts	23	19
Trade creditors	342	8
Amounts owed to group undertakings	7,023	8,306
Taxation and social security	72	40
Other creditors	23	23
Accruals	168	24
Deferred income	774	265
	<b>8,425</b>	<b>8,685</b>

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

Other creditors include commissions due, deposits and other amounts refundable to students.

### 14 Post-employment benefits

The company operates a defined contribution pension arrangement for the benefit of its employees. The amount recognised as an expense for this arrangement was £3,102 (2021: £5,000). The liability as at year end for this arrangement is £8,027 (2021: £5,000).

### 15 Called up share capital and reserves

Allotted, called up and fully paid:

	2022		2021	
	No.	£'000	No.	£'000
Ordinary shares of £1 each	100	-	100	-
Non-voting shares of £1 each	92,500	93	92,500	93
	<b>92,600</b>	<b>93</b>	<b>92,600</b>	<b>93</b>

The Company has two classes of shares, ordinary and non-voting, which have attached to them full voting, dividend and capital distribution (including on winding up) rights and they do not confer any rights of redemption.

The retained earnings reserve represents the cumulative profits and losses, net of dividends paid and other adjustments.



## Notes to the financial statements (continued)

### 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 had future minimum lease payments under non-cancellable operating leases as set out below:

	2022	2021
	£'000	£'000
Payments due:		
Not later than one year	10	13
Later than one year and not later than five years	-	12
Later than five years	-	-
	<u>10</u>	<u>25</u>

Included within this disclosure are amounts committed to by the company on behalf of the following fellow subsidiary, Stafford House School of English Limited, whereby 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).

### 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 Stafford House Companies Limited, a company incorporated in the United Kingdom.

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 address below:

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