CATS

GLOBAL SCHOOLS

Annual report and financial statements Cambridge Arts & Sciences Limited

For the year ended 31 August 2023

Company No. 03454690

Officers and professional advisers

Company registration number	03454690
Registered office	Suites 6-7 The Turvill Building Old Swiss 149 Cherry Hinton Road Cambridge England CB1 7BX
Directors	C A J Stacey R Niu H Zhou F Zhou
Independent auditor	CLA Evelyn Partners Limited 15-17 Cumberland Place Southampton Hampshire SO15 2BG England

Contents

Strategic report

The directors present their strategic report on the company for the year ended 31 August 2023.

Principal activities

The principal activity of the company is the provision of pre-university study programmes to enable domestic and international students to meet the entry requirements for a UK university degree course. The provision of study programmes is on behalf of CGS Administrative Services Limited (CGS) and the CATS Global Schools group.

CATS Global Schools, originally established in 1952 as CATS Colleges, 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, 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; and
- exceptional pastoral care ensures that our students' educational experience is also safe, healthy and enjoyable.

Business review

The company saw revenue for the year increased by 10% due to an increase in student numbers and small uplift in fees (2022: increased by 1% attributable to recovery from the impact of the Covid-19 pandemic).

The company earns revenue from providing educational services on behalf of a group company, CGS, who contracts with the learners. CGS is established as the Centre of Excellence and single contracting entity for the Group.

Cost saving initiatives continue to offset the adverse impact of recent inflationary pressures and the cost of living crisis across the group, such as a reduction in headcount and supplier reviews. In addition, management continues to regularly monitor the performance against budgetary expectations, investigating any variances.

The company had net assets of £7,701,000 as at 31 August 2023 (2022: £16,729,000).

In the opinion of the directors the state of the company's affairs at 31 August 2023 was satisfactory and they hope to continue to see operating profitability in future periods.

Future developments

As a group, we will continue to increase the number of student centres in key and iconic locations and continue in 2023/24 to look for ways to develop our offering, especially in the area of modern facilities to improve the quality of the student experience. CATS Cambridge School and Cambridge School of Visual Performing Arts (CSVPA) continue to focus on rebuilding student numbers and continued investment in school facilities and state of the art education equipment, despite the pressures from the cost-of-living crisis. Therefore, we expect future growth in performance.

Strategic report (continued)

Financial key performance indicators

The Board and management use the following Key Performance Indicators (KPIs) to monitor the success of the business:

- revenue growth;
- operating profit before exceptional costs, depreciation and amortisation as a percentage of revenue;
- revenue per employee; and
- recurring operating profit per employee.

During the year:

- revenue increased and was £1,585,000 above 2022;
- operating margins before depreciation slightly improved from 9.7% to 11.7%;
- revenue per employee increased from £85,888 to £105,659; and
- operating profit before depreciation per employee increased from £8,374 to £12,412.

Principal risks and uncertainties

In common with other businesses of a similar nature, the company is exposed to a variety of risks and uncertainties. The directors believe the principal risks are:

- impact of changes in immigration policies and visa application processes;
- global reduction in international movement of students;
- adverse movements exchange rates; and
- significant disruption in the trading ability of the company due to the cost of living and energy crisis.

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

- operating the business in a number of different but related market segments; and
- employing staff, consultants and professional advisors with appropriate competences to mitigate both current and foreseeable business risks; and
- ensuring a robust business continuity plan is in place to ensure mitigation of risks associated with the economic uncertainty.

Financial risk management objectives and policies

The company's financial risk management policies and objectives are integrated into those of the wider group. The group uses various financial instruments including intra-group loans, trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is working capital for the group's operations, and finance for capital investment.

The main risks arising from the group's financial instruments are liquidity risk, foreign exchange risk, price risk and credit risk. The directors review and agree policies for managing each of these risks and, as they relate to the company, they are summarised below.

Liquidity risk

The group seeks to manage financial risk by preparing detailed cash flow forecasts and ensuring sufficient liquidity is available to meet foreseeable needs. Short-term flexibility is achieved by a group backed bank lending facility.

Foreign exchange risk

The company operates in the United Kingdom and prices its services in pounds sterling, mitigating the company's exposure to foreign currency risk with international students. These students may experience currency exposures, which could affect competitive advantage, but the company has both domestic and international students and encourages international students to use pound sterling.

Strategic report (continued)

Price risk
The group seeks to manage price risk by setting price lists for all products and agreeing policies and approval procedures for discounts and other price incentives such as bursaries.

Credit risk
The company's principal financial assets are cash and trade debtors.

In order to manage credit risk the directors prioritise the credit control function and clear guidelines are in place for dealing with slow payers.

This report was approved by the board and signed on its behalf by:

C A J Stacey
Director

Date: 07/02/2024

Directors' report

The directors present their report and the audited financial statements of the company for the year ended 31 August 2023.

Results and dividends
The profit for the financial year amounted to £1,407,000 (2022: £1,080,000). No dividends were paid during the year (2022: £nil). The directors do not recommend the payment of a final dividend for the year (2022: none).

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

C A J Stacey	
J He	(Terminated 4 April 2023)
D M Li	(Terminated 4 April 2023)
R Niu	(Appointed 4 April 2023)
H Zhou	(Appointed 10 January 2024)
F Zhou	(Appointed 10 January 2024)

Business review
Details of the business review can be found in the Strategic Report on page 3 and form part of this report by cross-reference.

The directors are satisfied with the results of the company for the period and foresee a similar level of activity in the coming year.

The company had net assets of £7,701,000 as at 31 August 2023 (2022: £16,729,000).

Future developments
Details of future developments can be found in the Strategic Report on page 3 and form part of this report by cross-reference.

Financial risk management objectives and policies
The company's activities expose it to a number of financial risks including liquidity risk, foreign exchange risk, price risk, credit risk and cashflow risk; management's approach to addressing these risks can be found in the Strategic Report on pages 4 to 5 and form part of this report by cross-reference.

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

Post balance sheet events
There are no significant post balance sheet events.

Directors' report (continued)

Going concern

The directors have considered the company's financial position taking into account reasonably possible changes in trading performance, including the possible impacts of the cost of living and energy crisis on the company. The company has net assets of £7,701,000 (2022: £16,729,000) and net current assets of £6,800,00 (2022: net current liabilities £35,364,000), including cash of £1,058,000 (2022: £994,374) at the balance sheet date. The directors have received confirmation from Bright Scholar Education Holdings Limited that the company's working capital requirements will be supported to enable the company to meet its financial obligations as they fall due, and that amounts due to other group companies will not be demanded for repayment for a period of at least 12 months from the date of 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.

Political and charity donations

The company made no political or charitable donations during the year.

Disclosure of information to auditor

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

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

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

C A J Stacey
Director

Date: 07/02/2024

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;
- state whether applicable UK Accounting Standards, comprising FRS 102, 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.

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

Corporate governance and internal control statement

Cambridge Arts & Sciences Limited (CASL) is a subsidiary of CEG Colleges Limited, which is the named proprietor of the college. CEG Colleges Limited is registered at Suites 6-7, The Turvill Building, Old Swiss, 149 Cherry Hinton Road, Cambridge, CB1 7BX.

The company is governed by the CASL Governing Body, the CATS Global Schools Executive Team (CGS Executive Team), and the CSVPA Academic Board. Governance at the College is defined by:

- the Quality Assurance Agency (QAA) UK Quality Code
- our university partner Academic Regulations
- The Committee of University Chairs (CUC) Higher Education Code of Governance, "A Joint Understanding of Good Governance" (ISI) and the "Governance Handbook" (DfE)

The CGS Executive Team meet three times a year to review the broad strategy of the company, including the working capital, risk management policies and performance of the group.

The CGS Executive Team delegates certain powers and responsibilities to the CASL Governing Body. The CASL Governing Body has the legal responsibility for CSVPA and CATS Cambridge, including compliance with UK company law and all other relevant laws, regulations and codes of practice. The governing body is unambiguously and collectively accountable for institutional activities, taking all final decisions on matters of fundamental concern within its remit. The Executive Team are required to take due account of reports from the Governing Body and respond to any recommendations.

The CASL Governing Body has established a committee responsible for the continued academic quality of CSVPA under the name of CSVPA Academic Board. The role of CSVPA Academic Board is to ensure CSVPA continues to develop and operate as a critical, cohesive academic community with a commitment to the assurance of standards supported by effective quality systems which can demonstrate firm guardianship and academic governance of its standards in operation to promote and enhance: effective student learning; teaching; and, scholarship. The Academic Board meets three times a year.

The composition and terms of reference of the governing bodies are published on the website for CSVPA as part of the company's governance and academic quality structure.

The CGS Executive Team has in place adequate and effective arrangements for corporate governance, risk management and oversight of any statutory and other regulatory responsibilities including the compliance with the Office for Students ongoing conditions of registration, any terms and conditions of funding and any other relevant regulatory responsibilities.

The company is registered with the Office for Students (OfS). OfS are the independent regulator of higher education in England, with a stated aim to ensure that every student, whatever their background, has a fulfilling experience of higher education that enriches their lives and careers. They offer support and guidance with regular updates on government changes and potential financial funding.

The CGS Executive Team acknowledges that it has responsibility for maintaining a sound system of internal control that supports the achievement of policies, aims and objectives that safeguards the group, the company operations and student interests. The system is designed to identify and manage risk, for these risks to be mitigated or escalated in the event of any failure. The CGS Executive Team has reviewed the effectiveness of the internal control arrangement and continues to look for improvements and efficiencies, where possible, to maintain the effective arrangements.

Corporate governance and internal control statement (Continued)

Risk registers are maintained and reviewed three times a year by the CGS Executive Team. Risk is assessed in the register by assigning a score based on likelihood of a risk multiplied by the impact if that risk occurred. Residual risk is assessed once mitigating actions have been agreed.

Risk assessment and internal controls are embedded into the company's ongoing operations. These are based on a framework of regular management information and defined administrative procedures including segregation of duties and a system of delegation and accountability. The following processes are in place to regularly review the company's system of internal control:

- Comprehensive budgeting system with the annual budget and forecasting
- Monthly reporting to the executive team with variances to the annual budget explained
- Third party review of internal controls
- Annual external statutory audit inclusive of controls, as part of the financial audit.

The conclusion of these reports and risk assessment are presented to the CGS Executive Team and cascaded down to the relevant operations and governing bodies. The independent external auditor of the company considers the internal controls when conducting their work, such that they might cause a material misstatement to the financial statements. This enables the CGS Executive Team to ensure that business, operational, compliance and financial risk are all assessed and ensure a sound system of internal control is effective and being maintained.

There were no significant internal control weaknesses or failures identified during the year and through to the date of approval of the audited financial statements.

This statement of corporate governance and internal control relates to the period September 2022 to August 2023 and is current until the date of approval of the audited financial statements.

Independent auditor's report to the members of Cambridge Arts & Sciences Limited

Opinion

We have audited the financial statements of Cambridge Arts & Sciences Limited (the 'company') for the year ended 31 August 2023 which comprise the income statement, the statement of financial position, the statement of cashflows, the statement of changes in equity and the notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice)

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 August 2023 and of its income and expenditure, gains and losses and changes in reserves and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Office for Students ("OfS") accounts direction.

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 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 Cambridge Arts & Sciences Limited (continued)

Other information
The other information comprises the information included in the Annual report and financial statements, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the Annual report and financial statements. 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.

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.

Opinions on other matters prescribed by the Office for Students "Regulatory Advice 9: Accounts Direction"
In our opinion, in all material respects:

- funds from whatever source administered by the company for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation; and

Matters on which we are required to report by exception
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 material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you 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.

Under the OfS Regulatory Advice 9: Accounts Direction, we are required to report in respect of the following matters if, in our opinion:

- the provider's grant and fee income, as disclosed in note 5 to the accounts, has been materially misstated.

We have nothing to report in respect of these matters.

Independent auditor's report to the members of Cambridge Arts & Sciences Limited (continued)

Responsibilities of directors
As explained more fully in the directors' responsibility statement set out on page 8, 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.

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 obtained a general understanding of the Company's legal and regulatory framework through enquiry of management concerning their understanding of relevant laws and regulations, the entity's policies, and procedures regarding compliance, and how they identify, evaluate and account for litigation claims. We also drew on our existing understanding of the Company's industry and regulation.

We understand that the Company complies with the framework through:

- Outsourcing tax compliance to external experts.
- Subscribing to relevant updates from external experts, and making changes to internal procedures and controls as necessary.
- Regular leadership meetings where management and the directors would discuss any significant matters regarding non-compliance with laws and regulations.

In the context of the audit, we considered those laws and regulations which determine the form and content of the financial statements, which are central to the Company's ability to conduct its business, and/or where there is a risk that failure to comply could result in material penalties. We identified the following laws and regulations as being of significance in the context of the Company:

- The Companies Act 2006 and FRS 102 in respect of the preparation and presentation of the financial statements.
- Office for Students "Regulatory Advice 9: Accounts Direction"
- Terms and Conditions for Funding for Higher Education issued by the Office for Students

Independent auditor's report to the members of Cambridge Arts & Sciences Limited (continued)

We performed the following specific procedures to gain evidence about compliance with the significant laws and regulations identified above:

- Reviewed compliance with the OfS Accounts Direction by corroborating relevant note disclosures to supporting documentation;
- Reviewed copies of board minutes and any correspondence with regulators or others for instances of non-compliance with laws and regulations;
- enquiring of management concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations

The senior statutory auditor led a discussion with senior members of the engagement team regarding the susceptibility of the entity's financial statements to material misstatement, including how fraud might occur. The areas identified in this discussion were:

- Misstatement of amounts due to and from group entities given the complexity of the group structure, the materiality of intercompany balances and the rationalisation of intercompany balances that occurred in the year;
- Manipulation of financial statements via fraudulent journal entries

These areas were communicated to the other members of the engagement team not present at this discussion. The procedures we carried out to gain evidence in the above areas included:

- Agreeing intercompany balances to the respective company accounting records and considering the directors' assessment of the recoverability of amounts due;
- Testing journal entries, particularly focussing on postings to unexpected or unusual accounts.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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.

CLA Evelyn Partners Limited
CLA Evelyn Partners Limited (Feb 7, 2024 16:34 GMT)

Julie Mutton

Senior Statutory Auditor, for and on behalf of
CLA Evelyn Partners Limited
Statutory Auditor
Chartered Accountants
4th Floor Cumberland House
15-17 Cumberland Place
Southampton
Hampshire
SO15 2BG

Date: 07/02/2024

Income statement

For the year ended 31 August 2023

	Note	2023 £'000	2022 £'000
Revenue	5	**17,646**	16,061
Cost of sales		**(13,858)**	(13,086)
Gross profit		**3,788**	2,975
Other operating income	6	**666**	395
Administrative expenses		**(2,691)**	(1,974)
Operating profit	7	**1,763**	1,396
Profit before taxation		**1,763**	1,396
Tax on profit	10	**(356)**	(316)
Profit for the financial year		**1,407**	1,080

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

Statement of financial position

As at 31 August 2023

	Note	2023 £'000	2022 £'000
Fixed assets			
Intangible assets	11	**19**	16
Tangible assets	12	**882**	855
Loans to group undertakings	13	**-**	51,222
		901	52,093
Current assets			
Debtors: amounts due within one year	14	**12,655**	10,229
Cash at bank and in hand		**1,058**	994
		13,713	11,223
Creditors: amounts falling due within one year	15	**(6,913)**	(46,587)
Net current assets/(liabilities)		**6,800**	(35,364)
Total assets less current liabilities		**7,701**	16,729
Net assets		**7,701**	16,729
Capital and reserves			
Called-up share capital	17	**-**	-
Profit and loss account	17	**(1,404)**	16,729
Other reserves	17	**9,105**	-
Shareholders' funds		**7,701**	16,729

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

karen askham (Feb 7, 2024 16:31 GMT)

C A J Stacey
Director
Company Registration Number: 03454690

K Askham
OfS Accountable Officer

Date: 07/02/2024

The notes on pages 19 to 33 form part of these financial statements.

Statement of cash flows

For the year ended 31 August 2023

	Note	2023 £'000	2022 £'000
Cash flows from operating activities			
Profit for the year		**1,407**	1,080
Adjustments for:			
Taxation		**356**	316
Depreciation and amortisation		**312**	170
Writeback of assets		-	(20)
Operating profit		**2,075**	1,546
Movements in working capital:			
(Increase)/Decrease in debtors	14	**(285)**	269
Increase/(Decrease) in creditors	15	**642**	(8,625)
(Increase)/Decrease in intercompany balances		**(5,613)**	14,193
Net cash (outflow)/inflow from operating activities		**(3,181)**	7,383
Cash flow used in investing activities			
Purchase of intangible assets	11	**(5)**	(16)
Purchase of tangible assets	12	**(337)**	(733)
Loans to group undertakings	13	**(1,100)**	(6,015)
Loans reimbursed from group undertakings	13	**4,687**	-
Net cash inflow/(outflow) used in investing activities		**3,245**	(6,764)
Increase in cash and cash equivalents		**64**	619
Cash and cash equivalents at 1 September		**994**	375
Cash and cash equivalents at 31 August		**1,058**	994

The notes on pages 19 to 33 form part of these financial statements.

Statement of changes in equity

For the year ended 31 August 2023

	Called-up share capital	Profit and loss account	Other Reserves	Total equity
	£'000	£'000		£'000
At 1 September 2021	**-**	**15,649**	**-**	**15,649**
Profit for the financial year	-	1,080	-	1,080
Total comprehensive income for the financial year	-	1,080	-	1,080
At 31 August 2022	**-**	**16,729**	**-**	**16,729**
Profit for the financial year	-	1,407	-	1,407
Total comprehensive income for the financial year	-	1,407	-	1,407
Intercompany contribution	-	-	9,105	9,105
Intercompany distribution	-	(19,540)	-	(19,540)
At 31 August 2023	**-**	**(1,404)**	**9,105**	**7,701**

The intercompany contribution meets the definition of 'qualifying consideration'. The Other Reserve is therefore designated as being distributable.

Notes to the financial statements

1 General information

Cambridge Arts & Sciences 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 pre-university study programmes on behalf of CGS Administrative Services Limited, to enable domestic and international students to meet the entry requirements for a UK university degree course.

2 Basis of accounting

These financial statements have been prepared in compliance with United Kingdom Accounting Standards including "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" ("FRS 102") and the Companies Act 2006.

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 exemptions:

- Certain financial instrument disclosures providing equivalent disclosures are included in the consolidated financial statement of the group in which the entity is consolidated: 11.42, 11.44, 11.45, 11.47, 11.748(a)(iii), 11.48(a)(iv), 11.48(b), 11.48(c), 12.26, 12.27, 12.29(a), 12.29(b) and 12.29A. This exemption is not available to financial institutions as defined in the FRS 102 Glossary. In addition, the company law disclosures are still required.
- The requirements of Section 12 Other financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- The requirements of Section 33 Related party Disclosures paragraph 33.7.

This information is included in the consolidated financial statement of Bright Scholar Education Holdings Limited and these financial statements may be obtained from the registered address of the Company, included in note 20.

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 historical 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.

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

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

Notes to the financial statements (continued)

3 Summary of significant accounting policies (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 £7,701,000 (2022: £16,729,000) and net current assets of £6,800,00 (2022: net current liabilities £35,364,000), including cash of £1,058,000 (2022: £994,374) at the balance sheet date. The directors have received confirmation from Bright Scholar Education Holdings Limited that the company's working capital requirements will be supported to enable the company to meet its financial obligations as they fall due, and that amounts due to other group companies will not be demanded for repayment for a period of at least 12 months from the date of 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 income statement.

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 income statement within net interest income. All other foreign exchange gains and losses are presented in the income statement within administrative expenses.

d) Revenue

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

Revenue shown in the income statement represents amounts receivable in respect of the provision of educational and tuition services and is recognised as the performance of those services occurs. The management service fee is the provision of tuition and educational services on behalf of students contracted with CGS Administrative Services Limited. Educational services are associated educational services outside the service fee agreement, where sales and contracts are directly with the buyer.

Where a contract has only been partially completed at the balance sheet date, revenue 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.

e) Interest

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

Notes to the financial statements (continued)

3 Summary of significant accounting policies (continued)

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 income statement 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.

A defined contribution plan is a pension plan under which the company pays fixed contributions into an arrangement separate from the company. Once the contributions have been paid, the company 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 company in independently administered funds.

The company operates an annual bonus plan for employees. An expense is recognised in the income statement when the company 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 income statement 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 reporting date.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the statement of financial position 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)

3 Summary of significant accounting policies (continued)

i) Intangible assets

Intangible assets are stated at cost less accumulate amortisation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to developing the asset to its working condition for its intended use.

Intangible assets are derecognised when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in the income statement and included in 'Other operating income' or 'Administrative expenses'.

j) Amortisation and residual values

Amortisation 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:

Software	10% 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) 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. Assets which are being brought to their total working condition are recorded at cost as assets in progress.

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

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

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

l) 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:

Leasehold property	25% straight-line
Plant and equipment	15% - 25% straight-line
Computers	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.

m) 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.

Notes to the financial statements (continued)

3 Summary of significant accounting policies (continued)

n) Government grants

Grants are accounted under the accruals model as permitted by FRS102. Grants of a revenue nature are recognised in profit or loss in the same period as the related expenditure when reasonable assurance is gained that the Company will comply with the conditions attached to the grant and the grant will be received. The Company does not receive any grants of a capital nature.

o) Short-term debtors and creditors

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

p) 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 income statement.

Basic financial liabilities including trade and other creditor, 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)

3 Summary of significant accounting policies (continued)

p) Financial instruments (continued)

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

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

4 Critical accounting estimates and judgements

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

Key sources of estimation uncertainty

There are 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 assets and liabilities within the next financial year.

Notes to the financial statements (continued)

5 Revenue

	2023	2022
	£'000	£'000
Management service fee	16,897	15,578
Educational services	749	483
	17,646	16,061

Revenue and profit before taxation are attributable to the principal activity of the company and all revenues arise within the United Kingdom. The management service fee is the provision of tuition and educational services on behalf of students contracted with CGS Administrative Services Limited. Educational services are associated educational services outside the service fee agreement.

Fee income is collected by CGS Administrative Services Limited for students who attend the company. The income detailed below forms part of the management service fee in 2022 and 2023:

	2023	2022
	£'000	£'000
Grant income from the OfS	-	-
Grant income from other bodies	-	-
Fee income for taught awards (exclusive of VAT)	1,409	912
Fee income for research awards (exclusive of VAT)	-	-
Fee income from non-qualifying courses (exclusive of VAT)	12,014	9,567
Total grant and fee income	13,423	10,479

6 Other operating income

	2023	2022
	£'000	£'000
Government grants: Covid Rates Relief	301	-
Rental income	365	395

The UK government introduced the Covid Rates Relief fund for local councils to allocate refunds on business rates incurred for qualifying companies across the pandemic. The company was successful in its application to receive this additional relief in October 2022.

Notes to the financial statements (continued)

7 Operating profit

Operating profit is stated after charging/(crediting):

	Note	2023 £'000	2022 £'000
Depreciation of tangible assets	12	**310**	170
Loss on disposal of assets		**-**	3
Operating lease costs		**5,687**	5,686

8 Auditor's remuneration

	2023 £'000	2022 £'000
Fees payable to the company's auditor for the audit of the company's annual financial statements	**25**	110
Fees payable to the company's auditor in respect of:		
Tax compliance services	-	-
All other services	-	-
	-	-

Notes to the financial statements (continued)

9 Employees

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

	2023 No.	2022 No.
Teaching and administrative staff	**150**	178
Temporary teaching staff	**17**	9
	167	187

The aggregate payroll costs of employees were:

	2023 £'000	2022 £'000
Wages and salaries	**5,835**	5,703
Social security costs	**598**	564
Other pension costs	**106**	88
	6,539	6,355

Directors' remuneration is borne by other group companies and it is deemed not possible to allocate a charge from other group companies.

Number of staff with remuneration above £100,000 per annum:

Basic salary per annum	Number of staff (2022-23)	Number of staff (2021-22)
£100,000 - £104,999	Nil	Nil
£105,000 - £109,999	Nil	Nil
£110,000 and above	Nil	Nil

Key management and directors of the company are remunerated by another group company. The head of the provider received a basic salary of £350,000 (2022: £280,000), performance related pay of £281,896 (2022: £83,520), car allowance of £nil (2022: £15,000) and employer pension contributions of £1,321 (2022: £2,642). The head of the provider's basic salary is 15.3 times (2022: 11.9 times) the median pay of staff, where the median pay is calculated on the full-time equivalent basis for the salaries paid by the provider to its staff. The head of the provider's total remuneration is 24.7 times (2022: 16.0 times) the median total remuneration of staff, where the median total remuneration is calculated on a full-time equivalent basis for the total remuneration of its staff.

The head of the provider is remunerated for their role as CEO of the CATS Global Schools group. As such their remuneration package covers a wider remit than the company. Their remuneration package is reviewed by the parent group 'Bright Scholar' (note 20) against group key performance indicators and objectives, to ensure that the pay is commensurate with responsibility, outcomes and is value-for-money.

The provider made severance payments included in the pay above and including payments in lieu of notice, of £43,846 (2022: £188,492) during the year to 3 employees (2022: 24 employees). 1 employee (2022: 7 employees) was deemed surplus to requirements. There were no severance payments made to the head of the provider.

Notes to the financial statements (continued)

10 Tax on profit

(a) Tax expense included in the income statement

	2023	2022
	£'000	£'000
Current tax:		
UK Corporation tax based on the profit for the year	363	221
Adjustment in respect of prior periods	-	(56)
Total current tax	363	165
Deferred tax:		
Origination and reversal of timing differences	(7)	143
Adjustments in respect of prior periods	-	8
Adjustments in respect of change in tax rates	-	-
Total deferred tax (note 14)	(7)	151
Tax on profit	356	316

(b) Factors affecting tax charge

The tax assessed on the profit before taxation for the year is lower (2022: higher) than the effective rate of corporation tax in the UK of 21.5% (2022: 19%). The new tax rules came into effect during the current period.

	2023	2022
	£'000	£'000
Profit before taxation	1,763	1,396
Profit before taxation multiplied by effective rate of tax at 21.5% (2022: 19%)	379	265
Expenses not deductible for tax purposes	(16)	4
Timing differences	(7)	95
Adjustment in respect of prior periods	-	(48)
Tax rate changes	-	-
Tax on profit	356	316

(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 in effect 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 or Finance Act 2023.

Notes to the financial statements (continued)

11 Intangible Assets

	Software	Total
	£'000	£'000
Cost:		
At 1 September 2022	16	16
Additions	5	5
At 31 August 2023	**21**	**21**
Accumulated depreciation:		
At 1 September 2022	-	-
Charge for the year	2	2
At 31 August 2023	**2**	**2**
Net book value:		
At 31 August 2023	**19**	**19**
At 31 August 2022	16	16

Notes to the financial statements (continued)

12 Tangible assets

	Leasehold property	Plant and Equipment	Computers	Assets in progress	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 September 2022	2,573	2,852	943	44	6,412
Additions	-	203	90	44	337
Transfers to Assets	-	33	11	(44)	-
At 31 August 2023	**2,573**	**3,088**	**1,044**	**44**	**6,749**
Accumulated depreciation					
At 1 September 2022	2,573	2,204	784	-	5,557
Charge for the year	4	255	51	-	310
Eliminated on disposal	-	-	-	-	-
At 31 August 2023	**2,573**	**2,459**	**835**	**-**	**5,867**
Net book value					
At 31 August 2023	**-**	**629**	**209**	**44**	**882**
At 31 August 2022	4	653	154	44	855

All leasehold properties are for a term of less than 50 years.
No cash proceeds were received in the disposal of assets.

Notes to the financial statements (continued)

13 Loans to group undertakings

	Loans £'000
Carrying value at 1 September 2022	51,222
Additions	1,100
Reimbursements from group undertakings	(4,687)
Disposals	(47,635)
Carrying value at 31 August 2023	-

14 Debtors: amounts falling due within one year

	2023 £'000	2022 £'000
Trade debtors	-	7
Amounts owed by group undertakings	10,468	8,335
Deferred tax	292	284
Prepayments and accrued income	1,561	1,078
Other debtors	334	525
	12,655	10,229

Trade debtors are stated after provisions for impairment of £nil (2022: £nil).

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

The deferred tax asset is the tax effect of timing differences in respect of:

	2023 £'000	2022 £'000
Excess of depreciation over taxation allowances	292	284
Other short term timing differences	-	-
	292	284

During the year £7,000 of deferred tax was credited to the income statement (2022: £151,000 charge). There are no tax losses carried forward.

Notes to the financial statements (continued)

15 Creditors: amounts falling due within one year

	2023	2022
	£'000	£'000
Trade creditors	1,081	381
Amounts owed to group undertakings	3,787	44,102
Other taxation and social security	325	289
Other creditors	166	107
Accruals	1,554	1,707
	6,913	46,587

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

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

16 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 is £105,811 (2022: £88,480). The amount outstanding within creditors as at year end is £44,798 (2022: £41,429).

17 Called up share capital and reserves

Allotted, called up and fully paid:	2023		2022	
	No.	£	No.	£
Ordinary shares of £1 each	2	2	2	2

The Company has one class of ordinary shares 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.

The other reserves represent non-cash group undertaking contributions and distributions in the settlement of assets and liabilities.

Notes to the financial statements (continued)

18 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.

19 Capital and other commitments

At 31 August 2023 the company had future minimum lease payments under non-cancellable operating leases as set out below:

	2023	2022
	£'000	£'000
Payments due:		
Not later than one year	**11,018**	11,224
Later than one year and not later than five years	**42,393**	44,842
Later than five years	**49,463**	60,173
	102,874	116,239

Included within this disclosure are amounts committed to by the company. However, the following fellow subsidiaries: CATS Canterbury Limited, CATS College London Limited and Stafford House School of English Limited utilise several of these lease properties.

The company had no other off-balance sheet arrangements and no capital commitments contracted but not provided (2022: none).

20 Ultimate controlling party

The immediate parent company is CEG Colleges Limited, a company incorporated in the United Kingdom.

The ultimate controlling parties are Ms Meirong Yang and Ms Heiyan 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, a company incorporated in the Cayman Islands and listed on the New York Stock Exchange. Copies of the consolidated financial statements may be obtained from the Company's registered address below:

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CB1 7BX