



Annual report and financial statements CEG UFP Limited

For the year ended 31 August 2021



Company no. 06355631

Officers and professional advisers

Company registration number	06355631
Registered office	51-53 Hills Road Cambridge CB2 1NT
Directors	D Johnston B Webb
Independent auditor	BDO LLP 55 Baker Street London W1U 7EU

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Strategic report

The directors present their strategic report on the group for the year ended 31 August 2021.

Principal activities

The principal activity of the group during the year was the provision of ONCAMPUS university pathway programmes as part of Cambridge Education Group (CEG).

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

The underlying principles across the group are:

- world-class provision of classroom based teaching in the English language;
- helping our students to achieve entry to the best universities according to their aspirations and abilities; and,
- exceptional pastoral care ensures that students' educational experience is also safe, healthy and enjoyable.

Business review

The results for the year and financial position of the group are as shown in the financial statements. In the opinion of the directors the state of the group's affairs at 31 August 2021 was satisfactory in the context of sector- and economy-wide disruption caused by the global coronavirus pandemic.

The year to 31 August 2021 was adversely impacted by the global coronavirus pandemic, and by restrictions placed on international travel as part of the governmental response of various nations in which the group operates. The group was able to leverage CEG Digital's expertise in online curriculum development and teaching to quickly pivot to online delivery at all ONCAMPUS centres and secure a record Winter 2020 new student intake, but students' inability to travel to centres in the UK and Europe caused a temporary reduction in demand for the accommodation product and further impacted revenue.

Revenue decreased to £38.7m (2020: £53.6m) due to a pandemic-impacted Autumn 2020 new student intake and a temporary reduction in demand for its accommodation product as a result of restrictions on international travel. ONCAMPUS operates a flexible cost model, and maintained its margin on the core tuition product broadly in line with performance in 2020. Reduced accommodation demand resulted in negative margin on this product, which adversely impacted the overall profitability of the group.

During the year the group signed new long-term partnerships with Aston University and the University of Southampton, which represented the first ONCAMPUS Russell Group partnership. Both centres launched in September 2021 and are expected to drive future growth in the scale and profitability of the group.

Acquisition of Castel

On 23 August 2021, the group acquired Irish medical education pathway provider Castel International (Education) Limited ("Castel"). Castel provides wide-ranging pathway programs including pharmacy, podiatric medicine and occupational therapy for both undergraduate and postgraduate students, and has a significant track-record of innovative program development and strategic partnerships with a number of leading Irish institutions.

Future developments

The group is now focused on returning to growth in its core ONCAMPUS business as international student demand recovers following the initial impact of the global coronavirus pandemic, while continuing to expand and leverage opportunities in the medical education sector through newly-acquired subsidiary Castel. Continued growth in student volumes through both new and existing university partnerships in the United Kingdom and Europe is at the heart of the group's strategic plans.

Financial key performance indicators

The board and management use the following key performance indicators (KPIs) to monitor the success of the business:

- revenue growth;
- gross profit margin; and,
- operating profit.

During the year:

- revenue fell and was 28% below 2020;
- gross profit margin deteriorated to 51.1% (2020: 55.4%); and,
- the operating result was a loss for the year of £2.7m.

Directors' duties under section 172 of the Companies Act 2006

When performing their duties under section 172 of the Companies Act 2006 the directors must have regard to the following considerations:

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

We have detailed below how the directors have done so during the year.

2021 was a year of change for the CEG UFP group with: operational agility in response to the coronavirus pandemic, both in our traditional "face-to-face" ONCAMPUS centres and in our administrative head office locations; an acquisition with significant revenue and EBITDA growth potential; increased business development activity in line with the group's objective of developing its online and pathway offerings (including establishment of several new long-term partnerships). These changes were driven by strategic decisions made to ensure we manage our business with a focus on creating long term sustainable value for our shareholders.

Set out in the below table is management's assessment of our key stakeholder groups, detailing how the board has considered the issues and factors that impact them and how engagement has impacted board decisions and company strategies during the financial year.

Stakeholders	Significance to the business	Examples of engagement	Examples of decisions impacted by the engagement
Shareholders	The board is accountable to its shareholders and must act in a way that is likely to promote the success of the group for the benefit of its members as a whole. The group seeks to maintain effective dialogue with its shareholders, to ensure that their views and any concerns they may have are understood and considered.	Regular monthly board meetings, complemented by separate consideration of relevant issues at meetings of the remuneration committee and audit committee.	Acquisition of Castel, signing of new long-term partnerships with ONCAMPUS Aston / Southampton.
Customers (e.g. university partners)	Delivering a service that meets the needs of our customers in all of the markets in which we operate is fundamental to our success.	University 'partner insights' feedback survey, regular university board / steering group meetings.	
Students	Students are at the heart of what the group is trying to achieve, and as such we rely heavily on their feedback and evaluation of their learning experiences. The group actively engages students, individually and collectively, in the quality of their educational experience.	Induction surveys, end of programme surveys, representation at centre audits and on relevant committees (e.g. staff-student consultative committees).	Continuation of staggered start dates and flexible modes of delivery (e.g. face-to-face, online-only, blended) in response to existing and prospective student requirements during coronavirus disruption. #ByYourSide initiative including pre-arrival and travel support, and facilitation of access to health and vaccination services.
Suppliers (e.g. our agent network)	Strong working relationships with our suppliers is crucial to the effectiveness of our entire operation, enhancing our efficiency and creating value.	Agent surveys, 'familiarisation trips' to allow agents to experience our product first-hand.	Creation of global recruitment hub, based in Hong Kong, to embed student recruitment and admissions functions in or close to our key source markets.

Stakeholders	Significance to the business	Examples of engagement	Examples of decisions impacted by the engagement
Employees	Our people, including both permanent and temporary staff, and both employees and contractors, are what makes our business what it is. We rely on them to uphold our vision, values and culture, to deliver on our strategic priorities and to create long term sustainable value for our shareholders and stakeholders.	'#CEGConnected' engagement strategy includes daily updates for staff, new HR Connect line managers portal, and forums for 2-way employee dialogue. Employees are given individual objectives that form part of a group 'cascade', aiding alignment with the group's strategic priorities at all levels. Group-wide "culture survey" facilitated through external provider during 2021.	Introduction of group agile working policy, allowing most employees to work from home for up to 50% of their scheduled workdays. Introduction of enhanced cleaning and Covid testing / tracing protocols to protect staff during coronavirus pandemic.
Debt providers and banking partners	By providing funds for the group's working capital and general corporate purposes, our debt providers play an important role in our business.	Provision of annual budgets and monthly actual financial information to banking providers, annual senior management team presentation to lenders.	Financing structure of Castel acquisition. Extension of (undrawn) RCF to provide continued liquidity.

Principal risks and uncertainties

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

- impact of changes in immigration policies and visa application processes;
- global reduction in international movement of students;
- adverse movements in interest and exchange rates; and,
- significant disruption in the trading ability of the group due to one-off global disasters.

Policies are in place to monitor and manage each of these risks.

Financial risk management objectives and policies

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

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

Interest rate risk

The parent group finances its operations through a mixture of equity, bank borrowings, loan notes and intra group loans. The parent group's exposure to interest rate fluctuations on its borrowings is not considered to be significant as the majority of the group's financing is at fixed interest rates.

Liquidity risk

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

Foreign exchange risk

The group operates in the United Kingdom and Europe and is exposed to foreign currency transactional risk arising from various currency exposures. Foreign exchange risk arises when commercial transactions and recognised assets and liabilities are denominated in a currency that is not the entity's functional currency. The group also has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk with respect to the Euro and Swedish Krone. The exposure to foreign currency risk is naturally hedged with future development plans.

Price risk

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

Credit risk

The group's principal financial assets are cash and trade debtors. In order to manage credit risk the directors prioritise the credit control function and clear guidelines are in place for dealing with slow payers.

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



D Johnston
Director

22nd December 2021

Directors' report

The directors present their report and the audited financial statements of the group for the year ended 31 August 2021.

A review of the business, including financial key performance indicators and principal risks and uncertainties, together with a summary of future developments are included in the strategic report under s414 of the Companies Act 2006 and are therefore not shown in the directors' report. Directors' duties under section 172 of the Companies Act 2006 are also described in the strategic report and are not included in this directors' report.

Results and dividends

The loss for the financial year amounted to £2,061,000 (2020: £1,328,000 profit). No dividend was paid during the year (2020: £nil). The directors do not recommend the payment of a final dividend (2020: £nil).

Directors

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

D Johnston
B Webb

Future developments and risk management

Future developments and the principal risks and uncertainties and arrangements for their management are described in the strategic report on pages 3 to 7.

Disabled employees

The group gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a disabled person. Where existing employees become disabled, it is the group's policy whenever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

Employee involvement

Through regular meetings and other internal communications, the group keeps employees informed of and consulted on matters affecting them as employees and of the financial and economic factors affecting the performance of the group. Where relevant and appropriate, employees are eligible for performance related remuneration based on the achievement of personal and corporate objectives.

Development expenditure

Development costs that are directly attributable to the design and testing of certain identifiable software products controlled by the group are recognised as intangible assets.

Streamlined carbon and energy reporting

None of the group's subsidiaries meet the definition of a large company and the group's parent company is also a low energy user. This means that neither the parent company nor its subsidiaries are obliged to include energy and carbon information in this directors' report.

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the strategic report, the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group and company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group and company for that period.

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

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the group's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

Independent auditor

BDO LLP, having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with section 487 (2) of the Companies Act 2006 unless the company receives notice under section 488(1) of the Companies Act 2006.

On behalf of the board



D Johnston
Director

22nd December 2021

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF CEG UFP LIMITED

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 August 2021 and of the Group's loss for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of CEG UFP Limited (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 August 2021 which comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of changes in equity, the company statement of financial position, the company statement of changes in equity, the consolidated statement of cash flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

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

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge

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

We have nothing to report in this regard.

Other Companies Act 2006 reporting

In our opinion, based on the work undertaken in the course of the audit:

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

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of Directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

Based on our understanding of the Group and the sector in which it operates, we identified the principal risks of non-compliance with laws and regulations and we considered the extent to which non-compliance might have a material effect on the entity's continued operation. We also considered those laws and regulations that have a direct impact on the financial statements such as compliance with tax legislation.

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 we related to posting inappropriate journal entries to manipulate financial results and management bias in making accounting estimates.

The audit procedures to address the risks identified included:

- challenging assumptions made by management in their accounting estimates and judgements
- identifying and testing journal entries selected based on specific risk criteria
- reading minutes of meetings of the board and review of legal correspondence.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that 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, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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

Use of our report

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

DocuSigned by:

Kieran Storan

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Kieran Storan (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
55 Baker Street, London W1U 7EU
23 December 2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Consolidated income statement

For the year ended 31 August 2021

	Note	2021 £'000	2020 £'000
Revenue	6	38,733	53,577
Cost of sales		(18,958)	(23,900)
Gross profit		19,775	29,677
Administrative expenses		(22,740)	(29,156)
Other operating income		269	1,195
Operating (loss)/profit	7	(2,696)	1,716
Interest payable and similar expenses	9	-	(7)
(Loss)/profit before taxation		(2,696)	1,709
Tax credit/(charge) on loss/profit	10	635	(381)
(Loss)/profit for the financial year		(2,061)	1,328

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

The company has taken advantage of section 408 of the Companies Act 2006 not to publish its own profit and loss account.

Consolidated statement of comprehensive income

for the year ended 31 August 2021

	2021 £'000	2020 £'000
(Loss)/profit for the financial year	(2,061)	1,328
Other comprehensive (expense)/income for the year:		
Foreign exchange (losses)/gains on retranslation of overseas subsidiaries	(42)	48
Total comprehensive (expense)/income for the year	(2,103)	1,376

The accompanying notes form part of these financial statements.

Consolidated statement of financial position

As at 31 August 2021

	Note	2021 £'000	2020 £'000
Fixed assets			
Intangible assets	11	4,267	85
Tangible assets	12	486	151
		<u>4,753</u>	<u>236</u>
Current assets			
Debtors	14	24,256	29,746
Cash at bank and in hand		5,876	4,743
		<u>30,132</u>	<u>34,489</u>
Creditors: amounts falling due within one year	15	(21,630)	(19,367)
Net current assets		<u>8,502</u>	<u>15,122</u>
Total assets less current liabilities		13,255	15,358
Net assets		<u>13,255</u>	<u>15,358</u>
Capital and reserves			
Called-up share capital	18	-	-
Other reserves		245	287
Retained earnings		<u>13,010</u>	<u>15,071</u>
Total equity		<u>13,255</u>	<u>15,358</u>

These financial statements on pages 13 to 41 were approved by the directors and authorised for issue on 22 December 2021 and are signed on their behalf by:



D Johnston
Director
Company registration number: 06355631

Consolidated statement of changes in equity

for the year ended 31 August 2021

	Called-up share capital £'000	Other reserves £'000	Retained earnings £'000	Total equity £'000
At 1 September 2019	-	239	13,743	13,982
Profit for the financial year	-	-	1,328	1,328
Other comprehensive income for the financial year	-	48	-	48
Total comprehensive income for the financial year	-	48	1,328	1,376
At 31 August 2020	-	287	15,071	15,358
At 1 September 2020	-	287	15,071	15,358
Loss for the financial year	-	-	(2,061)	(2,061)
Other comprehensive expense for the financial year	-	(42)	-	(42)
Total comprehensive expense for the financial year	-	(42)	-	(2,103)
At 31 August 2021	-	245	13,010	13,255

The accompanying notes form part of these financial statements.

Company statement of financial position

As at 31 August 2021

	Note	2021 £'000	2020 £'000
Fixed assets			
Intangible assets	11	1,110	85
Tangible assets	12	103	1
Investments	13	4,283	15
		<u>5,496</u>	<u>101</u>
Current assets			
Debtors	14	8,333	1,126
Cash at bank and in hand		3,843	3,026
		<u>12,176</u>	<u>4,152</u>
Creditors: amounts falling due within one year	15	(20,187)	(3,695)
Net current (liabilities)/assets		<u>(8,011)</u>	<u>457</u>
Total assets less current liabilities		(2,515)	558
Net (liabilities)/assets		<u>(2,515)</u>	<u>558</u>
Capital and reserves			
Called-up share capital	18	-	-
Other reserves		37	-
Retained earnings		(2,552)	558
Total equity		<u>(2,515)</u>	<u>558</u>

The loss after tax dealt with in the financial statements of the company and attributable to members was £3,110,000 (2020: £44,000 profit).

These financial statements on pages 13 to 41 were approved by the directors and authorised for issue on ~~22~~ December 2021 and are signed on their behalf by:



D Johnston
Director

Company registration number: 06355631

Company statement of changes in equity for the year ended 31 August 2021

	Called-up share capital £'000	Other reserves £'000	Retained earnings £'000	Total equity £'000
At 1 September 2019	-	-	514	514
Profit for the financial year	-	-	44	44
Total comprehensive income for the financial year	-	-	44	44
At 31 August 2020	-	-	558	558
At 1 September 2020	-	-	558	558
Loss for the financial year	-	-	(3,110)	(3,110)
Other comprehensive income for the financial year		37	-	37
Total comprehensive income/(expense) for the financial year	-	37	(3,110)	(3,073)
At 31 August 2021	-	37	(2,552)	(2,515)

The accompanying notes form part of these financial statements.

Consolidated statement of cash flows

for the year ended 31 August 2021

	Note	2021 £'000	2020 £'000
Cash generated from operating activities	19	4,918	1,093
Tax paid		(36)	(41)
Net cash generated from operating activities		4,882	1,052
 Cash flow used in investing activities			
Purchase of subsidiary (net of cash acquired)	23	(2,073)	-
Purchase of intangible assets	11	(1,220)	(85)
Purchase of tangible assets	12	(430)	(95)
Net cash used in investing activities		(3,723)	(180)
 Cash flow used in financing activities			
Interest paid		-	(7)
 Increase in cash and cash equivalents		1,159	865
Effect of exchange rates on cash and cash equivalents		(26)	(2)
Cash and cash equivalents at 1 September		4,743	3,880
Cash and cash equivalents at 31 August		5,876	4,743

The accompanying notes form part of these financial statements.

Company statement of cash flows

for the year ended 31 August 2021

	Note	2021 £'000	2020 £'000
Cash generated from operating activities	19	4,239	2,829
Cash flow used in investing activities			
Purchase of subsidiary (net of cash acquired)	23	(2,073)	-
Purchase of intangible assets	11	(1,220)	(85)
Purchase of tangible assets	12	(129)	-
Net cash used in investing activities		<u>(3,422)</u>	<u>(85)</u>
Increase in cash and cash equivalents		817	2,744
Cash and cash equivalents at 1 September		<u>3,026</u>	<u>282</u>
Cash and cash equivalents at 31 August		<u><u>3,843</u></u>	<u><u>3,026</u></u>

The accompanying notes form part of these financial statements.

Notes to the financial statements

1 General information

CEG UFP Limited (“the company”) is a private company limited by shares and incorporated in the United Kingdom under the Companies Act and is registered in England. The address of the registered office, which is also the principal place of business, is given on page 1. The nature of the company’s operations and principal activities of the company and its subsidiaries (together, “the group”) are set out in the strategic report on pages 3 to 7.

2 Statement of compliance

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

3 Summary of significant accounting policies

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

a) Basis of preparation

These financial statements have been prepared on a going concern basis under the historic cost convention, as modified by the recognition of certain assets measured at fair value.

The functional currency of the company is considered to be pounds sterling because that is the currency of the primary economic environment in which the company operates. The consolidated financial statements are also presented in pounds sterling and overseas operations are included in accordance with the accounting policies set out below.

Values are presented in thousands of pounds sterling except where the nature of the disclosure or the value disclosed is such that disclosure in pounds sterling is more appropriate.

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

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

b) Going concern

The group meets its day-to-day working capital requirements through its banking facilities and cash held. The directors have prepared both detailed budgets and long term forecasts, taking account of possible changes in trading performance. Having considered possible future trading scenarios over the foreseeable future, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future, within the level of existing facilities and to meet long term liabilities as they fall due. The group therefore continues to adopt the going concern basis in preparing its financial statements.

c) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and all subsidiary undertakings together, made up to 31 August.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Where a subsidiary has different accounting policies to the group, appropriate adjustments are made to those subsidiaries to conform to group accounting policies.

Any subsidiary undertakings sold or acquired during the year are included up to, or from, the dates of change of control or change of significant influence respectively.

Where control of a subsidiary is achieved in stages, the initial acquisition that gave the group control is accounted for under the acquisition method. Thereafter where the group increases its controlling interest in the subsidiary the transaction is treated as a transaction between equity holders. Any difference in fair value of the consideration paid and the carrying amount of the non-controlling interest acquired is recognised directly in equity. No changes are made in the carrying value of assets, liabilities or provisions for contingent liabilities.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

d) Foreign currencies

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

Foreign exchange gains and losses resulting from the settlement of transactions are recognised in the income statement.

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

The trading results of group undertakings are translated into the functional currency at monthly average exchange rates period by period during the year. The assets and liabilities of overseas undertakings, including goodwill and fair value adjustments arising on acquisition, are translated at the exchange rates ruling at the year end. Exchange adjustments arising from the retranslation of opening net investments and from translation of the profits or losses at average rates are recognised in 'Other comprehensive income'.

e) Revenue

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

Revenue shown in the income statement represents amounts receivable in respect of the provision of educational and tuition services, accommodation, and ancillary services, and is recognised as the performance of those services occurs.

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

f) Interest

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

g) Dividends

Dividend income is recognised when the right to receive payment is established.

h) Operating leases

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

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

i) Employee benefits

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

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

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

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

j) Borrowing costs

All borrowing costs are recognised in the income statement in the period in which they are incurred, using the effective interest rate method.

k) Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts to be paid to the tax authorities.

l) Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.
- deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

m) Intangible assets and goodwill

Goodwill and intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets are non-monetary assets without physical substance which are separable or arise from contractual or other legal rights.

Goodwill is the difference between the fair value of the purchase consideration and the fair value of the group's share of the identifiable assets and liabilities acquired. Such goodwill can arise on the acquisition of an unincorporated business or on consolidation of an acquired incorporated business, accounted for by application of the purchase method.

Goodwill is reviewed for impairment at the end of the first full financial year following each acquisition and subsequently when necessary, if circumstances indicate that its carrying value may not be recoverable. It is amortised to the income statement over its estimated economic life.

The cost of a business is the fair value of the consideration given, liabilities incurred or assumed and of equity instruments issued plus the costs directly attributable to the business combination. Where control is achieved in stages, the cost is the consideration at the date of each transaction.

On acquisition, goodwill is allocated to the cash-generating units (CGUs) that are expected to benefit from the combination.

Goodwill is assessed for impairment when there are indicators of impairment and any impairment is charged to the income statement. Reversals of impairment are recognised when the reasons for the impairment no longer apply.

Development costs that are directly attributable to the design and testing of identifiable academic courses controlled by the group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the academic course development so that it will be available for use;
- management intends to complete the academic course development and use or sell it;
- there is an ability to use or sell the academic course and materials;
- it can be demonstrated how the academic course will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the academic course are available; and
- the expenditure attributable to the academic course during the development can be reliably measured.

Costs associated with maintaining academic courses are recognised as an expense as incurred.

n) Amortisation of intangible assets and goodwill

Amortisation is calculated, using the straight-line method, to allocate the depreciable amount of intangible assets to their residual values over their estimated useful economic lives, as follows:

Goodwill on consolidation	10 years straight line
Curriculum development software	4 years straight line

Amortisation is charged to administrative expenses in the income statement.

Where factors, such as technological advancement or changes in market price, indicate that residual value or useful life have changed, the residual value, useful life or amortisation rate are amended prospectively to reflect the new circumstances. The assets are reviewed for impairment if the above factors indicate that the carrying amount may be impaired.

o) Tangible assets

Tangible assets are stated at cost, less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use, dismantling and restoration costs.

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

Assets in the course of construction are stated at cost. These assets are not depreciated until they are available for use.

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

p) Depreciation and residual values

Depreciation is calculated so as to write off the cost of tangible assets, less their estimated residual value, over the useful economic life of those assets as follows:

Fixtures, fittings, furniture and equipment	3 to 5 years straight line
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The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each reporting period. The effect of any change is accounted for prospectively.

q) Impairment of non-financial assets

The group assesses at each reporting date whether an asset may be impaired. If any such indication exists, the group estimates the recoverable amount of the assets. If it is not possible to estimate the recoverable amount of the individual asset, the group estimates the recoverable amount of the cash generating unit to which the asset belongs. The recoverable amount of an asset or cash generating unit is the higher of its fair value less costs to sell and its value in use. If the recoverable amount is less than its carrying amount, the carrying amount of the asset is impaired and it is reduced to its recoverable amount through an impairment in the income statement unless the asset is carried at revalued amount where impairment loss of a revalued asset is a revaluation decrease.

r) Investments

Investments in a subsidiary company are valued at cost less accumulated provision for permanent impairment.

s) Leased assets

Assets obtained under hire purchase contracts, finance leases and other similar arrangements where substantially all of the benefits and risks of ownership are assumed by the company are capitalised as tangible assets and are depreciated over the shorter of the lease term and their useful lives. Obligations under such arrangements are included in creditors net of finance charge allocated to future periods and the finance element of the rental payment is charged to the income statement so as to produce a constant periodic rate of charge on the net obligation outstanding at each period end.

t) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts, when applicable, are shown within borrowings in current liabilities.

u) Current debtors and creditors

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

v) Provisions and contingencies

Provisions are recognised when the group has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required in settlement of the obligation and the amount of the obligation can be measured reliably.

Where there are a number of similar obligations, the probability that an outflow will be required is determined by considering the class of obligations as a whole.

Provisions are measured at the present value of the future obligations using a pre-tax discount rate that reflects current market assessments of the time value of money and the obligation specific risks. Any unwinding of a discount due to the elapse of time is treated as a finance cost.

Contingent liabilities arise as a result of past events where it is either not probable that there will be an outflow of resources or the amount cannot be reliably measured or where the existence or otherwise of an obligation can only be determined by the outcome of uncertain future events that are not wholly within the group's control.

Contingent liabilities are not recognised, except those which may be acquired in a business combination but are disclosed in the financial statements unless the probability of an outflow of resources is remote.

Contingent assets are not recognised and are only disclosed if the inflow of economic benefits is probable.

w) Financial instruments

Basic financial assets, including trade and other debtors, amounts owed by group undertakings, accrued income and cash and bank balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction. Financing transactions are measured at the present value of the future receipts discounted at the market rate of interest and are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired, the impairment loss is the difference between the carrying amount and present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

Basic financial liabilities including trade and other creditors, amounts owed to group undertakings and accruals, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction. For such transactions the debt instrument is measured at present value of the future receipts discounted at a market rate of interest and subsequently carried at amortised cost, using the effective interest rate method.

Fees paid on 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.

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

Derivatives which are not basic financial instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in the income statement in finance costs or income as appropriate. To date the group has not applied hedge accounting to any transactions.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Dividends and other distributions to the group's shareholders are recognised as a liability in the period in which the dividends and other distributions are approved by the shareholders. These amounts are recognised in the statement of changes in equity.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

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

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

4 Critical accounting estimates and judgements

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. In the opinion of the directors, the estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities with the next financial year are described below.

Useful economic lives of intangible and tangible assets

The annual amortisation and depreciation charges for intangible and tangible assets are sensitive to changes in the estimated useful economic lives and the residual values of the assets. The useful economic lives and residual values are considered annually. The carrying amount of intangible and tangible assets are shown in notes 11 and 12 respectively and the useful economic lives for each class of assets are shown in notes 3(n) and 3(p).

Impairment of debtors

The group makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the ageing profile of debtors and historical experience. The net carrying amount of the debtors and the associated impairment provision is given in note 14.

Taxation

The group establishes provisions based on reasonable estimates of direct and indirect tax rates and where relevant for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience with previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority.

Management estimation is required to determine the amount of deferred tax assets that is recognised, based upon likely timing and level of future taxable profits together with an assessment of the tax rates that will be applicable in future and the effect of future tax planning strategies.

5 Disclosure exemptions

As a consolidated income statement is published, a separate income statement for the parent company is omitted from the group financial statements by virtue of section 408 of the Companies Act 2006.

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

- From the financial instrument disclosures, required under FRS 102 paragraphs 11.39 to 11.48A and paragraphs 12.26 to 12.29, as the information is provided in the consolidated financial statement disclosures; and,
- From the key management personnel compensation disclosures required under FRS102 paragraph 33.7, as the information is provided in the consolidated financial statement disclosures.

6 Revenue

The revenue and loss before tax are attributable to the principal activities of the group. An analysis of revenue is given below:

	2021 £'000	2020 £'000
United Kingdom	32,891	46,738
Europe	5,842	6,839
	<u>38,733</u>	<u>53,577</u>

All revenue comprises provision of education and ancillary services.

7 Operating loss

Loss is stated after charging/(crediting):

	2021 £'000	2020 £'000
Amortisation of intangible assets	195	-
Depreciation of tangible assets	87	33
Loss on disposal of tangible assets	11	-
Impairment of trade debtors	630	471
Auditor's remuneration:		
Audit fees for the group	63	45
Tax advisory	4	-
Tax compliance	1	-
Other non-audit services	4	-
Operating lease charges	8,074	8,059
Net gain on foreign currency translation	(47)	(193)

8 Particulars of employees

Group

The average number of staff employed by the group during the financial year was:

	2021 No.	2020 No.
Teaching, academic and other centre-based staff	210	236
Sales, administration and management	105	21
	<u>315</u>	<u>257</u>

The aggregate payroll costs of employees were:

	2021 £'000	2020 £'000
Wages and salaries	8,895	6,725
Social security costs	782	659
Other pension costs	67	30
	<u>9,744</u>	<u>7,414</u>
Amounts capitalised to intangible assets	(234)	(85)
Charge to income statement	<u>9,510</u>	<u>7,329</u>

Company

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

	2021 No.	2020 No.
Sales, administration and management	<u>76</u>	<u>13</u>

The aggregate payroll costs of employees were:

	2021 £'000	2020 £'000
Wages and salaries	3,260	725
Social security costs	150	72
Other pension costs	23	11
	<u>3,433</u>	<u>808</u>
Amounts capitalised to intangible assets	(234)	(85)
	<u>3,199</u>	<u>723</u>

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

9 Interest payable and similar expenses

	2021 £'000	2020 £'000
Bank interest	-	7

10 Taxation

(a) Tax credit included in the income statement

	2021 £'000	2020 £'000
Current tax		
UK corporation tax for the year at 19% (2020: 19%)	689	(291)
Adjustments in respect of prior periods	93	7
Overseas tax	(155)	(112)
Total current tax credit/(charge)	627	(396)
Deferred tax		
Origination and reversal of timing differences	13	7
Adjustments in respect of prior periods	(5)	7
Impact of change in tax rate	-	1
Total deferred tax credit	8	15
Tax credit/(charge) for the year	635	(381)

(b) Reconciliation of tax credit

The tax credit assessed on the loss before tax for the year is higher (2020: higher charge) than the standard rate of corporation tax in the UK of 19% (2020: 19%). The differences are explained below:

	2021 £'000	2020 £'000
Loss/(profit) before tax	2,696	(1,709)
Loss/(profit) before tax multiplied by rate of tax at 19% (2020: 19%)	512	(325)
Expenses not deductible for tax purposes	-	(2)
Adjustments in respect of prior periods	88	-
Impact of change in tax rate	-	(1)
Other	35	(53)
Tax credit/(charge) for the year	635	(381)

11 Intangible assets

Group

	Goodwill £'000	Software £'000	Total £'000
Cost:			
At 1 September 2020	-	85	85
Additions	-	1,220	1,220
Acquisitions	3,160		3,160
Foreign exchange movement	(3)	-	(3)
At 31 August 2021	3,157	1,305	4,462
Accumulated amortisation:			
At 1 September 2020	-	-	-
Charge for the year	-	195	195
At 31 August 2021	-	195	195
Net book value:			
At 31 August 2021	3,157	1,110	4,267
At 31 August 2020	-	85	85

Company

	Software £'000
Cost:	
At 1 September 2020	85
Additions	1,220
At 31 August 2021	1,305
Accumulated amortisation:	
At 1 September 2020	-
Charge for the year	195
At 31 August 2021	195
Net book value:	
At 31 August 2021	1,110
At 31 August 2020	85

12 Tangible assets

Group

	Leasehold buildings £'000	Fixtures, fittings, furniture & equipment £'000	Total £'000
Cost:			
At 1 September 2020	5	583	588
Additions	-	430	430
Acquisitions	-	3	3
Disposals		(353)	(353)
At 31 August 2021	5	663	668
Accumulated depreciation:			
At 1 September 2020	2	435	437
Charge for the year	3	84	87
Disposals	-	(342)	(342)
At 31 August 2021	5	177	182
Net book value:			
At 31 August 2021	-	486	486
At 31 August 2020	3	148	151

12 Tangible assets (continued)

Company

	Fixtures, fittings, furniture & equipment £'000
Cost:	
At 1 September 2020	17
Additions	129
Disposals	(15)
At 31 August 2021	131
Accumulated depreciation:	
At 1 September 2020	16
Charge for the year	27
Disposals	(15)
At 31 August 2021	28
Net book value:	
At 31 August 2021	103
At 31 August 2020	1

13 Investments

	£'000
Cost and net book value:	
At 31 August 2020	15
Additions	4,268
At 31 August 2021	<u>4,283</u>

Investments are the directly held subsidiary undertakings detailed in note 24.

The additional investment made during the year relates to the acquisition of Castel International (Education) Limited (note 23).

14 Debtors

Debtors due within one year:	Group		Company	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Trade debtors	424	504	200	-
Amounts owed by group undertakings	22,017	27,352	7,999	1,055
Other debtors	28	12	-	-
Corporation tax refund due	152	-	-	-
Deferred tax	36	28	5	2
Prepayments and accrued income	1,599	1,850	129	69
	<u>24,256</u>	<u>29,746</u>	<u>8,333</u>	<u>1,126</u>

Trade debtors for the group are stated after provisions for impairment of £1,102,000 (2020: £483,000).

Trade debtors for the company are stated after provisions for impairment of £1,056,000 (2020: £nil).

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

The deferred tax asset is the tax effect of a timing difference between depreciation and tax allowances on tangible assets. During the year there was a credit of £8,000 to the income statement (2020: £15,000 credit) and it is anticipated that a charge of £nil will be made in the next financial year.

15 Creditors: amounts falling due within one year

	Group		Company	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Trade creditors	1,718	317	56	39
Amounts owed to group undertakings	-	-	7,464	3,009
Overseas taxation	149	109	136	-
Accruals	4,473	6,064	481	62
Deferred income	9,663	8,395	7,974	8
Other creditors	3,679	1,788	2,515	17
Other taxation and social security	657	2,694	270	560
Contingent consideration	1,291	-	1,291	-
	<u>21,630</u>	<u>19,367</u>	<u>20,187</u>	<u>3,695</u>

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

Deferred income includes deposits refundable to students which are usually credited against the final term fees rather than repaid.

Contingent consideration is payable for the purchase on 23 August 2021 of Castel International (Education) Limited (note 23).

16 Post-employment benefits

The group operates defined contribution pension arrangements for the benefit of its employees. The amount recognised as an expense for these arrangements was £67,000 (2020: £30,000).

The company operates a defined contribution pension arrangement for the benefit of its employees. The amount recognised as an expense for this arrangement was £23,000 (2020: £11,000).

17 Financial instruments

The carrying values of the group's financial instruments are summarised by category below:

	Group	
	2021	2020
	£'000	£'000
Financial assets that are debt instruments measured at amortised cost less impairment:		
- Trade debtors	424	504
- Amounts owed by group undertakings	22,017	27,352
- Other debtors	28	12
	22,469	27,868
Financial liabilities measured at amortised cost:		
- Trade creditors	1,718	317
- Other creditors	3,679	1,788
- Accruals	4,473	6,064
- Contingent consideration	1,291	-
	11,161	8,169

The group did not have any financial assets or liabilities at fair value, through the income statement or otherwise.

18 Called-up share capital and reserves

Allotted, called up and fully paid:

	2021		2020	
	No.	£	No.	£
Ordinary shares of £1 each	100	100	100	100

The ordinary shares are not redeemable, have voting rights of one vote per share and are all equally entitled to dividends and any distribution of capital. All shares are classified as equity.

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

The other reserve represents the cumulative gains and losses arising on the retranslation of net assets of overseas operations from local currency to pounds sterling.

19 Notes to the statement of cash flows

Reconciliation of operating loss to net cash inflow from operating activities

Group

	2021 £'000	2020 £'000
Operating (loss)/profit	(2,696)	1,716
Depreciation	87	33
Amortisation	195	-
Loss on disposal of tangible fixed assets	11	-
Movements in working capital:		
Decrease in debtors	5,650	1,075
Increase/(decrease) in creditors	1,671	(1,731)
Cash inflow from operating activities	<u>4,918</u>	<u>1,093</u>

Company

	2021 £'000	2020 £'000
Operating (loss)/profit	(4,140)	50
Depreciation	27	-
Amortisation	195	-
Loss on disposal of tangible fixed assets	11	-
Movements in working capital:		
(Increase)/decrease in debtors	(7,203)	1,860
Increase in creditors	15,349	919
Cash inflow from operating activities	<u>4,239</u>	<u>2,829</u>

20 Related party transactions

As a wholly-owned subsidiary of Camelot Topco Limited, the company is exempt from the requirement to disclose transactions with other members of the group.

21 Contingent liabilities

The group is a co-guarantor of the bank loan of an intermediate parent undertaking, Camelot Bidco Limited. At 31 August 2021 this amounted to £15,000,000 (2020: £15,000,000).

22 Capital and other commitments

At 31 August the group and company had the following future minimum lease payments under non-cancellable operating leases:

	Group		Company	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Payments due:				
Not later than one year	3,227	5,449	961	285
Later than one year and not later than five years	6,084	6,628	1,888	547
Later than five years	992	669	291	-
	10,303	12,746	3,140	832

The group had no other capital commitments or off-balance sheet arrangements (2020: £nil).

23 Business combinations

On 23 August 2021, the group acquired control of Castel International (Education) Limited through the purchase of 100% of the ordinary share capital for total consideration of £4,268,000. Castel International (Education) Limited is a company incorporated in Ireland that provides undergraduate pathway courses in medical subjects, postgraduate medical training, and English language courses for medical professionals.

The goodwill of £3,160,000 arising from the acquisition is attributable to acquired student base and economies of scale from combining the operations into the group. Management has estimated the useful life of the goodwill to be 10 years.

23 Business combinations (continued)

The consideration paid by the group was:

	£'000
Fair value of consideration:	
Cash	2,725
Contingent consideration	1,291
Directly attributable costs	252
	<u>4,268</u>

For cash flow disclosure purposes the amounts are disclosed as follows:

	£'000
Cash consideration	2,725
Directly attributable costs paid	90
Less:	<u>2,815</u>
Cash acquired	(742)
Net cash outflow	<u>2,073</u>

The identifiable assets and liabilities assumed on the date of acquisition were:

	Bok value and fair value £'000
Tangible fixed assets	3
Debtors	397
Cash	742
Creditors due within one year	<u>(34)</u>
Total identifiable net assets	1,108
Goodwill	<u>3,160</u>
Total	<u>4,268</u>

Contingent consideration is payable based on company's earnings and cash receipts during the period to 31 July 2022. The amount payable is capped at £1,291,000 and is expected to be paid in full within 12 months.

The revenue and profit from Castel International (Education) Limited included in the consolidated income statement for 2021 was £nil.

24 List of subsidiary undertakings

<u>Subsidiary undertakings</u>	<u>Registered Office</u>	<u>Nature of Business</u>	<u>Interest</u>
<u>Direct shareholdings</u>			
Castel International (Education) Limited	i.	On-site university foundation courses	100% ordinary shares
ONCAMPUS Amsterdam B.V. ^a	ii.	On-site university foundation courses	100% ordinary shares
ONCAMPUS Aston Limited	iii.	On-site university foundation courses	100% ordinary shares
ONCAMPUS Coventry Limited ^b	iii.	On-site university foundation courses	100% ordinary shares
ONCAMPUS Education Dublin Limited	iv.	Dormant	100% ordinary shares
ONCAMPUS Hull Ltd	iii.	On-site university foundation courses	100% ordinary shares
ONCAMPUS London Limited ^c	iii.	On-site university foundation courses	100% ordinary shares
ONCAMPUS LSBU Limited ^d	iii.	On-site university foundation courses	100% ordinary shares
ONCAMPUS Lund Sweden AB	v.	On-site university foundation courses	100% ordinary shares
ONCAMPUS Reading Limited	iii.	On-site university foundation courses	100% ordinary shares
ONCAMPUS Southampton Limited	iii.	On-site university foundation courses	100% ordinary shares
ONCAMPUS Sunderland Limited ^e	iii.	On-site university foundation courses	100% ordinary shares
ONCAMPUS UK North Limited ^f	iii.	On-site university foundation courses	100% ordinary shares

- i Leebrook House, Leebrook, Tralee, Kerry, Ireland
- ii Goedhartlaan 935A, 1181 LD Amsterdam, Netherlands
- iii 51-53 Hills Road, Cambridge, CB2 1NT
- iv Main Street, Dunboyne, Meath, Ireland
- v Östra Vallgatan 14, 223 61 Lund, Sweden

- a On 24 September 2020 the subsidiary changed its name from Amsterdam FoundationCampus B.V.
- b On 4 September 2020 the subsidiary changed its name from Coventry FoundationCampus Limited
- c On 4 September 2020 the subsidiary changed its name from FoundationCampus London Limited
- d On 4 September 2020 the subsidiary changed its name from London South Bank FoundationCampus Limited
- e On 4 September 2020 the subsidiary changed its name from CEG FoundationCampus Sunderland Limited
- f On 4 September 2020 the subsidiary changed its name from CEG UCLAN FoundationCampus Limited

25 Subsidiaries exempt from audit

The following subsidiary undertakings have claimed exemption from the requirements of the UK Companies Act 2006 section 479A relating to the audit of individual financial statements for the year ended 31 August 2021. The immediate parent company, CEG UFP Limited, has given a statement of guarantee under the Companies Act 2006 section 479A to guarantee all outstanding liabilities to which the respective subsidiary is subject at 31 August 2021.

Subsidiary	Company number
ONCAMPUS Aston Limited	13001120
ONCAMPUS Coventry Limited	6355639
ONCAMPUS Hull Ltd	6861361
ONCAMPUS London Limited	6861252
ONCAMPUS LSBU Limited	6355637
ONCAMPUS Reading Limited	10150552
ONCAMPUS Southampton Limited	13167749
ONCAMPUS Sunderland Limited	6861284
ONCAMPUS UK North Limited	6355640

26 Ultimate controlling party

The immediate parent company is CEG OnCampus Holdings Limited.

Camelot Holdco Limited is the parent company of the smallest group which prepares publicly available consolidated financial statements that incorporate the results of the company and its subsidiaries. Copies of those consolidated financial statements may be obtained from the address given on page 1.

Camelot Topco Limited is the ultimate parent company and the parent undertaking of the largest group which prepares publicly available consolidated financial statements that incorporate the results of the company and its subsidiaries. Copies of those consolidated financial statements may be obtained from the address given on page 1.

The ultimate controlling party is Bridgepoint Europe IV Fund, managed by Bridgepoint Advisers Limited, which owns the majority of the shares in the ultimate parent company on behalf of various funds.