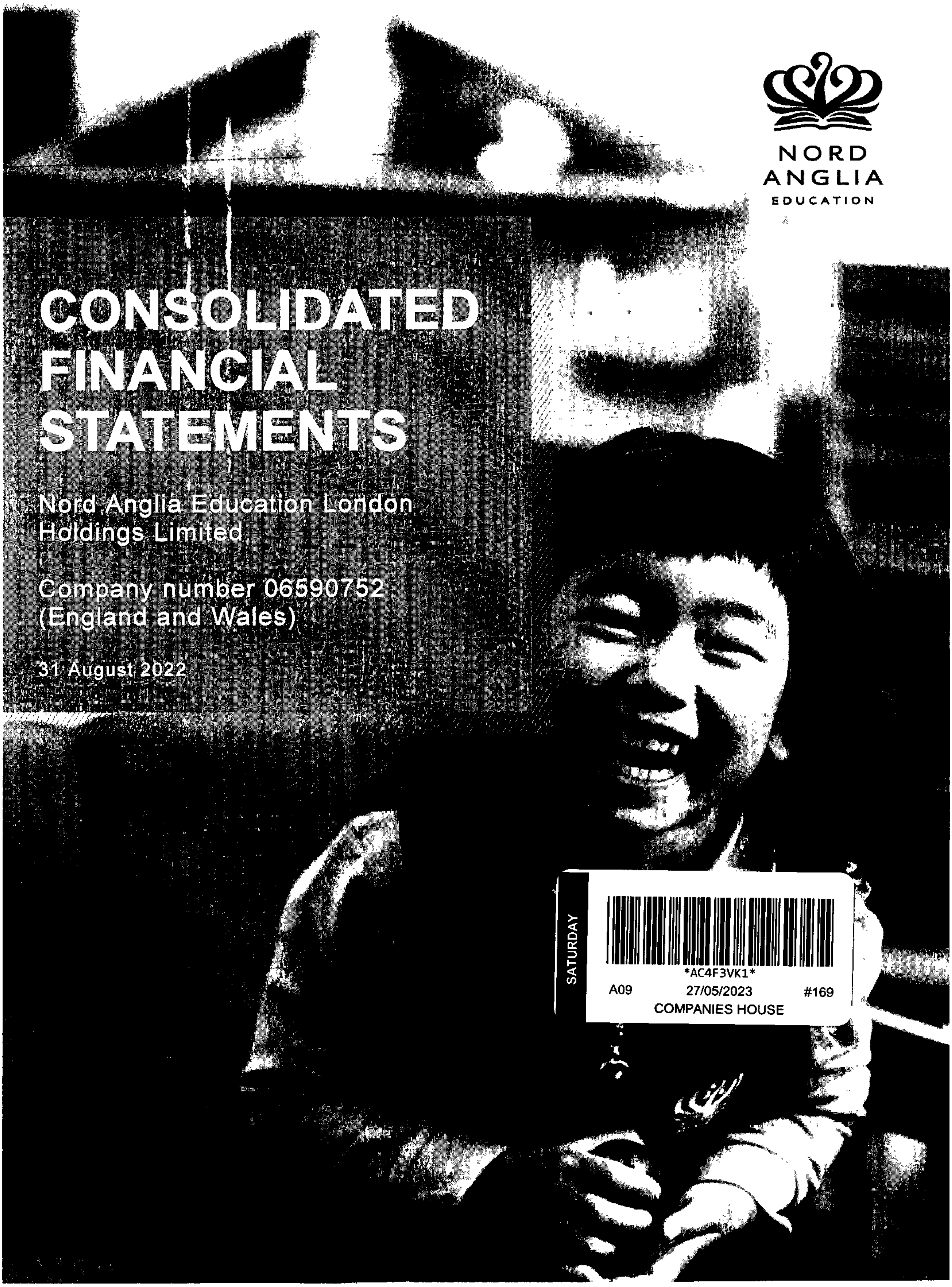
NORD
ANGLIA
EDUCATION

CONSOLIDATED FINANCIAL STATEMENTS

Nord Anglia Education London Holdings Limited

Company number 06590752
(England and Wales)

31 August 2022



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Company information

For the year ended 31 August 2022

Directors	A Fitzmaurice A van Vilsteren I Dehal M Orrow-Whiting
Company secretary	7Side Secretarial Limited
Registered number	06590752 (England and Wales)
Registered office	4th Floor, Nova South 160 Victoria Street London SW1E 5LB
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors Donington Court Pegasus Business Park Herald Way East Midlands DE74 2UZ

Strategic Report

For the year ended 31 August 2022

Principal activities

The principal activities of the Company and its subsidiaries (together 'the Group') are the operations of Premium Schools worldwide. The main activity of the Company is that of an investment holding company.

Overview

Nord Anglia Education London Holdings Limited Group ('NAELHL Group') are part of the world's leading global operator of premium international schools. At 31 August 2022 the Nord Anglia Education Group ('NAE Group') had over 70,800 full time equivalent students ("FTEs"), from kindergarten through the end of secondary school ("K-12"), at our family of 81 premium schools in China, Europe, the Middle East, India, Southeast Asia and the Americas. As of 1 February 2023, NAE had 81 schools, 76,429 FTEs and capacity of approximately 118,431 seats, representing a utilisation rate of 64.5%.

At 31 August 2022 the NAELHL Group had over 48,200 full time equivalent students ("FTEs"), from kindergarten through the end of secondary school ("K-12"), at our family of 56 premium schools in China, Europe, the Middle East, India, Southeast Asia and the Americas.

Recent Developments

On 31 March 2023 we acquired Saint George School in the Dominican Republic. Saint George School is a leading K-12 multilingual school offering an international curriculum.

Results and dividends

Gross Profit for the financial year amounted to $553.2 million, an increase of $85.1 million. Gross profit margin increased from 44.7% in 2021 to 46.5% in 2022 reflecting the careful cost management in the Group. Throughout the year most schools remained fully open, with students returning to classrooms and boardings. In some regions, the Group continued to face some challenges with campus closures and operating under a virtual learning environment for part of the year. The experience over the past couple of years ensured that teachers, students and parents were minimally impacted in 2022.

The Group continued its focus on cost management in the year to ensure working capital was managed to reduce the impact of the ongoing campus closures on the business.

The loss for the financial year amounted to $56.2 million (2021: $24.5 million) which was primarily driven by the increase in exceptional expenses.

The Company did not pay an interim dividend during the year (2021: nil). The directors do not recommend the payment of a final dividend (2021: nil).

Going concern

The Group has accumulated shareholders' funds of $624.2 million as at 31 August 2022 (2021: $755.7 million).

As at 31 August 2022, the Group had net cash (cash and cash equivalents less overdraft) of $308.3 million (2021: $456.0 million) which the directors believe is sufficient to support operations for the foreseeable future. Further information on the Group's borrowings is given in Note 23. In addition, Note 19 of the financial statements include the Group's objectives, policies and processes for managing its capital, its financial risk management objectives, details of its financial instruments and hedging activities and its exposure to credit, liquidity and market risk.

The Group continues to generate strong operating cash flows and benefits from favourable working capital movements through the receipt of tuition fees in advance of the school year. Current liabilities exceed current assets by $387.6 million (2021: $167.7 million), the main driver of this is the reduction in cash held as the Group completed three acquisitions during the year which were funded from existing cash reserves. The Company has received confirmation that the NAE Group will continue to provide support to enable it and the Group to meet its obligations as they fall due for a period of at least 12 months from the date of approval of these financial statements. This enables the Company and the Group to utilise the undrawn banking facilities and liquidity of the NAE Group to support its ongoing operations and working capital requirements.

In assessing the going concern position of the Group, the directors have prepared cash flow forecasts for a period through to the end of August 2024. These forecasts have been prepared to reflect a base case scenario, being the directors best estimate of the likely financial and operating performance of the Group across the period. This assessment includes the impact of cash balances which cannot easily be transferred to the Group's general cash pool due to the territories in which they are held.

The directors have also prepared a severe but plausible downside scenario that models a significant reduction in FTEs, and a corresponding reduction in EBITDA. In the downside scenario, the Group will be able to operate within the facilities that are committed throughout the going concern period.

Strategic Report (continued)

Having made enquiries, the directors have reasonable expectations that the Group is well placed to manage its business risks and continue its operations for the foreseeable future, for at least 15 months from the date of the approval of the financial statements. The Group's cash forecasts and projections, taking into account severe but plausible changes in performance, including a fall of 7.5% in FTEs compared to budget, show that the Group has sufficient financial resources. Accordingly, the directors have not identified any material uncertainties to the Group's ability to continue as a going concern and continue to adopt the going concern basis in preparing the financial statements.

Section 172 Statement

Section 172(1) of the Companies Act 2006 requires the directors to act in a way that they consider, in good faith, would be most likely to promote the success of the Group for the benefit of its shareholders, having regard to (amongst other things) the following:

- The likely long term consequences of decisions;
- The interests of employees;
- The need to foster relationships with suppliers, customers and others;
- The impact of the Group's operations on the community and the environment; and
- The desirability to maintain a reputation for high standards of business conduct.

Our stakeholders and the Group Board

The stakeholders of the Group are considered to include the people who work for us, the investors and shareholders who own us, the lenders who provide financing, the parents that send their children to our schools, the students themselves, our suppliers and those that live in the societies we operate.

The board of the Company's indirect shareholder, Bach Holdings Limited, together with its committees, shapes the policies and strategies for the Group as a whole (the "NAE Group Board"). The Board of the Company (and each of its subsidiaries), will consider, and if thought fit, approve key matters applicable to them in the context of the impact on the entity concerned. Two of the directors of the Company are also members of the NAE Group Board.

Overview of the Group Board

The NAE Group Board recognises that building strong relationships with our stakeholders will help us to deliver the Group's strategy in line with its long-term values and operate the business in a sustainable way. The NAE Group Board therefore seeks to engage effectively with its stakeholders, including regular communications with its investors to understand their views; by building strong relationships with parents and regular communication with them and our other customers; and engaging actively with employees, who are considered central to the long-term success of the NAE Group, in order to consider their interests and understand their views. The NAE Group Board includes two statutory directors of NAELHL, and wider key management personnel of the NAELHL Group, who are also part of the NAEML Group. Strategic and operational decisions made by the NAE Group board are thus considered to be applicable to both.

The directors of the NAE Group Board as well as the directors of the Company are supported in the discharge of their duties by:

- An induction programme and ongoing training to provide an understanding of our business and financial performance;
- Management processes which ensure that proposals presented to Board and Committee meetings for decisions include information relevant to determine the action that would most likely promote the success of the Company and engagement with stakeholders where relevant to support appropriate decision making; and
- Agenda planning for the Group Board and its Committee meetings to provide sufficient time for the consideration and discussion of key matters.

As part of their induction, the directors of the Group Board are briefed on their duties and they can access professional advice on these, either from individuals within the NAE Group, or if they judge it necessary, from an independent provider. It is important to recognise that in a large organisation such as ours, the directors of the NAE Group Board fulfil their duties partly through a governance framework that delegates day-to-day decision making to employees of the NAE Group. In addition, there is an annual self-review by the directors which is shared with the NAE Group Board.

The NAE Group Board recognises that such delegation needs to be much more than simple financial authorities and our governance structure covers: the values and behaviours expected of our employees; the standards they must adhere to; how we engage with stakeholders; and how the NAE Group Board looks to ensure that we have a robust system of control and assurance processes.

The NAE Group Board regularly receives reports from management on issues concerning parents, the environment, employees, governments, and investors, which it takes into account in its discussions and in its decision-making process.

Strategic Report (continued)

Examples of ways the Company Board has engaged with stakeholders and ratified the NAE Group Board decisions over the year are:

Employees
The Chief Executive Officer and the Executive Team are actively involved in the engagement of employees through leadership calls, weekly communication updates and Townhalls. In prior year the Group ran an employee engagement survey and the results were discussed with employees and certain initiatives have been implemented as a result.

The Group has an Equality Diversity and Inclusion Policy which is regularly updated. This policy details the commitment to equality, diversity and inclusion highlighted in the Groups Code of Conduct. The policy has a commitment to values of Respect, Openness, Courage, Ambition and Integrity. A key aim being to create opportunities and reduce barriers for everyone across the organisation. In line with the Group's policy, is to encourage the employment of disabled people where reasonably practical. Full and fair compensation is given to employment applications from disabled persons having regards to their aptitude and abilities. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees. The Group encourages the involvement of all employees in the Group's performance using various methods. The Group has a Global Equality Programme lead by Dr Leslie Williams who chairs the Global Equality Steering Group which is comprised of teachers and leaders across the organisation focused on taking sustained action. They work through local Equality Champions to deliver and support the mission as a global collective across 30 countries. The Group is committed to a work environment free from discrimination and harassment and this commitment is set out in The Group's Harassment Policy. The Group encourages staff to share their views and this is particularly encouraged in the HR policies highlighted above and the Code of Conduct.

The Group updates its central team on matters of concern and financial and economic factors affecting Company performance via regular, monthly townhall meetings. In schools, regular staff meetings are used to collect employee feedback and provide updates on decisions that are likely to affect their interests. As a global organisation, relationships with unions are managed by each school rather than centrally to have direct engagement with local HR teams. The Group regularly conducts employee engagement surveys with the last one run in 2021. Globally, out of 13,589 staff sent the survey 84% responded, 64% felt engaged/satisfied and 75% felt supported to do their role.

Investors
The Chief Executive Officer and the Chief Financial Officer (two of the directors of the Group) provide a quarterly update of the Group's results to our investors. In respect of the half-year and full year results, a call is also held providing the investors the opportunity to ask questions on the latest position of the NAE Group, of which the Group is a significant contributor. The NAE Group has a dedicated resource who is available to answer queries throughout the year.

Parents
The relationship between the school and the parent community is strong with regular communication shared with the parents as well as updates provided on the websites. Principals are empowered to own the relationships in the local community and implement practices appropriate to the local community.

Suppliers
We have a strong procurement process in place for all expenditure with any expenditure over USD100,000 requiring a full 'Request for Procurement' process involving a minimum of three separate vendors.

Decision making
We set out below some examples of how decisions taken by the directors of the NAE Group Board in order to deliver the Group's strategy in line with its long-term values:

- The Group Board approved the acquisition of 3 schools during the year. All potential acquisitions are assessed in terms of synergy with the Group, the growth potential, as well as cash fungibility.
- The Group Board approved the building of two new greenfield schools, one in Abu Dhabi and one in the UK.

Principal risks and uncertainties
Regulatory requirements in a number of different jurisdictions around the world pose a potential risk to the Group however, continued internal monitoring and response to feedback from regulators mitigates the risk of non-compliance, and the Group has not encountered any detrimental impacts to the business as a result.

Strategic Report (continued)

Management pro-actively manages the risks associated with liquidity in the Group. These are managed by ensuring effective financial policies and procedures are in place, working capital is monitored closely and the performance of the Group is measured against budgets and forecasts on a monthly basis and tracking of fee income is on a weekly basis.

Future developments

The Company has continued its principal activity throughout the year and the directors expect it to do so for the foreseeable future. As the world's leading premium international schools organisation, the directors plan to grow the business to be able to provide a Nord Anglia education to even more students. Our strong academic foundations combine world-class teaching and curricula with cutting-edge technology and facilities, to create learning experiences like no other.

Carbon Reporting

We report our carbon emissions following the Greenhouse Gas Protocol. We report carbon dioxide emissions resulting from energy use in our buildings and employees' business travel.

In the years to 31 August, we collected data on energy use and business travel for our UK based entities within the Group. The year-on-year increase is a result of the resumption of travel post pandemic.

	2022	*Restated 2021
Carbon dioxide emissions in tonnes		
Total	**1,057**	**805**
From travel	409	19
From energy	648	786
Carbon dioxide emissions in tonnes per FTE		
Total	**1.7**	**1.6**
From travel	0.7	0.1
From energy	1.0	1.5
Energy consumption in kWh		
Total	**3,290,314**	**3,371,661**

Our carbon dioxide reporting year runs from September to August.

*The prior year emissions have been restated as a result of making use of an improved method of calculation in measuring the UK corporate carbon emissions

This report was approved and signed on behalf of the board on 16 May 2023 by:

A van Vilsteren
Director

Directors' Report

For the year ended 31 August 2022

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

Directors
The directors of the Company who were in office during the year and up to the date of signing the financial statements were:

A Fitzmaurice
A v Vilsteren
I Dehal
M Orrow-Whiting

Qualifying third party indemnity provisions
Throughout the year and up to the date of signing of the financial statements. a qualifying third party indemnity provision was in place for the directors of the Company. This covers liability for the actions of directors and officers of the Company and associated costs including legal costs.

Dividends
Dividends are discussed in the Strategic Report.

Other information
Financial risk management is discussed within Note 19 of the financial statements. An indication of likely future developments, other stakeholder engagement, going concern and post balance sheet events have been included in the Strategic Report.

Directors' Report (continued)
For the year ended 31 August 2022

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Consolidated Financial Statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the Group financial statements in accordance with UK-adopted international accounting standards and the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Under company law, 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 Group and Company and of the profit or loss of the Group for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK-adopted international accounting standards have been followed for the Group financial statements and United Kingdom Accounting Standards, comprising FRS 101 have been followed for the Company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The directors are also responsible for safeguarding the assets of the Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Directors' confirmations

In the case of each director in office at the date the directors' report is approved:

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

This report was approved and signed on behalf of the board on 16 May 2023 by:

A van Vilsteren
Director

Independent auditors' report to the members of Nord Anglia Education London Holdings Limited

Report on the audit of the financial statements

Opinion

In our opinion:

- Nord Anglia Education London Holdings Limited's Group financial statements and Company financial statements (the "financial statements") give a true and fair view of the state of the Group's and of the Company's affairs as at 31 August 2022 and of the Group's loss and the Group's cash flows for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006;
- the Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Consolidated Financial Statements (the "Annual Report"), which comprise: the Consolidated and Company Balance Sheet as at 31 August 2022; the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statement of Changes in Equity and the Consolidated Cash Flow Statement for the year then ended, and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Our audit approach

Overview

Audit scope

- Overall Group materiality: US$14.3 million, based on 3.5% of Earnings Before Interest, Tax, Depreciation, Amortisation and Exceptional Expenses
- Local PwC component teams engaged to perform full scope audit procedures over nineteen units and the PwC Group audit team performed full scope audit procedures over a further two reporting units.
- Specified audit procedures were performed by component auditors over certain balances, including revenue and property, plant and equipment at two reporting units.
- Central audit procedures were performed by the Group audit team which included the audit of the recoverability of goodwill, the audit of the presentation and disclosure of exceptional items, the audit of the consolidated current and deferred income taxes, the audit of Group share based payment schemes, the audit of the UK defined benefit pension schemes, the audit of the Group consolidation including eliminations and intercompany recoverability.

- Overall Company materiality: US$20.1 million (2021: US$18.4 million), based on 1% of total assets
- Full scope audit of the Company financial statements

Key audit matters

- Recoverability of amounts owed by related parties (Group)
- Recoverability of goodwill in relation to India (Group)
- Recoverability of investments and amounts owed by related parties (Company)

Materiality

- Overall Group materiality: US$14.3 million (2021: US$12.0 million) based on 3.5% of Earnings Before Interest, Tax, Depreciation, Amortisation and Exceptional Expenses.
- Overall Company materiality: US$20.1 million (2021: US$18.4 million) based on 1% of total assets.
- Performance materiality: US$10.7 million (2021: US$9.0 million) (Group) and US$15.1 million (2021: US$13.8 million) (Company).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters

This is not a complete list of all risks identified by our audit.

Recoverability of amounts owed by related parties (Group) is a new key audit matter this year. Otherwise, the key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
Recoverability of amounts owed by related parties (Group) The Group is owed significant amounts from related parties, including from entities whose ability to repay these amounts is dependent on the settlement of loans and trading balance from businesses formally controlled by the NAE Group ("the legacy businesses"). These balances must be assessed for recoverability on an annual basis. This assessment includes consideration of a number of factors regarding the related parties' ability to repay the balance including current liquidity position and forecasts of the future cash flow generation of the entity. For amounts owed from entities where the ultimate ability to repay the balance is dependent on the future performance and cash generation of the legacy businesses, management have developed a complex model to forecast the expected future performance of the schools run by the legacy businesses. Based on this model, which includes a number of assumptions including the growth in future student numbers, management have determined that only sufficient cash could be generated to repay $37.0 million and have therefore recorded an impairment of $155.6 million against the related party receivables of which $46.5 million relates to the prior financial year. Refer to the Intercompany receivables accounting policies, critical accounting estimate in note 1, note 20 Debtors and notes 29 Related party transactions in the Group Financial Statements.	We have assessed management's assessment of the recoverability of the related party receivables balances held by the Group. We first verified that the assessment covered the complete list of outstanding balances that reconciled to the financial statements. From this listing we targeted all debtors balances above performance materiality and performed non-statistical testing on the remaining balances to ensure we had appropriate coverage in our testing. Where the recoverability is supported by the liquid resources of the debtor, we have verified the existence of the cash or debtor balance to the financial statements of the counterparty. Where the recovery was dependent on a series of payments of intercompany amounts through the ownership chain, we sampled a range of entities within the repayment step plan to ensure that all balances were being sourced from the correct entities and that no balances were utilised incorrectly. If amounts could not be recovered by the liquid resources of the counterparty, then the current trading performance and future cash flows forecasts were assessed. As part of assessing these forecasts, we performed a lookback test on of EBITDA budget vs actual performance to determine the reliability of forecasts, which showed that management are reasonably accurate with long term forecasting.

	In relation to related party balances with entities that also have receivables due from the legacy businesses we have performed the following procedures: - Management have provided a schedule of loan balances between NAE entities and the legacy businesses. This schedule forms the basis of the impairment assessment and as such we have performed completeness and accuracy tests to ensure the schedule agrees to underlying records. - We obtained management's model of the future forecast performance of the legacy businesses and assessed management's assumptions used in the model. We also tested the mathematical accuracy of the model and reasonableness of management's sensitivity analysis and deem them appropriate. - In order to further test the accuracy of management's model, we built our own independent model, taking into account all of the assumptions used by management. In building our own model we noted some discrepancies in the management model in respect to the order of receipt of trading balances versus loan repayments which resulted in revisions to management s model. - We then subjected our own model to a range of sensitivity analysis that looked at different levels of changes in the base level of cash flows to assess the reasonableness of management's point estimate. -We have tested management's analysis of the element of the impairment which relates to the prior financial year and have concluded that the prior year adjustment recorded is appropriate.
Recoverability of goodwill in relation to India (Group) The Group has goodwill of $1,269.4 million, with $95.8 million of this balance relating the India cash generating unit. Under IAS 36 'Impairment of Assets' goodwill and indefinite life intangible assets must be tested for impairment at least annually. We focused on this area as management judgement is required to establish the recoverable amount using value in use ("VIU") models and fair value less costs to sell ("FVLCTS") assessments. This includes judgement in the selection of assumptions used to estimate forecast future cash flows such as revenue growth rates (driven by both student numbers and price increases) and profit margins, and in the selection of appropriate discount and long-term growth rates used in the VIU models. It also requires judgement in relation to the earnings multiple applied to calculate FVLCTS. These items are subjective and susceptible to management bias and execution risk and could lead to error both in determining whether an impairment charge is required, and the amount of any impairment charge recorded. The forecasts used by management continue to show future growth in student numbers which could be impacted by the ongoing economic conditions , which further increases the level of judgement inherent in the forecasts which underpin the impairment assessment. Refer to the accounting policies for business combinations and goodwill, impairment of non-financial assets and the critical accounting estimates and key judgments section in note 1 and note 16 intangible assets within the consolidated financial statements.	At the planning stage of the audit, we assessed the design and implementation of controls over the impairment review process. In respect of the India CGU we obtained management's impairment assessment, comprised of a VIU model and a FVLCTS assessment. For the India CGU the recoverable amount is based on a FVLCTS model, as this provided the higher recoverable amount. We performed the following procedures: - We tested the integrity and arithmetic accuracy of both models to ensure that they had been prepared in accordance with the guidance provided in IAS 36; - We performed analysis to identify those assumptions to which the impairment tests were sensitive and focussed our efforts on the relevant assumptions for each; - We used internal valuation experts to determine whether management's discount rates were within an acceptable range and long-term growth rates were consistent with external sources of evidence; - We challenged the basis of the short-term forecasts used in the models. This included but was not limited to: agreeing forecasts to Board approved plans; reviewing actual performance of the India CGU in FY22 and FY23 to date; and reviewing management's historical forecasting accuracy; and - We used our valuation experts to independently determine an alternative earnings multiple for the CGU and compared this with management's valuation. We did not note any material difference in the valuations calculated for the India CGU under each of the methodologies. We performed sensitivity analyses around the key assumptions for each of the valuation bases to ascertain the extent of change in those assumptions that, either individually or collectively, would result in material impairment charges being recognised. Disclosures included within notes 1 and 16 of the consolidated financial Statements were assessed against the requirements of IAS 36 and IAS 1 and deemed appropriate.
Recoverability of investments and amounts owed by related parties (Company) The Company has a significant investment balance in its principal subsidiary as well as being owed significant amounts from related parties. These balances must be	The recoverability of the investment was assessed by determining if there were any triggers that would require a full impairment test to be undertaken by the directors. We

assessed for recoverability on an annual basis. This assessment includes consideration of a number of factors regarding the related parties ability to repay the balance including current liquidity position of the entity and forecasts of the future cash flow generation of the counterparty. Refer to the Investments and Intercompany receivables accounting policies and critical estimate in note 3, note 5 Investments and note 6 Debtors within the Company Financial Statements.	assessed this through a review of net assets of the subsidiary entity against the investment carrying value, consideration of external market and economic factors and review of the discounted cash flow models of the underlying trading businesses prepared for the purpose of the goodwill impairment test required for the Consolidated Financial Statements. Based on these procedures we concluded that there were no triggers that would indicate the directors were required to perform a full impairment test of the investment carrying value. For amounts owed by related parties, management prepared a recoverability assessment in line with IFRS 9 for the Company's receivable balances. The recoverability of each receivable balance was assessed by first considering the available liquid resources, such as the relevant counterparty's year end cash position and receivables, and where appropriate, its subsidiary undertakings as well. If amounts could not be recovered by the liquid resources of the counterparty, then the current trading performance and future cash flows forecasts were assessed. As a result of these procedures, we identified no indication of material impairment to the receivable balances.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Group and the Company, the accounting processes and controls, and the industry in which they operate.

The NAELHL Group ('the Group') forms a subgroup within the NAE Group which operates a portfolio of 81 premium international schools around the world. The Group operates 56 premium international schools and is split globally into four different regions which are as follows: Europe, The Americas, China International and South East Asia together with the Middle East and India (SEAMEI). There are 145 components within the consolidation, which include schools, holding companies and other consolidation units

We have identified one financially significant component to the Group which the Group audit team has performed full scope audit procedures over. We note that there are no other financially significant components, with the largest component contributing 7.1% to revenue and the average component being 1.6%. We therefore determined the most effective approach was to engage PwC local component teams to perform full scope procedures over nineteen reporting units, with the Group audit team performing full scope audit work over a further one reporting units (in addition to the full scope audit of the financially significant component). In addition, specified audit procedures were performed by a local component team over certain balances, including revenue and property, plant and equipment, at two reporting units in India. This approach ensures that appropriate audit coverage has been obtained over all financial statement line items Furthermore, we have performed analytical procedures (desktop reviews at year end) over all other components which are not subject to detailed audit procedures.

Where work was performed by component auditors, we determined the appropriate level of supervision and review of the audit work to ensure we could conclude that sufficient appropriate audit evidence had been obtained for the Group financial statements as a whole. We issued written instructions to all component auditors and had regular communications with them throughout the audit cycle. This included a planning and clearance meeting with each component team, performing two site visits, attending several local clearance meetings with management, as well as performing file reviews on nine reporting units.

Based on the detailed audit work performed across the Group, we have gained coverage of 69.4% of total earnings before interest, tax, depreciation, amortisation and exceptional expenses and 66.3% of total revenue.

We tailored the scope of the Company audit to ensure that we performed sufficient work to be able to express an opinion on the financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which it operates.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement we determined materiality for the financial statements as a whole as follows:

	Financial statements - Group	Financial statements – Company
Overall materiality	US$14 3 million (2021: US$12.0 million)	US$20.1 million (2021: US$18.4 million).
How we determined it	3.5% of Earnings Before Interest, Tax, Depreciation, Amortisation and Exceptional Expenses	1% of total assets
Rationale for benchmark applied	We consider this to be the primary benchmark used by key stakeholders to evaluate the position and performance of the Group	The Company is an intermediate investment holding company within the wider Nord Anglia Education group structure. *We consider this to be the primary benchmark used* by key stakeholders to evaluate the position and performance of the Company.

For each component in the scope of our Group audit, we allocated a materiality that is less than our overall Group materiality. The range of materiality allocated across components was US$1.0 million to US$4.6 million. Certain components were audited to a local statutory audit materiality that was also less than our overall Group materiality.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2021: 75%) of overall materiality, amounting to US$10.7 million (2021: US$9.0 million) for the Group financial statements and US$15.1 million (2021: US$13.8 million) for the Company financial statements.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the upper end of our normal range was appropriate

We agreed with those charged with governance that we would report to them misstatements identified during our audit above US$0.5 million (Group audit) (2021: US$0.5 million) and US$0.5 million (Company audit) (2021: US$0.5 million) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

Our evaluation of the directors' assessment of the Group's and the Company's ability to continue to adopt the going concern basis of accounting included:

- We obtained and critically assessed management's paper that supports the Board's assessment and conclusions with respect to the disclosures provided around going concern;
- We discussed with management the assumptions applied in the going concern review so we could understand and challenge the rationale for those assumptions using our knowledge of the business and the wider economic environment;
- We reviewed the most recent management accounts for FY23 and compared to management's original budget and revised forecasts, and considered the impact of these actual results on the future forecast period;
- We reviewed management's severe but plausible downside sensitivity scenarios. We assessed the availability of liquid resources under the base case and downside scenario modelled by management, and the associated covenant tests applied;
- We assessed the appropriateness and completeness of the financial statement disclosures relating to going concern.

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 Group's and 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.

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.

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

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

Reporting on other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

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

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 August 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Group and Company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

In preparing the financial statements, the directors are responsible for assessing the Group's and 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 Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Based on our understanding of the Group and industry, we identified that the principal risks of non-compliance with laws and regulations related to employment law, regulations for ownership of schools and delivering educational services and tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements

We also considered those laws and regulations that have a direct impact on the financial statements such as Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting of inappropriate journal entries, and management bias in determining accounting estimates. The Group engagement team shared this risk assessment with the component auditors so that they could include appropriate audit procedures in response to such risks in their work. Audit procedures performed by the Group engagement team and/or component auditors included:

- Inquiries of management, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Review of minutes of meetings of those charged with governance and internal audit reports;
- Challenging assumptions made by management in their significant accounting estimates and judgements, in particular in relation to the carrying value of loan receivable balances, carrying value of goodwill, measurement of lease liabilities, actuarial assumptions, measurement of assets and liabilities acquired as part of a business combination and uncertain tax positions; and
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations which could manipulate the financial performance of the business.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

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 auditors' report.

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Nicholas Stevenson (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
East Midlands
16 May 2023

Consolidated Income Statement

for the year ended 31 August

	Note(s)	2022 $m	Restated* 2021 $m
Net revenue	*3*	**1,188.7**	1,047.9
Cost of sales		**(635.5)**	(579.8)
Gross profit		**553.2**	468.1
Selling, general and administrative expenses		**(274.0)**	(242.1)
Depreciation	*4*	**(8.2)**	(10.8)
Amortisation	*4, 16*	**(24.1)**	(20.7)
Impairment (charge)/reversal	*4, 16, 22*	**(2.3)**	0.4
Other losses[2]	*5*	**(14.7)**	(3.9)
Exceptional expenses*	*6*	**(113.4)**	(56.2)
Total expenses		**(436.7)**	(333.3)
Operating profit		**116.5**	134.8
Finance income	*10*	**18.6**	11.6
Finance expense – loans and borrowings	*10*	**(150.1)**	(143.8)
Net finance expense		**(131.5)**	(132.2)
Loss before tax		**(15.0)**	2.6
Income tax expense	*11*	**(41.2)**	(27.1)
Loss for the year		**(56.2)**	(24.5)
Attributable to:			
Owners of the parent		**(58.6)**	(24.8)
Non-controlling interest		**2.4**	0.3

The notes on pages 25 to 97 and appendix on pages 108 to 114 form an integral part of these financial statements.

[1] Other (losses)/gains is restated after finalisation of the purchase price allocation of Colegio Peruano. Therefore, the restated 2021 balances do not correspond to the prior period financial statements. Refer to note 18 for details.

* The comparative information has been restated. Please see further information in note 1.

Consolidated Statement of Comprehensive Income

for the year ended 31 August

	Note(s)	2022 $m	2021 $m
Loss for the year		**(56.2)**	(24.5)
Other comprehensive income/(expense)			
Items that will not be reclassified to Income Statement in subsequent periods:			
Actuarial gains	*9*	**2.1**	22.7
Tax credit/(charge) on defined benefit pension plans	*12*	**1.2**	(3.6)
Tax credit on FX movements	*12*	**2.0**	-
Items that may be reclassified subsequently to Income Statement			
Foreign exchange translation gains:			
- Net assets of foreign operations		**(80.9)**	30.5
Total other comprehensive (expense)/ income for the year, net of income tax		**(75.6)**	49.6
Total comprehensive (expense)/income for the year		**(131.8)**	25.1
Attributable to:			
Owners of the parent		**(134.2)**	24.7
Non-controlling interest		**2.4**	0.4
Total comprehensive (expense)/income for the year		**(131.8)**	25.1

The notes on pages 25 to 97 and appendix on pages 108 to 114 form an integral part of these financial statements.

* The comparative information has been restated. Please see further information in note 1.

Consolidated Balance Sheet
as at 31 August

	Note(s)	**31 August 2022 $m**	Restated* 31 August 2021 $m	1 September 2020 $m
Non-current assets				
Property, plant and equipment[1]	*13*	**412.2**	368.4	334.7
Right of use assets	*14*	**1,149.9**	1,210.9	1,112.3
Intangible assets[1]	*16*	**1,661.1**	1,476.7	1,274.3
Investments	*17*	**3.0**	3.0	3.0
Trade and other receivables	*20*	**80.5**	102.0	126.1
Pension asset	*9*	**5.5**	12.1	-
Deferred tax assets	*12*	**15.0**	31.5	23.2
		3,327.2	3,204.6	2,873.6
Current assets				
Current tax assets		**0.6**	4.1	13.4
Inventories		**3.0**	3.4	3.2
Trade and other receivables	*20*	**655.8**	571.7	549.5
Cash and cash equivalents	*21*	**308.3**	456.0	613.2
		967.7	1,035.2	1,179.3
Assets held for sale	*22*	**-**	5.3	7.8
		967.7	1,040.5	1,187.1
Total assets		**4,294.9**	4,245.1	4,060.7

The notes on pages 25 to 97 and appendix on pages 108 to 114 form an integral part of these financial statements.

[1]Property, plant and equipment and intangible assets are restated after finalisation of the purchase price allocation of Colegio Peruano. Therefore, the restated 2021 balances do not correspond to the prior period financial statements. Refer to note 18 for details.

* The comparative information has been restated. Please see further information in note 1.

Consolidated Balance Sheet (continued)

as at 31 August

	Note(s)	31 August 2022 $m	Restated* 31 August 2021 $m	1 September 2020 $m
Non-current liabilities				
Interest-bearing loans and borrowings	*23*	**409.4**	407.1	405.1
Derivative financial instruments	*19*	**-**	19.1	21.4
Lease liabilities	*24*	**1,119.3**	1,132.8	1,019.3
Trade and other payables[2]	*25*	**631.4**	557.5	550.7
Deferred revenue	*3*	**43.1**	40.7	44.5
Deferred gain		**11.1**	12.0	12.3
Retirement benefit obligations	*9*	**8.6**	15.2	34.1
Provisions for other liabilities and charges	*26*	**12.4**	7.0	2.3
Deferred tax liabilities[2]	*12*	**81.7**	91.2	71.4
		2,317.0	2,282.6	2,161.1
Current liabilities				
Trade and other payables[2]	*25*	**451.7**	363.1	333.0
Derivative financial instruments	*19*	**-**	0.2	0.2
Interest-bearing loans, borrowings, and overdrafts	*23*	**25.5**	0.1	53.6
Lease liabilities	*24*	**128.9**	140.0	125.6
Deferred revenue	*3*	**714.4**	672.3	616.3
Deferred gain		**0.2**	0.2	0.2
Provisions for other liabilities and charges	*26*	**0.2**	0.2	3.4
Current tax liabilities		**34.4**	32.1	39.4
		1,355.3	1,208.2	1,171.7
Total liabilities		**3,672.3**	3,490.8	3,332.8
Equity				
Share capital	*28*	**515.9**	515.9	515.9
Currency translation reserve		**(229.3)**	(148.4)	(178.8)
Other reserves	*28*	**(4.5)**	(4.5)	-
Retained earnings[2]		**342.1**	392.7	390.1
Capital and reserves attributable to the owners of the Company		**624.2**	755.7	727.2
Non-controlling interest		**(1.6)**	(1.4)	0.7
Total equity		**622.6**	754.3	727.9
Total equity and liabilities		**4,294.9**	4,245.1	4,060.7

These financial statements set out on pages 18 to 97 and appendix on pages 108 to 114 were approved by the Board of directors on 16 May 2023 and were signed on its behalf by:

A van Vilsteren
Director
Company number: 06590752

The notes on pages 25 to 97 and appendix on pages 108 to 114 form an integral part of these financial statements.

[2]Trade and other payables, deferred tax liabilities and shareholder's deficit are restated after finalisation of the purchase price allocation of Colegio Peruano. Therefore, the restated 2021 balances do not correspond to the prior period financial statements. Refer to note 18 for details.

* The comparative information has been restated. Please see further information in note 1.

Consolidated Statement of Changes in Equity

for the year ended 31 August 2021 restated*

	Note(s)	Share capital $m	Currency translation reserve $m	Other reserves $m	Retained earnings $m	Total parent equity $m	Non-controlling interest $m	Total equity $m
Balance at 1 September 2020		515.9	(178.8)	-	390.1	727.2	0.7	727.9
Comprehensive income/(loss) for the year								
Profit for the year – restated*		-	-	-	(24.8)	(24.8)	0.3	(24.5)
Other comprehensive income/(loss) for the year								
Actuarial gains on defined benefit pension schemes	*9*	-	-	-	22.7	22.7	-	22.7
Tax on defined benefit pension plans	*12*	-	-	-	(3.6)	(3.6)	-	(3.6)
Currency translation differences		-	30.4	-	-	30.4	0.1	30.5
Total other comprehensive income for the year		-	30.4	-	19.1	49.5	0.1	49.6
Total comprehensive income for the year		-	30.4	-	(5.7)	24.7	0.4	25.1
Transactions with owners, recorded directly in equity								
Issuance of new ordinary shares and preference shares	*28*	-	-	-	8.3	8.3	-	8.3
Vesting of SMEP	*9*	-	-	(4.5)	-	(4.5)	0.3	(4.2)
Dividends paid		-	-	-	-	-	(2.8)	(2.8)
Total contributions by and (distributions) to owners		-	-	(4.5)	8.3	3.8	(2.5)	1.3
Balance at 31 August 2021 – restated*		515.9	(148.4)	(4.5)	392.7	755.7	(1.4)	754.3

The notes on pages 25 to 97 and appendix on pages 108 to 114 form an integral part of these financial statements.

* The comparative information has been restated. Please see further information in note 1.

Consolidated Statement of Changes in Equity (continued)

for the year ended 31 August 2022

	Note(s)	Share capital $m	Currency translation reserve $m	Other reserves $m	Retained earnings $m	Total parent equity $m	Non-controlling interest $m	Total equity $m
Balance at 1 September 2021 – restated*		**515.9**	**(148.4)**	**(4.5)**	**392.7**	**755.7**	**(1.4)**	**754.3**
Comprehensive income/(loss) for the year								
Profit for the year		-	-	-	**(58.6)**	**(58.6)**	**2.4**	**(56.2)**
Other comprehensive income/(loss) for the year								
Actuarial gains on defined benefit pension schemes	*9*	-	-	-	**2.1**	**2.1**	-	**2.1**
Tax on defined benefit pension plans	*12*	-	-	-	**1.2**	**1.2**	-	**1.2**
Tax on FX movements					**2.0**	**2.0**	-	**2.0**
Currency translation differences		-	**(80.9)**	-	-	**(80.9)**	-	**(80.9)**
Total other comprehensive (expense)/income for the year		-	**(80.9)**	-	**5.3**	**(75.6)**	-	**(75.6)**
Total comprehensive (expense)/income for the year		-	**(80.9)**	-	**(53.3)**	**(134.2)**	**2.4**	**(131.8)**
Transactions with owners, recorded directly in equity								
Vesting of SMEP	*9*	-	-	-	**2.7**	**2.7**	-	**2.7**
Transactions with NCI	*29*	-	-	-	-	-	**0.2**	**0.2**
Dividends paid		-	-	-	-	-	**(2.8)**	**(2.8)**
Total contributions by and distributions to owners		-	-	-	**2.7**	**2.7**	**(2.6)**	**0.1**
Balance at 31 August 2022		**515.9**	**(229.3)**	**(4.5)**	**342.1**	**624.2**	**(1.6)**	**622.6**

The notes on pages 25 to 97 and appendix on pages 108 to 114 form an integral part of these financial statements.

* The comparative information has been restated. Please see further information in note 1.

Consolidated Cash Flow Statement

for the year ended 31 August

	Note(s)	2022 $m	Restated* 2021 $m
Cash flows from operating activities			
Profit for the year before taxation		**(15.0)**	2.6
Adjustments for:			
Depreciation and amortisation	*4, 13, 14, 16*	**162.8**	157.4
Impairment/(reversal of impairment) of intangible assets and assets held for sale	*4, 16, 22*	**2.3**	(0.4)
Impairment of related party receivables		**109.2**	46.5
Fair value movements in derivatives and receivables impairment expense		**(5.0)**	(0.4)
Elimination of FX on intercompany balances and loans		**(9.9)**	-
Difference between pension contribution paid and reported in the Consolidated Income Statement		**1.2**	(8.2)
Gain on disposal of property, plant and equipment and intangible assets		**(0.5)**	(0.8)
Net finance expense	*10*	**131.5**	132.2
Share-based payment expenses	*9*	**2.7**	8.3
		379.3	337.2
Increase in trade and other receivables, inventories and deferred lease expense		**(81.8)**	(11.2)
Increase/(decrease) in trade and other payables, deferred revenue, deferred gain and provisions		**80.1**	(18.0)
Cash generated from operations		**377.6**	308.0
Interest paid		**(113.5)**	(130.0)
Tax paid		**(29.4)**	(41.3)
Net cash generated from operating activities		**234.7**	136.7
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		**0.3**	0.2
Proceeds from sale of assets held for sale		**5.1**	2.8
Purchase of intangible assets		**(17.1)**	(16.8)
Acquisition of subsidiary, net of cash acquired	*18*	**(261.7)**	(72.1)
Acquisition of property, plant and equipment		**(53.0)**	(29.3)
Loans advanced to related parties	*29*	**(9.0)**	(109.7)
Loan repayments received from related parties	*29*	**33.9**	94.2
Interest received		**2.4**	0.2
Net cash used in investing activities		**(299.1)**	(130.5)
Cash flows from financing activities			
Net proceeds from the issuance of ordinary shares		**-**	-
Net proceeds from borrowings		**12.3**	4.8
Repayment of borrowings		**-**	(128.4)
Loan advances from related parties		**26.3**	69.6
Loan repayments to related parties		**(46.4)**	(6.5)
Principal elements of lease payments		**(65.2)**	(61.8)
Transactions with non-controlling interest		**(2.8)**	(2.8)
Net cash used in financing activities		**(75.8)**	(125.1)
Net decrease in cash and cash equivalents		**(140.2)**	(118.9)
Cash and cash equivalents at the beginning of the year		**456.0**	571.5
Effect of exchange rate fluctuations on cash held		**(7.5)**	3.4
Cash and cash equivalents at the end of the year (including overdrafts)		**308.3**	456.0
Bank overdrafts	*23*	**-**	-
Cash and cash equivalents at the end of the year (excluding overdrafts)	*21*	**308.3**	456.0

*The comparative information has been restated. Please see further information in note 1.

The notes on pages 25 to 97 and appendix on pages 108 to 114 form an integral part of these financial statements.

Notes to the financial statements for the year ended 31 August 2022

1 Accounting policies

General information

Nord Anglia Education London Holdings Limited ("the Company") was incorporated on 13 May 2008 and is domiciled in England and Wales as a private company limited by shares. The address of its registered office is 4th floor, Nova South, 160 Victoria Street, London, SW1E 5LB.

The main activities of the Company and its subsidiaries (together "the Group") are the operation of Premium Schools worldwide. The main activity of the Company is that of an investment holding and financing company.

Basis of preparation

The consolidated financial statements have been prepared and approved by the directors in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006. The consolidated financial statements are presented in US dollar, generally rounded to the nearest 100,000. They are prepared on the historical cost basis, except for certain financial instruments (including derivatives instruments) and pension assets that have been measured at fair value.

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in US dollar, which is the Group's functional and presentational currency.

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements. The Group has adopted amendments to IFRS 9, IAS 39, IFRS 7 and IFRS 16 Interest Rate Benchmark Reform – Phase 2 as issued in August 2020. In accordance with the transition provisions, the amendments have been adopted retrospectively to financial instruments. Comparative amounts have not been restated, and there was no impact on the current period opening reserves amounts on adoption. The Group is exposed to USD LIBOR on term loans with a carrying value of $409.4m. This interest rate benchmark is due to be withdrawn in June 2023 and as such the Group is in negotiations with existing lenders to manage this transition.

Going concern

The Group has accumulated shareholders' funds of $624.2 million as at 31 August 2022 (2021: $755.7 million).

As at 31 August 2022, the Group had net cash (cash and cash equivalents less overdraft) of $308.3 million (2021: $456.0 million) which the directors believe is sufficient to support operations for the foreseeable future. Further information on the Group's borrowings is given in Note 23. In addition, Note 19 of the financial statements include the Group's objectives, policies and processes for managing its capital, its financial risk management objectives, details of its financial instruments and hedging activities and its exposure to credit, liquidity and market risk.

The Group continues to generate strong operating cash flows and benefits from favourable working capital movements through the receipt of tuition fees in advance of the school year. Current liabilities exceed current assets by $387.6 million (2021: $167.7 million), the main driver of this is the reduction in cash held as the Group completed three acquisitions during the year which were funded from existing cash reserves. The Company has received confirmation that the NAE Group will continue to provide support to enable it and the Group to meet its obligations as they fall due for a period of at least 12 months from the date of approval of these financial statements. This enables the Company and the Group to utilise the undrawn banking facilities and liquidity of the NAE Group to support its ongoing operations and working capital requirements.

In assessing the going concern position of the Group, the directors have prepared cash flow forecasts for a period through to the end of August 2024. These forecasts have been prepared to reflect a base case scenario, being the directors best estimate of the likely financial and operating performance of the Group across the period. This assessment includes the impact of cash balances which cannot easily be transferred to the Group's general cash pool due to the territories in which they are held.

The directors have also prepared a severe but plausible downside scenario that models a significant reduction in FTEs, and a corresponding reduction in EBITDA. In the downside scenario, the Group will be able to operate within the facilities that are committed throughout the going concern period.

Notes to the financial statements for the year ended 31 August 2022 (continued)

1 Accounting policies (continued)

Having made enquiries, the directors have reasonable expectations that the Group is well placed to manage its business risks and continue its operations for the foreseeable future, for at least 15 months from the date of the approval of the financial statements. The Group's cash forecasts and projections, taking into account severe but plausible changes in performance, including a fall of 7.5% in FTEs compared to budget, show that the Group has sufficient financial resources. Accordingly, the directors have not identified any material uncertainties to the Group's ability to continue as a going concern and continue to adopt the going concern basis in preparing the financial statements.

Future accounting developments

The Group considers that there are no relevant standards or relevant interpretations mandatory for the current accounting period that have not been applied.

Future standards and interpretations that are issued, but not yet effective or early adopted, are:

- Classification of Liabilities as Current or Non-current - Amendments to IAS 1; effective 1 January 2023;
- Property, Plant and Equipment: Proceeds before intended use – Amendments to IAS 16; effective 1 January 2022;
- Reference to the Conceptual Framework – Amendments to IFRS 3; effective 1 January 2022;
- Onerous Contracts – Cost of Fulfilling a Contract – Amendments to IAS 37; effective 1 January 2022;
- Annual Improvements to IFRS Standards 2018-2020; effective 1 January 2022;
- Definition of Accounting Estimates - Amendments to IAS 8; effective 1 January 2023;
- Disclosure of material accounting policies – Amendments to IAS 1; effective January 2023; and
- Deferred tax related to assets and liabilities arising from a single transaction – Amendments to IAS12; effective 1 January 2023.
- IFRS 17 Insurance Contacts; effective 1 January 2023

The above future standards and interpretations are not expected to have a material impact on the Group.

Basis of consolidation

The consolidated financial statements consist of the financial statements of the Group. In situations where the Group has a less than 100% interest, the Group considers further factors such as voting rights and exposure to variable returns and the linkage between power and returns in order to determine whether it controls the subsidiary.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet and Consolidated Statement of Changes in Equity.

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are consolidated fully from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. The acquisition method of accounting is used to account for business combinations by the Group.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Revenue recognition

The Group recognises revenue when (or as) a performance obligation is satisfied. This is considered to be when control of the goods or services underlying the performance obligation is transferred to the students. For the Group, the primary services provided to the students are curriculum delivery, extra-curricular activities, enrolment and ancillary services, as the Group is primarily engaged in the provision of premium schooling, from kindergarten through to secondary school (K-12).

Notes to the financial statements for the year ended 31 August 2022 (continued)

1 Accounting policies (continued)

Revenue recognition (continued)

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the student simultaneously receives and consumes the benefits provided by the Group as the Group performs;
- the Group creates and enhances an asset that the student controls as the Group performs; or
- the Group creates an asset with no alternative use to the Group and they have an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the student obtains control of the distinct good or service.

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following major service lines:

- The provision of tuition, examinations, resourcing, technical support, student activities and Virtual Education Services (VES), which are collectively deemed to be a single distinct service and performance obligation. These are collectively referred to as "curriculum fees" and are recognised over time. Curriculum fees are presented net of curriculum fee discounts, and the net amount represents the consideration to which the Group expects to be entitled. Curriculum fees are also presented net of COVID-19 Support Costs, which are discounts/credit notes provided to existing students that can be utilised in the following academic year.
- The provision of boarding, private tuition, transport, catering, after-school activities, etc, which are a series of distinct performance obligations linked to the delivery of the curriculum. These are referred to as "extra-curricular fees" and are recognised over time. Uniform, book and merchandise sales, ad-hoc private tuition, ad-hoc extra-curricular activities, etc, are recognised at a point in time.
- Registration, capital enrolment, enrolment, capital assessment etc, collectively referred to as "enrolment fees" are a series of distinct performance obligations, which are satisfied over time.
- Management and royalty charges from other entities across the Nord Anglia Education Management Limited Group. Revenue from management charges are recognised at a point in time, as and when the charges are incurred, and royalty charges are recognised over time, reflecting other Group entities' right to access the NAE brand throughout the financial year.
- Other revenue, comprising of ancillary services indirectly related to the provision of curriculum delivery.

Remaining unsatisfied performance obligations relate to future services paid in advance and material rights awarded, for example arising on scholarships and sibling discounts.

School fee income

Curriculum, extra-curricular and enrolment fees are typically billed in advance, either annually where it relates to enrolment or termly in the case of tuition and related fees. In some instances, fees are also billed monthly in advance. In most cases, invoices are payable within 30 days.

The transaction price of curriculum, extra-curricular and enrolment fees are based on contract price less any applicable discounts. Discounts are typically agreed upfront and generally include annual discounts, staff discounts, referral discounts, principal discounts and financial aid.

A number of schools offer multiple payment plans for students, with associated financing charges. The arrangements themselves do not indicate a significant financing component as the time period between receipt of consideration and delivery of those services is less than one year, applying the practical expedient available under IFRS 15.

Material rights are valued based on the expected level of discount awarded, adjusted for the time value of money. This includes an assessment of the likely uptake per year based on student attrition rates. Revenue is allocated between school fee income and material rights based on the relative standalone selling prices at that point, with the material right deferred until it is utilised.

Notes to the financial statements for the year ended 31 August 2022 (continued)

1 Accounting policies (continued)

Revenue recognition (continued)

Deferred revenue from material rights becomes revenue on the utilisation of that right throughout the student's education. It is amortised on a straight-line basis over the average student tenure (which varies by region) and included as part of the contract liability.

Material rights arising from discounts offered on the following academic year's fees to existing students, have their associated deferred revenue released over the period that the discount relates to (in most cases, the first term of the following academic year).

Certain ancillary services are not directly linked to the underlying curriculum and as such are recognised as revenue when the service is delivered to the student as this is viewed to be the point at which control passes. These are paid in advance.

At a majority of the Group's schools, standard terms and conditions require a full term's notice of withdrawal for a refund of prepaid school fee income.

Deposits

Refundable deposits relate to fees that may result in a return of funds/monies to a customer. These are reported as a financial liability until they are either returned to the customer or the term/condition under which it can be refunded has expired or is no longer valid. At this point, the fee is either earned and the revenue is recognised, or the fees have been refunded and the liability is relieved.

Non-refundable deposits relate to fees that have no terms or conditions attached which would result in any monies ever being returned to the customer. The revenue is earned and recognised to the extent that the services have been fulfilled, with any excess deferred and recognised as revenue over the Group's average student tenure.

Refunds

Where the student has a right to a return of prepaid curriculum fees within a given period, the school is obliged to refund the purchase price. A refund liability for the expected refunds to students is recognised as an adjustment to revenue within deferred revenue. This is calculated using the historical level of refunds provided to students.

Expenses

Cost of sales

Cost of sales consist principally of salary and benefits for school principals, teaching staff and lecturers employed in our Premium Schools and Learning Services businesses, plus the costs of teaching materials as well as expenses for the provision of school lunches, bus services and athletics programmes. Depreciation charges arising from tangible assets owned by Premium Schools are also included in the Cost of sales. For the Learning Services businesses the costs are recognised as incurred. For the Premium Schools business, salary and benefits for school principals and teaching staff are recognised as incurred, being the 10 months, over which teaching services are provided and as such they follow the same recognition period as the relevant fee income.

Selling, general and administrative expenses

Selling, general and administrative expenses consist of several cost categories including salary and benefits for the senior management team and other personnel engaged in finance, human resources, education policy and quality, legal compliance, information systems and infrastructure and other functions at our corporate headquarters. In addition, this category of expense encompasses salary and benefits for regional personnel supporting operations in China, Europe, India, Southeast Asia, Middle East and The Americas. Finally, this category also includes business travel costs, advertising and promotion expenses, conference costs, general liability insurance premiums, communication costs, bad debt expense, training costs and others.

Foreign exchange

The Company has a US dollar functional currency and the Group adopts a US dollar presentational currency. The Group has significant and expanding international operations trading in non-US dollar currencies and the functional currency of each subsidiary is dependent on that subsidiary's operating environment. Movements in global exchange rates can cause currency exposures to the Group's consolidated US dollar financial results. Trade is conducted in local currencies and, where appropriate, borrowings are matched in that currency to mitigate the risk of exposure of the Group's assets and liabilities to exchange rate movements.

Notes to the financial statements for the year ended 31 August 2022 (continued)

1 Accounting policies (continued)

Foreign exchange (continued)

Transactions in foreign currencies are translated at the exchange rate on the date of the transaction. At each reporting date, monetary assets and liabilities denominated in foreign currencies are re-translated at the rates prevailing on the reporting date. All differences are taken to the Consolidated Income Statement. The Group includes foreign currency exchange gains and losses relating to external debts within Finance Expense, while those relating to intercompany and other operational activities are included within Other Gains/(Losses).

The assets and liabilities of overseas subsidiaries denominated in foreign currencies are translated into US dollar at exchange rates prevailing at the date of the Consolidated Balance Sheet; profits and losses are translated at average exchange rates for the relevant accounting periods. Exchange differences arising are recognised in the Consolidated Statement of Comprehensive Income and are included in the Group's Currency Translation Reserve. Such translation differences are recognised as income or expenses in the period in which the operation is disposed of.

Where intercompany loans that are considered to be permanent in nature are in place between two entities with different functional currencies, these loans are considered to be part of the Group's net investment in each entity. In these cases, the impact of any retranslation during the year is included directly in the Group's Currency Translation Reserve.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Post-employment and similar obligations

The Group operates various post-employment schemes, including both defined benefit and defined contribution pension plans and post-employment medical plans.

Pension obligations

The liability or asset recognised in the Consolidated Balance Sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

A surplus on a defined benefit pension plan is recognised to the extent that the Group is able to recover economic benefits through reductions in or suspension of future contributions.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in Finance Expense in the Consolidated Income Statement.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in Other Comprehensive Income. They are included in Retained Earnings in the Consolidated Balance Sheet and Consolidated Statement of Changes in Equity.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in the Consolidated Income Statement as past service costs.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual, or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as an employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Other post-employment obligations

Some Group companies provide post-retirement healthcare benefits to their retirees. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit pension plans. Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to Equity in Other Comprehensive Income in the period in which they arise. These obligations are valued annually by independent qualified actuaries.

Notes to the financial statements for the year ended 31 August 2022 (continued)

1 Accounting policies (continued)

Post-employment and similar obligations (continued)

Share-based payments

The Group operates two equity-settled share-based compensation plans, under which the Group receives services from employees as consideration for equity instruments of the Group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense over the vesting period. The total amount to be expensed is determined by reference to the fair value of the options granted and estimation of the number of options that expect to vest.

The fair value of the employee services received under share-based payment plans is recognised as an expense in the Consolidated Income Statement. For the equity-settled compensation plans, the corresponding entry is recognised directly in equity reserves.

Fair value is calculated by using the Monte-Carlo and discounted cash flow methods for share option schemes. The amount charged over the vesting period is determined by reference to the fair value of share incentives excluding the impact of any non-market vesting conditions. Non-market vesting conditions are considered within the assumptions to estimate the number of share incentives that are expected to vest. The impact of the revision of original estimates, if any, is recognised in the Consolidated Income Statement over the remaining vesting period with corresponding adjustments made to the share compensation liability and equity reserve, respectively.

The application of both the Monte-Carlo method and discounted cash flow method require the application of a number of assumptions including volatility, share price, early exercise provision, post-vesting withdrawal rates, discount rate, risk free interest rate, and expected life to exercise.

Exceptional items

Exceptional items are those significant items which are separately disclosed by virtue of their size or incidence to enable a full understanding of the Group's financial performance. Transactions which may give rise to exceptional items include the following:

- corporate restructure costs;
- acquisition costs;
- integration costs;
- sale and leaseback costs;
- write-off of property, plant, equipment;
- associated legal fees of the above items; and
- *incremental costs due to the global COVID-19 pandemic.*

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are measured subsequently at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Consolidated Income Statement over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

*The fair value of the liability portion of a convertible bond is determined using a market interest rate for an equivalent non-*convertible bond. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or maturity of the bonds. The remainder of the proceeds is allocated to the conversion option. This is recognised and included in Shareholders' Equity, net of income tax effects.

Borrowings are removed from the Consolidated Balance Sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is *recognised in the Consolidated Income Statement as Other Income or a Finance Expense.*

Notes to the financial statements for the year ended 31 August 2022 (continued)

1 Accounting policies (continued)

Borrowings (continued)

Where the terms of a financial liability are re-negotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in the Consolidated Income Statement, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Consolidated Income Statement

Bank overdrafts are classified as current liabilities in Interest-Bearing Loans, Borrowings and Overdrafts (refer to Note 23 Interest-bearing loans, borrowings and overdrafts).

Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale.

Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Taxation

The tax expense included in the Consolidated Income Statement consists of current and deferred tax. Current tax is the expected tax payable on the taxable income for the year. Tax expense is calculated using tax rates enacted or substantively enacted by the reporting date. Tax expense is recognised in the Consolidated Income Statement except to the extent that it relates to items recognised in the Consolidated Statement of Comprehensive Income or directly in the Consolidated Statement of Changes in Equity, in which case it is recognised in the Consolidated Statement of Comprehensive Income or directly in the Consolidated Statement of Changes in Equity, respectively.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Provisions are made for deferred tax that would arise on remittance of the retained earnings of overseas subsidiaries when it is expected that this will be repatriated to the shareholder. In addition, the timing of the remittance must be able to be controlled and there must be no intention to remit.

The temporary differences associated with investments in subsidiaries, joint ventures and associates, for which a deferred tax liability has not been recognised, aggregate to $511.0 million (2021: $478.6 million). No deferred tax liability has been recognised on the potential withholding tax due on the remittance of undistributed profits as the Group is able to control the timing of such remittances and it is probable that consent will not be given in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

Deferred tax assets and liabilities are offset against each other when there is a legally enforceable right to set-off current taxation assets against current taxation liabilities and it is the intention to settle these on a net basis.

Dividends

Dividends are recorded in the financial statements in the period in which they are approved by the Group's shareholders.

Notes to the financial statements for the year ended 31 August 2022 (continued)

1 Accounting policies (continued)

Business combinations and goodwill

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises of:

- fair values of the assets transferred;
- liabilities incurred to the former owners of the acquired business;
- equity interests issued by the Group;
- fair value of any asset or liability resulting from a contingent consideration arrangement; and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis. Non-controlling interests in the acquired entity that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured either at fair value or the present ownership interests' proportionate share in the recognised amounts of the acquired entity's net identifiable assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by IFRS.

Acquisition-related costs are expensed as incurred.

Goodwill is calculated as the excess of the consideration transferred, the amount of any non-controlling interest in the acquired entity, and acquisition-date fair value of any previous equity interest in the acquired entity, over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired, the difference is recognised directly in the Consolidated Income Statement as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of acquisition. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified as a financial liability. Amounts classified as a financial liability are re-measured subsequently to fair value with changes in fair value recognised in the Consolidated Income Statement.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date. Any gains or losses arising from such re-measurement are recognised in the Consolidated Income Statement.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the acquisition occurred, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets and liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

Goodwill is measured initially at cost. At the acquisition date of a subsidiary, goodwill acquired is recognised as an asset and is allocated to each of the cash-generating units ("CGUs") or groups of CGUs ("CGU Groups"), expected to benefit from the synergies of the business combination. Each school is considered to be a CGU. Goodwill is allocated to CGU Groups at a regional level and is monitored and tested for impairment at this level by management.

Goodwill is not subject to annual amortisation but is assessed for impairment at least annually or more frequently if there are indications that goodwill might be impaired. For the purpose of impairment testing, goodwill is allocated to each of the CGU Groups, as set out above. An impairment loss is recognised when the recoverable amount of the CGU Group is less than its carrying amount. The recoverable amount of a CGU Group is calculated as the higher of the value-in-use (VIU) and fair value less costs to sell (FVLCTS). VIU is calculated on a discounted cash flow basis by applying appropriate long-term growth rates and discount rates, based on historical trends adjusted for management's estimates of future prospects. FVLCTS is calculated using actual EBITDA and EBITDA multiples. Refer to Critical accounting estimates and judgements relating to Goodwill allocation and impairment testing for further information.

Goodwill arising on the acquisition of joint ventures and associates is included within the carrying value of the investment.

On disposal of a subsidiary, joint venture or associate, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Notes to the financial statements for the year ended 31 August 2022 (continued)

1 Accounting policies (continued)

Acquired intangible assets

Separately acquired intangible assets such as brands/trademarks, customer relationships, contracts and software are measured initially at cost. Intangible assets acquired in a business combination are recognised at fair value at the acquisition date. Intangibles with finite useful lives are carried at cost and are amortised on a straight-line basis over their estimated useful lives as follows:

Customer relationships	Up to 16 years straight line
Brands	Up to 50 years or indefinite life
License contracts	Length of contract/lease on a straight-line basis
Website & intellectual property	3 years straight line
Computer software	3 years straight line

Gains and losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Consolidated Income Statement when the asset is derecognised.

Brand name

Legally protected or otherwise separable brand names acquired as part of a business combination are capitalised at fair value on acquisition. For some of the brand names in Western Europe, Management's expectation is to retain brand names within the business for an indefinite life due to the nature and premium associated with the brand names that the Group has acquired and as such they are not amortised and are therefore subject to an annual impairment review (see Note 16 Intangible assets).

Brand names with finite useful lives are carried at cost and are amortised on a straight-line basis over their estimated useful lives of 50 years.

Assets held for sale

Non-current assets and associated liabilities are classified as held for sale when their carrying amount will be recovered principally through a sale transaction rather than continuing use and a sale is highly probable. Assets designated as held for sale are held at the lower of carrying amount at designation and fair value less costs to sell.

Depreciation is not charged against property, plant and equipment classified as held for sale.

Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and any provision for impairment in value. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is provided at rates calculated to write off the cost, less the estimated residual value, of property, plant and equipment over their estimated useful lives. Estimated useful lives and depreciation rates are as follows:

Freehold and long leasehold buildings	25 to 50 years straight line
Short leasehold land and buildings	The unexpired term of the lease on a straight-line basis
Computer equipment	3 to 6 years straight line
Motor vehicles	4 to 5 years straight line
Fixtures and fittings	3 to 7 years straight line

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the depreciation period or method, as appropriate, and are treated as changes in accounting estimates.

Expenditure on assets in the course of construction is capitalised within property, plant and equipment as incurred and when development is completed, it is transferred to the appropriate asset category and depreciated.

Notes to the financial statements for the year ended 31 August 2022 (continued)

1 Accounting policies (continued)

Impairment of non-financial assets

Goodwill is allocated initially to a CGU Group and tested for impairment at this level. Refer to Critical accounting estimates and judgements relating to Goodwill allocation and impairment testing for further information. Goodwill is reviewed for impairment at least annually by assessing the recoverable amount of each CGU Group to which the goodwill relates. The recoverable amount is the higher of fair value less costs to sell and value in use. When the recoverable amount is less than the carrying amount, an impairment loss is recognised. Any impairment is recognised immediately in the Consolidated Income Statement and is not subsequently reversed.

For all other non-financial assets (including other Intangible Assets and Property, Plant and Equipment), the Group performs impairment testing where there are indicators of impairment. If such an indicator exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the CGU to which the asset belongs.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised immediately in the Consolidated Income Statement.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of the recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised for the asset (or CGU) in prior years. A reversal of an impairment loss is recognised immediately as a credit to the Consolidated Income Statement. This does not apply to impairment losses of goodwill, which cannot be reversed.

Leases

Group as a lessee

Under IFRS 16, the Group recognises a lease liability and a right-of-use asset at the lease commencement date. The lease liability is initially measured at the present value of the remaining lease payments at the commencement date, discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, as is the case in the vast majority of the leasing activities of the Group, the lessee's incremental borrowing rate is used, which is the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset in a similar economic environment with similar terms and conditions. The lease liability is subsequently measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index/rate or a change in the Group's assessment of whether it will exercise an extension or termination option. When the lease liability is remeasured, a corresponding adjustment is made to the right-of-use asset.

The right-of-use asset is initially measured at cost, comprising the initial amount of the lease liability plus any initial direct costs incurred and any lease payments made at or before the lease commencement date, less any lease incentives received. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the asset or the end of the lease term.

Payments associated with short-term leases and leases of low value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less at commencement date. Low value assets are assets with a value of less than $5,000 when new, typically small items of IT equipment, office equipment and office furniture.

Notes to the financial statements for the year ended 31 August 2022 (continued)

1 Accounting policies (continued)

Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. When measuring expected credit losses, the Group considers the risk of probability that a credit loss occurs by reflecting the possibility that a credit loss occurs and possibility that no credit loss occurs. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the Consolidated Income Statement. When a receivable is uncollectible, it is written-off against the allowance account for receivables.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, term and call deposits held with banks and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are classified as current liabilities in Interest-bearing loans, borrowings and overdrafts (refer to Note 23).

Trade payables

Trade payables are obligations to pay for goods or 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 (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Financial assets

(i) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss); and
- those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows. The Group reclassifies debt investments when and only when its business model for managing those assets changes.

For assets measured at fair value, gains and losses can be recorded either in profit or loss (FVPL) or in Other Comprehensive Income (FVOCI).

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date (that is, the date on which the Group commits to purchase or sell the asset). Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Notes to the financial statements for the year ended 31 August 2022 (continued)

1 Accounting policies (continued)

Financial assets (continued)

(iii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not held at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are *solely payment of principal and interest*.

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the statement of profit or loss.

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' *cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the* carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses), and impairment expenses are presented as a separate line item in the statement of profit or loss.

- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

(iv) Impairment

The Group assesses, on a forward-looking basis, the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised *from initial recognition of the receivables, see Note 19 for further details.*

Derivative financial instruments

Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into. Derivatives are subsequently remeasured to their fair value at the end of each reporting period. The Group does not apply hedge accounting to any of its derivatives. As such, the Group recognises subsequent changes in fair value of its derivatives immediately in its Consolidated Income Statement.

Derivatives with a positive fair value are recognised as financial assets and derivatives with a negative fair value are recognised as financial liabilities. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months. Other derivatives are presented as current assets or current liabilities.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Consolidated Balance Sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Notes to the financial statements for the year ended 31 August 2022 (continued)

1 Accounting policies (continued)

Provisions

Provisions are recognised when:

- the Group has a present legal or constructive obligation as a result of past events;
- it is more likely than not that an outflow of resources will be required to settle the obligation; and
- the amount can be estimated reliably.

Provisions for dilapidation costs are recognised on a lease-by-lease basis.

Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as an interest expense.

Where the Group expects amounts to be received in relation to a provision, the reimbursement is recognised as a separate asset when its receipt is considered virtually certain.

Loss contingencies

The Group is subject to various claims and contingencies which are in the scope of ordinary and routine litigation incidental to the business, including those related to regulation, litigation, business transactions and employee-related matters and taxes. When a claim or potential claim is identified, the likelihood of any loss or exposure is assessed. If it is probable that a loss will result and the amount of the loss can be reasonably estimated, a liability for the loss is recorded in the Consolidated Balance Sheet. The liability recorded includes probable and estimable legal costs incurred to date and future legal costs. If the loss is not probable or the amount of the loss cannot be reasonably estimated, the claim is disclosed if the likelihood of a potential loss is reasonably possible and the amount of the potential loss could be material. For matters where no loss contingency is recorded, legal fees are expensed as incurred.

Share capital

Share capital issued by the Group is recorded at the proceeds received, net of direct issue costs.

Ordinary shares are classified as equity.

Equity instruments

Financial instruments issued by the Group are treated as equity only to the extent that they meet the following two conditions:

- they include no contractual obligations upon the Company (or Group as the case may be) to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company (or Group); and
- where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging of a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Notes to the financial statements for the year ended 31 August 2022 (continued)

1 Accounting policies (continued)

Critical accounting estimates and key judgments

The preparation of the consolidated Group financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an on-going basis.

Key Judgments

Key Judgements that are applied in the preparation of the consolidated financial statements include:

Goodwill allocation and impairment testing

Goodwill arising on consolidation represents the excess of the cost of acquisitions over the Group's interest in the fair value of the identifiable assets and liabilities at the date of acquisition. Fair values are attributed to the identifiable assets, liabilities and contingent liabilities that existed at the date of acquisition, reflecting their condition at that date.

IAS 36 indicates that goodwill acquired in a business combination shall, from the acquisition date, be allocated to each of the cash-generating units ("CGUs") or groups of CGUs ("CGU Groups"), expected to benefit from the synergies of the business combination. Each CGU or CGU Group shall not be larger than an operating segment. Judgement is involved in determining the allocation of goodwill.

Management considers that a CGU is an individual school. Goodwill is monitored and tested for impairment at a regional level. The allocation at a regional level more appropriately represents the level at which the business operations, and goodwill, is monitored and the level at which management decisions are made, which is in line with the operating segments identified in terms of IFRS 8. Additional information is disclosed in note 16 Intangible assets.

Acquired intangible assets & tangible assets

Intangible assets acquired as part of an acquisition of a business are capitalised separately from goodwill if those assets are identifiable and their fair value can be measured reliably. Judgement is involved when determining the fair value of the intangible assets, in terms of determining the future profitability and cash flows of those assets, royalty rates, life of customer base and the appropriate weighted average cost of capital. The subsequent impairment reviews equally require continuing assessment of the above factors as well as continuous assessment of the assets' lives. Gains and losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Consolidated Income Statement when the asset is derecognised.

Tangible assets acquired as part of an acquisition of a business are measured initially at fair value, if it can be measured reliably. Judgement is required to determine the fair value of acquired tangible assets including determining the appropriate valuation basis to adopt and the assumptions used in the calculation therein. The Group has applied the "market approach" basis in order to estimate the fair market value of the significant acquired properties in the year.

Leases

In determining the lease liability and right-of-use asset, judgement is involved in determining the appropriate discount rate to calculate the lease liability and the lease term where contracts include extension and/or termination options. Extension and termination options are included in a number of property leases across the Group to facilitate operational flexibility, particularly with staff accommodation leases. The majority of termination options held are exercisable only by the Group and not by the respective lessor. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension or termination option. Periods of extension are only included in the lease term if it is reasonably certain that the lease will be extended. Periods after the date of a termination option are only included in the lease term if it is reasonably certain that the lease will not be terminated. The assessment of the lease term is reviewed if a significant event or a significant change in circumstances occurs that is within the control of the Group.

For the discount rates, IFRS 16 states that the interest rate implicit in the lease should be used, i.e. the rate of interest that causes the present value of lease payments and the unguaranteed residual value to equal the sum of the fair value of the underlying asset and any initial direct cost of the lessor. If this rate cannot be readily determined, the lessee should instead use its incremental borrowing rate (IBR). The IBR is the rate of interest that a lessee would have to pay to borrow, over a similar term and with a similar security, the funds necessary to obtain an asset of a similar value to the cost of the right-of-use asset in a similar economic environment.

Notes to the financial statements for the year ended 31 August 2022 (continued)

1 Accounting policies (continued)

Critical accounting estimates and key judgments (continued)

Leases (continued)

The implicit rate in the lease would require the Group to have access to its lessors' sensitive information in relation to the pricing of contracts and returns being made, which it does not. Therefore, the Group uses IBRs as the discount rate across all their leases.

The IBR is calculated based on (i) the sum of the risk free rate of the country in which the school operates and (ii) the credit spread derived from comparable bonds with companies operating in educational services industry and with similar credit rating as NAE.

Control and consolidation

The results of certain companies are consolidated by the Group even though the Group holds less than a majority equity interest in these companies. The Group gained control by utilising a legal structure or through contractual arrangements which allowed it to exercise its voting rights (power), receive substantially all of the economic interest returns generated by the schools (exposure to variable returns) and exercise effective financial and operational control over the activities that most significantly affect the economic performance of the schools (ability to use power to affect the amount of variable returns).

Refer to note 17 Investments, for further information on structured entities and specific considerations made around control.

Functional currency

In assessing the functional currencies of the Group's subsidiaries, management exercises judgement in relation to whether the subsidiaries are to be treated as an extension of the reporting entity or whether they operate with a significant degree of autonomy. For those subsidiaries that are not deemed to have local autonomy they follow the functional currency of the parent Company or that of another company they are operating on behalf of. For those subsidiaries that are deemed to have local activity/autonomy, the second stage of the assessment is to review factors that impact the functional currency at the local level such as the currency that mainly influences the sales price for its goods and services and the labour materials and other costs of providing goods and services.

Retranslation of intercompany loans:

The Group holds a number of intercompany loans that are considered to be long-term in nature and part of the overall funding of the Group. Where these loans exist between two Group entities with differing functional currencies, the Group's Consolidated Income Statement is impacted by the retranslation of the loan as the entries do not eliminate on consolidation.

Guidance presented in IAS 21 states that, when an intercompany loan is considered to be part of the Group's net investment in a foreign operation, such exchange differences should be recognised initially in other comprehensive income and be reclassified from equity to profit or loss on disposal of the net investment. The classification of the loan is reassessed on an ongoing basis, with any adjustment made prospectively from the date of designation.

Taxation

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits. The Group has $76.6 million of recognised deferred tax assets, including $14.3 million of tax losses carried forward and other recognised timing differences of $62.3 million. The deferred tax asset on recognised tax losses relate to jurisdictions where there is no time expiration. The Group also has $236.3 million of unrecognised tax losses carried forward and $196.2 million of other unrecognised deductible temporary differences. These assets relate to subsidiaries that have a history of losses, which do not expire, and may not be used to offset taxable income elsewhere in the Group. The subsidiaries neither have any taxable temporary difference nor any opportunities available that could partly support the recognition of these losses as deferred tax assets. On this basis, the Group has determined that it cannot recognise deferred tax assets on the tax losses carried forward. If the Group was able to recognise all unrecognised deferred tax assets, profit and equity would have increased by $104.1 million net based on the statutory tax rate of each respective country and company where the directors do not recognise a deferred tax asset. This would lead to a total deferred tax asset of $180.7 million. Further details on deferred taxes are disclosed in Note 12 Deferred tax assets and liabilities.

Notes to the financial statements for the year ended 31 August 2022 (continued)

1 Accounting policies (continued)

Critical accounting estimates and key judgments (continued)

Taxation (continued)

The Group is subject to income taxes in numerous jurisdictions but also enjoys tax concessions and benefits for schools in jurisdictions including Hong Kong, Thailand and Mexico. Significant judgement is required in determining the worldwide provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for potential tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were recorded initially, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The Group believes that it has provided for all probable and estimable tax liabilities and thus therefore does not expect any liability arising from audits to have a material impact on the Group's results of operations, liquidity, capital resources or financial position.

The Group is subject to tax regulations across multiple territories. The Group monitors proposed legislative changes to tax regulations in relevant territories but does not recognise the tax impact of proposed changes until they are legally effective, and an obligation exists.

There are undistributed earnings in multiple territories, some of which are subject to withholding tax. If paid out as dividends, these would be subject to tax in the hands of the recipient. An assessable temporary difference exists, but no deferred tax liability has been recognised on such undistributed earnings as the parent entity is able to control the timing of the distributions from the subsidiaries and it is not expected to distribute these profits in the foreseeable future.

Critical accounting estimates

Critical estimates and assumptions that are applied in the preparation of the consolidated financial statements include:

Fair value measurement

The Group measures financial instruments such as derivatives, at fair values at each reporting date. Fair value related disclosures for financial instruments and non-financial assets that are measured at fair value or where the fair values are disclosed, are summarised in the following notes:

- Disclosures for valuation methods, significant estimates and assumptions — Note 1, 18, 19
- Quantitative disclosures of fair value measurement hierarchy — Note 19
- Financial instruments (including those carried at amortised cost) — Note 19

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability; or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

Notes to the financial statements for the year ended 31 August 2022 (continued)

1 Accounting policies (continued)

Critical accounting estimates and key judgments (continued)

Fair value measurement (continued)

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

Amounts owed by related parties

Amounts owed by related parties primarily comprise intercompany loans and trading balances with entities in the wider group. Related party balances are reviewed for recoverability and impaired by calculating the expected credit loss (ECL) in line with IFRS 9. The expected credit loss is based on management's current best estimate of the ability of the counterparty to make repayments. A key assumption used in the assessment includes the forecasted underlying performance of the related parties. When assessing the amounts due from related party entities whose ability to settle those balances is ultimately dependent on the repayment of loans and trading balances advanced to entities formerly controlled by the NAEML group, the lifetime ECL is based on a model of management's current best estimate of the repayment profile of the amounts due from these formerly controlled businesses. A key assumption used in determining the ECL is the timing of repayments which itself is dependent on management's forecast of the future performance of the formerly controlled businesses including the expected growth in pupil numbers.

Pension obligations

The present value of pension obligations depends on a number of factors that are determined on an actuarial basis using key estimates around the discount rate, price inflation, rate of increase in salaries and life expectancy. Any changes in these assumptions will impact the carrying amount of pension obligations. Refer to note 9 Employee benefits for the sensitivity analysis performed on these assumptions.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Group considers the interest rates of Exchange Fund Notes that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Correction of prior period error

As at 31 August 2021, no impairment was recognised relating to receivables from related parties. When performing the impairment assessment for the current financial year, it was noted that receivables from related parties were impaired by a total of $155.6 million. It was further noted that indicators of impairment existed 31 August 2021 and that $46.5 million of the impairment relates to the prior financial year. As a result, exceptional expenses were understated and receivables from related parties overstated.

The error has been corrected by restating each of the affected financial statement line items for the prior periods, as follows:

	2021 $m	Profit Increase/ (Decrease) $m	Restated* 2021 $m
Consolidated Income Statement (extract)			
Exceptional expenses	(9.7)	(46.5)	(56.2)
Operating profit	**181.3**	**(46.5)**	**134.8**
Profit before tax	**49.1**	**(46.5)**	**2.6**
Profit/(loss) for the year	**22.0**	**(46.5)**	**(24.5)**
Attributable to:			
Owners of the parent	21.7	(46.5)	(24.8)
Non-controlling interest	0.3	-	0.3
Total comprehensive expense for the year	**71.6**	**(46.5)**	**25.1**
Attributable to:			
Owners of the parent	71.2	(46.5)	24.7
Non-controlling interest	0.4	-	0.4

	31 August 2021 $m	Profit Increase/ (Decrease) $m	Restated* 31 August 2021 $m
Consolidated Balance Sheet (extract)			
Trade and other receivables	148.5	(46.5)	102.0
Net Assets	*800.8*	*(46.5)*	754.3
Retained earnings	439.2	(46.5)	392.7
Total equity	**800.8**	**(46.5)**	**754.3**

The correction of the error has impacted certain amounts disclosed in notes 6, 19, 20 and 29.

Notes to the financial statements for the year ended 31 August 2022 (continued)

2 Segmental analysis

The Group's reporting segments are determined based on the Group's internal reporting to the Chief Operating Decision Maker ("CODM"). The CODM has been determined to be the Executive Committee ("EXCO") as it is primarily responsible for the allocation of resources to segments and the assessment of performance of the segments.

The CODM considers the principal activities of the Group to be:

- Premium Schools and associated activities in:
  China International – People's Republic of China and Hong Kong SAR;
  Europe – Switzerland, Slovakia, Hungary, Czech Republic, Spain, Poland, the Netherlands, Ireland, Russia, United Kingdom, Uzbekistan;
  Southeast Asia, Middle East and India ("SEAMEI") – Cambodia, Malaysia, Myanmar, Philippines, United Arab Emirates, Jordan, India; and
  The Americas – United States of America, Mexico, Panama, Brazil, Ecuador and Peru.
- Unallocated – being the unallocated operations, related to Central & Regional head office costs and the Learning Services division.

The CODM uses Revenue and Adjusted EBITDA, which represents earnings before interest, tax, depreciation, amortisation, impairment, exceptional and other management exceptional items, exchange gain/(loss), other gain/(loss), and gain/(loss) on disposal of property, plant and equipment and intangible assets, as reviewed at monthly EXCO meetings, as the key measures of the segments' results as they reflect the segments' underlying trading performance for the financial year under evaluation. Revenue and Adjusted EBITDA are consistent measures within the Group. Segment Adjusted EBITDA is an adjusted measure of operating profit and measures the performance of each segment.

The segment results, the reconciliation of the segment measures to the respective statutory items included in the Consolidated Income Statement, the segment assets and other segment information are as follows:

Year ended 31 August 2022

	China International $m	**Europe $m**	**SEAMEI $m**	**The Americas $m**	**Total reportable segments $m**	**Un-allocated $m**	**Total $m**
Revenue	**223.5**	**400.3**	**169.9**	**356.2**	**1,149.9**	**38.8**	**1,188.7**
Adjusted EBITDA	**97.2**	**108.6**	**56.1**	**67.7**	**329.6**	**(24.5)**	**305.1**
Adjusted EBITDA margin	**43.5%**	**27.1%**	**33.0%**	**19.0%**	**28.7%**		**25.7%**

Year ended 31 August 2021

	China International $m	Europe $m	SEAMEI $m	The Americas $m	Total reportable segments $m	Un-allocated $m	Total $m
Revenue	214.8	342.4	160.0	291.1	1,008.3	39.6	1,047.9
Adjusted EBITDA	94.8	84.6	45.3	44.9	269.6	(20.8)	248.8
Adjusted EBITDA margin	44.1%	24.7%	28.3%	15.4%	26.7%		23.7%

Notes to the financial statements for the year ended 31 August 2022 (continued)

2 Segmental analysis (continued)

Reconciliation of Adjusted EBITDA to loss after tax

	Note	2022 $m	Restated* 2021 $m
Adjusted EBITDA		**305.1**	248.8
Adjustments:			
Exceptional items	*6*	**(113.4)**	(56.2)
Other management exceptional items*		**104.0**	102.3
Other losses	*5*	**(14.7)**	(3.9)
Gain on disposal of property, plant and equipment and intangible assets		**0.6**	0.8
Depreciation	*13, 14*	**(138.7)**	(136.7)
Amortisation	*16*	**(24.1)**	(20.7)
Impairment (charge)/reversal	*16, 22*	**(2.3)**	0.4
Operating profit		**116.5**	134.8
Finance income	*10*	**18.6**	11.6
Finance expense – loans and borrowings	*10, 23, 24*	**(150.1)**	(143.8)
(Loss)/Profit before tax		**(15.0)**	2.6
Income tax expense	*11*	**(41.2)**	(27.1)
(Loss)/Profit for the year		**(56.2)**	(24.5)

- Other management exceptional items are costs or credits which fall outside the definition of being exceptional for IFRS reporting but it is the view of the CODM that these costs should be highlighted so that the underlying profit of the Group can be fully evaluated.

  In 2022, this amount includes a share-based payment charge of $2.7 million (Refer to Note 9 Employee benefits and Note 7 Staff numbers and costs), management fees of $7.5 million, $0.2 million of pre-opening costs, non-recurring employee recruitment, relocation and severance costs of $3.7 million and non-cash portion of straight-line rent charges of $1.1 million. The remaining adjustments largely consist of frozen GAAP add-backs in relation to IFRS 15 and IFRS 16.

  In 2021, this amount includes a share-based payment charge of $8.3 million (Refer to Note 9 Employee benefits and Note 7 Staff numbers and costs), management fees of $7.7 million, $0.3 million of pre-opening costs, non-recurring employee recruitment, relocation and severance costs of $3.6 million and non-cash portion of straight-line rent charges of $1.3 million. The remaining adjustments largely consist of frozen GAAP add-backs in relation to IFRS 15 and IFRS 16.

* The comparative information has been restated. Please see further information in note 1

Year ended 31 August 2022

Property, plant and equipment	China International $m	Europe $m	SEAMEI $m	The Americas $m	Total reportable segments $m	Un-allocated $m	Total $m
Capital expenditure (excluding acquisitions through business combinations)	**21.7**	**13.7**	**6.1**	**11.4**	**52.9**	**0.1**	**53.0**

Notes to the financial statements for the year ended 31 August 2022 (continued)

2 Segmental analysis (continued)

Year ended 31 August 2021

Property, plant and equipment	China International $m	Europe $m	SEAMEI $m	The Americas $m	Total reportable segments $m	Un-allocated $m	Total $m
Capital expenditure (excluding acquisitions through business combinations)	8.7	7.0	4.8	10.4	30.9	-	30.9

3 Net revenue and Deferred revenue

The Group derives revenue from the transfer of goods and services over time and at a point in time across the following major service lines (net of discounts):

	2022 $m	2021 $m
Gross curriculum fee revenue	**929.3**	859.7
COVID-19 support[1]	**-**	4.7
Net curriculum fee revenue	**929.3**	864.4
Extra-curricular fee revenues	**158.9**	94.6
Enrolment fee revenues	**30.0**	32.1
Other ancillary services	**70.5**	56.8
	1,188.7	1,047.9

[1] During 2020, schools provided COVID relief to existing students in the form of credit notes to be utilised during the 2021 academic year, thus creating an additional performance obligation. The total consideration due under these contracts was reallocated against the performance obligations on a standalone basis, and 2020 revenue was adjusted by $5.0 million to reflect the amount of consideration pertaining to those performance obligations not yet satisfied at 31 August 2020. This revenue was recognised in 2021 when the credit notes were utilised. This did not impact 2022 revenue.

The Group's revenue by geographic location was as follows:

	2022 $m	2021 $m
USA	**258.9**	224.5
Other Americas	**97.3**	68.3
China	**223.5**	215.3
Switzerland	**182.2**	171.6
Other Europe and UK	**256.9**	208.2
SEAMEI	**169.9**	160.0
	1,188.7	1,047.9

The revenue by geographic location shows countries which contribute significant amounts to overall revenue.

Notes to the financial statements for the year ended 31 August 2022 (continued)

3 Net revenue and Deferred revenue (*continued*)

The Group's deferred revenue balances are classified as follows:

	2022 $m	2021 $m
Current liabilities	**714.4**	672.3
Non-current liabilities	**43.1**	40.7
	757.5	713.0

Within deferred revenue and other payables, the Group has recognised the following revenue-related contract liabilities:

	2022 $m	2021 $m
Current liabilities		
Contract liability – expected refunds	**6.4**	7.0
Contract liability – material rights – Sibling discounts	**2.4**	2.4
Contract liability – material rights – Scholarship awards	**1.8**	1.5
	10.6	10.9
Non-current liabilities		
Contract liability – material rights – Sibling discounts	**8.5**	7.7
Contract liability – material rights – Scholarship awards	**2.5**	2.2
	11.0	9.9
Balance at 31 August	**21.6**	20.8

The following table shows how much of the revenue recognised in the current reporting period relates to carried-forward contract liabilities:

	Material rights		Expected refunds	
	2022 $m	2021 $m	2022 $m	2021 $m
Balance at the beginning of the year	**(13.8)**	(20.0)	**(7.0)**	(12.3)
Originated	**(4.4)**	(4.1)	**(6.4)**	(7.0)
Reversed/settled	-	-	**7.0**	12.3
Utilised/expired	**3.0**	10.3	-	-
Balance at the end of the year	**(15.2)**	(13.8)	**(6.4)**	(7.0)

Notes to the financial statements for the year ended 31 August 2022 (continued)

3 Net revenue and Deferred revenue (continued)

Material rights in respect of sibling discounts and scholarship awards become revenue on the utilisation of that right throughout the student's education. They are amortised on a straight-line basis over the average student tenure (which varies by region). Material rights in respect of COVID-19 support costs becomes revenue on the utilisation of the credit note over the period in which the credit is being applied to.

Refunds are recognised as revenue, on a basis consistent with the delivery of the curriculum once the conditions for refund have expired.

The amounts disclosed above do not include variable consideration which is constrained.

All other contracts are for periods of one year or less. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

Deferred revenue has increased year-on-year due to the impact of acquisitions.

4 Expenses and auditors' remuneration

Included in the Consolidated Income Statement are the following:

	Note	**2022 $m**	2021 $m
Staff costs	*7*	**(470.1)**	(445.0)
Net gain on disposal of property, plant and equipment and intangible assets		**0.8**	0.8
Expense relating to short term leases and low value assets		**(3.8)**	(4.1)
Expense relating to variable lease payments not included in lease liabilities		**(2.5)**	(1.6)
Inventories recognised as an expense		**(3.5)**	(3.4)
Depreciation in cost of sales	*13, 14*	**(130.5)**	(125.9)
Depreciation in selling, general and administrative expenses	*13, 14*	**(8.2)**	(10.8)
Amortisation of intangible assets	*16*	**(24.1)**	(20.7)
Loss on disposal of assets held for sale	*22*	**(0.2)**	-
Impairment of assets held for sale (reversal)/charge	*22*	**-**	0.4
Impairment of intangible assets	*16*	**(2.3)**	-

Auditors' remuneration:

	2022 $m	2021 $m
Fees payable to Company's auditors for the audit of parent Company and consolidated financial statements	**0.2**	0.2
Disclosure below based on fees payable in respect of services to the Company and its subsidiaries		
Fees payable to Group's auditors and their subsidiaries in respect of:		
The audit of subsidiaries performed in connection with the consolidated financial statements	**0.8**	0.8
The audit of subsidiaries performed in connection with the local statutory financial statements	**0.4**	0.2
Tax advisory, compliance and legal services	**0.1**	0.1
All other services [1]	**-**	-

1 Represents fees paid for advisory services in relation to corporate development activities.

Notes to the financial statements for the year ended 31 August 2022 (continued)

5 Other losses

			2022	2021
			$m	$m
(a)	Fair value gains	*19a*	**4.5**	1.5
(b)	Bargain purchase gain	*18*	-	2.3
(c)	Foreign exchange losses, net		**(19.2)**	(7.7)
			(14.7)	(3.9)

(a) Gains relate to $0.7 million gain (2021: nil) on cross currency interest rate swaps and $3.8 million gain (2021: $2.3 million gain) on embedded lease derivatives. During the prior year losses of (2021: $0.8million) relate to the acquisition of the remaining shares in Camplife Ltd.

(b) Gains of $2.3 million relate to the acquisition of Colegio Peruano in Peru were restated (see note 18 Business combinations).

(c) Represents the revaluation of intercompany balances denominated in a currency other than the functional currency of each subsidiary and foreign exchange gains and losses on the revaluation of monetary assets and liabilities.

6 Exceptional expenses

			Restated*
		2022	2021
		$m	$m
Exceptional administrative expenses			
(a)	Acquisitions	**3.4**	7.7
(b)	Integration	**0.8**	0.7
(c)	Litigations	**-**	1.0
(d)	COVID-19	**-**	(0.1)
(e)	Other	**0.1**	0.4
(f)	Impairment of related party receivables	**109.1**	46.5
		113.4	56.2

(a) Acquisition costs
Acquisition related costs incurred in the year ended 31 August 2022 relate to acquisitions of the Greengates School, S.C. in Mexico, Hamelin 2, S.L. in Spain and Amman Academy in Jordan (refer to note 18 Business Combinations).

(b) Integration costs
Integration costs incurred in the year ended 31 August 2022 relate to continued integration of schools previously acquired.

(c) Litigation

Comprises legal costs relating to litigation within the wider Group from when it went private on 1 September 2017.

(d) COVID-19

These are costs relating specifically to the global pandemic, which would otherwise not have been incurred. These costs include, but are not limited to, teacher travel, relocation and accommodation costs and additional cleaning resources. The credit figure is due to the remaining unutilised accrual being reversed, superseding the expense incurred during the prior year. Refer to note 26.

(e) Other
These costs have been incurred for various projects throughout the year, of which the largest portion relates to the various IT projects throughout the year which do not meet the criteria for capitalisation.

(f) Impairment of related party receivables

An impairment loss of $109.1m (2021: $46.5m) was recognised on related party receivables.

* The comparative information has been restated. Please see further information in note 1.

Notes to the financial statements for the year ended 31 August 2022 (continued)

7 Staff numbers and costs

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

	2022 Number	2021 Number
Senior leadership team	**174**	107
Central/regional support	**3,246**	3,039
Teaching staff	**5,870**	5,524
	9,290	8,670

The aggregate employee benefit expense of the persons employed by the Group (including directors) was as follows:

	2022 $m	2021 $m
Wages and salaries	**416.1**	397.3
Social security costs	**42.7**	37.5
Other pension costs	**11.3**	10.2
	470.1	445.0

Notes to the financial statements for the year ended 31 August 2022 (continued)

8 Key management personnel

	Note	**2022 $m**	2021 $m
Fees, salaries and other short-term employment benefits		**13.5**	14.5
Share based payments – settlement	*9*	**-**	-
Share based payments – vesting	*9*	**3.0**	8.0
Other benefits		**1.9**	1.1
		18.4	23.6

Included in staff costs are the emoluments of the key management personnel comprising the directors and senior managers who received emoluments, as noted above. Emoluments for two key management personnel are borne outside of the consolidated Group through a fellow subsidiary of Nord Anglia Education London Holdings Limited and as such are excluded from the table above.

Directors' emoluments

	2022 $m	2021 $m
Aggregate emoluments	**4.9**	4.9
Social security costs	**0.7**	0.5
Company contributions to defined contribution scheme	**-**	-
	5.6	5.4

The highest paid director's aggregate emoluments in respect of qualifying services were:

	2022 $m	2021 $m
Remuneration	**2.3**	2.4
Social security costs	**0.3**	0.2
Company contributions to defined contribution scheme	**-**	-

Notes to the financial statements for the year ended 31 August 2022 (continued)

9 Employee benefits

Pension plans

The Group operates a variety of post-employment benefit arrangements, covering both funded defined contribution and funded and unfunded defined benefit schemes. The most significant of these are the funded defined benefit pension schemes for the Group's employees in the UK, Switzerland, and Ecuador.

Defined contribution plans

The Group operates a number of defined contribution pension plans. The total expense relating to these plans in the current year was $4.9 million (2021: $3.6 million), recognised in the Consolidated Income Statement.

Defined benefit plans

United Kingdom

The Group operates a defined benefit scheme, Lifetime Careers scheme ("Lifetime"), established for Lifetime Careers employees (employed by a Group subsidiary). The Group operated two other schemes: the Nord Anglia Joint Pension Scheme ("Joint") and The Wyburn School Limited Pension and Life Assurance Scheme (1985) ("Wyburn"), which were merged with the Lifetime scheme ("UK scheme") in January 2021.

The assets of the UK scheme are held as a segregated fund and administered by Trustees. Contributions are determined by independent professionally qualified actuaries on the basis of triennial valuations. An independent actuary, has carried out a full triennial actuarial assessment of the scheme as at 31 August 2020, using the projected unit method. The actuarial valuation as at 31 August 2020 has been updated to 31 August 2022.

The plans are subject to the funding legislation, which came into force on 30 December 2005, as outlined in the Pensions Act 2004.

The UK Schemes are regulated by The Pensions Regulator (TPR), which is the public body that protects workplace pensions in the UK. They work with employers and those running pensions so that people can save safely for their retirement.

The level of retirement benefit within the schemes is principally based on salary earned in the last few years of employment prior to leaving active service and is linked to changes in inflation up to retirement.

Closure of schemes

At 31 August 2011, all three schemes were closed to future accruals and active members became deferred pension members. Whilst the Group will continue to make future employer contributions to the schemes, member contributions will no longer be made.

The Company has agreed with the Trustees of the scheme that it will aim to eliminate the pension plan deficit, that existed at the time, over a period of five years and one month from 1 September 2018, by payment of annual contributions of £3,251,000 relating to the Lifetime scheme (pre-merger) increasing at 3.0% per annum in respect of the deficit. Additionally, the Company has agreed with the Trustees to meet the expenses of the plan and pay amounts into the plan equal to the levies to the Pension Protection Fund.

Notes to the financial statements for the year ended 31 August 2022 (continued)

9 Employee benefits (continued)

Other

The most significant other schemes are the funded defined benefit schemes which operate in Switzerland, together referred to as the Swiss schemes, and in Ecuador.

The Swiss schemes are based on a 'three pillars' regime guaranteed by articles 111-114, 116 and 117 of the Swiss Federal Constitution, namely:

- The state pension system (governed by the Federal Act on Old-Age and Services' Insurance, The Federal Act on Disability Insurance, and their ordinances);
- The occupational pension system (governed by the Federal Act on Occupational Retirement, The Survivors and Disability Pensions Plans, The Federal Act on Vesting in Pension Plans; and their ordinances);
- The individual pension plan system (governed by the Federal Act on Insurance Contracts).

An independent actuary, using the projected unit method, carried out the latest actuarial assessment of the Swiss schemes as at 31 August 2022.

Swiss pension fund law is governed by the Swiss Federal Act on Occupational Retirement, Survivors' and Disability Pension Plans. It ensures the application of consistent supervisory practices within the occupational benefits system and oversees the eight regional authorities responsible for direct supervision.

The supreme body of the provident institution ensures the general management of the scheme, ensures the execution of its legal tasks and determines its strategic objectives and principles as well as the means enabling them to be implemented. It defines the organisation of the provident institution, ensures its financial stability and oversees its management.

Occupational pension or provident fund in favour of the personnel is financed by the employer and the employees. It grants benefits which, combined with old age and survivors' insurance and disability insurance, should allow the insured to adequately maintain one's standard of living prior to retirement or in case of disability, or in case of death, to ensure a minimum level of subsistence for survivors.

In August 2019, the Group acquired two schools in Ecuador, which led to the addition of another defined benefit scheme. The Ecuador scheme is the life pension that employees, who have provided their services continuously or uninterrupted for twenty-five years or more, are entitled to receive from their employer in accordance with the current Ecuador Labor Code. An independent actuary, using the projected unit method, carried out the latest actuarial assessment of the Ecuador scheme as at 31 August 2022.

In addition, there is a defined benefit scheme in Thailand, one in Indonesia, and one in the Netherlands arising on acquisition in 2018, which in aggregate are immaterial to the Group results.

Through its defined benefit pension plans, the Group is exposed to actuarial risks such as investment risk, interest rate risk, mortality risk, and longevity risk. A decrease in corporate bond yields, a rise in inflation or an increase in life expectancy would result in an increase in plan liabilities. This would detrimentally impact the balance sheet position and may give rise to increased charges in future P&L accounts. This effect would be partially offset by an increase in the value of the plan's bond holdings. Additionally, caps on inflationary increases are in place to protect the plan against extreme inflation.

Notes to the financial statements for the year ended 31 August 2022 (continued)

9 Employee benefits (continued)

Through its defined benefit pension plans, the Group is exposed to actuarial risks such as investment risk, interest rate risk, mortality risk, and longevity risk. A decrease in corporate bond yields, a rise in inflation or an increase in life expectancy would result in an increase in plan liabilities. This would detrimentally impact the balance sheet position and may give rise to increased charges in future P&L accounts. This effect would be partially offset by an increase in the value of the plan's bond holdings. Additionally, caps on inflationary increases are in place to protect the plan against extreme inflation.

The valuations used for IAS 19 Employee Benefits (IAS 19) have been based on the most recent actuarial valuations and updated to take account of the requirements of IAS 19 in order to assess the liabilities of the scheme as at 31 August 2022. The details of the IAS 19 valuations are set out in the following tables:

Principal assumptions

The major assumptions, on a weighted average basis, used by the actuaries were as follows:

	UK schemes		**Swiss schemes**		**Ecuador scheme**	
	2022	2021	**2022**	2021	**2022**	2021
	%	%	**%**	%	**%**	%
Discount rate	**4.3**	1.7	**1.5-1.6**	0.1-0.2	**5.0**	3.2
Price inflation	**3.7**	3.5	**1.0**	0.5-1.0	**1.3**	1.1
Rate of increase in salaries	**n/a**	n/a	**1.0**	0.5-1.0	**1.3**	1.1
Rate of increase in pension payments	**3.4**	3.3	**0.0**	0.0	**0.0**	0.0

Mortality assumptions

The assumptions relating to longevity underlying the UK and Swiss pension liabilities at the reporting date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity. The following table illustrates the expectation of life of an average member retiring at age 65 at the reporting date.

		UK schemes		**Swiss schemes**		**Ecuador scheme**	
		2022	2021	**2022**	2021	**2022**	2021
		years	years	**years**	years	**years**	years
Retiring at reporting date	Male	**21.8**	21.7	**21.8-22.7**	21.8-22.6	**11.7**	11.7
at age 65	Female	**23.5**	23.5	**23.5-24.5**	23.5-24.4	**14.3**	14.3
Retiring 20 years after the	Male	**23.1**	23.0	**23.5-25.0**	23.2-24.9	**6.4**	6.4
end of the reporting year	Female	**25.1**	25.0	**25.1-26.5**	24.9-26.4	**10.7**	10.7

Sensitivity of the defined benefit obligations to changes in the principal assumptions

The below sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. The impact to the defined benefit obligations at 31 August would be as follows:

	UK schemes		**Swiss schemes**		**Ecuador scheme**	
	2022	2021	**2022**	2021	**2022**	2021
	% change	% change	**% change**	% change	**% change**	% change
Discount rate increase of 0.25% p.a.	**(4.3%)**	(5.6%)	**(4.0%)[1]**	(5.2%)[2]	**(1.0%)**	(2.0%)
Discount rate decrease of 0.25% p.a.	**4.5%**	5.6%	**4.4%[1]**	5.7%[2]	**1.0%**	2.0%
Inflation increase of 0.25% p.a.	**4.6%**	4.6%	**0.5%[2]**	0.6%[3]	**2.0%**	2.0%
Inflation decrease of 0.25% p.a.	**(4.3%)**	(4.6%)	**(0.5%)[2]**	(0.6%)[3]	**(1.0%)**	(2.0%)
Increase in life expectancy of 1 year	**4.5%**	4.4%	**1.6%**	2.0%	**3.0%**	3.0%
Decrease in life expectancy of 1 year	**(4.4%)**	(4.4%)	**(1.6%)**	(2.1%)	**(3.0%)**	(3.0%)

[1] The sensitivity analysis on the discount rate and inflation of the Swiss schemes was performed using an increase in the rate of 0.25%-0.50% and a decrease in the rate of 0.25%-0.50% across the schemes.
[2] The sensitivity analysis on the discount rate of the Swiss schemes was performed using an increase in the rate of 0.35%-0.50% and a decrease in the rate of 0.15%-0.50% across the schemes.
[3] The sensitivity analysis on inflation of the Swiss schemes was performed using an increase in the rate of 0.50%-1.25% and a decrease in the rate of 0.50%-0.75% across the schemes.

Notes to the financial statements for the year ended 31 August 2022 (continued)

9 Employee benefits (continued)

Return on scheme assets

The fair value of the assets in the defined benefit pension schemes are as follows:

	UK schemes		Swiss schemes		Ecuador scheme	
	2022	2021	**2022**	2021	**2022**	2021
	$m	$m	**$m**	$m	**$m**	$m
Equities	**1.5**	3.7	**39.1**	43.1	-	-
Diversified growth assets	**3.2**	8.6	**5.8**	9.1	-	-
Corporate bonds	**30.6**	49.2	**31.4**	32.5	-	-
Cash	**6.0**	5.6	**2.3**	2.6	-	-
With profit funds	**0.8**	2.1	**23.7**	28.2	-	-
Liability driven investments	**6.3**	18.4	-	-	-	-
Insurance assets	-	-	-	-	-	-
	48.4	87.6	**102.3**	115.5	-	-
Actual return on plan assets	**(24.0)**	7.7	**(9.9)**	14.9	-	-

Movement in pension assets during the financial year

Changes in the fair value of defined benefit pension assets are as follows:

	UK schemes		Swiss schemes		Ecuador scheme	
	2022	2021	**2022**	2021	**2022**	2021
	$m	$m	**$m**	$m	**$m**	$m
Fair value:						
Balance at the beginning of the year	**87.6**	69.3	**115.5**	97.0	-	-
Interest income	**1.4**	1.4	**0.1**	0.2	-	-
Administrative expenses	**(0.5)**	-	**(0.1)**	(0.2)	-	-
Return on plan assets greater than discount rate	**(28.1)**	6.3	**(9.8)**	14.7	-	-
Contributions by employer	-	9.6	**5.2**	5.2	-	-
Contributions by members	-	-	**3.9**	3.9	-	-
Benefits paid	**(1.4)**	(1.4)	**(5.5)**	(4.0)	-	-
Foreign currency translation	**(10.6)**	2.4	**(7.0)**	(1.3)	-	-
Balance at the end of the year	**48.4**	87.6	**102.3**	115.5	-	-

Notes to the financial statements for the year ended 31 August 2022 (continued)

9 Employee benefits (continued)

Movement in pension obligation during the financial year

Changes in the present value of the defined benefit pension liability are as follows:

	UK schemes		Swiss schemes		Ecuador scheme	
	2022	2021	**2022**	2021	**2022**	2021
	$m	$m	**$m**	$m	**$m**	$m
Present value:						
Balance at the beginning of the year	**(75.5)**	(75.9)	**(127.6)**	(121.9)	**(3.1)**	**(2.6)**
Current service cost	-	-	**(5.9)**	(6.1)	-	**(0.2)**
Past service cost	-	-	**0.2**	0.3	-	-
Interest expense	**(1.2)**	(1.4)	**(0.1)**	(0.2)	**(0.1)**	**(0.1)**
Administrative expenses	-	(0.1)	**(0.2)**	(0.2)	-	-
Actuarial gains/(losses)	**23.1**	3.0	**20.1**	(1.1)	**0.1**	**(0.2)**
Contributions by members	-	-	**(3.9)**	(3.9)	-	-
Benefits paid	**1.4**	1.4	**5.5**	4.0	**0.1**	-
Foreign currency translation	**9.3**	(2.5)	**7.3**	1.5	-	-
Balance at the end of the year	**(42.9)**	(75.5)	**(104.6)**	(127.6)	**(3.0)**	**(3.1)**
Asset ceiling	-	-	(3.3)	-	-	-
Closing net pension surplus/(deficit) at 31 August	**5.5**[1]	12.1[1]	**(5.6)**	(12.1)	**(3.0)**	**(3.1)**

[1] The surplus on the Lifetime Scheme is considered to be fully recoverable given that the Group is able to recover economic benefits through potential reductions in or suspension of future contributions.

Movement in net pension asset/(liability) during the financial year

Changes in the net defined benefit pension asset/(liability) are as follows:

	UK schemes		Swiss schemes		Ecuador scheme	
	2022	2021	**2022**	2021	**2022**	2021
	$m	$m	**$m**	$m	**$m**	$m
Balance at the beginning of the year	**12.1**	(6.6)	**(12.1)**	(24.9)	**(3.1)**	(2.6)
Current service cost	-	-	**(5.9)**	(6.1)	-	(0.2)
Past service cost	-	-	**0.2**	0.3	-	-
Administrative expenses	**(0.5)**	(0.1)	**(0.3)**	(0.4)	-	-
Interest expense	**0.2**	-	-	-	**(0.1)**	(0.1)
Contributions by employer	-	9.6	**5.2**	5.2	-	-
Contributions by members	-	-	-	-	-	-
Actuarial gains/(losses)	**(5.0)**	9.3	**10.3**	13.6	**0.1**	(0.2)
Benefits paid	-	-	-	-	**0.1**	-
Asset ceiling	-	-	**(3.3)**	-	-	-
Foreign currency translation	**(1.3)**	(0.1)	**0.3**	0.2	-	-
Balance at the end of the year	**5.5**	12.1	**(5.6)**	(12.1)	**(3.0)**	(3.1)

Notes to the financial statements for the year ended 31 August 2022 (continued)

9 Employee benefits (continued)

Historical movement in net pension deficit

The historical movement in defined benefit pension schemes' assets and liabilities are as follows:

	2022	2021	2020	Unaudited 2019	Unaudited 2018
	$m	$m	$m	$m	$m
Closing fair value of defined benefit pension assets	**150.7**	**203.1**	166.3	148.9	130.2
Asset ceiling	**(3.3)**	-	-	-	-
Closing present value of liability	**(150.5)**	**(206.2)**	(200.4)	(180.7)	(160.5)
Net pension deficit	**(3.1)**	**(3.1)**	(34.1)	(31.8)	(30.3)

The deficit in the Netherlands pension scheme amounted to $nil (2021: nil).

The amounts that have been charged to the Consolidated Income Statement and Consolidated Statement of Comprehensive Income for the two years ended 31 August are set out below:

	UK schemes		**Swiss schemes**		**Ecuador scheme**	
	2022	2021	**2022**	2021	**2022**	2021
	$m	*$m*	***$m***	*$m*	***$m***	*$m*
Analysis of the amount charged to operating profit:						
Current service cost	-	-	**(5.9)**	(6.1)	-	(0.2)
Past service cost	-	-	**0.2**	0.3	-	-
Administrative expenses	**(0.5)**	**(0.1)**	**(0.3)**	(0.4)	-	-
Analysis of the amount credited/(charged) to finance income/(expense):						
Interest on defined benefit pension assets	**1.4**	**1.4**	**0.1**	0.2	-	-
Interest on defined benefit pension obligation	**(1.2)**	**(1.4)**	**(0.1)**	(0.2)	**(0.1)**	(0.1)
Net pension finance income/(expense)	**0.2**	-	-	-	**(0.1)**	(0.1)
Total charged to the Consolidated Income Statement	**(0.3)**	**(0.1)**	**(6.0)**	(6.2)	**(0.1)**	(0.3)
Re-measurement gains/(losses):						
- Actuarial changes arising from changes in demographic assumptions	**0.1**	4.0	-	4.3	-	-
- Actuarial changes arising from changes in financial assumptions	**28.4**	(4.3)	**20.5**	(3.3)	**0.1**	(0.3)
- Experience adjustments	**(5.4)**	3.3	**(0.4)**	(2.1)	-	0.1
	23.1	3.0	**20.1**	(1.1)	**0.1**	(0.2)
Return on plan asset excluding interest income	**(28.1)**	6.3	**(9.8)**	14.7	-	-
Impact of asset ceiling	-	-	**(3.3)**	-	-	-
Total gains/(losses) recognised in the Consolidated Statement of Comprehensive Income	**(5.0)**	9.3	**7.0**	13.6	**0.1**	(0.2)
Deferred tax liability/(asset)	**1.2**	(1.7)	-	(1.9)	-	-
Total gains/(losses) recognised in the Consolidated Statement of Comprehensive Income	**(3.8)**	7.6	**7.0**	11.7	**0.1**	(0.2)

Notes to the financial statements for the year ended 31 August 2022 (continued)

9 Employee benefits (continued)

The cumulative loss/(gain) recognised through the Consolidated Statement of Comprehensive Income since the date of transition to IFRS (1 September 2009) are UK: $14.9 million (2021: $9.9 million); and since the date of acquisition – Switzerland: $(15.6) million (2021: $(8.9) million) and Ecuador: $(0.3) million (2021: $(0.2) million).

Expected contributions

The Group expects to make normal cash contributions of approximately $8.9 million (2021: $4.8 million) to defined benefit schemes in the financial year ending 31 August 2022.

Notes to the financial statements for the year ended 31 August 2022 (continued)

9 Employee benefits (continued)

Share-based payments

Senior Management Equity Plan ("SMEP")

A new SMEP was granted to participants in April 2019. The allocation of the SMEP was designed to incentivise senior management tasked with the responsibility of delivering the long-term objectives of the Company. Under the SMEP, Partnership interests are granted by Bach Management L.P (a parent of Nord Anglia Education London Holdings Limited.) to senior management. Each Unit entitles the holder to distributions of the company upon the consummation of an exit event.

The partnership interests are divided into A, C, D and Preferred Units. The subscription price and economic rights of each class are as follows:

Class	Subscription price per unit	Economic rights
Preferred Units	$1.0	Preferred unit-holders receive the total cumulative capital contributions together with accrued interest on that amount at 10.0% per annum.
A, C & D	$1.0 to $121.0	A, C and D unit-holders receive a percentage of the residual equity value of the company, after all liabilities of the company are paid and the preferred unit-holders receive their distributions. C units also contain an equity ratchet mechanism designed to provide holders of these units with a larger share of proceeds as the sponsor equity investment return increases.
Sweet Equity	n/a	Certain participants in the SMEP are granted with an allocation of "Sweet Equity", as an alternative to being issued with physical Partnership Units. An individual's allocation is not pre-set and will only be determined at the point of exit based on the number of Management Participants in the Sweet Equity pool. The total Sweet Equity pool is set at a maximum of 8.5% of the 10,000 C Units authorised for issue. A single unit of Sweet Equity grants the holder the same economic rights as that of someone holding a single C unit.

The Partnership Units were granted with time-based vesting conditions. All units are issued up-front upon the receipt of the subscription price but will be forfeited if the vesting condition is not satisfied.

In accordance with the requirements of IFRS 2, management has classified the SMEP as an equity-settled scheme from the perspective of Nord Anglia Education London Holdings Limited.

The assessed fair value on grant date for a single partnership unit is as follows:

	Fair value				
Grant date	Preferred Units	Ordinary A Units	Ordinary C Units	Ordinary D Units	Sweet Equity
16 August 2021	-	-	$138.52		$138.52
11 November 2020	-	-	$89.51	-	$89.51
17-28 December 2020	-	-	$89.51	-	$89.51
27 August 2020	$0.33	$1.24	-	-	-
5 September 2019	$0.59	$9.66	-	-	-
5 April 2019	$0.55	$4.91	$1,011.42	$298.17	$1,011.42

The fair value of each class of Partnership Unit on the grant date is independently determined using the Monte Carlo method. The key assumptions utilised in the model are as follows:

	2022	2021
Expected volatility	**37.5% to 44.0%**	37.5% to 44.0%
Dividend yield	**0.0%**	0.0%
Risk-free rate[1]	**0.2% to 3.5%**	0.2% to 2.3%
Exercise price per unit	**Equivalent to subscription price paid**	Equivalent to subscription price paid
Risk-adjusted discount rate for equity valuation[2]	***n/a***	*n/a*
Expected life to exercise	**2.0 to 4.4 years**	2.0 to 4.1 years
Early exercise provision	***nil***	*nil*
Post-vesting withdrawal rate	**0.0%**	0.0%
Vesting conditions	***Time-based***	*Time-based*

Notes to the financial statements for the year ended 31 August 2022 (continued)

9 Employee benefits (continued)

Share-based payments (continued)

[1] The risk-free rate is derived from the yield of zero-coupon US Government Bonds with a remaining term equal to the expected life of the award.
[2]The equity valuation at 31 August is based on an enterprise value, after deducting net debt. The enterprise value in turn is based on the application of a long-term EBITDA multiple to the consolidated Adjusted EBITDA of Nord Anglia Education Management Limited.

The table below summarises the Partnership Units and Sweet Equity granted under the plan:

	Preferred Units (thousands)	Class A Units (thousands)	Class C Units (thousands)	Class D Units (thousands)	Sweet Equity (thousands)	Total (thousands)
At 1 September 2021	**51,183.9**	**517.0**	**5.6**	**1.0**	**0.5**	**51,708.0**
Settled	-	-	-	-	-	-
Granted	-	-	**0.8**	-	-	**0.8**
Cancelled	-	-	**(0.5)**	-	-	**(0.5)**
Exercised	-	-	-	-	-	-
At 31 August 2022	**51,183.9**	**517.0**	**5.9**	**1.0**	**0.5**	**51,708.3**
At 1 September 2020	51,183.9	517.0	5.1	1.0	0.4	51,707.4
Settled	-	-	-	-	-	-
Granted	-	-	0.5	-	0.1	0.6
Cancelled	-	-	-	-	-	-
Exercised	-	-	-	-	-	-
At 31 August 2021	51,183.9	517.0	5.6	1.0	0.5	51,708.0

The Partnership Units and Sweet Equity have an expiry date equivalent to the estimated exit event date. No units expired during the year.

In respect of the Partnership Units and Sweet Equity allocation, the total vesting charge for the year was $2.7 million (2021: $8.3 million).

2014 Equity Incentive Award Plan

Under the 2014 Equity Incentive Award Plan, non-qualified share options ("NSOs") were granted to directors and selected employees by Nord Anglia Education Inc. (the immediate parent of Nord Anglia Education London Holdings Limited). Following modifications during 2018, NSOs were reclassified as cash-settled awards and the ultimate settlement obligation for the awards was transferred to Nord Anglia Education Management Limited (common parent of Nord Anglia Education Inc. and Nord Anglia Education London Holdings Limited). Because the ultimate settlement obligation for the awards resides with Nord Anglia Education Management Limited, and in the absence of any formal recharge arrangements, the awards are treated as equity-settled from the perspective of Nord Anglia Education London Holdings Limited.

The assessed fair value at 31 August 2022 for a single NSO was $2.67 to $3.33 per option (2021: $1.40 to $1.86). The Monte Carlo method has been used to independently determine the grant date fair value of each NSO. The key assumptions utilised in model are as follows:

Notes to the financial statements for the year ended 31 August 2022 (continued)

9 Employee benefits (continued)

Share-based payments (continued)

	2022	2021
Class A share price	**$1.00**	$1.00
Volatility	**45.0%**	44.0%
Dividend yield	**0.0%**	0.0%
Risk free rate[1]	**3.5%**	0.2%
Shares covered by a single NSO	**32.5 Class A and preference shares**	32.5 Class A and preference shares
Exercise price per NSO	**$18.0 to $23.8**	$18.0 to $23.8
Risk-adjusted discount rate for equity valuation[3]	**n/a**	n/a
Expected life to exercise	**0.0 years**	0.0 years
Early exercise provision[2]	**See below**	See below
Post-vesting withdrawal rate	**0.00%**	0.00%
Vesting conditions	**Time-based**	Time-based

[1] The risk-free rate is derived from the yield of zero-coupon US Government Bonds with a remaining term equal to the expected life of the award.

[2] It is assumed an NSO will be exercised immediately upon vesting.

[3] The equity valuation at 31 August is based on an enterprise value, after deducting net debt. The enterprise value in turn is based on the application of a long-term EBITDA multiple to the consolidated Adjusted EBITDA of Nord Anglia Education Management Limited.

The table below summarises the NSOs granted under the plan:

	Weighted-average exercise price per NSO $	**NSOs 2022 ('000s)**	Weighted-average exercise price per NSO $	NSOs 2021 ('000s)
At beginning of the year	**20.97**	**137.6**	20.97	137.6
Settled	-	-	-	-
Granted	-	-	-	-
Cancelled	-	-	-	-
Exercised	-	-	-	-
At end of the year	**20.97**	**137.6**	20.97	137.6
Vested and exercisable at end of the year	**20.97**	**137.6**	20.97	137.6

No NSOs expired during the period covered by the above tables. NSOs outstanding at the end of the year have the following expiry date and exercise prices:

Grant date	Expiry date	Exercise price per NSO ($)	**NSOs 2022 ('000s)**	NSOs 2021 ('000s)
30 May 2014	30 May 2024	18.00	**8.0**	8.0
14 July 2014	30 May 2024	19.58	**0.3**	0.3
9 January 2015	8 January 2025	19.57	**18.3**	18.3
24 September 2015	24 September 2025	20.87	**35.1**	35.1
30 October 2015	30 October 2025	19.60	**3.2**	3.2
22 September 2016	22 September 2026	21.76	**72.7**	72.7
7 October 2016	7 October 2026	22.00	-	-
17 November 2016	17 November 2026	24.18	-	-
21 November 2016	21 November 2026	23.75	-	-
1 January 2017	1 January 2027	23.32	-	-
			137.6	137.6
Weighted average remaining contractual life of options outstanding at end of the year			**3.3 years**	4.3 years

Notes to the financial statements for the year ended 31 August 2022 (continued)

10 Finance income and expense

Recognised in the Consolidated Income Statement:

	Note	2022 $m	2021 $m
Bank interest		**2.9**	1.5
Related party loans	*29*	**15.6**	10.1
Defined benefit pension plan obligation	*9*	**0.1**	-
Total finance income		**18.6**	11.6
Total interest expense on financial liabilities measured at amortised cost:			
Term loans		**34.9**	34.0
Related party loans	*29*	**33.5**	31.1
Other interest charges		**0.2**	1.7
Defined benefit pension plan obligation	*9*	-	0.1
Deferred consideration		**0.4**	0.3
Contingent consideration	*19a*	**0.3**	0.4
Lease liabilities	*24*	**80.8**	76.2
Total finance expense		**150.1**	143.8
Net finance expense		**131.5**	132.2

Notes to the financial statements for the year ended 31 August 2022 (continued)

11 Income tax expense

Recognised in the Consolidated Income Statement:

	2022 $m	2021 $m
Current tax expense		
UK current tax charge	**9.5**	7.1
Overseas current tax charge	**29.2**	27.5
Adjustment in relation to prior years	**9.3**	6.0
Current tax expense	**48.0**	40.6
Deferred tax credit		
Origination and reversal of temporary differences	**(8.2)**	(9.4)
Adjustment in relation to prior years	**1.4**	(4.1)
Deferred tax credit	**(6.8)**	(13.5)
Total tax expense	**41.2**	27.1

Reconciliation of effective tax rate

The tax assessed for the period differs from the standard rate of Corporation tax in China of 25.0% (2021: 25.0%) per the explanation below:

	2022 $m	2021 Restated * $m
Loss before tax[2]	**(15.0)**	2.6
Tax using a tax rate of 25.0% (2021: 25.0%)	**(3.9)**	0.6
Effect of tax rates in foreign jurisdictions	**(7.5)**	(4.7)
Non-deductible expenses	**5.7**	16.8
Withholding tax paid or payable on overseas dividends *and other income for which no relief is available*	**5.0**	2.3
Losses for which no deferred tax asset was recognised	**3.0**	4.7
Recognition of temporary differences not recognised previously	**-**	(3.0)
Impairment of receivables	**27.5**	11.6
Change in tax rates in foreign jurisdiction	**(1.2)**	(0.4)
Utilisation of losses brought forward not recognised	**1.9**	(2.7)
Adjustment in relation to prior years	***10.7***	*1.9*
Total tax expense	**41.2**	27.1
Tax (charged)/credited to other comprehensive income [1]	**3.2**	(3.6)

1 Included within 'Actuarial losses on defined benefit pension schemes'.

2 The prior year balances are restated after finalisation of the purchase price allocation of Colegio Peruano. Therefore, the restated 2021 balances do not correspond to the prior period financial statements. Refer to note 18 for details.

3 ** The comparative information has been restated. Please see further information in note 1.*

The Group has used the statutory tax rate for China, being 25.0%, rather than that for the United Kingdom, being 19.0%, as the Group believes this provides a more meaningful comparison, and the majority of the Group's taxable profits are earned in China, and the majority of the Group's taxes are paid in China.

Notes to the financial statements for the year ended 31 August 2022 (continued)

12 Deferred tax assets and liabilities

The analysis of deferred tax assets and deferred tax liabilities is as follows (for the purposes of this disclosure note, assets and liabilities have been shown as gross):

	31 August 2022 $m	31 August 2021 $m
Deferred tax assets		
To be recovered after more than 12 months	**12.5**	28.4
To be recovered within 12 months	**2.5**	3.1
	15.0	31.5
Deferred tax liabilities		
To be settled after more than 12 months	**(76.7)**	(88.4)
To be settled within 12 months	**(5.0)**	(2.8)
	(81.7)	(91.2)
Deferred tax liabilities (net)	**(66.7)**	(59.7)

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities	
	31 August 2022 $m	31 August 2021 $m	**31 August 2022 $m**	31 August 2021[1] $m
Property, plant and equipment	**1.9**	1.4	**(25.3)**	(21.1)
Intangible assets	-	-	**(95.5)**	(91.2)
Employee benefits – pension	**0.3**	0.4	**(0.7)**	(3.6)
Tax value of loss carry-forwards	**14.3**	18.5	-	-
Provisions and accruals	**56.2**	54.2	**(21.8)**	(23.3)
Derivatives	**3.9**	5.0	-	-
Tax assets / (liabilities)	**76.6**	79.5	**(143.3)**	(139.2)
Offset of assets/liabilities	**(61.6)**	(48.0)	**61.6**	48.0
Net assets/(liabilities)	**15.0**	31.5	**(81.7)**	(91.2)
Net tax liabilities	-	-	**(66.7)**	(59.7)

[1]The prior year balances are restated after finalisation of the purchase price allocation of Colegio Peruano. Therefore, the restated 2021 balances do not correspond to the prior period financial statements. Refer to note 18 for details.

Notes to the financial statements for the year ended 31 August 2022 (continued)

12 Deferred tax assets and liabilities (continued)

Movement in deferred tax is as follows:

	1 September 2021 (as restated) $m	**Recognised in the Consolidated Income Statement $m**	**Recognised in the Consolidated Statement of Comprehensive Income $m**	**Foreign exchange movements $m**	**Acquired in business combinations $m**	**31 August 2022 $m**
Property, plant and equipment	**(19.7)**	**2.1**	-	**0.7**	**(6.9)**	**(23.8)**
Intangible assets	**(91.2)**	**3.9**	-	**3.9**	**(11.7)**	**(95.1)**
Employee benefits - pension	**(3.2)**	**1.5**	**1.2**	**(0.1)**	-	**(0.6)**
Tax value of loss carry-forwards	**18.5**	**(4.2)**	-	-	-	**14.3**
Provisions and accruals	**30.9**	**4.6**	**2.0**	**(2.9)**	-	**34.6**
Derivatives	**5.0**	**(1.1)**	-	-	-	**3.9**
	(59.7)	**6.8**	**3.2**	**1.6**	**(18.6)**	**(66.7)**

	1 September 2020 $m	Recognised in the Consolidated Income Statement $m	Recognised in the Consolidated Statement of Comprehensive Income $m	Foreign exchange movements $m	Acquired in business combinations $m	31 August 2021 (as restated)[1] $m
Property, plant and equipment	(8.6)	0.1	-	(0.3)	(10.9)	(19.7)
Intangible assets	(83.9)	2.8	-	(0.2)	(9.9)	(91.2)
Employee benefits - pension	1.1	(0.7)	(3.6)	-	-	(3.2)
Tax value of loss carry-forwards	18.1	0.4	-	-	-	18.5
Provisions and accruals	22.6	8.4	-	(0.2)	0.1	30.9
Derivatives	2.5	2.5	-	-	-	5.0
	(48.2)	13.5	(3.6)	(0.7)	(20.7)	(59.7)

[1]The prior year balances are restated after finalisation of the purchase price allocation of Colegio Peruano. Therefore, the restated 2021 balances do not correspond to the prior period financial statements. Refer to note 19 for details.

Notes to the financial statements for the year ended 31 August 2022 (continued)

13 Property, plant and equipment

	Land and Buildings[1] $m	Fixtures and fittings $m	Computer equipment $m	Motor vehicles $m	Assets under construction $m	Total $m
Cost						
Balance at 1 September 2021	**420.9**	**115.7**	**80.8**	**10.4**	**9.3**	**637.1**
Acquisitions through business combinations	**60.7**	**0.4**	-	**0.2**	-	**61.3**
Additions	**10.4**	**6.9**	**13.0**	**0.3**	**22.4**	**53.0**
Disposals and adjustments	**(0.9)**	**(5.1)**	**(9.3)**	**(0.9)**	**(2.0)**	**(18.2)**
Transfers	**5.2**	**0.4**	**0.2**	**0.1**	**(5.5)**	**0.4**
Effect of movements in foreign exchange	**(28.1)**	**(5.2)**	**(2.2)**	**(1.0)**	**(3.3)**	**(39.8)**
Balance at 31 August 2022	**468.2**	**113.1**	**82.5**	**9.1**	**20.9**	**693.8**
Balance at 1 September 2020	359.1	109.0	74.0	10.7	8.3	561.1
Acquisitions through business combinations[2]	46.8	1.9	0.2	0.1	-	49.0
Additions	10.8	5.0	5.9	0.1	9.1	30.9
Disposals and adjustments	(3.2)	(1.6)	(1.4)	(0.5)	(2.9)	(9.6)
Transfers	3.5	0.5	1.1	-	(5.1)	-
Effect of movements in foreign exchange	3.9	0.9	1.0	-	(0.1)	5.7
Balance at 31 August 2021	420.9	115.7	80.8	10.4	9.3	637.1
Accumulated depreciation and impairment						
Balance at 1 September 2021	**108.3**	**85.6**	**66.1**	**8.7**	**-**	**268.7**
Depreciation charge for the year	**25.1**	**10.8**	**8.8**	**0.8**	**1.0**	**46.5**
Disposals and adjustments	**(0.7)**	**(7.5)**	**(5.9)**	**(0.7)**	**(1.0)**	**(15.8)**
Effect of movements in foreign exchange	**(15.1)**	**(0.4)**	**(1.3)**	**(1.0)**	-	**(17.8)**
Balance at 31 August 2022	**117.6**	**88.5**	**67.7**	**7.8**	-	**281.6**
Balance at 1 September 2020	85.7	75.2	57.1	8.4	-	226.4
Depreciation charge for the year	22.8	12.1	9.0	0.7	-	44.6
Disposals and adjustments	(2.3)	(1.4)	(0.9)	(0.5)	-	(5.1)
Effect of movements in foreign exchange	2.1	(0.3)	0.9	0.1	-	2.8
Balance at 31 August 2021	108.3	85.6	66.1	8.7	-	268.7
Net book value						
At 31 August 2022	**350.6**	**24.6**	**14.8**	**1.3**	**20.9**	**412.2**
At 31 August 2021	312.6	30.1	14.7	1.7	9.3	368.4

Notes to the financial statements for the year ended 31 August 2022 (continued)

13 Property, plant and equipment (continued)

[1] Land and buildings comprise freehold properties and leasehold improvements. At 31 August 2022 the cost and accumulated depreciation associated with freehold properties amounted to $179.8 million (2021: $120.1 million) and $15.2 million (2021: $9.2 million), respectively. The net book value of freehold properties at 31 August 2022 was $164.6 million (2021: $110.9 million). Included within freehold properties is non-depreciable land amounting to $51.3 million (2021: $25.7 million). [2] The Land and buildings balance is restated after finalisation of the purchase price allocation of Colegio Peruano. Therefore, the restated 2021 balances do not correspond to the prior period financial statements. Refer to note 18 for details.

14 Right of use assets

	Land and buildings $m	Computer equipment $m	Motor vehicles $m	Total $m
Cost				
Balance at 1 September 2021	**1,410.7**	**0.7**	**1.6**	**1,413.0**
Additions via business combinations	**21.0**	-	-	**21.0**
Additions	**8.3**	-	**0.7**	**9.0**
Adjustment from different treatment of extension and termination options	**53.9**	-	**(0.1)**	**53.8**
Disposals	**(10.0)**	-	-	**(10.0)**
Effects of movements in foreign exchange	**(58.7)**	-	-	**(58.7)**
Balance at 31 August 2022	**1,425.2**	**0.7**	**2.2**	**1,428.1**
Balance at 1 September 2020	1,220.8	0.3	0.9	1,222.0
Additions via business combinations	82.5	-	-	82.5
Additions	56.0	0.4	0.7	57.1
Adjustment from different treatment of extension and termination options	42.9	-	-	42.9
Effects of movements in foreign exchange	8.5	-	-	8.5
Balance at 31 August 2021	1,410.7	0.7	1.6	1,413.0
Accumulated depreciation				
Balance at 1 September 2021	**201.3**	**0.3**	**0.5**	**202.1**
Disposals	**(7.8)**	-	-	**(7.8)**
Depreciation charge in the year	**91.8**	**0.2**	**0.2**	**92.2**
Effects of movements in foreign exchange	**(8.3)**	-	-	**(8.3)**
Balance at 31 August 2022	**277.0**	**0.5**	**0.7**	**278.2**
Balance at 1 September 2020	109.3	0.1	0.3	109.7
Depreciation charge in the year	91.7	0.2	0.2	92.1
Effects of movements in foreign exchange	0.3	-	-	0.3
Balance at 31 August 2021	201.3	0.3	0.5	202.1
Net book value				
At 31 August 2022	**1,148.2**	**0.2**	**1.5**	**1,149.9**
At 31 August 2021	1,209.4	0.4	1.1	1,210.9

Notes to the financial statements for the year ended 31 August 2022 (continued)

15 Commitments

All capital commitments, as per the following table, relate to ROU assets and property, plant and equipment.

	2022	2021
	$m	$m
Contracted but not provided for	**9.8**	2.7

Included in the amounts above are property leases with a total undiscounted contractual value of $5.1 million (2021: $0.1 million). These leases have been formerly executed but are not yet effective at 31 August 2022.

Notes to the financial statements for the year ended 31 August 2022 (continued)

16 Intangible assets

	Goodwill $m	Brand $m	Customer relationships $m	Website & intellectual property $m	Computer software $m	Total $m
Cost						
Balance at 1 September 2021	**1,248.5**	**306.6**	**147.8**	**16.5**	**27.3**	**1,746.7**
Additions via business combinations	**223.9**	**39.4**	**8.1**	-	-	**271.4**
Additions	-	-	-	**14.1**	**3.1**	**17.2**
Adjustments	-	-	-	**(6.6)**	**6.6**	-
Disposals	-	-	-	-	**(0.6)**	**(0.6)**
Foreign exchange movement	**(72.7)**	**(11.1)**	**(6.4)**	**(0.2)**	**(0.5)**	**(90.9)**
Balance at 31 August 2022	**1,399.7**	**334.9**	**149.5**	**23.8**	**35.9**	**1,943.8**
Balance at 1 September 2020	1,085.8	279.0	130.9	10.6	18.7	1,525.0
Additions via business combinations – restated[1]	145.1	27.0	16.4	-	0.3	188.8
Additions	-	-	-	12.7	4.1	16.8
Adjustments	-	-	-	(4.1)	4.1	-
Disposals	-	-	-	(2.8)	(0.3)	(3.1)
Foreign exchange movement	17.6	0.6	0.5	0.1	0.4	19.2
Balance at 31 August 2021	1,248.5	306.6	147.8	16.5	27.3	1,746.7
Accumulated amortisation and impairment						
Balance at 1 September 2021	**139.4**	**25.8**	**88.2**	**1.0**	**15.6**	**270.0**
Amortisation for the year	-	**5.0**	**13**	**0.4**	**5.7**	**24.1**
Impairment	-	-	-	-	**2.3**	**2.3**
Adjustments	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Foreign exchange movement	**(9.1)**	**(0.6)**	**(3.5)**	**(0.1)**	**(0.4)**	**(13.7)**
Balance at 31 August 2022	**130.3**	**30.2**	**97.7**	**1.3**	**23.2**	**282.7**
Balance at 1 September 2020	138.0	21.2	75.7	3.8	12.0	250.7
Amortisation for the year	-	4.2	12.4	0.5	3.6	20.7
Adjustments	-	-	-	(0.6)	-	(0.6)
Disposals	-	-	-	(2.8)	-	(2.8)
Foreign exchange movement	1.4	0.4	0.1	0.1	-	2.0
Balance at 31 August 2021	139.4	25.8	88.2	1.0	15.6	270.0
Net book value						
At 31 August 2022	**1,269.4**	**304.7**	**51.8**	**22.5**	**12.7**	**1,661.1**
At 31 August 2021	1,109.1	280.8	59.6	15.5	11.7	1,476.7

[1] The Goodwill and Brand balances are restated after finalisation of the purchase price allocation of Colegio Peruano. Therefore, the restated 2021 balances do not correspond to the prior period financial statements. Refer to note 18 for details.

Notes to the financial statements for the year ended 31 August 2022 (continued)

16 Intangible assets (continued)

2022 impairment review on goodwill and intangible assets

A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Goodwill is allocated to groups of CGUs at a regional level. Refer to the Business combinations and goodwill accounting policy for further information.

The recoverable amount of a CGU Group is determined as the higher of value-in-use and fair value less costs to sell. Value-in-use calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period discounted using pre-tax discount rates. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. The growth rate does not exceed the long-term average growth rate for the education industry in which the CGU operates.

Fair value less costs to sell is determined based on an EBITDA multiples valuation by applying a multiple, based on the market expectation of multiples applied in the education industry, to the actual EBITDA for the year. The valuation is considered to be level 3 in the fair value hierarchy due to use of the EBITDA multiple, which is an unobservable input, in the valuation.

Allocation of goodwill to CGU Groups

The goodwill balances allocated to CGU Groups are as follows:

As at 31 August 2022	**Net carrying value of goodwill $m**
China International	**248.7**
Europe	**435.4**
South East Asia and Middle East	**94.3**
India	**95.8**
Americas	**390.4**
Learning Services	**4.8**
	1,269.4

As at 31 August 2021	**Net carrying value of goodwill $m**
China International	265.7
Europe	409.3
South East Asia and Middle East	57.7
India	104.3
Americas	266.4
Learning Services	5.7
	1,109.1[1]

[1] The Goodwill balance was restated in 2022 after finalisation of the purchase price allocation of Colegio Peruano. Therefore, the restated 2021 balances do not correspond to the prior period financial statements. Refer to note 18 for details.

Upon management's annual impairment review on goodwill and intangible assets in 2022, no impairment was identified (2021: nil).

Notes to the financial statements for the year ended 31 August 2022 (continued)

16 Intangible assets (continued)

2022 impairment review on goodwill and intangible assets

Key assumptions used in impairment assessment

The key assumptions used for value-in-use calculations are as follows:

2022	Pupil growth (Year 1 to 5)	Discount rate	Long-term growth rate (Average)
China international	19.2%	11.6%	1.5%
Europe	10.6%	12.7%	2.4%
South East Asia and Middle East	15.8%	14.0%	2.9%
India	17.6%	26.4%	4.0%
Americas	15.5%	13.2%	2.5%
Learning Services	n/a	21.7%	2.2%

2021	Pupil growth (Year 1 to 5)	Discount rate	Long-term growth rate (Average)
China international	18.3%	12.4%	2.3%
Europe	8.3%	10.4%	1.8%
South East Asia and Middle East	19.8%	16.9%	3.5%
India	16.1%	15.0%	4.8%
Americas	21.0%	11.7%	2.3%
Learning Services	n/a	10.4%	2.0%

The key assumptions used for the fair value less costs to sell calculation is actual EBITDA for 2022 (2021: actual EBITDA for 2021) and an EBITDA multiple of 12 times (2021: 12 times). These assumptions are applied across all CGU Groups.

Specific assumptions used and sensitivity to the changes in assumptions

The Group performed sensitivity analysis on all CGU Groups by flexing the assumptions used in the determination of the recoverable amount. For all CGU Groups, except China International, the recoverable amount is based on the fair value less costs to sell as it is higher than the corresponding value-in-use.

Under the sensitivity analysis, the revised recoverable amount is compared with the post-tax carrying value of the CGU Group to compute the headroom. For recoverable amounts based on value-in-use, the Group considers pupil growth, discount rate and long-term growth rate to be key assumptions. For recoverable amounts based on fair value less costs to sell, the group considers the EBITDA and EBITDA multiple to be key assumptions.

The Group considered possible changes in these key assumptions. A decrease in the EBITDA multiple in India to below 7.34 times would result in a negative headroom.

For all other CGUs there is no reasonable change that could occur to the key assumptions that would cause the recoverable amount to be below the carrying amount of the CGUs causing a negative headroom.

Individually material intangible assets

Individual intangible assets other than goodwill that are considered to be material to the Group are as follows:

		Brand Names		
		2022	2021	**Estimated useful life**
CGU		**$m**	$m	
Collège du Léman, SARL	Europe	**59.4**	63.3	Indefinite
Hamelin 2, S.L	Europe	**38.9**	-	Indefinite
Collège Alpin Beau-Soleil SA	Europe	**12.5**	13.1	Indefinite

The Group has Brand Names considered to have indefinite useful economic life with a carrying amount of $116.6 million (2021: $82.6 million).

Notes to the financial statements for the year ended 31 August 2022 (continued)

17 Investments

Investments in entities within the wider Group that are recognised in the Consolidated Balance Sheet are as follows:

	31 August 2022 $m	31 August 2021 $m
Capital contributions	**3.0**	3.0

Capital contributions represent cash injections into entities in the wider Group which they recognised within equity. The contributions do not afford any control or other rights over the entity.

Subsidiaries

Refer to the appendix for a full listing of the Group's subsidiaries.

Non-controlling interests

The total non-controlling interest for the year is $(1.6) million (2021: $(1.4) million). The directors have assessed that the non-controlling interests of Camplife, Ltd (up until November 2020*) and The King's School, Manila Inc. are immaterial to the Group's financial position and financial performance for separate disclosure of the underlying business financial performance, financial position and cash flow in accordance with IFRS 12 'Disclosure of interests in other entities'.

*During the year the Group acquired the non-controlling interests of Camplife, Ltd, detailed in note 18 Business Combinations.

Subsidiaries exempt from the requirements of the Act relating to the audit of individual accounts

The consolidated financial statements include the results of all subsidiaries as listed below. Certain subsidiaries have taken the exemption for the year ended 31 August 2022 by virtue of s479A of the Companies Act 2006. In order to allow these subsidiaries to take the audit exemption, Nord Anglia Education London Holdings Limited has provided a guarantee to these subsidiaries, in accordance with s479C. This guarantees that Nord Anglia Education London Holdings Limited will support these subsidiaries in full going forward, will not recall any loans and will provide financial support if it should be required. The subsidiaries which have taken an exemption from an audit for the year ended 31 August 2022 by virtue of s479A Companies Act 2006 are noted in the table below.

	Company number		Company number
Nord Anglia Vocational Education and Training Services Ltd	03739390	WCL Services Limited	03543074
Nord International Schools Limited	05017740	WCL School Management Services Limited	07244130
Nord Anglia Education Development Services Limited	05603122	British Schools International Limited	09674167
Nord Anglia Education Limited	02116088	Global British Schools Limited	09674285
WCL HoldCo Limited	08509277	Nord Anglia Education Administration Limited	11562513
WCL Group Limited	06547748	NA Educational Services Limited	03603850
WCL Intermediate Holdings Limited	06547222	NA Schools Limited	03604036
Bucksmore Education Limited	03830204	LPS (Oxford) Limited	05445545
Oxford Summer Academy Limited	11938324	Oxford Science Studies Limited	11938332
Oxford International Education 1 Limited	08871389	Oxford International Education 2 Limited	08871991
Oxford International Education 3 Limited	08871991	Fieldwork Education Limited	03299897

Notes to the financial statements for the year ended 31 August 2022 (continued)

17 Investments (continued)

Structured entities

Myanmar

Due to regulatory restrictions on foreign ownership in schools in Myanmar, the Group has entered into certain contractual arrangements with the school and their respective equity holders, including but not limited to the nominee shareholder service agreements, exclusive operation and management agreement and / or deed of trust, with the Group being the ultimate beneficiary. These contractual arrangements enable the Group to:

- exercise effective financial and operational control over the activities that most significantly affect the economic performance of the school;
- exercise equity holders' voting rights of the school; and
- receive substantially all of the economic interest returns generated by the school in consideration for the exclusive services, and / or all the dividends and distributions from the school.

The school or equity holders do not have the right to unilaterally early terminate any of the agreements without the consent of the Group.

The Group has control over this school as it holds rights that gives it the power to direct the activities of the school that most significantly impact the school's economic performance, has rights to variable returns from its involvement with the school and has the ability to affect those returns through its power over the school.

As a result of these contractual arrangements, the school in Myanmar has been consolidated within the consolidated financial statements of the Group.

India

As per local legislation, the five schools in India are legally owned via non-profit educational societies which hold the licenses for the schools. Due to restrictions in foreign enterprises owning 'for profit' schools, the schools and societies have been acquired under an arrangement that establishes 'control' from an accounting perspective, but without having direct legal ownership. The structure operates such that there are service agreements in place between the schools and the societies that own the schools, and entities which are directly owned by the Group. Through a mixture of these service agreements and the mechanisms in which members can be appointed and removed from the societies, the Group has sufficient exposure to the variable returns of the school operations, and also has power to affect the amount of the returns.

Additionally, membership agreements have been established to govern the appointment of society members, who are charged with the primary responsibility of managing the day-to-day activities of the societies. Such arrangements allow the Group to unilaterally appoint and remove these members. Members under these agreements also have service engagements with the Group that require the members to operate the societies in line with the Group's instructions.

As a result of both the Group's shareholding and these contractual arrangements, the schools in India have been consolidated within the consolidated financial statements of the Group.

Notes to the financial statements for the year ended 31 August 2022 (continued)

18 Business combinations

Acquisitions in 2022

The Group made the following acquisitions during 2022 to expand its international network of premium schools. All the transactions have been accounted for by the acquisition method of accounting.

On 21 June 2022, the Group acquired a 100.0% interest in Greengates School, S.C. and Britscul, S.A., which operates the Greengates school which is located in Mexico City, Mexico. The school enrols more than 1,000 students from kindergarten to grade 12. Greengates offers the International Early Years Curriculum, the International Primary Curriculum, International General Certificate of Secondary Education and the International Baccalaureate Diploma.

On 21 July 2022, the Group acquired a 100.0% interest in Hamelin 2, S.L. Hamelin 2, S.L operates the Hamelin-Laie International School which is located Barcelona, Spain. The Hamelin-Laie school enrols over 1,300 students from nursery to grade 12, taught in English, Spanish and Catalan. It offers a Spanish national curriculum and for the final 2 years, the International Baccalaureate Diploma and National Bachillerato (the Spanish national curriculum).

On 31 August 2022, the Group acquired a 100.0% interest in Al Fahoum & Partners Educational Co. LLC, which operates the Amman Academy in Amman, Jordan. The school enrols over 1,200 students from pre-K to grade 12, taught in English and Arabic. The school offers a International Baccalaureate Diploma Programme.

Purchase consideration and fair value of net assets acquired

The provisional fair values of the assets and liabilities acquired and the consideration for the acquisitions in the year were as follows:

	Note	**Greengates School $m**	**Hamelin School $m**	**Amman $m**	**Total $m**
Non-current assets					
Brand	*16*	-	39.4	-	**39.4**
Customer relationships	*16*	-	8.1	-	**8.1**
Property, plant and equipment	*13*	7.1	50.1	4.1	**61.3**
Right of use assets	*14*	1.4	4.1	15.5	**21.0**
Other non-current assets		2.8	-	-	**2.8**
Current assets					
Inventories		-	-	0.3	**0.3**
Trade and other receivables		0.1	0.1	4.4	**4.6**
Cash and cash equivalents		2.7	5.5	4.9	**13.1**
Current tax assets		0.9	-	-	**0.9**
Other current assets		-	-	14.7	**14.7**
Non-current liabilities					
Loans and borrowings		-	-	(14.0)	**(14.0)**
Lease liabilities		(1.4)	(4.1)	(15.5)	**(21.0)**
Deferred tax liabilities	*12*	-	(18.6)	-	**(18.6)**
Other non-current payables		(4.1)	-	-	**(4.1)**
Current liabilities					
Trade and other payables		(10.5)	(1.9)	(13.9)	**(26.3)**
Current tax liabilities		(0.2)	-	-	**(0.2)**
Other payables		-	-	(1.8)	**(1.8)**
Net identifiable assets acquired		(1.2)	82.7	(1.3)	**80.2**
Goodwill arising	*16*	126.2	59.1	38.6	**223.9**
Total consideration		**125.0**	**141.8**	**37.3**	**304.1**

Notes to the financial statements for the year ended 31 August 2022 (continued)

18 Business combinations (continued)

Acquisitions in 2022 (continued)

The consideration for the acquisitions was as follows:

	Greengates School $m	Hamelin School $m	Amman $m	Total $m
Consideration				
Cash consideration	125.0	122.4	27.4	**274.8**
Deferred consideration	-	10.3	-	**10.3**
Contingent consideration	-	9.1	9.9	**19.0**
Total consideration	**125.0**	**141.8**	**37.3**	**304.1**
Net outflow of cash				
Cash consideration to acquire equity	125.0	122.4	27.4	**274.8**
Cash and cash equivalents acquired	(2.7)	(5.5)	(4.9)	**(13.1)**
Net outflow of cash in respect of the purchase of businesses	**122.3**	**116.9**	**22.5**	**261.7**

The portion of the gross contractual amount for trade and other receivables which is expected to be uncollectable is not material.

The goodwill recognised on these acquisitions primarily reflects the ability of the schools to enrol new students and generate additional income.

The acquisitions contributed revenue of $nil and loss before tax of $2.5 million to the Group from the date of acquisition to 31 August 2022. The $nil revenue is attributable to the school years of both Greengates and Hamelin 2, S.L ending in June 2022.

If the acquisitions had occurred on 1 September 2021, the Group's continuing revenue would have been $47.0 million and continuing profit before tax would have been $21.6 million.

Acquisitions in 2021

The Group made the following acquisitions during 2021 to expand its international network of premium schools. All the transactions have been accounted for by the acquisition method of accounting.

On 28 February, 2021, the Group acquired 100.0% of the share capital of Eton S.C which operates the Eton Schoo in Mexico City. Eton S.C is a leading bilingual school with over 1,500 students from pre-school to grade 12 taught in English and Spanish and offers the American curriculum and International Baccalaureate diploma.

On 31 March 2021, the Group acquired 100.0% of the equity and outstanding loan notes of Oxford International Education 1 Limited which operates three schools in Oxford, UK: d'Overbroecks, Oxford International College and Oxford Sixth Form College ("the Oxford Schools"). The schools teach the English National Curriculum and A levels.

On 26 August 2021, the Group acquired 100.0% of the equity of Cultural Educacional Windsor del Perú S.A.C. which operates Colegio Peruano Britanico in Lima, Peru ("Colegio Peruano"). The school has over 1,000 students from pre-school to grade 12 and teaches Peru's national curriculum and the International Baccalaureate programme.

Notes to the financial statements for the year ended 31 August 2022 (continued)

18 Business combinations (continued)

Acquisitions in 2021 (continued)

Purchase consideration and fair value of net assets acquired

The final fair values of the assets and liabilities acquired and the consideration for the acquisitions in 2021 were as follows:

	Note	**Eton School $m**	**The Oxford Schools $m**	**Colegio Peruano $m**	**Total $m**
Non-current assets					
Brand	*16*	6.1	16.5	4.4	**27.0**
Customer relationships	*16*	4.7	11.7	-	**16.4**
Computer software	*16*	-	0.3	-	**0.3**
Property, plant and equipment	*13*	3.5	7.3	38.2	**49.0**
Right of use assets	*14*	7.1	75.4	-	**82.5**
Other non-current assets		5.5	-	-	**5.5**
Current assets					
Inventories		-	-	0.1	**0.1**
Trade and other receivables		0.6	11.3	0.9	**12.8**
Cash and cash equivalents		0.1	11.3	0.3	**11.7**
Current liabilities					
Trade and other payables		(6.1)	(32.9)	(4.1)	**(43.1)**
Current tax liabilities		(0.2)	-	-	**(0.2)**
Non-current liabilities					
Debt		-	(111.4)	-	**(111.4)**
Lease liabilities		(7.1)	(75.4)	-	**(82.5)**
Deferred tax liabilities	*12*	(2.9)	(7.1)	(10.7)	**(20.7)**
Other payables		(1.2)	-	-	**(1.2)**
Net identifiable assets acquired		10.1	(93.0)	29.1	**(53.8)**
Goodwill arising	*16*	16.2	128.9	-	**145.1**
Gain on bargain purchase		-	-	(2.3)[1]	**(2.3)**
Total consideration		**26.3**	**35.9**	**26.8**	**89.0**

[1] The gain on bargain purchase relating to Colegio Peruano is recorded in Other gains/(losses) in the Consolidated Income Statement

Colegio Peruano

The net assets recognised in the financial statements as at 31 August 2021 were included at their provisional fair values. The purchase price allocation for Colegio Peruano was finalised in June 2022. The outcome of this exercise was recognising Brands at $4.3m (see note 16), fair value adjustments to Property, Plant and Equipment of $23.5m (see note 13), additional inventories of $0.1m, additional trade and other payables of $3.0m, and an increase in deferred tax liabilities of $8.2m. The total impact on Net assets acquired is $16.7m, which resulted in a total gain on bargain purchase of $2.3m, as opposed to Goodwill of $14.4m which was recognised as part of the provisional accounting (see note 16). This is as a result of a higher valuation of the assets acquired.

Notes to the financial statements for the year ended 31 August 2022 (continued)

18 Business combinations (continued)

Acquisitions in 2021 (continued)

The consideration for the acquisitions was as follows:

	Note	Eton School $m	The Oxford Schools $m	Colegio Peruano $m	Total $m
Consideration					
Cash consideration		26.3	35.9	21.6	**83.8**
Deferred consideration		-	-	2.7	**2.7**
Contingent consideration		-	-	2.5	**2.5**
Total consideration		**26.3**	**35.9**	**26.8**	**89.0**
Net outflow of cash					
Cash consideration to acquire equity		26.3	35.9	21.6	**83.8**
Cash consideration to acquire loan notes	*23*	-	111.4	-	**111.4**
Cash and cash equivalents acquired		(0.1)	(11.3)	(0.3)	**(11.7)**
Net outflow of cash in respect of the purchase of businesses		**26.2**	**136.0**	**21.3**	**183.5**

The portion of the gross contractual amount for trade and other receivables which is expected to be uncollectable is not material.

The goodwill recognised on these acquisitions primarily reflects the ability of the schools to enrol new students and generate additional income.

The acquisitions contributed revenue of $23.8 million and loss before tax of $2.0 million to the Group from the date of acquisition to 31 August 2021.

If the acquisitions had occurred on 1 September 2020, the Group's revenue would have been $1,106.3 million and profit before tax would have been $59.3 million.

On 19 November 2020 the Group acquired the remaining 49.5% of Camplife, Ltd in Florida, United States of America for $8.8 million payable over 19 years. The acquisition gives the Group 100.0% ownership of Camplife,Ltd which provides summer camps each year.

Notes to the financial statements for the year ended 31 August 2022 (continued)

19 Financial instruments

19a Fair values of financial instruments

Trade and other receivables

The fair value of trade and other receivables, is estimated as the present value of future cash flows, discounted at the effective rate of interest at the reporting date if the effect is material.

Trade and other payables

The fair value of trade and other payables is estimated as the present value of future cash flows, discounted at the effective rate of interest at the reporting date if the effect is material.

Cash and cash equivalents

The fair value of cash and cash equivalents is estimated as its carrying amount where the cash is repayable on demand. Where it is not repayable on demand then the fair value is estimated at the present value of future cash flows, discounted at the effective rate of interest at the reporting date.

Interest-bearing borrowings

Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the effective rate of interest at the reporting date. For leases the market rate of interest is determined by reference to similar lease agreements.

Derivative financial instruments

The valuation for the embedded derivatives included within the Chicago and Houston operating leases with CPI multiplier using quoted market prices, however the liquidity of this market is reduced in the medium to long term and therefore the valuation is considered to have level 3 characteristics.

Notes to the financial statements for the year ended 31 August 2022 (continued)

19 Financial instruments (continued)

19a Fair values of financial instruments (continued)

Fair values

The fair values of all financial assets and financial liabilities by class together with their carrying amounts shown in the *Consolidated Balance Sheet are as follows:*

	Carrying amount 31 August 2022 $m	**Fair value 31 August 2022 $m**	Restated* Carrying amount 31 August 2021 $m	Restated* Fair value 31 August 2021 $m
Amortised cost				
Cash and cash equivalents	**308.3**	**308.3**	456.0	456.0
Trade and other receivables	**705.1**	**705.1**	649.7	649.7
Total financial assets	**1,013.4**	**1,013.4**	1,105.7	1,105.7
Amortised cost				
Interest-bearing loans and borrowings	**(434.9)**	**(434.9)**	(407.2)	(407.2)
Trade and other payables	**(1042.9)**	**(1042.9)**	(897.2)	(897.2)
Lease liabilities[1]	**(1,232.6)**	**(1,232.6)**	(1,272.8)	(1,272.8)
Fair value through profit and loss				
Derivative financial liabilities	**(15.6)**	**(15.6)**	(19.3)	(19.3)
Contingent consideration	**(25.3)**	**(25.3)**	(6.1)	(6.1)
Total financial liabilities	**(2,751.3)**	**(2,751.3)**	(2,602.6)	(2,602.6)
Net financial instruments	**(1,737.9)**	**(1,737.9)**	(1,496.9)	(1,496.9)

[1] Derivative financial liabilities includes $15.6 million (2021: $19.3m) relating to embedded derivatives for the Chicago and Houston leases. The balance of these embedded derivatives has been reclassified to the lease liability in the current year as it *forms part of the overall lease hybrid contract and is considered a more appropriate presentation on a go forward basis.*

* The comparative information has been restated. Please see further information in note 1.

The fair value of the derivative financial liabilities is summarised as below.

	31 August 2022 $m	31 August 2021 $m
Derivative financial liabilities		
Embedded derivatives [1]	**(15.6)**	(19.3)
Total	**(15.6)**	(19.3)

[1] Embedded derivatives relates to the Chicago and Houston leases which are disclosed within lease liabilities in the Statement of Financial Position.

Fair value hierarchy

The table below analyses financial instruments measured at fair value, into a fair value hierarchy based on the valuation technique used to determine fair value.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Notes to the financial statements for the year ended 31 August 2022 (continued)

19 Financial instruments (continued)

19a Fair values of financial instruments (continued)

Fair value hierarchy

31 August 2022	**Level 3 $m**	**Total $m**
Derivative financial liabilities [1]	**(15.6)**	**(15.6)**
Contingent Consideration	**(25.3)**	**(25.3)**
	(40.9)	**(40.9)**

[1] The level 3 hierarchy consists of embedded derivatives.

31 August 2021	Level 3 $m	Total $m
Derivative financial liabilities [1]	(19.3)	(19.3)
Contingent Consideration	(6.1)	(6.1)
	(25.4)	(25.4)

[1] The level 3 hierarchy consists of embedded derivatives.

Reconciliation of fair value measurement using significant unobservable inputs (level 3)

The following table presents the changes in level 3 items for the years ended 31 August:

	Contingent Consideration $m	**Embedded derivatives $m**	**Total $m**
As at 1 September 2021	**(6.1)**	**(19.3)**	**(25.4)**
Arising on acquisition	**(19.0)**	-	**(19.0)**
Additions	**(0.2)**	-	**(0.2)**
Fair value adjustment	-	**3.7**	**3.7**
Discount Unwind	-	-	-
Settled	-	-	-
As at 31 August 2022	**(25.3)**	**(15.6)**	**(40.9)**
As at 1 September 2020	(12.0)	(21.6)	(33.6)
Arising on acquisition	(2.5)	-	(2.5)
Fair value adjustment	-	2.3	2.3
Discount Unwind	0.4	-	0.4
Settled	8.0	-	8.0
As at 31 August 2021	(6.1)	(19.3)	(25.4)

All gains and losses are unrealised and recognised within Other Gains and Losses within the Income Statement.

Notes to the financial statements for the year ended 31 August 2022 (continued)

19 Financial instruments (continued)

19a Fair values of financial instruments (continued)

Description of significant unobservable inputs to valuation

The valuation of the embedded derivatives is based on the fair value of rent payable pursuant to the terms and conditions set forth in the lease agreement when compared with rent under normal commercial terms. A year-on-year inflation swap and option valuation model which takes into account the leverage, cap and floor characteristics and the market rate has been applied to perform the valuation.

The valuation of contingent consideration is based on the likelihood of relevant future performance targets being achieved. For contingent consideration, the assumption of whether or not revenue performance targets will be met within a performance period is considered to be an unobservable input, however, is assumed to be 100% based on performance to date. There are no other assumptions which are considered to have a material impact. To this end a probability is assigned to a set of future pay-out scenarios, from which a probability weighted average pay-out is calculated and then discounted based on market participant assumptions.

19b Credit risk

Financial risk management

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers and bank balances. This credit risk is minimised by a policy under which the Group only enters into such contracts with companies, governments, banks and financial institutions with strong credit ratings within limits set for each organisation. In respect of derivatives, dealing activity is closely controlled and counterparty positions are monitored regularly. No credit limits were exceeded during the year and the Group does not anticipate that any losses will arise from non-performance by these counterparties.

Exposure to credit risk

Credit risk from balances with banks and financial institutions is managed by the Group's treasury department in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. The maximum exposure to credit risk at the reporting date was $1,013.4 million (2021: $1,105.7 million) being the total of the carrying amount of the Group's trade and other receivables and cash and cash equivalents.

Notes to the financial statements for the year ended 31 August 2022 (continued)

19 Financial instruments (continued)

19b Credit risk (continued)

Financial assets

The maximum exposure to credit risk for the Group's trade and other receivables at the reporting date by currency was:

	31 August 2022 $m	Restated* 31 August 2021 $m
Sterling	**11.2**	12.9
US dollar and US dollar peg currencies	**554.0**	374.5
Chinese renminbi	**50.0**	166.8
European currencies (excluding Sterling & Swiss franc)	**14.5**	11.5
Malaysian ringgit	**2.6**	3.5
Swiss franc	**48.1**	50.4
Thai baht	-	0.1
Mexican peso	**1.0**	7.5
Russian ruble	**1.1**	1.4
Brazilian real	**0.3**	(0.2)
Philippines peso	**0.9**	0.8
Uzbekistani som	**1.7**	1.0
Indian rupee	**18.9**	18.7
Peruvian Sol	**0.8**	0.8
	705.1	649.7

The maximum exposure to credit risk for the Group's trade and other receivables at the reporting date by type of counterparty was:

	31 August 2022 $m	Restated* 31 August 2021 $m
School fees	**141.3**	147.7
Amounts receivable through other contracts	**0.5**	0.3
Rental deposits	**2.1**	2.4
Others[1]	**561.2**	499.3
	705.1	649.7

1 Included within others are amounts owing to related parties for $532.0 million (2021: $522.3 million). See Note 20 Trade and other receivables and Note 29 Related party transactions.

* The comparative information has been restated. Please see further information in note 1.

Notes to the financial statements for the year ended 31 August 2022 (continued)

19 *Financial instruments (continued)*

19b Credit risk (continued)

The Group has primarily two types of financial assets that are subject to the expected credit loss model:

- Trade receivables from the provision of curriculum, extra-curricular, enrolment and ancillary services; and
- Other receivables.

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

(i) Trade receivables

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before 31 August 2022 and the corresponding historical credit losses experienced within these periods. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified that the GDP and the unemployment rate of the countries in which it sells its goods and services are the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

On that basis, the loss allowance as at 31 August was determined as follows for trade receivables:

						31 August 2022
			Days overdue			
	Current	**0-30 days**	**31-60 days**	**61-90 days**	**91+ days**	**Total**
	$m	**$m**	**$m**	**$m**	**$m**	**$m**
Trade receivables (gross)	**117.2**	**25.1**	**7.5**	**7.9**	**14.7**	**172.4**
Expected default rate	**1.6%**	**4.4%**	**4.0%**	**5.1%**	**63.3%**	
Expected credit loss	**1.9**	**1.1**	**0.3**	**0.4**	**9.3**	**13.0**

						31 August 2021
			Days overdue			
	Current	0-30 days	31-60 days	61-90 days	91+ days	Total
	$m	$m	$m	$m	$m	$m
Trade receivables (gross)	92.2	28.5	7.2	13.1	23.9	164.9
Expected default rate	1.7%	4.2%	8.3%	6.9%	53.1%	
Expected credit loss	1.6	1.2	0.6	0.9	12.7	17.0

(ii) Other receivables

Other receivables primarily consist of short and long-term rental deposits for school property, amounts held in Escrow and term deposits. All of the Group's other receivables are considered to have low credit risk, and the loss allowance recognised during the period was therefore limited to 12 months' expected losses. Other Receivables are considered to be low credit risk as they have a low risk of default and the debtor has a strong capacity to meet its contractual cash flow obligations in the near term.

No impairment loss is recognised on other receivables at 31 August 2022 and no write-offs of balances occurred during the year (2021: nil).

(iii) Related party receivables

Related party receivables primarily comprise intercompany loans and trading balances with entities in the wider Group. Related party balances are reviewed for recoverability and impaired by calculating the expected credit loss.

An impairment loss of $109.1m (2021: $46.5m) was recognised on related party receivables at 31 August 2022 and no write-offs of balances occurred during the year (2021: $nil).

Notes to the financial statements for the year ended 31 August 2022 (continued)

19 Financial instruments (continued)

19b Credit risk (continued)

Receivables that are deemed uncollectible are classified as bad debt. Accounts will be written off to bad debts for the following reasons:

- The invoice is more than 180 days overdue
- The customer is insolvent/bankrupt;
- The student has left the school, and has not entered into any formal repayment plans; or
- Any other reason which would cast significant doubt on the customer's ability to repay outstanding balances.

19c Liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the effect of netting agreements:

					31 August 2022
	Undiscounted contractual cash flows $m	**1 year or less $m**	**1 to < 2 years $m**	**2 to < 5 years $m**	**5 years and Over $m**
Borrowings[1]	**524.4**	**36.1**	**36.2**	**452.1**	**-**
Lease liabilities	**2,264.6**	**140.8**	**133.1**	**362.2**	**1,628.5**
Trade and other payables	**1,266.2**	**431.6**	**11.4**	**814.6**	**8.6**
Derivative financial liabilities	**20.6**	**0.2**	**0.5**	**2.7**	**17.2**
	4,075.7	**608.7**	**181.2**	**1,631.6**	**1,654.3**

					31 August 2021
	Undiscounted contractual cash flows $m	1 year or less $m	1 to < 2 years $m	2 to < 5 years $m	5 years and Over $m
Borrowings[1]	560.6	36.2	36.1	488.3	-
Lease liabilities	2,351.8	140.0	133.5	359.1	1,719.2
Trade and other payables	909.2	346.7	542.8	9.3	10.4
Derivative financial liabilities	22.0	0.2	0.5	2.6	18.7
	3,843.6	523.1	712.9	859.3	1,748.3

1 Includes a bank overdraft facility of $nil (2021: $nil). There were no undrawn borrowings at 31 August 2022 (2021: $nil).

Notes to the financial statements for the year ended 31 August 2022 (continued)

19 Financial instruments (continued)

19c Liquidity risk (continued)

As the Group conducts its operations both within the United States and outside of it (for example, 43 of the Group's 53 Premium Schools are in non-United States jurisdictions), the Group's Premium Schools hold significant non-US dollar cash balances in overseas operations which arise from fee income and represent a combination of working capital and trading profits. As the cash and cash equivalents held by non-United States subsidiaries are used generally to fund the Group's non-United States operations, the Group believes that the amount of cash and cash equivalents held by non-United States subsidiaries is not significant to an understanding of the Group's liquidity. These monies are held in operations in countries which include those where exchange control restrictions may prevent full repatriation of funds to the UK parent undertaking. The Group utilises these funds through a combination of reinvestment in the expansion or improvement of overseas operations, or by repatriation to the UK through management contracts, including royalty agreements, management charges and dividends. Through these means the directors believe that satisfactory distribution of these funds can be achieved.

As at 31 August 2022, the Group held $176.4 million (2021: $139.8 million) of cash and cash equivalents in jurisdictions where foreign exchange and other regulatory controls may limit the distribution of cash to subsidiaries in jurisdictions without foreign exchange and other regulatory controls. For information about undistributed earnings management considers permanently reinvested in jurisdictions with foreign exchange and other regulatory controls, see Note 11 Income tax expense.

19d Market risk

Financial risk management

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments.

Foreign currency risk

The Group has significant and expanding international operations trading in non-US dollar currencies. Movements in global exchange rates can cause currency exposures to the Group's consolidated US dollar financial results. Where stable currencies exist, trade is conducted in local currencies and where appropriate, borrowings are matched in that currency to mitigate the risk of exposure to the Group's assets and liabilities from exchange rate movements. In countries of operation where currency trading zones are considered to be weaker, some transactions are conducted in US dollar and Euro to try to minimise exchange fluctuation risks.

Notes to the financial statements for the year ended 31 August 2022 (continued)

19 Financial instruments (continued)

19d Market risk (continued)

Foreign currency risk (continued)

The following table sets out the Cash and cash equivalents balance based on currency.

	31 August 2022 $m	31 August 2021 $m
US dollar and US dollar-pegged currencies	**84.8**	176.5
Sterling	**4.0**	16.3
European currencies (excluding Sterling & Swiss franc)	**36.0**	30.7
Chinese renminbi	**87.1**	60.2
Swiss franc	**6.6**	92.2
Singaporean dollar	**0.5**	0.2
Malaysian ringgit	**0.5**	1.2
Mexican peso	**15.5**	13.9
Russian ruble	**48.0**	49.6
Brazilian real	**1.7**	1.8
Philippines peso	**0.5**	1.1
Uzbekistani som	**4.2**	3.0
Indian rupee	**18.5**	9.0
Peruvian Sol	**0.4**	0.3
	308.3	456.0

The table below shows converted into US dollar, the aggregate monetary assets and liabilities that are in a different currency from the various functional currencies of the entities in the Group.

31 August 2022	**Sterling $m**	**European currencies $m**	**US dollar and US dollar peg $m**	**Total $m**
Cash and cash equivalents	**7.4**	**15.3**	**9.4**	**32.1**
Trade and other receivables	**-**	**-**	**0.8**	**0.8**
Trade and other payables	**(7.9)**	**(0.4)**	**(0.7)**	**(9.0)**
Lease liabilities	**(2.4)**	**(28.3)**	**(26.7)**	**(57.4)**
	(2.9)	**(13.4)**	**(17.2)**	**(33.5)**

The Group is also exposed to foreign exchange risk on intercompany transactions. Refer to Note 19.

Notes to the financial statements for the year ended 31 August 2022 (continued)

19 Financial instruments (continued)

19d Market risk (continued)

Foreign currency risk (continued)

31 August 2021	Sterling $m	European currencies $m	US dollar and US dollar peg $m	Total $m
Cash and cash equivalents	0.3	1.6	0.7	2.6
Trade and other receivables	-	0.1	-	0.1
Trade and other payables	(0.8)	(0.1)	-	(0.9)
Finance lease liabilities	-	(0.6)	(0.5)	(1.1)
	(0.5)	1.0	0.2	0.7

Sensitivity analysis

Currency risks arise from primary and derivative monetary financial instruments issued in a currency other than the functional currency of the Company. Exchange rate-related differences from the translation of financial statements into the Group's presentation currency are not considered. Taking account of the different functional currencies within the Group, the following table demonstrates the sensitivity to a reasonably possible change in the below currencies, with all other variables held constant. A 4% strengthening (2021: 4% strengthening) of the following currencies against the US dollar at 31 August would have decreased profit or loss by the amounts shown below:

	31 August 2022 $m	31 August 2021 $m
Sterling currencies	0.1	-
European currencies	0.5	1.6
USD currencies	0.7	-
	1.3	**1.6**

Interest rate risk

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was:

	31 August 2022 $m	31 August 2021 $m
Variable rate instruments		
Financial liabilities	**434.9**	407.2

The Group does not apply hedge accounting for any of its derivative financial instruments. As such the Group recognises changes in fair value in respect of any of its derivative financial instruments immediately in its Consolidated Income Statement.

The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. The interest rate profile of the Group's debt is predominately variable.

The impact of a 1% increase in the 3 month USD LIBOR rate of 3.25% as at 31 August 2022 (2021: 3 month USD LIBOR of 0.12%) on the Group's US dollar 2[nd] lien variable interest rate debt which is subject to a 1.00% USD LIBOR floor (2021: 1.00% USD LIBOR floor) would be an increase in the Group's interest charge by approximately $4.1 million (2021: $4.1 million).

Notes to the financial statements for the year ended 31 August 2022 (continued)

19 Financial instruments (continued)

19e Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may issue new shares or sell fixed assets to reduce debt.

The Group continues to assess its capital structure and funding requirements, including considering interest rate benchmarks in the assessment.

The Group monitors capital at the Nord Anglia Education Management Limited ("NAEML") level on the basis of the following leverage ratio:
1st lien Net debt divided by Consolidated EBITDA (as defined under the terms of the NAEML Group's 1st lien Credit Agreement).

During 2022, the Group's strategy, which remains unchanged from 2018, was to maintain a leverage ratio under 7.0x as set out in the 1st lien Credit Agreement and to monitor the leverage position on a regular basis. The Consolidated 1st lien Net Leverage ratios at 31 August 2022 and 31 August 2021 were 3.3x and 4.6x respectively.

Notes to the financial statements for the year ended 31 August 2022 (continued)

20 Trade and other receivables

	Note	**31 August 2022 $m**	31 August 2021 $m
Current			
Trade receivables		**172.4**	164.9
Less: Provision for impairment of trade receivables	*19b*	**(13.0)**	(17.0)
Net trade receivables	*19b*	**159.4**	147.9
Prepayments[1]		**28.5**	21.0
Accrued income		**1.8**	0.6
Amounts owed by related parties	*29*	**463.6**	392.6
Other receivables		**2.5**	9.6
		655.8	571.7

[1] Prepayments relate mainly to travel, insurance and teaching materials prepayments.

	Note	**31 August 2022 $m**	Restated* 31 August 2021 $m
Non-current			
Prepayments[1]		**2.0**	2.4
Amounts owed by related parties[2]	*29*	**68.4**	83.2
Other receivables		**10.1**	16.4
		80.5	102.0

[1] Prepayments mainly relate to rental for Premium School sites, which are not recoverable for at least 12 months from this date and are for leases which have yet to commence at 31 August 2022.

[2] Amounts owed by related parties are unsecured, interest free and repayable on demand, with the exception of those loan arrangements disclosed in Note 29 Related party transactions. An impairment loss allowance of $109.1m was recognised on amounts owed by related parties in 2022 (2021: $46.5m).

*The comparative information has been restated. Please see further information in note 1.

21 Cash and cash equivalents

	31 August 2021 $m	31 August 2021 $m
Cash and cash equivalents	**308.3**	456.0

Refer to Note 19b Credit risk and 19c Liquidity risk for the detailed analysis of cash and cash equivalents in relation to credit risk and liquidity risk, respectively.

Notes to the financial statements for the year ended 31 August 2022 (continued)

22 Assets held for sale

	31 August 2022 $m	31 August 2021 $m
Land and buildings	-	5.3

The assets held for sale related to an ancillary building known as Coral Springs in North Broward Preparatory School, LLC (the Americas). The building had been marketed for sale as three separate plots. The sale of plots 2 and 3 took place in December 2020 for a total price of $2.8m, incurring costs to sell of $0.1m. Plot 1 was sold for $5.1m in June 2022 resulting in a loss on disposal of $0.2m. There are no assets held for sale as at 31 August 2022.

Land and buildings classified as held for sale during the year were measured at the lower of its carrying amount and fair value less costs to sell, resulting in the recognition of write down of nil (2021: reversal of write down of $0.4 million) as impairment in the Consolidated Income Statement. The fair values of each plot have been determined based on signed LOI's received from third parties, less any actual and estimated directly attributable selling costs.

23 Interest-bearing loans, borrowings and overdrafts

This note provides information about the contractual terms of the Group and Company's interest-bearing loans and borrowings, which are measured at amortised cost. For more information about the Group's exposure to interest rate and foreign currency risk, see Note 19 Financial instruments. For information on the Group's intercompany loans with related parties, see Note 29 Related party transactions.

	31 August 2022 $m	31 August 2021 $m
Current liabilities		
Bank overdraft	-	-
Other loans	**25.4**	0.1
Current portion of term loan	**0.1**	-
	25.5	0.1
Non-current liabilities		
Term loan	**409.4**	407.1

All borrowings are secured by fixed and floating charges over all the current and future assets of certain Group entities. The Group subsidiaries which are party to this arrangement are detailed in the appendix, along with details of certain Group entities whose share capital has also been pledged as part of the security arrangement, including the assignment of certain insurances.

Term and debt repayment schedule

	Currency	Nominal interest rate	Year of maturity	**Face value 2022 $m**	**Carrying amount 2022 $m**	Face value 2021 $m	Carrying amount 2021 $m
Bank overdraft	US $			-	-	-	-
Other loans	US $			**25.4**	**25.4**	0.1	0.1
Term loan	US $	8.25%	2025	**416.0**	**409.5**	416.0	407.1
				441.4	**434.9**	416.1	407.2

Face value is the nominal amount of debt at issuance whereas the carrying value is the nominal value less unamortised costs.

Notes to the financial statements for the year ended 31 August 2022 (continued)

23 Interest-bearing loans, borrowings and overdrafts (continued)

Term loan

The term loan is a floating rate loan. Changes in interest rates have minimal impact on fair value since loans re-price to the market frequently and on that basis, fair value is assumed to equal carrying value. The interest rate is based on USD LIBOR (subject to a 1.00% interest rate floor) plus a margin of 7.25%. The loan is due for full repayment in August 2025.

Maturity of the Group's borrowings are as follows:

	31 August 2022 $m	31 August 2021 $m
Less than one year	**25.5**	0.1
Between two and five years	**409.4**	407.1
More than five years	**-**	-
	434.9	407.2

Debt reconciliation for cash flow information

	Note	**External loans & borrowings (excluding bank overdrafts) $m**
As at 1 September 2021		**407.2**
Loan notes acquired via business combinations	*18*	**14.0**
Cash flows		**12.3**
Foreign exchange adjustments		**(1.0)**
Other changes[1]		**2.4**
As at 31 August 2022		**434.9**
As at 1 September 2020		417.0
Loan notes acquired via business combinations	*18*	111.4
Cash flows		(123.6)
Foreign exchange adjustments		0.4
Other changes[1]		2.0
As at 31 August 2021		407.2

[1] Other changes include non-cash movements which are presented as operating cash flows in the statement of cash flows.

Notes to the financial statements for the year ended 31 August 2022 (continued)

24 Lease liabilities

The Group's leases primarily comprise of property leases, specifically in relation to school campuses and staff accommodation. Leases are also held in respect of IT equipment and motor vehicles. Extension and termination options are included in a number of property leases across the Group to facilitate operational flexibility, particularly with staff accommodation leases, which are often on a rolling basis. In these instances, judgement is used to determine the lease term; further detail of which is set out in note 1.

Movement in lease liabilities

	2022	2021
	$m	$m
As at 1 September	**1,272.8**	1,144.9
New leases	**9.2**	57.0
New leases via business acquisitions	**21.0**	82.5
Reclassification of embedded derivatives[1]	**15.6**	-
Disposals	**(2.9)**	-
Interest charge in the year	**80.8**	76.2
Payment of lease liabilities	**(146.0)**	(138.0)
Adjustment from different treatment of extension and termination options	**53.1**	42.9
Effects of movement in foreign exchange	**(55.4)**	7.3
As at 31 August	**1,248.2**	1,272.8
Ageing of lease liabilities		
Current lease liabilities	**128.9**	140.0
Non-current lease liabilities	**1,119.3**	1,132.8
As at 31 August	**1,248.2**	1,272.8

[1] This relates to embedded derivatives for the Chicago and Houston leases, which has been reclassified from derivative financial liabilities to non-current lease liabilities in 2022.

As at 31 August 2022, the Group had $5.1 million (2021: $0.2 million) of leases which had been committed to, but which had not yet started. Such leases are not included in the Group's lease liabilities as at 31 August 2022.

Total cash outflows in relation to leases in year ended 31 August 2022 are $152.2 million (2021: $142.1 million). This relates to payments of $65.2 million (2021: $61.8 million) on lease principal, $80.8 million (2021: $76.2 million) on lease interest, $1.2m (2021: $nil) on variable lease payments and $5.0 million (2021: $4.1 million) relating to short-term leases and low value asset leases.

Lease payments that are variable and not included within the lease liabilities as at 31 August, i.e. they are not linked to an index, are linked to non-market performance measures such as the number of FTEs or revenue.

The Group's accounting policy for leases is set out in Note 1. Details of income statement charges and income for leases not included in lease liabilities (included in administrative expenses) are set out in Note 4. The right-of-use asset categories on which depreciation is incurred are presented in Note 14. Interest expense incurred on lease liabilities is presented in Note 10.

Notes to the financial statements for the year ended 31 August 2022 (continued)

25 Trade and other payables

	Note	**31 August 2022 $m**	31 August 2021 $m
Current			
Trade payables owed to third parties[4]		**44.8**	35.8
Other taxes and social security		**11.9**	10.3
Amounts owed to related parties	*29*	**215.6**	146.2
Deferred consideration[1]		**3.6**	2.3
Other payables owed to third parties[2]		**82.2**	75.0
Contingent consideration[3]		**3.7**	3.6
Accrued expenses		**89.9**	89.9
		451.7	363.1

[1] Deferred consideration consists of $0.4 million (2021: $0.4 million) in relation to the Metropolitan School of Panama, S.A. acquired in the year ended 31 August 2017, $0.5 million (2021: $0.5 million) in relation to Camplife Ltd., $2.7 million (2021: $1.4 million) in relation to Cultural Educacional Windsor del Perú S.A.C, acquired in the year ended 31 August 2021.

[2] *Other payables relate to student deposits repayable on demand.*

[3] Contingent consideration consists of $3.7 million (2021: $3.6 million, non-current) *in relation to the Prague British School acquired in the* year ended 31 August 2017 (see Note 18 Business combinations).

[4] Trade payables owed to third parties balance is restated after finalisation of the purchase price allocation of Colegio Peruano. Therefore, the restated 2021 balances do not correspond to the prior period financial statements. Refer to note 18 for details.

	Note	**31 August 2022 $m**	31 August 2021 $m
Non-current			
Accrued expenses		**2.2**	1.0
Amounts owed to related parties	*29*	**581.2**	539.8
Deferred consideration[1]		**14.1**	5.3
Contingent consideration[3]		**21.5**	2.5
Other payables owed to third parties[2,4]		**12.4**	8.9
		631.4	557.5

Non-current accrued expenses relate principally to rental accruals on school sites, not payable for at least 12 months from this date.

[1] Deferred consideration consists of $3.8 million (2021: $nil) in relation to the acquisition of Camplife Ltd. and $nil (2021: $1.3 million) relating to Cultural Educacional Windsor del Perú S.A.C acquired in the year ended 31 August 2021 and $10.3m (2021: $nil) in relation to Hamelin 2, S.L. (see note 18).

[2] Other payables relate to student deposits repayable on demand.

[3] Contingent consideration consists of $2.5 million (2021: $2.5 million), which relates to Cultural Educacional Windsor del Perú S.A.C, acquired in the year ended 31 August 2021, $9.1 million (2021: $nil) in relation to Hamelin 2, S.L. (see note 18) and $9.9 million (2021: $nil) in relation to Amman Academy (see note 18).

[4] *Other payables owed to third parties is restated after finalisation of the purchase price allocation of Colegio Peruano. Therefore, the* restated 2021 balances do not correspond to the prior period financial statements. Refer to note 18 for details.

Amounts owed to related parties are unsecured, interest free and repayable on demand, with the exception of those loan arrangements disclosed in Note 29 Related party transactions. Included within amounts owed to related parties are CSX listed loan notes, where details are disclosed in Note 8 Creditors within the Company financial statements.

Notes to the financial statements for the year ended 31 August 2022 (continued)

26 Provisions for other liabilities and charges

	31 August 2022 $m	31 August 2021 $m
Balance at 1 September	**(7.2)**	(5.7)
Provisions made during the year	**(4.5)**	(5.0)
Provisions through business acquisitions	**(1.4)**	-
Provisions used during the year	**0.5**	3.4
Provisions reversed during the year	**-**	0.1
Balance at 31 August	**(12.6)**	(7.2)
Current	**(0.2)**	(0.2)
Non-current	**(12.4)**	(7.0)
	(12.6)	(7.2)

From time to time, the Group is party to litigations in various jurisdictions in which the Group operates. The recognition of provisions is determined in accordance with the accounting policies set out in Note 1.

The balance at 31 August 2022 mainly relates to restoration cost clauses included in some of our campus leases. These costs are not expected to be incurred in the near-term as we do not intend to exit any of our current lease agreements in the foreseeable future.

27 Contingencies

The Group has provided the following bank guarantees:

To SCTAI Anglo Iskola KFT for €0.7 million or $0.7 million (2021: €0.7 million or $0.8 million) in respect of a 30-year lease of school premises in Budapest, and the guarantee expires on 15 March 2023.

To Abu Dhabi Education Council for AED 0.1 million or $0.0 million (2021: AED 0.1 million or $0.0 million) which is open ended.

To Dubai Islamic Bank for AED 12 million or $3.3 million (2021: AED 12.0 million or $3.3 million) in respect of a 13-year lease for school premises in Dubai, and the guarantee expires on 15 September 2024.

To Městská část Praha 12 for CZK 3.1 million or $0.1 million (2021: CZK 3.0 million or $0.1 million) in respect of a 36-year lease for school premises in Prague, and the guarantee expires on 15 May 2024.

To Bikak Kosarlabda Korlatolt Felelossegu Tarsasag for €0.2 million or $0.2 million (2021: €0.2 million or $0.2 million) in respect of a 29-year lease of Sports Facility in Budapest, and the guarantee expires on 15 March 2023.

To Leosolis SA for CHF 2.8 million or $3.1 million (2021: CHF 2.8 million or $3 million) in respect of a 32-year lease of school premises in Switzerland, and the guarantee is open ended.

To China Construction Bank Corporation for CNY 130.0 million relating to a guarantee of a loan. CNY 50.0 million of the guarantee expires on 29 December 2025 and CNY 80.0 million expires on 15 December 2026.

To Bank of East Asia (China) Co., Ltd. for CNY 45.0 million relating to credit amounts due. The guarantee expires on 8 December 2023.

To Bank of East Asia (China) Co., Ltd. for CNY 5.0 million relating to credit amounts due. The guarantee expires on 8 December 2026.

Notes to the financial statements for the year ended 31 August 2022 (continued)

27 Contingencies (continued)

Contingencies related to legislative changes:

The Group is subject to tax regulations across multiple territories. The Group monitors proposed legislative changes to tax regulations in relevant territories but does not recognise the tax impact of proposed changes until they are legally effective, and an obligation exists.

28 Capital and reserves

Share capital	**Number**	**31 August 2022 $m**	Number	31 August 2021 $m
Authorised, allotted, called up and fully paid				
Ordinary shares of $1 each	**515,902,579**	**515.9**	515,902,579	515.9
Deferred shares of $0.19 each	**1**	**-**	1	-
	515,902,580	**515.9**	515,902,580	515.9

The holders of Ordinary shares are entitled to full rights in respect of voting, dividends and distributions. The holder of the Deferred share has no voting or dividend rights and any capital distributions are limited to the nominal value of the Deferred share.

Share capital movement	**Number**	**Par $m**	**Premium $m**	**Total $m**
Balance at 1 September 2021	**515,902,580**	**515.9**	**-**	**515.9**
Shares issued	**-**	**-**	**-**	**-**
Balance at 31 August 2022	***515,902,580***	**515.9**	**-**	**515.9**
Balance at 1 September 2020	515,902,580	515.9	-	515.9
Shares issued	-	-	-	-
Balance at 31 August 2021	515,902,580	515.9	-	515.9

Currency translation reserve

The currency translation reserve comprises all foreign exchange differences arising since 1 September 2009, the transition date to IFRS, from the translation of the financial statements of foreign operations, which are prepared in the functional currencies of the foreign operations.

Other reserves

This reserve is used to record the differences which arise as a result of transactions with non-controlling interests that do not result in a change of control.

Notes to the financial statements for the year ended 31 August 2022 (continued)

29 Related party transactions

Controlling entities

The Company is controlled by the following entities:

Name	Relationship	Place of incorporation
Nord Anglia Education, Inc.	Immediate parent entity	Cayman Islands
Baring Private Equity Asia GP VI Limited*	Ultimate parent and controlling entity	Cayman Islands

*Baring Private Equity Asia GP VI Limited, through its subsidiaries, exert control over the Company through voting rights.

Transactions with related parties

During the year the Group and Company entered into transactions, in the ordinary course of business, with related parties. Transactions entered into, and trading balances outstanding at 31 August, are as follows:

Transactions	**2022 $m**	Restated* 2021 $m
Revenue from management fees with other group entities	**46.6**	35.6
Purchases from other group entities	**0.6**	0.6
Management fees charged by controlling parties	**7.5**	7.5
Interest receivable on other balances with other group entities	**1.5**	0.5
Interest receivable on loans with other group entities	**14.1**	9.6
Interest payable on loans with immediate parent entity	**30.3**	30.7
Interest payable on loans with other group entities	**3.2**	0.4
Impairment losses on loans with other group entities*	**109.1**	46.5
Rental charges payable to a member of key management personnel and companies controlled by key management personnel	**15.1**	15.8

	31 August 2022		31 August 2021	
Balances outstanding	**Amounts owed by related parties $m**	**Amounts owed to related parties $m**	Amounts owed by related parties $m	Amounts owed to related parties $m
Controlling parties (current)	**22.6**	**2.7**	14.1	2.7
Immediate parent entity (current)	**175.5**	**109.1**	2.2	62.5
Immediate parent entity (non-current)	**-**	**574.5**	-	536.6
Other group entities (current)	**265.5**	**103.8**	376.3	83.7
Other group entities (non-current)*	**67.9**	**6.7**	82.8	3.2
Key management personnel	**0.5**	-	0.4	-

*The comparative information has been restated. Please see further information in note 1.

Included within Amounts owed by related parties (refer to Note 20) is an amount of $0.5 million (2021: $0.4 million) in respect of rental deposits owed by the key member of management. These rental deposits are not due within the next 12 months and are therefore classified as non-current (2021: non-current).

Remuneration of senior management is disclosed in Note 8 Key management personnel.

Two of the Group's key management personnel hold an investment in certain controlling entities. Neither of the two key management personnel received any interest or dividend during the year in connection with their respective investments.

Notes to the financial statements for the year ended 31 August 2022 (continued)

29 Related party transactions (continued)

Transactions with related parties (continued)

During the year ended 31 August 2022, the Swiss schools continue to rent premises from a key member of management and companies which are controlled by the key member of management.

Future aggregate undiscounted minimum lease payments to the key member of management as well as companies controlled by the key member of management are as follows:

	Total payable $m	Due within 1 year $m	Due within 1 to 5 years $m	Due after more than 5 years $m
31 August 2022	**242.6**	**14.9**	**58.6**	**169.1**
31 August 2021	260.6	15.2	58.5	186.9

There is a rental guarantee made to a company controlled by key management personnel for CHF1.2 million in respect of a 16-year lease (2021: 16-year) of school premises in Switzerland. The annual payment under this lease is CHF 3.1 million (2021: CHF 3.1 million) and the guarantee expires on 31 August 2036 (2021: 31 August 2036). See note 27 for details regarding a guarantee to Leosolis SA regarding a school premises.

In addition, companies owned by the key management personnel were also paid reimbursement costs of $0.4million (2021: $0.5 million).

Related party loans

Included within trade and other receivables (refer to Note 20) and trade and other payables (refer to Note 25) are amounts owed by/to related parties, which are unsecured, interest free and repayable on demand, with the exception of the following loans:

Loans received from the immediate parent	2022 $m	2021 $m
Balance 1 September	**669.1**	598.0
Loans advanced	**8.4**	40.4
Loans Repaid	**(29.0)**	
Interest charged	**30.3**	30.7
Interest paid	**(0.5)**	-
Balance at 31 August	**678.3**	669.1

The loan from the immediate parent comprises CSX loan note instruments of $574.5 million (2021: 536.6 million), which bear a rate of 5.20% plus USD LIBOR. Loan in the prior year of $29.0 million was repaid during the current year (2021: $29.0 million), *which bore a rate of 1.75% plus USD LIBOR. An amount of $8.36 million was advanced during the current year(2021: nil).*The undrawn amount as at 31 August 2022 on the CSX loan note was $375.5 million (2021: $363.4 million). The CSX notes have a maturity date of 31 August 2025.

Loans received from other group entities	2022 $m	2021 $m
Balance 1 September	**28.9**	6.0
Loans advanced	**26.3**	29.2
Loan repayments made	**(17.4)**	(6.5)
Interest charged	**0.7**	0.4
Foreign exchange	**(0.6)**	(0.2)
Balance at 31 August	**37.9**	28.9

Loans from other group entities are represented by principal amounts of $nil (2021: $nil), which bears no interest and is due on 31 August 2024; an amount of $6.5 million (2021: $3.2 million), which bears interest at 3.00% and is due on 31 August 2024; and an amount of $29.7 million (2021: $25.5million), which bears interest at 2.3%.

Notes to the financial statements for the year ended 31 August 2022 (continued)

29 Related party transactions (continued)

Related party loans (continued)

Loans issued to other group entities	**2022**	2021
	$m	$m
Balance at 1 September	**192.3**	172.2
Loans advanced	**9.0**	109.7
Loan repayments received	**(33.9)**	(94.2)
Interest charged	**6.9**	9.6
Interest received	**-**	(5.0)
Balance at 31 August	**174.3**	192.3

Loans made to other group entities are represented by principal amounts of $58.9 million (2021: $83.9 million), which bears interest at approximately 4.60% (2021: approximately 5.20%); $2.7 million (2021: $2.7million), which does not bear interest; $41.0 million (2021: $41million), which bears interest at approximately 4.08% (2021: 4.12%); and $51.3 million (2021: $51.3 million), which bears interest at approximately 5.08% (2021: approximately 5.12%).

30 Events after the balance sheet date

On 31 March 2023 the Group acquired 100% of the share capital of Saint George Educational Complex, S.A. for a total undiscounted consideration of $18.5m. Acquisition costs of $1.0m was incurred to date as exceptional costs and recognised within the income statement.

As at the date of signing these accounts, the preliminary fair values of assets and liabilities acquired in the March transactions had not yet been quantified.

31 Ultimate parent undertaking and controlling party

Nord Anglia Education Management Limited, a company incorporated in the Cayman Islands, is the parent undertaking of the largest group of undertakings to consolidate these financial statements at 31 August 2022. Copies of these consolidated financial statements are not publicly available. The consolidated financial statements of Nord Anglia Education London Holdings Limited represent the smallest group of undertakings for which consolidated financial statements are prepared.

The ultimate controlling party is Baring Private Equity Asia GP VI Limited.

Company Balance Sheet
as at 31 August

	Note	31 August 2022 $000	31 August 2021 $000
Fixed assets			
Investments	*5*	**1,257,145**	1,257,145
Current assets			
Debtors: amounts falling due after more than one year	*6*	**209,274**	145,000
Debtors: amounts falling due within one year	*6*	**499,882**	364,595
Cash and cash equivalents	*7*	**50,153**	74,861
		759,309	584,456
Creditors: amounts falling due within one year	*8*	**(279,952)**	(225,197)
Net current assets		**479,357**	359,259
Total assets less current liabilities		**1,736,502**	1,616,404
Creditors: amounts falling due after more than one year	*8*	**(724,435)**	(585,285)
Net assets		**1,012,067**	1,031,119
Capital and reserves			
Called up share capital	*11*	**515,903**	515,903
Profit and loss account	*12*	**496,164**	515,216
Total shareholders' funds		**1,012,067**	1,031,119

The profit and loss account includes a net loss after tax for the year of $19,052,000 (2021: $21,071,000). As permitted by section 408(3) of the Companies Act 2006, the profit and loss account of the Company has not been separately presented in these *financial statements.*

These financial statements set out on pages 98 to 107 were approved by the Board of directors on 16 May 2023 and were signed *on its behalf by:*

A Van Vilsteren
Director

Company number: 06590752

The notes on pages 100 to 107 form an integral part of these financial statements.

Company Statement of Changes in Equity
for the year ended 31 August 2022

	Note	Share capital $000	Profit and loss account $000	Total Equity $000
Balance as at 1 September 2020		515,903	536,287	1,052,190
Total comprehensive loss for the year				
Loss for the year		-	(21,071)	(21,071)
Total comprehensive loss for the year		-	(21,071)	(21,071)
Balance at 31 August 2021		**515,903**	**515,216**	**1,031,119**
Balance at 1 September 2021		515,903	515,216	1,031,119
Total comprehensive loss for the year				
Loss for the year		-	(19,052)	(19,052)
Total comprehensive loss for the year		-	(19,052)	(19,052)
Balance at 31 August 2022		**515,903**	**496,164**	**1,012,067**

The notes on pages 100 to 107 form an integral part of these financial statements.

Notes to the Company financial statements

1 General information

Nord Anglia Education London Holdings Limited is a financing and holding company. The Company is a private company limited by shares and is incorporated and domiciled in England and Wales. The address of its registered office is 4th Floor, Nova South 160 Victoria Street, Westminster, London, United Kingdom, SW1E 5LB.

2 Basis of preparation

These financial statements present information about the Company as an individual undertaking and not about its Group. The financial statements have been prepared on a going concern basis, under historical cost as modified by revaluation of financial assets and financial liabilities held at fair value through profit and loss (as applicable) and in accordance Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

In preparing these financial statements the Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
    - paragraph 79(a)(iv) of IAS 1;
    - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
    - paragraph 118(e) of IAS 38 Intangible Assets;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors; and
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

This information is included in the consolidated financial statements.

a. Going concern

The Company is an intermediate holding company within the wider NAE Group. The Company has received confirmation from Nord Anglia Education Management Limited of its intention to provide sufficient support to enable the Company to meet its financial obligations as they fall due for a period of at least 12 months from the date of approval of these financial statements.

Having made enquiries, the directors have reasonable expectations that the Company and the NAE Group are well placed to manage its business risks and continue its operations for the foreseeable future and for at least 15 months from the date of the approval of the financial statements. Accordingly, the directors have not identified any material uncertainties to the Company's or the NAE Group's ability to continue as a going concern and therefore continue to adopt the going concern basis in preparing the financial statements. For more information see the Strategic Report on page 4.

3 Accounting policies

The accounting policies of the Company have, unless otherwise stated, been applied consistently to all years presented in these financial statements. In most cases the accounting policies for the Company are fully aligned with the equivalent accounting policies for the Group as stated in Note 1 to the consolidated financial statements. The accounting policies that are specific to the Company are set out below.

a. *Valuation of investments*

Investments in subsidiaries are measured at cost less accumulated impairment. Investments are tested for impairment annually by comparing the value of the investments to the net assets of the subsidiary that the investment is held in. If these net assets are not sufficient then a comparison to the forecast discounted future cash flows of the entity is performed to assess whether this is sufficient to support the level of the asset. In cases where the full amount of the asset is not supported by this forecasted amount then a provision is recorded for the value of the asset that is not supportable. See note 5.

Notes to the Company financial statements (continued)

3 Accounting policies (continued)

b. Intercompany receivables

Intercompany receivables are initially measured at fair value. Subsequent to initial recognition these assets are measured at amortised cost less any provision for impairment losses. In order to calculate impairment losses, the Company first determines the 12 month expected credit loss, with the lifetime expected credit loss being recognised in the event of a significant increase in default risk. If external or internal rating information is available, the expected credit loss is determined on the basis of this data. If no rating information is available, the Company determines default ratios on the basis of historical default rates, taking into account forward-looking information on economic developments. The estimates and assumptions used to determine the level of expected credit losses are reviewed periodically to determine if there is a significant increase in default risk.

c. New standards and interpretations not yet adopted

The Company considers that there are no relevant standards or relevant interpretations mandatory for the current accounting period that have not been applied.

Future standards and interpretations that are issued, but not yet effective or early adopted, are:

- Classification of Liabilities as Current or Non-current – Amendments to IAS 1; effective 1 January 2023;
- Property, Plant and Equipment: Proceeds before intended use – Amendments to IAS 16; effective 1 January 2022;
- Reference to the Conceptual Framework – Amendments to IFRS 3; effective 1 January 2022;
- Onerous Contracts – Cost of Fulfilling a Contract – Amendments to IAS 37; effective 1 January 2022;
- Annual Improvements to IFRS Standards 2018-2020; effective 1 January 2022;
- Definition of Accounting Estimates - Amendments to IAS 8; effective 1 January 2023;
- Disclosure of material accounting policies – Amendments to IAS 1; effective January 2023; and
- Deferred tax related to assets and liabilities arising from a single transaction – Amendments to IAS12; effective 1 January 2023.
- IFRS 17 Insurance Contacts; effective 1 January 2023

Certain new accounting standards and interpretations have been published that are not effective for 31 August 2022 reporting periods and have not been early adopted by the Company. None of these are expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

d. Judgments in applying accounting policies and key sources of estimation uncertainty

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

The directors consider that there are the following significant judgments or key sources of estimation uncertainty in the preparation of these financial statements.

Key judgments

Deferred taxation
Calculations are made to determine the amount of tax provisions to be recognised. Significant management estimates is required to determine the amount of deferred tax asset that can be recognised, based upon the likely timing and the level of future taxable profits. See note 9.

4 Employees

The average monthly number of employees related to the directors and during the year was 4 (2021: 4). Employee costs for the year was $nil (2021: $nil).

5 Investments

	31 August 2022 $000	31 August 2021 $000
Cost and net book value		
At 1 September and 31 August	**1,257,145**	1,257,145

All investments relate to either companies operating schools or educational services companies, or related holding companies.

Notes to the Company financial statements (continued)

5 Investments (continued)

Investments represent 100% of the issued ordinary share capital of Nord Anglia Education Limited, a company incorporated in the United Kingdom. The principal activity of this subsidiary is that of a holding company.

No impairment charges were required to be made to the carrying value of the Company's investments as the directors believe that the carrying value of the investments is supported by the recoverable amount of underlying assets/future cash flows.

Subsidiaries

Refer to the appendix for a full listing of the Company's subsidiaries.

6 Debtors

	31 August 2022 $000	31 August 2021 $000
Amounts falling due within one year		
Amounts owed by related parties*	**499,840**	364,574
Other debtors	**42**	21
	499,882	364,595
Amounts falling due after more than one year		
Amounts owed by related parties*	**209,274**	145,000
	-	-
	209,274	145,000

31 August 2022

Amounts owed by related parties are unsecured, interest free and repayable on demand, with the exception of the following loans with:

- NAE Hong Kong Limited of $2,375,000 where interest is chargeo at a rate of approximately 5.25%; and
- NAE Hong Kong Holdings Limited of $58,928,000 where interest is charged at a rate of approximately 4.60%; and
- Nord Anglia Education Limited of $145,000,000 where interest is charged at a rate of approximately 4.16%; and
- International College Spain SA of 50,000,000 EUR or $50,000,000 where interest is charged at a rate of approximately 4.69%

31 August 2021

Amounts owed by related parties are unsecured, interest free and repayable on demand, with the exception of the following loans with:

- NAE Hong Kong Limited of $2,325,000 where interest is charged at a rate of approximately 5.06%; and
- NAE Hong Kong Holdings Limited of $83,886,000 where interest is charged at a rate of approximately 5.20%; and
- Nord Anglia Education Limited of $145,000,000 where interest is charged at a rate of approximately 4.12%

*Related parties represent balances held with the Nord Anglia Education London Holdings Limited Group and also the wider NAE Group. See note 14 for more details.

7 Cash and cash equivalents

	31 August 2022 $000	31 August 2021 $000
Cash at bank and in hand	**50,153**	74,861

Notes to the Company financial statements (continued)

8 Creditors

	31 August 2022 $000	31 August 2021 $000
Amounts falling due within one year		
Trade and other creditors	**7,500**	-
Accruals and deferred income	**152**	361
Amounts owed to related parties*	**272,300**	224,836
	279,952	225,197
Amounts falling due after more than one year		
CSX listed loan notes[1]	**574,528**	536,612
Amounts owed to related parties*	**149,907**	48,673
	724,435	585,285

[1]The CSX loan note instruments between Nord Anglia Education, Inc and Nord Anglia Education London Holdings Limited bear a rate of 5.20% plus USD LIBOR. Undrawn amount as at 31 August 2022 was US$375,500,000 (2021: US$363,388,000). The CSX Notes have a maturity date of 31 August 2025.

31 August 2022

Amounts owed to related parties are unsecured, interest free and repayable on demand, with the exception of the following loans with:
- The British School of Kuala Lumpur Sdn. Bhd. for $12,213,000, where interest was charged at a rate of 3.00% and expires on 31 May 2024.
- Regent Pattaya Campus Management Co., Ltd. for $6,479,000, where interest is charged at a rate of 3.00% and expires on 31 August 2024.
- Nord Anglia Education Limited for $9,850,000, where interest is charged at a rate of approximately 4.28% and expires on 30 November 2024.
- Nord Anglia Education Limited for 78,500,000 CHF or $80,928,000, where interest is charged at a rate of approximately 0.80% and expires on 25 February 2027.
- Dover Court International School (Pte) Ltd for 41,560,000 SGD or $29,686,000, where interest is charged at a rate of approximately 2.30% and expires on 29 October 2022.
- College Alpin Beau-Soleil SA for 39,050,000 CHF or $40,258,000, where interest is charged at a rate of 0.80% and expires on 25 February 2025.

31 August 2021

Amounts owed to related parties are unsecured, interest free and repayable on demand, with the exception of the following loans with:
- The British School of Kuala Lumpur Sdn. Bhd. for $6,459,000, where interest was charged at a rate of 3.00% and expires on 31 May 2022.
- Regent Pattaya Campus Management Co., Ltd. for $3,176,000, where interest is charged at a rate of 3.00% and expires on 31 August 2024.
- Nord Anglia Education Limited for $20,309,000, where interest is charged at a rate of approximately 4.12% and expires on 30 November 2024.
- Dover Court International School (Pte) Ltd for 33,880,000 SGD or $25,188,000, where interest is charged at a rate of 2.16% and expires on 29 October 2022.

*Related parties represent balances held with the Nord Anglia Education London Holdings Limited Group and also the wider NAE Group. See note 14 for more details.

9 Deferred taxation

As at 31 August 2022, the Company has not recognised a deferred tax asset of $49,197,000 (2021: $50,826,000) in relation to losses where it is uncertain that future profits will be available against which the losses could be utilised.

Notes to the Company financial statements (continued)

10 Financial instruments

	31 August 2022 $000	31 August 2021 $000
Assets measured at amortised cost		
Cash at bank and in hand	**50,153**	74,861
Amounts owed from related parties	**709,115**	509,574
	759,268	584,435
Liabilities measured at amortised cost		
Trade creditors	**7,500**	-
CSX listed loan notes	**574,528**	536,612
Amounts owed to related parties	**422,206**	273,509
	1,004,234	810,121

Valuation techniques

The following is a description of the determination of fair value for financial instruments within FRS 101 Section 11 paragraph 27 which are accounted for at fair value using valuation techniques.

- Level 1: Quoted Prices (unadjusted) based on independent third party valuations in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly or indirectly.
- Level 3: Inputs for the asset or liability that are not based on observable market data.

Nature and extent of risks arising from financial instruments

The financial risks faced by the Company include price risk, credit risk, liquidity risk, foreign currency risk and interest rate risk. The board reviews and agrees policies for managing each of these risks. Details regarding the exposure to these risks, the objectives, policies and processes for managing these risks and the methods used to measure these risks are discussed in the Strategic Report on page 4.

Credit risk

The maximum exposure to credit risk at each reporting date is the carrying amount recorded on the balance sheet.

No collateral or other credit enhancements are held as at 31 August 2022 (2021: none).

No credit derivatives or similar investments are held which mitigate the maximum exposure to credit risk (2021: none).

The financial assets that are neither past due nor impaired relate to amounts owed by related parties which are considered to be fully recoverable based on the results and cash flows of the Nord Anglia Education Group.

No amounts are past due or impaired as at 31 August 2022 (2021: none).

Notes to the Company financial statements (continued)

10 Financial instruments (continued)

Maturity of financial liabilities

The CSX Notes have a maturity date of 31 August 2025.

The undiscounted contractual cash flows relating to the Company's financial liabilities are as follows:

31 August 2022	**Within 1 year $000**	**Between 1 and 2 years $000**	**Between 2 and 3 years $000**	**Between 3 and 4 years $000**	**Between 4 and 5 years $000**	**More than 5 years $000**
Trade creditors	**7,500**		**-**	**-**	**-**	**-**
CSX loan notes	**-**	**-**	**772,087**	**-**	**-**	**-**
Amounts owed to related parties	**272,300**	**-**	**71,713**	**-**	**83,792**	**-**
	279,800	**-**	**843,818**	**-**	**83,792**	**-**

31 August 2021	**Within 1 year $000**	**Between 1 and 2 years $000**	**Between 2 and 3 years $000**	**Between 3 and 4 years $000**	**Between 4 and 5 years $000**	**More than 5 years $000**
Trade creditors	-	-	-	-	-	-
CSX loan notes	30,264	30,264	30,264	566,875	-	-
Amounts owed to related parties	224,836	25,188	23,486	-	-	-
	255,100	55,452	53,750	566,875	-	-

The tables above analyse financial liabilities into maturity groupings based on the period from the balance sheet date to the contractual maturity date. As the amounts disclosed are the contractual undiscounted cash flows, they differ from the carrying values and fair values. Contractual undiscounted future cash outflows for financial liabilities in total amount to $1,207,410,000 (2021: $931,177,000). The contractual undiscounted future cash flows reported in the tables above in respect of amounts owed to related parties reflect anticipated repayment dates.

Interest rate risk

The CSX Loan Notes have an interest rate of 5.20% + USD LIBOR, and the directors have therefore carried out a sensitivity analysis showing the effect of a change to the interest rate of the loan notes. If the 3 month USD LIBOR increases by 1.00%, additional interest per year would be $5,366,000 (2021: $5,366,000).

Notes to the Company financial statements (continued)

10 Financial instruments (continued)

Foreign exchange risk

There is no material foreign exchange exposure as the financial assets and liabilities are materially denominated in the Company's functional currency of USD.

Price risk

As set out the Strategic Report on page 4, the Company itself does not have material exposure to price risk.

Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'amounts due within one year' and 'amounts due after more than one year' as shown on the balance sheet) less cash at bank and in hand. Total capital is calculated as 'equity' as shown in the balance sheet plus net debt.

During 2022, the Group's strategy, which was unchanged from 2021, was to maintain the gearing ratio. The gearing ratios at 31 August 2022 and 2021 were as follows:

	31 August 2022 $000	31 August 2021 $000
Total interest-bearing borrowings *	**724,435**	585,285
Less: cash at bank and in hand	**50,153**	74,861
Net interest-bearing debt	**774,588**	660,146
Total equity	**1,012,067**	1,031,119
Total capital	**1,786,655**	1,691,265
Gearing	**0.43 : 1**	0.39 : 1

* Consisting of bank overdraft, CSX Loan Notes and amounts owed to related parties (due after more than one year).

There are no externally imposed capital requirements at 31 August 2022 (2021: none).

There are no changes to the Company's objectives, policies, processes for managing capital, or what the Company manages as capital, from the prior year.

The holders of Ordinary shares are entitled to full rights in respect of voting, dividends and distributions. The holder of the Deferred share has no voting or dividend rights and any capital distributions are limited to the nominal value of the Deferred share.

Notes to the Company financial statements (continued)

11 Called up share capital

Authorised, allotted, called up and fully paid	**31 August 2022 $000**	31 August 2021 $000
515,902,579 (2021: 515,902,579) Ordinary share of $1.00 each	**515,903**	515,903
1 (2021: 1) Deferred share of $0.19	**-**	-

During the year no shares were issued (2021: 248,361,018).

12 Reserves

Profit and loss account

The profit and loss account represents the accumulated profits, losses and distributions of the Company.

13 Information included in the notes to the consolidated financial statements

Some of the information included in the notes to the consolidated financial statements is directly relevant to the financial statements of the Company. Please refer to the following:

Note 4 – Expenses and auditors' remuneration
Note 8 – Key management personnel
Note 17 – Investments
Note 30 – Events after the balance sheet date
Note 31 – Ultimate parent undertaking and controlling party

14 Related party transactions

The Company has taken advantage of the exemption under IAS24 of disclosing related party transactions with wholly-owned subsidiaries of the NAELHL Group. Other related party transactions with the wider NAE Group were as follows:

	2022 $000	2021 $000
Interest receivable from related parties	**11,385**	6,822
Interest payable to related parties	**33,440**	30,705
Amounts owed from related parties (current)	**241,752**	209,990
Amounts owed to related parties (current)	**187,687**	143,811
Amounts owed from related parties (non-current)	**-**	-
Amounts owed to related parties (non-current)	**581,006**	564,976

The directors of the Company are remunerated by other companies within the Nord Anglia Education Group. The directors do not consider that any of their remuneration relates to this Company as the level of their qualifying services provided to this Company is inconsequential in both 2022 and 2021.

Appendix

List of subsidiaries

A list of the Group subsidiaries, the country of incorporation, the class of shares held and the effective percentages of equity owned at 31 August 2022 and 31 August 2021 are disclosed below.

	Country of incorporation	Class of shares held	Percentage of Ownership 2022	2021	Registered office
Holding companies					
Nord Anglia Education Limited*SG	UK	Ordinary	**100.00%**	100.00%	4th Floor, Nova South, 160 Victoria Street, London, SW1E 5LB, England
NAE Hong Kong Limited*SG	Hong Kong	Ordinary	**100.00%**	100.00%	18th Floor, Edinburgh Tower, The Landmark, 15 Queen's Road Central, Hong Kong
Nord Anglia Education Development Services Limited*SG	UK	Ordinary	**100.00%**	100.00%	4th Floor, Nova South, 160 Victoria Street, London, SW1E 5LB, England
Nord Anglia Middle East Holding S.P.C*	Bahrain	n/a	**100.00%**	100.00%	Office 1276, Building 574, Road 31, Block 611, Al Hamriya, Bahrain
Nord International Schools Limited*SG	UK	Ordinary	**100.00%**	100.00%	4th Floor, Nova South, 160 Victoria Street, London, SW1E 5LB, England
NA Educational Services Limited*SG	UK	Ordinary	**100.00%**	100.00%	4th Floor, Nova South, 160 Victoria Street, London, SW1E 5LB, England
NA Schools Limited*SG	UK	Ordinary	**100.00%**	100.00%	4th Floor, Nova South, 160 Victoria Street, London, SW1E 5LB, England
WCL HoldCo Limited*SG	UK	Ordinary	**100.00%**	100.00%	4th Floor, Nova South, 160 Victoria Street, London, SW1E 5LB, England
WCL Group Limited*SG	UK	Ordinary	**100.00%**	100.00%	4th Floor, Nova South, 160 Victoria Street, London, SW1E 5LB, England
WCL Intermediate Holdings Limited*SG	UK	Ordinary	**100.00%**	100.00%	4th Floor, Nova South, 160 Victoria Street, London, SW1E 5LB, England
WCL Services Limited*SG	UK	Ordinary	**100.00%**	100.00%	4th Floor, Nova South, 160 Victoria Street, London, SW1E 5LB, England
WCL School Management Services Limited*SG	UK	Ordinary	**100.00%**	100.00%	4th Floor, Nova South, 160 Victoria Street, London, SW1E 5LB, England
British Schools of America, L.L.C.*SG	USA	n/a	**100.00%**	100.00%	Corporation Trust Center, 1209 Orange Street, Wilmington, County of New Castle, Delaware 19801, USA
BST Holding, L.L.C.*SG	USA	n/a	**100.00%**	100.00%	Corporation Trust Center, 1209 Orange Street, Wilmington, County of New Castle, Delaware 19801, USA
British Schools of Texas, L.L.C.*SG	USA	n/a	**100.00%**	100.00%	Corporation Trust Center, 1209 Orange Street, Wilmington, County of New Castle, Delaware 19801, USA
British International School Foundation*G	Hungary	n/a	**100.00%**	100.00%	H-1037 Budapest, Kiscelli köz 17
British International School Bratislava, s.r.o.^S	Slovakia	n/a	**100.00%**	100.00%	J.Valašťana Dolinského 1, 841 02 Bratislava, Slovak Republic
BSG Limited*SG	Hong Kong	Ordinary	**100.00%**	100.00%	18th Floor, Edinburgh Tower, The Landmark, 15 Queen's Road Central, Hong Kong
Guangzhou Yingkai Investment & Consulting Co., Ltd.*	China	n/a	**100.00%**	100.00%	Room 3002, No. 761 Dong Feng East Road, Yuexiu District, Guangzhou, China
Nord Anglia (Beijing) Consulting Limited *	China	n/a	**100.00%**	100.00%	Room C211, South Court, No. 9 An Wah Street, Shunyi District, Beijing, China
KG Investments Limited ^	Jersey	n/a	**100.00%**	100.00%	47 Esplanade, St Helier, Jersey JE1 0BD

Appendix

List of subsidiaries (continued)

	Country of incorporation	Class of shares held	Percentage of Ownership 2022	Percentage of Ownership 2021	Registered office
KG (Beijing) Investment Consultant Co., Ltd. *	China	n/a	**100.00%**	100.00%	No. 5 Xiliujie, Sanlitun Road, Chaoyang District, Beijing, China
Neptune Education Holdings Limited *G	Hong Kong	Ordinary	**100.00%**	100.00%	18th Floor, Edinburgh Tower, The Landmark, 15 Queen's Road Central, Hong Kong
Nord Anglia School (Hong Kong) Limited *	Hong Kong	n/a	**100.00%**	100.00%	26th Floor, Three Exchange Square, 8 Connaught Place, Central, Hong Kong
Nord Anglia (Shanghai) Business Consultancy Company Limited *	China	n/a	**100.00%**	100.00%	Unit C117, Block 22,No 1-30, Lane 88 Mingbei Road, Minhang District, Shanghai 201107
Viking Holdco, Inc. *SG	USA	n/a	**100.00%**	100.00%	Corporation Trust Center, 1209 Orange Street, Wilmington, County of New Castle, Delaware 19801, USA
Viking Holding Company, LLC^SG	USA	n/a	**100.00%**	100.00%	Corporation Trust Center, 1209 Orange Street, Wilmington, County of New Castle, Delaware 19801, USA
Viking C Corporation *SG	USA	n/a	**100.00%**	100.00%	Corporation Trust Center, 1209 Orange Street, Wilmington, County of New Castle, Delaware 19801, USA
Meritas MX, LLC*SG	USA	n/a	**100.00%**	100.00%	1200 South Pine Island Road, Plantation, Florida 33324
Meritas MX II, LLC*	USA	n/a	**100.00%**	100.00%	1200 South Pine Island Road, Plantation, Florida 33324
Meritas Luxembourg Holdings SARL*	Luxembourg	Ordinary	**100.00%**	100.00%	9A, Boulevard Prince Henri, L-1724 Luxembourg, Grand Duchy of Luxembourg
Meritas (Gibraltar) Holdings Limited*	Gibraltar	Ordinary	**100.00%**	100.00%	28 Irish Town, Gibraltar
Meritas CH Sarl*	Switzerland	Ordinary	**100.00%**	100.00%	Route de Sauverny 74, 1290 Versoix
Meritas Malta Holdings Limited^	Malta	Ordinary	**100.00%**	100.00%	171, Old Bakery Street, Valletta, Malta
Meritas Mexico, S. de R.L. de C.V^SG	Mexico	n/a	**100.00%**	100.00%	José Justo Corro No. 2800 Col. Centro Monterrey, N.L. 64460
Prague British International School s.r.o.*	Czech Republic	n/a	**100.00%**	100.00%	Praha 4, Kamyk, K Lesu 2/558, 14200 Czech Republic
NAE Swiss Holding AG*S	Switzerland	n/a	**100.00%**	100.00%	c/o Battig Trehuand AG, Obergrundstrasse 17, 6002 Luzern, Switzerland
BCB Education Limited^SG	BVI	Ordinary	**100.00%**	100.00%	Kingston Chambers, PO Box 173, Road Town, Tortola, British Virgin Islands
BIS Myanmar Limited^	Myanmar	Ordinary	**100.00%**	100.00%	No. 2(A), Building (2), Yangon-Insein Road, Ward 9, Hlaing Township, Yangon
BISY Pte. Ltd.^SG	Singapore	Ordinary	**100.00%**	100.00%	100 Beach Road, #25-06 Shaw Towers, Singapore 189702
British Schools International Limited*SG	UK	Ordinary	**100.00%**	100.00%	4th Floor, Nova South, 160 Victoria Street, London, SW1E 5LB, England
BSG Management Limited^SG	BVI	Ordinary	**100.00%**	100.00%	Kingston Chambers, PO Box 173, Road Town, Tortola, British Virgin Islands
BSKL Education Limited*SG	Hong Kong	Ordinary	**100.00%**	100.00%	18th Floor, Edinburgh Tower, The Landmark, 15 Queen's Road Central, Hong Kong
BSKL Limited^SG	BVI	Ordinary	**100.00%**	100.00%	Kingston Chambers, PO Box 173, Road Town, Tortola, British Virgin Islands
Forest Rich Investment Limited^SG	Hong Kong	Ordinary	**100.00%**	100.00%	18th Floor, Edinburgh Tower, The Landmark, 15 Queen's Road Central, Hong Kong

Appendix

List of subsidiaries (continued)

	Country of incorporation	Class of shares held	Percentage of Ownership 2022	2021	Registered office
Global British Schools Limited*SG	UK	Ordinary	**100.00%**	100.00%	4th Floor, Nova South, 160 Victoria Street, London, SW1E 5LB, England
International Education Holdings Limited^SG	BVI	Ordinary	**100.00%**	100.00%	Kingston Chambers, PO Box 173, Road Town, Tortola, British Virgin Islands
"JN Investment" Limited Liability Company^	Uzbekistan	n/a	**100.00%**	100.00%	30A, Sayram Street, Mirzo Ulughbek District, Tashkent City, The Republic of Uzbekistan, 100077
BSF Service Limited Liability Company^	Russia	n/a	**100.00%**	100.00%	129128 Moscow Kadomtseva dr., 15 area 3 office 16a
Rialton Avenue Inc.SG	Philippines	Common	**99.99%**	99.99%	Lot 3C, 3D & 3E Bradco Avenue, Aseana Business Park, Parañaque City
True Promise Trading Inc.^SG	BVI	Ordinary	**100.00%**	100.00%	Kingston Chambers, PO Box 173, Road Town, Tortola, British Virgin Islands
Unibritish Comercio de Alimentos e Produtos Importados e Nacionais EIRELI*G	Brazil	n/a	**100.00%**	100.00%	Avenida Washington Luis No. 1190, Santo Amaro, City of Sao Paulo, Sate of São Paulo, Zip Code 04.662-002, Brazil
Stichting Exploitatie International School of Rotterdam^^	Netherlands	n/a	**n/a**	n/a	Verhulstlaan 21, 3055WJ Rotterdam
Nord Anglia Education Administration Limited*	UK	Ordinary	**100.00%**	100.00%	4th Floor, Nova South, 160 Victoria Street, London, SW1E 5LB, England
2711500 Ontario Inc.*	Canada	Ordinary	**100.00%**	100.00%	45 O'Connor Street Suite 1500 Ottawa Ontario Canada K1P 1A4
Emilia Bidco	Mexico	Ordinary	**100.00%**	100.00%	Paseo de las Palmas, 405; Piso 1702. Col. Lomas de Chapultepec. Delegación Miguel Hidalgo, 11000, México
Oxford International Education 1 Limited*SG	UK	Ordinary	**100.00%**	100.00%	New Kings Court Tollgate, Chandler's Ford, Eastleigh, Hampshire, SO53 3LG
Oxford International Education 2 Limited*SG	UK	Ordinary	**100.00%**	100.00%	New Kings Court Tollgate, Chandler's Ford, Eastleigh, Hampshire, SO53 3LG
Oxford International Education 3 Limited*SG	UK	Ordinary	**100.00%**	100.00%	New Kings Court Tollgate, Chandler's Ford, Eastleigh, Hampshire, SO53 3LG
Premium Schools					
British International School Kindergarten, Primary and Secondary School*	Hungary	n/a	**100.00%**	100.00%	H-1037 Budapest, Kiscelli köz 17
The British School Sp. Z o.o.*G	Poland	n/a	**100.00%**	100.00%	15 Limanowskiego Street, 02-943 Warsaw, Poland
The British International School, Shanghai*	China	n/a	**100.00%**	100.00%	600 Cambridge Forest New Town, 2729 Hunan Road, Shanghai, China
British School of Beijing*	China	n/a	**100.00%**	100.00%	South Side, No.9 An Hua Street, Shunyi District, Beijing 101318, China
Collège Champittet SA*SG	Switzerland	n/a	**100.00%**	100.00%	Chemin de Champittet, c/o Collège Champittet
Collège Alpin Beau-Soleil SA*SG	Switzerland	n/a	**100.00%**	100.00%	Route du Village 1, 1884 Villars-sur-Ollon, Switzerland
La Côte International School SA*SG	Switzerland	n/a	**100.00%**	100.00%	Chemin de Champittet, 1009 Pully
British School of Washington, L.L.C.*SG	USA	n/a	**100.00%**	100.00%	Corporation Trust Center, 1209 Orange Street, Wilmington, County of New Castle, Delaware 19801, USA

Appendix

List of subsidiaries (continued)

	Country of incorporation	Class of shares held	Percentage of Ownership 2022	2021	Registered office
British School of Boston, L.L.C.*SG	USA	n/a	**100.00%**	100.00%	Corporation Trust Center, 1209 Orange Street, Wilmington, County of New Castle, Delaware 19801, USA
Collegiate Prep Realty, LLC*SG	USA	n/a	**100.00%**	100.00%	Corporation Trust Center, 1209 Orange Street, Wilmington, County of New Castle, Delaware 19801, USA
Village Real Estate LLC*SG	USA	n/a	**100.00%**	100.00%	1999 Bryan Street, Suite 900 Dallas, TX 75201
North Broward Preparatory Schools, LLC*SG	USA	n/a	**100.00%**	100.00%	1200 South Pine Island Road, Plantation, Florida 33324
College du Léman, SARL*SG	Switzerland	Ordinary	**100.00%**	100.00%	Route de Sauverny 74, 1290 Versoix
Instituto de Desarrollo Educacion y Aprendizaje, S.C.^	Mexico	n/a	**100.00%**	100.00%	Real de San Agustín No. 4 Col. Residencial San Agustín San Pedro Garza García, N.L. 66260
Camplife, Ltd	USA	n/a	**100.00%**	100.00%	1200 South Pine Island Road, Plantation, Florida 33324
British School of Chicago, L.L.C.*SG	USA	n/a	**100.00%**	100.00%	Corporation Trust Center, 1209 Orange Street, Wilmington, County of New Castle, Delaware 19801, USA
British School of Houston, L.P.^SG	USA	n/a	**100.00%**	100.00%	4211 Watonga Boulevard, Houston, Texas 77092
International College Spain, S.A.U.*SG	Spain	n/a	**100.00%**	100.00%	Calle Vereda Norte 3, La Moraleja, 28109 Alcobendas, Madrid, Spain
Česko Britská Základní Škola, s.r.o.*	Czech Republic	n/a	**100.00%**	100.00%	Praha 4, Kamyk, K Lesu 2/558, 14200 Czech Republic
The Metropolitan School of Panama, S.A.*SG	Panama	Ordinary	**100.00%**	100.00%	Panama City, Republic of Panama
Nord Anglia Education (Ireland) Limited*	Ireland	Ordinary	**90.00%**	90.00%	6th Floor, 2 Grand Canal Square, Dublin 2, Ireland
Sukromna spojena skola British International School Bratislava*	Slovakia	n/a	**100.00%**	100.00%	J.Valašťana Dolinského 1, 841 02 Bratislava, Slovak Republic
Northbridge International School (Cambodia) Limited*G	Cambodia	n/a	**100.00%**	100.00%	Street 2004, Phum Trapaing Chhouk, Sangkat Toek Thla, Khan Sen Sok, Phnom Penh, Cambodia
British American School of Charlotte, L.L.C.*GS	USA	n/a	**100.00%**	100.00%	Corporation Trust Center, 1209 Orange Street, Wilmington, County of New Castle, Delaware 19801, USA
WCL Academy of New York LLC*GS	USA	n/a	**100.00%**	100.00%	Corporation Trust Center, 1209 Orange Street, Wilmington, County of New Castle, Delaware 19801, USA
British School of Guangzhou*	China	n/a	**100.00%**	100.00%	No. 983-3 Tonghe Road, Baiyun District, Guangzhou, China
Nord Anglia International School, Hong Kong Limited*	Hong Kong	n/a	**100.00%**	100.00%	26th Floor, Three Exchange Square, 8 Connaught Place, Central, Hong Kong
British International School LLC GH	Abu Dhabi, UAE	n/a	**49.00%**	49.00%	PO Box 60968, Abu Dhabi, United Arab Emirates
Nord Anglia International School L.L.C GH	Dubai, UAE	n/a	**49.00%**	49.00%	Office No. 001, Level 100, Arenco Tower, Media City, Dubai
BISY Management Company Limited[I]	Myanmar	n/a	**n/a**	n/a	No. 2(A), Building (2), Yangon-Insein Road, Ward 9, Hlaing Township, Yangon

Appendix

List of subsidiaries (continued)

	Country of incorporation	Class of shares held	Percentage of Ownership		Registered office
			2022	2021	
British Colégio do Brasil – BCB – EIREL*G	Brazil	n/a	**100.00%**	100.00%	Avenida Engenheiro Oscar Americano, No. 630, Morumbi, *City of Sao Paulo*, State of São Paulo, Zip Code 05673-050, Brazil
International School Limited Liability Company*	Russia	n/a	**100.00%**	100.00%	23, Rosinka, Angelovo rural, Krasnogorskiy district, Moscow region, Russia 143442
Non-Profit General Education Private Institution "International School"*	Russia	n/a	**100.00%**	100.00%	Building 6, 12 Krylatskaya Street, Moscow, Russia 121552
Non-Profit General Education Private Institution of British Educational System "International School"*	Russia	n/a	**100.00%**	100.00%	12 Krylatskaya Street, Moscow, Russia, 121552
The British School of Kuala Lumpur Sdn. Bhd.*G	Malaysia	Ordinary	**100.00%**	100.00%	No.2, Jalan Raja Abdullah, Off Jalan Sultan Ismail, 50300 Kuala Lumpur, Malaysia
"The British School of Tashkent" Non-governmental Educational Institution*	Uzbekistan	n/a	**100.00%**	100.00%	30A, Sayram Street, Mirzo Ulughbek District, Tashkent City, The Republic of Uzbekistan, 100077
The King's School, Manila Inc.**SG	Philippines	Common	**39.92%**	39.92%	Bradco Avenue, Aseana Business Park, Parañaque City, Philippines
Stichting Funtazia International Child Care^^	Netherlands	n/a	**n/a**	n/a	Verhulstlaan 21, 3055WJ Rotterdam
Stichting Nord Anglia International School Rotterdam^^	Netherlands	n/a	**n/a**	n/a	Verhulstlaan 21, 3055WJ Rotterdam
People Combine Avenues Limited	India	Ordinary	**99.99%**	99.99%	D.No.8-1-97/1/8, Level 4, Block- B, Ninitaas High's, Pedawaltair, *Visakhapatnam, Andhra Pradesh 530017.*
People Combine Educational Initiatives Limited	India	Ordinary	**99.99%**	99.99%	D.No.8-1-97/1/8, Level 4, Block- B, Ninitaas High's, Pedawaltair, Visakhapatnam, Andhra Pradesh 530017.
People Combine Business Initiatives Private Limited	India	Ordinary	**99.99%**	99.99%	*D.No.8-1-97/1/8, Level 4, Block- B, Ninitaas High's,* Pedawaltair, Visakhapatnam, Andhra Pradesh 530017.
People Combine Bengaluru Knowledge Institutions Private Limited	India	Ordinary	**99.99%**	99.99%	D.No.8-1-97/1/8, Level 4, Block- B, Ninitaas High's, Pedawaltair, *Visakhapatnam*, Andhra Pradesh 530017.
People Combine Solutions Private Limited	India	Ordinary	**99.99%**	99.99%	D.No.8-1-97/1/8, Level 4, Block- B, Ninitaas High's, Pedawaltair, Visakhapatnam, Andhra Pradesh 530017.
People Combine Knowledge Solutions Limited	India	Ordinary	**99.99%**	99.99%	*D.No.8-1-97/1/8, Level 4, Block- B, Ninitaas High's, Pedawaltair,* Visakhapatnam, Andhra Pradesh 530017.
Oakridge Educational Society!	India	n/a	**n/a**	n/a	Oakridge International School, Singannabanda Village, Bheemunipatnam *Mandal, Visakhapatnam, 531163, Andhra Pradesh.*
Vikas Education Society!	India	n/a	**n/a**	n/a	Oakridge International School, Singannabanda Village, Bheemunipatnam Mandal, Visakhapatnam, 531163, Andhra Pradesh.

Appendix

List of subsidiaries (continued)

	Country of incorporation	Class of shares held	Percentage of Ownership 2022	2021	Registered office
Orange Education Society Benguluru[I]	India	n/a	**n/a**	n/a	Survey No. 39/8 Tigachowdenahally Village, Varthur Road, Sarjapur Hobli, Anekal Taluka, Bengaluru, Karnataka -562125
Orange Educational Society Mohali[I]	India	n/a	**n/a**	n/a	Killa nos 15/23 & 15/25, Swara (Village), Near Landran, Sirhind Road, Kharar (Tehsil), S.A.S. Nagar (Mohali) District, Greater Mohali, Punjab-140307
Colegio Menor CMSFQ, S.A.*	Ecuador	Ordinary	**100.00%**	100.00%	Juan Montalvo N2-168 y Manuela Sáenz, Quito, Ecuador
D'Overbroecks Limited* [SG]	UK	Ordinary	**100.00%**	100.00%	New Kings Court Tollgate, Chandler's Ford, Eastleigh, Hampshire, SO53 3LG
Oxford International College Limited	UK	Ordinary	**100.00%**	100.00%	New Kings Court Tollgate, Chandler's Ford, Eastleigh, Hampshire, SO53 3LG
Oxford International School Limited* [SG]	UK	Ordinary	**95.46%**	95.46%	New Kings Court Tollgate, Chandler's Ford, Eastleigh, Hampshire, SO53 3LG
Oxford Tutorial College Limited* [SG]	UK	Ordinary	**100.00%**	100.00%	New Kings Court Tollgate, Chandler's Ford, Eastleigh, Hampshire, SO53 3LG
Eton S.C. ^	Mexico	n/a			1140, Avenida de los Alpes, 11000 Miguel Hidalgo, Ciudad de México, Mexico
Cultural Educacional Windsor del Perú S.A.C.*	Peru	Common	**100.00%**	100.00%	Av. Via Láctea 445, Lima, LIM 15023, Peru
Greengates School, S.C. ^	Mexico	n/a	**n/a**	n/a	Circunvalación Poniente 102, Balcones de San Mateo, 53200, Naucalpan de Juárez, Estado de México
Britscul, S.A	Mexico	Ordinary	**100.00%**	n/a	Circunvalación Poniente 102, Balcones de San Mateo, 53200, Naucalpan de Juárez, Estado de México
Hamelin 2, S.L ^	Spain	Ordinary	**100.00%**	n/a	Ronda 8 de Març, número 178-180, Montgat 08390 (Barcelona), España
Al Fahoum & Partners Educational Co. LLC ^	Jordan	Ordinary	**100.00%**	n/a	Khalda, PO Box 840, Zip Code 11821

Appendix

List of subsidiaries (continued)

	Country of incorporation	Class of shares held	Percentage of Ownership 2022	2021	Registered office
Learning Services					
Nord Anglia Vocational Education and Training Services Ltd*[5G]	UK	Ordinary	**100.00%**	100.00%	4th Floor, Nova South, 160 Victoria Street, London, SW1E 5LB, England
Brighton Education Learning Services Sdn. Bhd.*	Malaysia	n/a	**100.00%**	100.00%	Level 19-1, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, 50490 Kuala Lumpur, Wilayah Persekutuan
Nord Anglia Education Sdn. Bhd.*	Malaysia	n/a	**100.00%**	100.00%	Level 19-1, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, 50490 Kuala Lumpur, Wilayah Persekutuan
BSA Resource Solutions, LLC [5G]	USA	n/a	**50.00%**	50.00%	Corporation Trust Center, 1209 Orange Street, Wilmington, County of New Castle, Delaware 19801, USA
Fieldwork Education Limited*[5G]	UK	Ordinary	**100.00%**	100.00%	4th Floor, Nova South, 160 Victoria Street, London, SW1E 5LB, England
Overseas Schools SA*	Belgium	n/a	**100.00%**	100.00%	Avenue Louise numero 109 a Bruxelles (1050 Bruxelles)
Nord Anglia Educational Consultancies Saudi Arabia Limited ^	Saudi Arabia	n/a	**100.00%**	100.00%	PO Box 30034, Riyadh, 11372
Bucksmore Education Limited*	UK	Ordinary	**100.00%**	100.00%	New Kings Court Tollgate, Chandler's Ford, Eastleigh, Hampshire, SO53 3LG
LPS (Oxford) Limited*	UK	Ordinary	**100.00%**	100.00%	New Kings Court Tollgate, Chandler's Ford, Eastleigh, Hampshire, SO53 3LG
Oxford Science Studies Limited*	UK	Ordinary	**100.00%**	100.00%	New Kings Court Tollgate, Chandler's Ford, Eastleigh, Hampshire, SO53 3LG
Oxford Summer Academy Limited*	UK	Ordinary	**100.00%**	100.00%	New Kings Court Tollgate, Chandler's Ford, Eastleigh, Hampshire, SO53 3LG
St Aldates College Limited*	UK	Ordinary	**100.00%**	100.00%	New Kings Court Tollgate, Chandler's Ford, Eastleigh, Hampshire, SO53 3LG
Homelingua Limited*	UK	Ordinary	**100.00%**	100.00%	New Kings Court Tollgate, Chandler's Ford, Eastleigh, Hampshire, SO53 3LG
Oxford International Education Limited*	UK	Ordinary	**100.00%**	100.00%	New Kings Court Tollgate, Chandler's Ford, Eastleigh, Hampshire, SO53 3LG

* Investment held indirectly by 100% owned subsidiary of the Group.

^ Investments held 100% within the Group by more than one subsidiary of the Group.

[5] Share capital of subsidiary is pledged as security for borrowings.

[G] Subsidiary is a guarantor under the security arrangement for borrowings.

[4] The Group holds interests of less than 50% of certain companies. Where indicated, these companies are consolidated by the Group due to the majority of the economic interests in these companies in the form of both the right to receive dividends and the right to full distribution on liquidation and majority of voting rights.

[I] The Group does not own any equity interest in the company but controls and operates the company through contractual arrangements.

** The Group holds majority of the board seats, owns equity interest and operates the company through contractual arrangements.

"" The company has no equity or capital structure. Its board of directors has the highest authority.