Study Group UK Limited

Annual report and financial statements

Registered number 03108030

31 December 2020

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Strategic report

The Directors present their strategic report of Study Group UK Limited (the 'Company') for the year ended 31 December 2020. The Company is a member of the SG Global Topco Limited group of companies (the 'Group' or 'Study Group'). The Company is domiciled in the United Kingdom with its registered office at 1 Billinton Way, Brighton, East Sussex, BN1 4LF.

Business review

Study Group is the leading international provider of international education, driving success for its students and partners. Its largest business is the delivery of Higher Education and Pathway programmes, referred to hereafter as the 'International Education Delivery' business. This entails providing undergraduate foundation or International Year 1, Pre-Masters and Masters programmes to international students in the United Kingdom, Europe, the United States, Canada, Australia and New Zealand. It delivers these programmes to international students from over 140 countries.

The Company's main activities are to act as a holding company and to provide management services to subsidiaries and other Group companies both in the UK and overseas, for which it receives fees.

The result for the year and financial position of the Company are as shown in the financial statements.

Ardian LBO Fund VI B S.L.P ('Ardian') is the Group's ultimate controlling party.

2020 Review and key performance indicators

In 2020 results were significantly affected by the Covid-19 pandemic, notwithstanding the mitigating actions that were rapidly taken to support our students and partners, and to strengthen the Company's financial position. We specifically recognise and thank every member of the global Study Group team for their efforts, contribution and commitment during this challenging period.

In the Directors' view the key financial indicator for the business is its overall net asset value. At the end of the year the Directors are satisfied with the balance sheet position of the Company. The net assets increased from £10.3 million in 2019 to £11.0 million in 2020 due to the profit for the year of £0.7 million. Operating profit before exceptional and other items was £1.8 million (2019: £4.2 million) driven by a decrease of £4.0 million in revenue and offset by a decrease of £1.3 million in administrative expenses. The Company's Directors were forced to take major decisions to reduce costs and were able to generate significant cost savings, resulting in the reduction in administrative expenses and subsequent reduction in revenue from management services. Exceptional costs have reduced from £5.0 million in 2019 to £0.9 million in 2020. See note 6 to the financial statements for further information on the exceptional costs.

2021 Developments including the impact of and response to Covid-19

The market in 2021 continues to evolve and varies between countries in terms of social distancing measures and international travel restrictions. For potential future students, this understandably creates uncertainty and concern as they make choices about their international education based on their long-term aspirations.

As the duration and impact of the pandemic extends, management have gathered information from our students, staff and the market to further refine our approach. This is particularly true in relation to continuing to expand our development and delivery of virtual course content, which we believe further enhances our overall commercial strategy to be the leading global provider of international education.

Specific examples have included:

- Creation of local centres in key student home countries
- Continued development of online platform
- Sharing experience on teaching techniques and content, including Study Group's peer-reviewed Journal of Assessment Learning and Teaching in International Education ("JALTIE").

As a direct result of the above actions, satisfaction, continuation and progression rates remained strong.

The Group's management is also focussing on the future beyond the pandemic, assessing innovations and developments in the market and aligning those with the changing requirements of the Group's current partners. This has been coupled with proactively looking for new partnerships and new student market segments.

Strategic report *(continued)*

Going concern

Going concern is assessed at a consolidated Group level for SG Global Topco Limited subsidiaries. The Directors outlined in the 2019 Financial Statements that a material uncertainty existed because an agreement reached with the Group's lenders, which included setting aside a financial covenant, remained subject to final legal documentation at the time of approving those financial statements. The Directors are able to report that the legal documentation of that agreement has been finalised such that the original covenant has been set aside and replaced with a new minimum liquidity covenant until September 2022. As part of this agreement a £17.0 million capital injection was received on 22 February 2021 from Ardian, and a further £15.0 million is committed if required.

The Directors have prepared a number of trading projections to cover the going concern review period. In light of the improving outlook including the deployment of vaccines, the Directors are confident that trading will begin to return towards pre-pandemic levels during the next twelve months. An illustrative extreme downside scenario for the purposes of stress-testing the Group's strong financial position has been prepared in which NSE for the second six months of 2021 could be approaching 20% lower than the comparable period in 2020 which was impacted by Covid-19 before cash resources would breach the minimum liquidity covenant. Based on current evidence available to the Directors at the date of this report, including the level of NSE expected for the first six months of 2021 which are largely secured, the likelihood of this level of reduction is considered remote. Therefore, under all reasonable downside scenarios modelled the group has sufficient committed facilities to meet liabilities as they fall due for a period of 12 months from signing these financial statements, and accordingly the Directors continue to adopt the going concern basis in the financial statements

Strategy

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

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

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

During the year, the Group has intensified its focus on academic tuition and support and has seen a 25% increase in the number of its UK Students offered progression from their ISC's into University in 2020 compared with 2019.

Partner Success: Study Group aims to continuously improve the service it provides to all its stakeholders including its key partners.

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

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

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

Strategic report *(continued)*

Strategy *(continued)*

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

Growth-Driven: Study Group works with high quality university partners to ensure Study Group can offer valuable propositions to its students to support them with the next phase of their education. To this end, the Group is constantly looking for new opportunities to improve the breadth of source channels in order to provide cultural and economic diversity for its existing partners, as well as expanding its offering and maintaining strong relationships, as evidenced by the renewals of all partner relationships whose contracts were due (also 100% in 2019). The Group believes that this, coupled with a longer term goal to build new university partnerships and develop new products and business lines, positions it to be a global leader in international higher education and deliver exceptional student outcomes. This can be evidenced by the addition of Cardiff University as a partner during the year and opening a new centre in London for postgraduate students with Huddersfield University in January 2021. Additionally, the Group acquired Insendi in February 2020 to develop the Group's online learning capabilities.

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

Outlook

Overall, in the context of a Covid-19 impacted trading period, the Company is satisfied with the 2020 business performance. The Board has considered the below Principal Risks and Uncertainties, in particular the potential impact of Covid-19 on the business as discussed in the Going Concern section above and is confident that its strong financial and market position, together with its proactive management of the impact of the outbreak, will ensure that the Company will manage through the situation and will emerge strongly.

Principal risks and uncertainties

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

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

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

Strategic report *(continued)*

Covid-19
The global economy has been and remains affected by the Covid-19 pandemic. The Company's management are actively engaged on a daily basis in supporting current and future students, and are following public health guidance in each of the territories in which it operates. It is not currently possible to accurately determine how long the pandemic and associated disruption will continue, and therefore the consequent financial impact on the Company. Although the majority of students are being taught on-line with high satisfaction levels, a number of students are choosing to defer commencing their studies until borders re-open and a level of on campus teaching and student experience returns. The Company is keeping its resource levels and investments under close review in order to respond as flexibly as possible to the situation as it evolves. The Board is confident that its strong financial and market position, together with its proactive management of the impact of the outbreak, will ensure that the Company will manage through the situation and will emerge strongly. The Directors' going concern assessment is detailed in the Strategic Report on page 2.

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

Contract risks
University partners
The Group maintains relationships in the form of contractual agreements with its university partners. It works closely with these university partners to ensure that it maintains a good relationship and is adhering to the terms of its contractual arrangements. If university partners are lost it could damage the future prospects of the Group.

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

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

Financial position
The Group's term loan includes a single financial covenant requiring that the Group's leverage ratio remain within agreed limits, with which the Group was in compliance throughout 2020. In February 2021 the legal documentation was finalised on an agreement reached with the Group's lenders, and as a result this covenant has been set aside and replaced with a new minimum liquidity covenant until September 2022. As part of this agreement a £17.0 million capital injection was received on 22 February 2021 from Ardian, and a further £15.0 million is committed if required. The Group monitors its covenant requirements on a regular basis to ensure that it has time to take mitigating action in the event of a projected liquidity reduction. The impact that Covid-19 has had on the business and its financial position, and consequently on the Directors' going concern assessment is detailed in the Strategic Report on page 2.

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

Strategic report *(continued)*

Business systems risks
The Group relies on information technology systems and its online platform to operate its websites, facilitate student enrolment online, deliver its programmes and maintain cost-efficient operations. In common with many businesses, the Group's information technology systems and online platform could be impacted by interruption from both internal and external threats. In order to mitigate these risks, Study Group's production IT systems are housed and backed up appropriately to minimise the risk of catastrophic failure. All systems are monitored for environmental factors and system performance by a dedicated team of professionals.

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

Litigation risk
In common with many other businesses, from time to time, the Group is subject to litigation. The occurrence of material litigation could have an adverse effect on its reputation and financial results in the event of an unfavourable outcome. The Group employs internal counsel and retains outside counsel to provide advice in the event of any litigation.

Section 172 of the Companies Act 2016
The Board is fully aware of its duty to promote the success of the Company pursuant to Section 172 of the Companies Act 2016. Consequently, directors must act in a way s/he considers, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

- the likely consequence of any decision in the long term
- the interests of the Company's employees
- the need to foster the Company's business relationships with suppliers, customers and others
- the impact of the Company's operations on the community and the environment
- the desirability of the Company maintaining a reputation for high standards of business conduct
- the need to act fairly as between members of the Company.

The Board has safeguards in place to ensure the long term implications of decisions are being considered. The Group's regular five year planning process incorporates the Company and allows the Company to preserve the value of the business over the long term and whilst there are internal boards that have delegated authority to review long term consequences, the Board conducts an appropriate level of due diligence where required. The GCRAB, as defined on page 3, maintains a monthly dashboard that indicates a rating for various sectors of the business.

The Company's income derives from management and marketing services provided to fellow group companies and as such the success of the Company is dependent upon the success of the Group. The Board seeks to align the Company's strategic direction to the Group's long-term aspirations for sustainability, growth, diversification and investment. The development of the Group's strategy under the Board's direction (as stated on page 2) sets a target for the Group to become the leading provider of international education by driving success for the Group's students and partners. The Board ensures there is clear dialogue with employees and other stakeholders about the Company's vision through communications such as weekly newsletters, social media posts (Workplace) and presentations by members of the global executive and senior leadership teams. The Directors consider feedback from the stakeholders in reviewing progress of and aiding principal decisions in relation to future strategy.

Strategic report *(continued)*

Section 172 of the Companies Act 2016 *(continued)*

During the Covid-19 pandemic, the Company's Directors have considered the health and safety of staff to be of paramount importance, leading to a number of specific actions:

- Creating an environment where the majority of staff were able to work from home
- Where offices have re-opened the Directors have ensured they comply with the relevant Covid-19 guidelines
- The Directors have also provided support to employees working from home in terms of ensuring a high level of staff engagement comprising regular online global town hall meetings, supported by many other local and regional meetings
- The organisation of regular online employee surveys as a method of gathering feedback
- The Company continues to allow employees to benefit from various government backed schemes to help safeguard roles

The Company's Directors have also recognised the threat to the Company's data and information systems created by remote working and have engaged additional IT support to provide enhanced safeguards in this area. The financial impact of the pandemic on the business and consequently on shareholders has been outlined in page 1 of the strategic report.

The Board recognises that whilst promoting the success of the Company for the benefit of the shareholders is paramount, the interests of other stakeholders including the workforce and suppliers is also crucial. The Company continues to engage with the workforce and has taken into consideration their interests through annual policy reviews, engagement surveys, an online HR service portal and the introduction of self-service career development platforms. Also refer to the employment policies section within the Directors' report on page 8.

The Board is committed to high standards of ethical conduct, social responsibility, community engagement and environmental sustainability. It currently achieves this through its implementation of Company policies, training and by ensuring the welfare of staff is maintained. The Board reviews further ways to address these commitments on a regular basis. The Board has continued to create a positive environmental and social impact with the "Building Futures" initiative which this year has focused on fundraising to help reconstruct schools in Bangladesh.

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

Brighton Study Centre
1 Billinton Way
Brighton
East Sussex
BN1 4LF

J. Alois Alf

A Alfers
Director
12 May 2021

Directors' report

The Directors present their report and the audited financial statements for the Company for the year ended 31 December 2020.

Principal activities

The principal activity of the Company continues to be to act as a holding company and to provide management services to subsidiaries and other Group companies.

Future developments

The information contained in the Strategic Review constitutes the review of the Company's business. It also contains details of expected future developments in the business of the Company and the wider group, information about expenditure and key performance indicators used by management.

Financial risk management objectives and policies

The main financial risks arising from the Company's activities are credit risk, liquidity risk and foreign currency risk. The Company does not have exposure to price risk on commodities.

Credit risk

Credit risk refers to the risk that counterparties will default on their contractual obligations resulting in financial loss to the Company. This risk within the Group is mitigated by agents and students paying tuition fees prior to course commencement.

The Company's principal financial assets are its investments in subsidiaries and related party receivables from other group companies. The recoverability of these investments and receivables is ultimately dependant on the performance of the subsidiaries and other group companies.

Liquidity risk

The Company is exposed to liquidity risk. Liquidity risk is managed across the Group with facilities available for the Group as a whole. This section therefore includes details of the Group-wide policy. Ultimate responsibility for liquidity risk management rests with the Group's Board of Directors, who have built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate cash reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. The Group actively monitors compliance with its minimum liquidity covenants relating to the term loans. Refer to page 2 for specific consideration given to liquidity with respect to the going concern assessment.

Foreign currency risk

As a UK operating company with overseas subsidiaries, the Company is exposed to foreign currency risk from loans with fellow Group companies that are denominated in foreign currencies. It is the Group's practice to collect revenues and pay expenses in the local currency of each country in which the Group operates. Conducting business across multiple currencies subjects the Group to currency fluctuation risks which could impact business and reported results. In particular, the Group is sensitive to fluctuations in the Australian dollar versus pounds sterling.

Results and dividends

The profit for the financial year was £0.7 million (2019: £8.7 million). The decrease in profitability was due to a decrease of £10.0 million in income received from shares in Group undertakings and a decrease in operating profit before exceptional and other costs of £2.4 million, partly alleviated by a decrease in exceptional and other costs of £4.1 million and a decrease in the tax charge for the year of £0.4 million.

Dividends

During the year and up to the date the financial statements were authorised, there were no dividends paid, proposed or declared. (2019: £15.0 million).

Directors' report *(continued)*

Employment policies

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

It is the policy of the Group to follow equal opportunity employment practices and these include the full consideration of employment prospects for the disabled. Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. It is the policy of the Group that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees. Arrangements are made, wherever possible, for retraining employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes.

The Group places importance on the contributions to be made by all employees to the progress of the Group and aims to keep them informed by the use of formal and informal communications as well as the Group's intranet site, email, employee forums and newsletters. Via these mediums, employees are made aware of the financial and economic factors affecting the performance of the Company, as well as encouraging our individuals to fulfil their potential and to build positive working relationships within a flourishing and dynamic environment. The Group also incentivises certain role's performance through various bonus and other reward systems relevant to their level and role. All balanced views are welcomed, and it routinely celebrates diversity across our global workforce, students and partners. Refer to the s172 report on pages 5 for details on how the Board of Directors engage with employees and take into account their interest when making key business decisions.

Directors

The persons who were directors at any time during financial year and up to the date of signing are listed below:

J H Pitman
G A Bull (resigned 19 February 2021)
E V Lancaster
M J Everett (resigned 2 October 2020)
A Alfers (appointed 19 February 2021)

Directors' indemnity provision

The Company maintains liability insurance for its Directors and officers. The Company has also provided an indemnity for its Directors, which is a qualifying third party indemnity provision for the purposes of the Companies Act 2006. This indemnity has been in place throughout the financial year and is in place as at the date of this report.

Political contributions

Neither the Company nor any of its subsidiaries made any political donations or incurred any political expenditure during the year.

Going concern

Refer to the Going Concern review on page 2 of the Strategic Report.

Events after the balance sheet date

Events between the balance sheet date and the date the financial statements were issued are disclosed in note 25. The impact that Covid-19 has had on the business and consequently on the Directors' going concern assessment is detailed in the Strategic Report on page 2.

Directors' report *(continued)*

Energy and carbon reporting
The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 covering the reporting of Green House Gas (GHG) emissions came into operation for the Company for the first time in respect of the current reporting period. The reporting requirements for the Company are included within the Strategic Report and consolidated financial statements of SG Global Topco Limited.

Disclosure of information to auditor
The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each Director has taken all the steps that he or she ought to have taken as a Director to make himself or herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Auditor
In accordance with Section 487 of the Companies Act 2006, a resolution for the re-appointment of Deloitte LLP as auditor of the Company is to be proposed at the forthcoming Annual General Meeting.

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

Brighton Study Centre
1 Billinton Way
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East Sussex
BN1 4LF

A Alfers
Director
12 May 2021

Statement of Directors' responsibilities in respect of the Strategic report, the Directors' report and the financial statements

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework".

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

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

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

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.

Independent auditor's report to the members of Study Group UK Limited
Report on the audit of the financial statements

Opinion
In our opinion the financial statements of Study Group UK Limited (the 'Company'):

- give a true and fair view of the state of the Company's affairs as at 31 December 2020 and of the its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; 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 and other comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 25

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (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.

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.

Independent auditor's report to the members of Study Group UK Limited
Report on the audit of the financial statements *(continued)*

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.

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 in-house legal counsel, about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework 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; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty. These included UK Companies Act 2006, HMRC tax legislation, General Data Protection Regulations ("GDPR") and the Office for Students Regulatory framework.

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

As a result of performing the above, we identified the greatest potential for fraud in the following areas, and our specific procedures performed to address them are described below:

- the classification of exceptional items: we tested the design and implementation of controls in place to mitigate material misstatement; we challenged management's judgement as to whether costs meet the definition of exceptional items and agreeing a sample to supporting documentation.

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

Independent auditor's report to the members of Study Group UK Limited
Report on the audit of the financial statements *(continued)*

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

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house 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.

Report on other legal and regulatory requirements

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

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

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the Directors' report.

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

- adequate accounting records have not been kept, 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.

We have nothing to report in respect of these matters.

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

Helen Burridge

Helen Burridge (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
12 May 2021

Profit and loss account and other comprehensive income

For the year ended 31 December 2020

	Note	Before Exceptional and Other Items 2020 £000	Exceptional and Other Items (note 6) 2020 £000	Total 2020 £000	Before Exceptional and Other Items 2019 £000	Exceptional and Other Items (note 6) 2019 £000	Total 2019 £000
Turnover	*2*	**29,889**	**-**	**29,889**	33,919	-	33,919
Cost of sales		**-**	**-**	**-**	-	-	-
Gross profit		**29,889**	**-**	**29,889**	33,919	-	33,919
Administrative expenses		**(28,360)**	**(930)**	**(29,290)**	(29,683)	(5,016)	(34,699)
Other Income	*4*	**283**	**-**	**283**	-	-	-
Operating profit/(loss)		**1,812**	**(930)**	**882**	4,236	(5,016)	(780)
Income from shares in group undertakings		**-**	**-**	**-**	10,000	-	10,000
Interest receivable and similar income	*7*	**22**	**-**	**22**	101	-	101
Interest payable and similar expenses	*8*	**(202)**	**-**	**(202)**	(257)	-	(257)
Profit/(loss) before taxation		**1,632**	**(930)**	**702**	14,080	(5,016)	9,064
Tax credit/(charge) on profit/(loss)	*9*	**15**	**-**	**15**	(399)	-	(399)
Profit/(loss) for the financial year		**1,647**	**(930)**	**717**	13,681	(5,016)	8,665
Total comprehensive income/(expense) for the financial year		**1,647**	**(930)**	**717**	13,681	(5,016)	8,665

Turnover and operating profit are all derived from continuing operations.

The Company incurred no other comprehensive income or expense in the year.

The notes on pages 17 to 32 form part of these financial statements.

Balance sheet
As at 31 December 2020

	Note	**2020**	**2020**	2019	2019
		£000	**£000**	£000	£000
Fixed assets					
Intangible assets	*10*		**3,325**		3,669
Tangible assets	*11*		**643**		835
Right-of-use assets	*12*		**3,733**		4,020
Investments	*13*		**2,041**		2,041
Deferred tax assets	*17*		**1,165**		1,150
			10,907		11,715
Current assets					
Debtors due within one year	*14*	**8,967**		15,303	
Cash at bank and in hand		**712**		2,997	
		9,679		18,300	
Creditors: amounts falling due within one year	*15*	**(5,766)**		(15,722)	
Net current assets			**3,913**		2,578
Total assets less current liabilities			**14,820**		14,293
Creditors: amounts falling due after more than one year	*15*		**(3,377)**		(3,411)
Provisions for liabilities					
Other provisions	*18*		**(407)**		(563)
Net assets			**11,036**		10,319
Capital and reserves					
Called up share capital	*20*		**1,538**		1,538
Share premium account			**7,927**		7,927
Profit and loss account			**1,571**		854
Total shareholders' funds			**11,036**		10,319

These financial statements were approved by the Board of Directors on 12 May 2021 and were signed on its behalf by:

J. Alexis Alfers

A Alfers
Director

Company registered number: 03108030
The notes on pages 17 to 32 form part of these financial statements.

Statement of changes in equity

	Note	**Called up Share capital £000**	**Share Premium account £000**	**Profit and loss account £000**	**Total equity £000**
Balance at 1 January 2020		1,538	7,927	854	10,319
Profit and total comprehensive income for the year		-	-	717	717
Equity dividends paid	*21*	-	-	-	-
Balance at 31 December 2020		**1,538**	**7,927**	**1,571**	**11,036**

	Note	**Called up Share capital £000**	**Share Premium account £000**	**Profit and loss account £000**	**Total equity £000**
Balance at 1 January 2019		1,538	7,927	7,189	16,654
Profit and total comprehensive income for the year		-	-	8,665	8,665
Equity dividends paid	*21*	-	-	(15,000)	(15,000)
Balance at 31 December 2019		**1,538**	**7,927**	**854**	**10,319**

The notes on pages 17 to 32 form part of these financial statements.

Notes to the financial statements for the year ended 31 December 2020

1 Accounting policies

Study Group UK Limited is a private company incorporated, domiciled and registered in England in the UK. The Company is limited by shares. The registered number is 03108030 and the registered address is Brighton Study Centre, 1 Billinton Way, Brighton, BN1 4LF, UK.

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements by virtue of being consolidated within the Group financial statements of its own parent company. These financial statements present information about the Company as an individual undertaking and not about its group.

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework ("FRS 101")*.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006.

The Company's ultimate parent undertaking, SG Global Topco Limited includes the Company in its consolidated financial statements. The consolidated financial statements of SG Global Topco Limited are prepared in accordance with International Financial Reporting Standards as adopted by the EU and are available to the public and may be obtained from 1 Billinton Way, Brighton, BN1 4LF, UK.

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

- Comparative period reconciliations for share capital, tangible fixed assets and intangible assets;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- a Cash Flow Statement and related notes;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of Key Management Personnel.

As the consolidated financial statements of SG Global Topco Limited include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IFRS 13 *Fair Value Measurement* and the disclosures required by IFRS 7 *Financial Instrument Disclosures*;
- Certain disclosure requirements such as the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers;
- Certain disclosure requirements such as the requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases. The requirements of paragraph 58 of IFRS 16, provided that the disclosure of details of indebtedness required by paragraph 61(1) of Schedule 1 to the Regulations is presented separately for lease liabilities and other liabilities, and in total.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis.

Notes to the financial statements for the year ended 31 December 2020 *(continued)*

1 Accounting policies *(continued)*

1.2 Going concern

Going concern is assessed at a consolidated Group level for SG Global Topco Limited subsidiaries. The Directors outlined in the 2019 Financial Statements that a material uncertainty existed because an agreement reached with the Group's lenders which included setting aside a financial covenant remained subject to final legal documentation at the time of approving those financial statements. The Directors are able to report that the legal documentation of that agreement has been finalised such that the original covenant has been set aside and replaced with a new minimum liquidity covenant until September 2022. As part of this agreement a £17 million capital injection was received on 22 February 2021 from Ardian, and a further £15.0 million is committed if required..

The Directors have prepared a number of trading projections to cover the going concern review period. In light of the improving outlook including the deployment of vaccines, the Directors are confident that trading will begin to return towards pre-pandemic levels during the next twelve months. An illustrative extreme downside scenario for the purposes of stress-testing the Group's strong financial position has been prepared in which NSE for the second six months of 2021 could be approaching 20% lower than the comparable period in 2020 which was impacted by Covid-19 before cash resources would breach the minimum liquidity covenant. Based on current evidence available to the Directors at the date of this report, including the level of NSE expected for the first six months of 2021 which are largely secured, the likelihood of this level of reduction is considered remote. Therefore, under all reasonable downside scenarios modelled the group has sufficient committed facilities to meet liabilities as they fall due for a period of 12 months from signing these financial statements, and accordingly the Directors continue to adopt the going concern basis in the financial statements.

1.3 Foreign currency

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at historical cost are translated to the functional currency at foreign exchange rates ruling at the date of the transaction. Foreign exchange differences arising on translation are recognised in the profit and loss account.

1.4 Non-derivative financial instruments

Non-derivative financial instruments comprise other debtors, cash and cash equivalents, amounts owed to Group undertakings and other creditors.

Other debtors

Other debtors are recognised initially at fair value and subsequently measured at amortised cost less provision for impairment. A provision for impairment is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is recognised in the profit and loss account.

IFRS 9 requires the Company to record expected credit losses on all of its trade receivables on a lifetime basis. The Company has assessed the increase in the loss allowance, and corresponding related decrease in the deferred tax liability, and concluded that the impact is immaterial to the Company's financial statements.

Amounts owed to Group undertakings and other creditors

Other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Investments in debt and equity securities

Investments in subsidiaries are carried at cost less impairment.

Notes to the financial statements for the year ended 31 December 2020 *(continued)*

1 Accounting policies *(continued)*

1.5 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. The estimated useful lives are as follows:

- leasehold improvements — term of lease
- computer equipment — 3 years
- fixtures and fittings — 5 years

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the Company expects to consume an asset's future economic benefits.

1.6 Intangible assets

Intangible assets acquired separately

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

Internally-generated intangible assets

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

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

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

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

Software Development — 3-5 years

1.7 Leases

From 1 January 2019 the Company applied IFRS 16 using the modified retrospective approach.

The Company as lessee

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

Notes to the financial statements for the year ended 31 December 2020 *(continued)*

1 Accounting policies *(continued)*

1.7 Leases (continued)

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

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

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

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

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

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

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

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

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

The right-of-use assets are presented as a separate line in the balance sheet.

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'tangible fixed assets' policy.

Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "Administrative expenses" in profit or loss (see note 12).

Notes to the financial statements for the year ended 31 December 2020 *(continued)*

1 Accounting policies *(continued)*

1.7 Leases (continued)

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

The Company as lessor

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

When the Company is an intermediate lessor, it accounts for the head lease and the sub-lease as two separate contracts. The sub-lease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

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

Covid-19-Related rent concessions amendment

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

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments due on or before 30 June 2021; and
- there is no substantive change to other terms and conditions of the lease.

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

1.8 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

1.9 Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within the Group, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

Notes to the financial statements for the year ended 31 December 2020 *(continued)*

1 Accounting policies *(continued)*

1.10 Turnover

Turnover represents the value of management and marketing services invoiced to subsidiaries and fellow Group companies, net of value added tax. Turnover is recognised at an agreed mark-up on the direct costs and certain indirect expenses incurred by the Company in the provision of its services. It is recognised on an accruals basis when the Company's performance obligations are met, which is at a point in time which coincides when the costs are incurred. Invoices are issued and settled on an annual basis.

1.11 Expenses

Interest receivable and interest payable

Interest payable and similar charges include interest payable and lease liabilities recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy).

Other interest receivable and similar income includes interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the Company's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

1.12 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

1.13 Accounting for Government grants

In various circumstances the Company can be entitled to and has been in receipt of a number of different grants and financial support packages from various government bodies across the territories in which it operates. The Company looks to apply Section 24 of FRS 102, The Financial Reporting Standard for the UK and Republic of Ireland for entities reporting under UK GAAP as this also applies for all companies reporting under UK GAAP. Grants are accounted for under the accruals model as permitted by FRS 101. All grants received are of a revenue nature and are recognised in "other income" within profit or loss in the same period as the related expenditure. This includes the Government Coronavirus Job Retention Scheme ('Furlough'). The Company has not directly benefited from any other forms of government assistance

Notes to the financial statements for the year ended 31 December 2020 *(continued)*

1 Accounting policies *(continued)*

1.14 Key areas of judgement and key sources of estimation uncertainty

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

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

In the course of preparing the financial statements, no judgements have been made in the process of applying the Company's accounting policies. There were also no key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of the assets and liabilities within the next financial year.

2 Turnover

All turnover arises from the provision of management services.

	2020	2019
	£000	£000
United Kingdom	**22,398**	24,499
Europe	**148**	334
USA	**633**	695
Australia	**2,690**	3,289
Canada	**121**	181
New Zealand	**229**	272
Singapore	**3,670**	4,649
Total turnover	**29,889**	33,919

3 Expenses and auditor's remuneration

Included in profit and loss account are the following:

	2020	2019
	£000	£000
Amortisation of intangible assets (note 10)	**1,384**	1,432
Depreciation of tangible assets (note 11)	**545**	684
Depreciation of right-of-use assets (note 12)	**685**	644

Auditor's remuneration:

	2020	2019
	£000	£000
Audit of these financial statements	**38**	38

Amounts receivable by the Company's auditor and its associates in respect of services to the Company and its associates, other than the audit of the Company's financial statements, were £nil in the current and prior year.

Notes to the financial statements for the year ended 31 December 2020 *(continued)*

4 Staff numbers and costs

The monthly average number of persons employed by the Company (including Directors) during the year, analysed by category, was as follows:

	Number of employees	
	2020	2019
Sales and administration	**343**	364

The aggregate payroll costs of these persons were as follows:

	2020	2019
	£000	£000
Wages and salaries	**14,884**	14,706
Social security costs	**1,376**	1,367
Contributions to defined contribution plans	**600**	563
Total before exceptional and other items	**16,860**	16,636
Included within exceptional and other items:		
Wages and salaries	**756**	611
Social security costs	**66**	41
Contributions to defined contribution plans	**28**	17
Total aggregate payroll costs	**17,710**	17,305

Amounts included within exceptional and other items relate to strategic investments and restructuring costs. Refer to note 6 for further information.

Other income
Government grant income was received in the UK (£0.3 million, 2019: £nil) in relation to Covid-19 support schemes and is reported within Other Income in accordance with Section 24 of FRS 102, The Financial Reporting Standard for the UK and Republic of Ireland for entities reporting under UK GAAP, as disclosed in Note 1.13.

5 Directors' remuneration

The Directors of the Company, as members of the Global Executive Team ('GET'), are considered to be key management personnel. The GET is responsible for the day to day management of the Group's affairs and its members perform services across the Group. The Group has undertaken an assessment of Directors' qualifying services across the Group and has noted that the Company's Directors are not specifically remunerated for their services to the Company. Accordingly Directors' remuneration is deemed to be £nil and the disclosure has been stated (2019: £nil). Total Directors' remuneration and key management compensation is disclosed in the consolidated Group accounts of SG Global Topco Limited.

Key management compensation:

Key management are defined as the members of the GET. The GET are remunerated through a number of Group companies. Due to the number of appointments and the subjectivity involved it is impossible to accurately allocate their costs relating to Study Group UK Limited.

Notes to the financial statements for the year ended 31 December 2020 *(continued)*

6 Exceptional and other items included within operating profit

	Exceptional items		Other items		Total	
	2020	2019	**2020**	2019	**2020**	2019
	£000	£000	**£000**	£000	**£000**	£000
Costs relating to disposal of investment	**1**	514	**-**	-	**1**	514
Restructuring costs	**566**	5	**-**	199	**566**	204
Shareholder and management fees	**-**	-	**(50)**	266	**(50)**	266
Strategic investments	**-**	-	**324**	977	**324**	977
Transaction costs	**6**	1,211	**-**	-	**6**	1,211
Impairment of right-of-use assets	**(99)**	-	**-**	-	**(99)**	-
Impairment of intercompany loan receivable	**-**	1,785	**-**	-	**-**	1,785
Other	**-**	78	**182**	(19)	**182**	59
	474	3,593	**456**	1,423	**930**	5,016

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

Exceptional items

- Restructuring costs of £0.6 million incurred in 2020 relate to redundancy costs as a result of Covid-19.
- Impairment of right-of-use assets in the year of £0.1 million credit relates to the release of an impairment provision of a property lease that terminated in the year.

Other items

Other items include strategic investments which comprise of upfront investments for the benefit of future years, non-executive Director fees and Covid-19 incremental costs that the Directors believe are beneficial to strip out when analysing the underlying trading result for the year.

- Strategic investments in the year relate to the implementation of the Group's strategy project of £0.3 million.
- Shareholder and management fees include £0.1 million non-executive Director fees offset by a credit of £0.1 million relating to the senior management long-term incentive plan scheme, generated as a result of the revised trading performance of the Group post Covid-19.
- Other operating items in the year included £0.2 million relating to Covid-19 incremental costs.

7 Interest receivable and similar income

	2020	2019
	£000	£000
Interest receivable from deposits	**20**	101
Effect of change in discount rates (note 18)	**2**	-
Total interest receivable and similar income	**22**	101

8 Interest payable and similar expenses

	2020	2019
	£000	£000
Other interest payable	**34**	90
Interest on lease liabilities	**168**	167
Total other interest payable and similar expenses	**202**	257

Notes to the financial statements for the year ended 31 December 2020 *(continued)*

9 Taxation

Total tax credit recognised in the profit and loss account, other comprehensive income and equity

	2020	2020	2019	2019
	£000	**£000**	£000	£000
Current tax				
Current year charge		-		(31)
Adjustments in respect of prior periods		-		(43)
Total current tax		-		(74)
Deferred tax (see note 17)				
Fixed assets	**22**		258	
Tax losses	-		(608)	
Accruals and provisions	**(7)**		25	
Total deferred tax		**15**		(325)
Total tax credit/(charge)		**15**		(399)

Reconciliation of effective tax rate

	2020	2019
	£000	£000
Profit before taxation	**702**	9,064
Tax charge using the UK corporation tax rate of 19% (2019: 19%)	**(134)**	(1,722)
Utilisation of tax losses	**50**	843
Items not taxable or deductible	**99**	653
Under provided in prior years	-	(173)
Total tax credit/(charge) included in profit or loss	**15**	(399)

Notes to the financial statements for the year ended 31 December 2020 *(continued)*

10 Intangible assets

	Work in progress £000	Software costs £000	Total £000
Cost			
Balance at 1 January 2020	937	6,053	6,990
Additions	1,040	-	1,040
Transfer	(1,286)	1,286	-
Balance at 31 December 2020	**691**	**7,339**	**8,030**
Amortisation			
Balance at 1 January 2020	-	3,321	3,321
Charge for the year	-	1,384	1,384
Balance at 31 December 2020	-	**4,705**	**4,705**
Net book value			
At 1 January 2020	937	2,732	3,669
At 31 December 2020	**691**	**2,634**	**3,325**

Software includes software purchased or developed internally from which future economic benefits are expected. The Company continually invests in the development of internal systems including the Group's student booking system, website and agent portal and payment systems. Work in progress includes £0.5 million regarding the implementation of a global human resource management system.

The amortisation of intangible assets is included within 'administrative expenses' in the Profit and Loss account.

11 Tangible assets

	Leasehold improvements £000	Computer Equipment £000	Fixtures & Fittings £000	Total £000
Cost				
Balance at 1 January 2020	227	4,733	1,042	6,002
Additions	14	339	-	353
Balance at 31 December 2020	**241**	**5,072**	**1,042**	**6,355**
Depreciation				
Balance at 1 January 2020	172	3,994	1,001	5,167
Charge for the year	11	513	21	545
Balance at 31 December 2020	**183**	**4,507**	**1,022**	**5,712**
Net book value				
At 1 January 2020	55	739	41	835
At 31 December 2020	**58**	**565**	**20**	**643**

Notes to the financial statements for the year ended 31 December 2020 *(continued)*

12 Right-of-use assets

	Land and Buildings £000	Computer Equipment £000	Total £000
Cost			
Balance at 1 January 2020	4,836	98	4,934
Additions	90	-	90
Disposals	(405)	-	(405)
Revaluations	335	44	379
Balance at 31 December 2020	**4,856**	**142**	**4,998**
Depreciation			
Balance at 1 January 2020	860	54	914
Depreciation charge for the year	634	51	685
Disposal	(235)	-	(235)
Impairment	(99)	-	(99)
Balance at 31 December 2020	**1,160**	**105**	**1,265**
Net book value			
At 1 January 2020	3,976	44	4,020
At 31 December 2020	**3,696**	**37**	**3,733**

The majority of the Company's right-of-use assets relate to short leasehold buildings predominately located in the UK (£3.5 million). Computer equipment relates to a data centre lease. The maturity analysis of lease liabilities is presented in note 16.

The impairment is in relation to sites where operations have discontinued and is calculated in accordance with IAS 36 and with reference to the sites' value-in-use. £0.1 million was released in the year following the termination of an impaired lease.

Amounts recognised in the profit and loss

	2020 £000	2019 £000
Depreciation expense on right-of-use assets	**685**	644
Interest expense on lease liabilities	**168**	167
Expense relating to short term leases	**109**	120

At 31 December 2020 the Company is committed to £0.1 million (2019: £0.1 million) for short-term leases.

The UK property leases contain rent review clauses within the lease contract, the majority of which are subject to indexation increases. Indexation price increases in 2020 were 3% on average (2019: 1.7%) and the impact of expected future rent increases is not considered to present a significant liquidity risk to the Company.

The total cash outflow for lease liabilities in the year amounted to £0.6 million (2019: £0.7 million).

Notes to the financial statements for the year ended 31 December 2020 *(continued)*

13 Fixed asset investments

	Shares in group undertakings £000
Cost	
Balance at 1 January 2020 and 31 December 2020	**2,041**

The Company has the following investments in subsidiaries. There have been no additions, disposals or write off of investments in the current year.

	Registered office	Class of shares held	Direct or indirect investment	Nature	Ownership 2019 and 2020
Bellerbys UK Limited	1 Billinton Way, Brighton, BN1 4LF, UK	Ordinary	Direct	Dormant	100
Study Group Limited	1 Billinton Way, Brighton, BN1 4LF, UK	Ordinary	Direct	Trading	100
SGIPL Study Group India Private Ltd	B-66, National CHGS Limited, Sector 3, Plot 4, Dwarka, Delhi, West Delhi, Delhi, India, 110075	Ordinary	Direct	Trading	100
SG Study Group Malaysia Sdn. Bhd	1199609, Malaysia Level 21, Suite 21.01, The Gardens, South Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur	Ordinary	Direct	Trading	100
Study Group Distance Learning Ltd	1 Billinton Way, Brighton, BN1 4LF, UK	Ordinary	Direct	Dormant	100
Study Group do Brazil Agenciamentoe Participacoes LTDA	Rua Jose Clemente, 100, Jardim Paulista, Sao Paulo, Brazil	Ordinary	Direct	Trading	100
XueJi Education Consulting (Beijing) Limited, China	Units 1707, E-Tower, No. C-12 Guanghua Road, Beijing, China	Ordinary	Direct	Trading	100
SGI Consulting Services Nigeria	First Business Alliance Suites, 2nd Floor Plot 5, Chief Yesuf Abiodun St, Victoria Island, Lagos, Nigeria	Ordinary	Direct	Trading	100

14 Debtors

	2020 £000	2019 £000
Amounts owed by subsidiaries	**2,887**	5,571
Amounts owed by parent undertakings	**558**	5,694
Amounts owed by fellow group undertakings	**4,186**	2,942
Other debtors	**94**	234
Prepayments	**1,242**	828
Accrued income	**-**	34
Due within one year	**8,967**	15,303

Amounts owed by parent and fellow Group undertakings are unsecured, non-interest bearing and repayable on demand.

Notes to the financial statements for the year ended 31 December 2020 *(continued)*

15 Creditors: amounts falling due within one year

	2020	2019
	£000	£000
Trade creditors	-	35
Amounts owed to subsidiaries	**940**	943
Amounts owed to parent undertakings	-	8,986
Amounts owed to fellow group undertakings	-	1,485
Lease liabilities (note 16)	**506**	549
Corporation tax	**254**	203
Taxation and social security	**821**	660
Other creditors	**126**	39
Accruals	**3,119**	2,822
	5,766	15,722

Amounts owed to parent and fellow Group undertakings are unsecured, non-interest bearing and repayable on demand.

Creditors: amounts falling due after more than one year

	2020	2019
	£000	£000
Lease liabilities (note 16)	**3,377**	3,411

16 Lease liabilities

	2020	2019
	£000	£000
Maturity analysis:		
Year 1	**660**	735
Year 2	**594**	585
Year 3	**583**	565
Year 4	**583**	565
Year 5	**583**	565
Onwards	**1,546**	1,638
	4,549	4,653
Less: unearned interest	**(666)**	(693)
	3,883	3,960
Maturity analysis:		
Current	**506**	549
Non-current	**3,377**	3,411
	3,883	3,960

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

Notes to the financial statements for the year ended 31 December 2020 *(continued)*

17 Deferred tax assets

Deferred tax assets are attributable to the following:

	2020	2019
	£000	£000
At 1 January 2020	1,150	1,475
Credit/(charge) to the profit and loss:		
Fixed assets	22	258
Tax losses	-	(608)
Accruals and provisions	(7)	25
At 31 December 2020	1,165	1,150

Represented by:

	2020	2019
	£000	£000
Fixed assets	1,147	1,125
Accruals and provisions	18	25
Net tax assets	1,165	1,150

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax assets and unused tax losses can be utilised.

In the March 2021 Budget, it was announced that the UK tax rate will go up from the current 19% to 25% from 1 April 2023. As substantive enactment is after the balance sheet date, the deferred tax balances as at 31 December 2020 continue to be measured at a rate of 19%. If the new tax rate had been used, the impact on the above net deferred tax asset would be approximately £1.5 million higher.

18 Provisions

	Employee benefit £000	Asset retirement obligation £000	Total £000
Balance at 1 January 2020	294	269	563
Release of provision / utilised in year	(136)	(18)	(154)
Effect of change in discount rate	-	(2)	(2)
Balance at 31 December 2020	**158**	**249**	**407**

Asset retirement obligations relate to dilapidation provisions on leased properties. Provisions will unwind on expiry of the respective leases. Employee benefit provisions predominately relate to long term incentive plan benefits for Directors. The release has been generated as a result of the revised trading performance of the Group post Covid-19.

19 Employee benefits

Defined contribution plans

The Company operates a number of defined contribution pension plans. The total expense relating to these plans in the current year was £628,000 *(2019: £580,000).*

Notes to the financial statements for the year ended 31 December 2020 *(continued)*

20 Capital and reserves

Share capital

	2020	2019
	£000	£000
Authorised, allotted, called up and fully paid		
14,259,825 (2019: 14,259,825) ordinary shares of US$0.01 (2019: US$0.01) each	**89**	89
144,022,000 (2019: 144,022,000) deferred ordinary £0.01 (2019: £0.01)	**1,440**	1,440
1,400,000 (2019: 1,400,000) deferred preference US$0.01 (2019: US$0.01)	**9**	9
	1,538	1,538

The deferred preference shares have a preference over the deferred ordinary and ordinary shares in the event of the winding up of the Company up to the nominal value of the shares and do not carry any voting rights. In all other respects the shares rank pari passu.

21 Dividends paid and proposed

	2020	2019
	£000	£000
Declared and paid during the year:		
Equity dividends on ordinary shares:		
Paid in 2019: £1.0519 per share	-	15,000
Dividends paid	-	15,000

22 Contingencies

The Company and its subsidiary undertakings are, from time to time, parties to legal proceedings and claims, which arise in the ordinary course of business. The Directors do not expect there to be a material cash outflow on any items known at the period end.

No other contingent liabilities noted.

23 Related parties

The Company has taken advantage of the exemption in FRS101.8(K) from the requirement to disclose transactions between the Company and its wholly owned subsidiaries or other group companies.

24 Ultimate parent company and parent company of larger group

The immediate parent undertaking is Study Group Holdings UK Ltd, registered office 1 Billinton Way, Brighton, BN1 4LF, UK.

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

The largest group in which the results of the Company are consolidated is that headed by SG Global Topco Limited. The smallest group in which the results of the Company are consolidated is that headed by SG Global Topco Limited. Copies of the publicly available financial statements of SG Global Topco Limited are available from the registered address 1 Billinton Way, Brighton, BN1 4LF, UK.

25 Events after the balance sheet date

On 22 February 2021, the Group received a capital injection from Ardian of £17.0 million.