



Annual report and financial statements Stafford House Companies Limited

For the year ended 31 August 2019



Company No. 06355650

Officers and professional advisers

Company registration number

06355650

Registered office

50-60 Station Road
Cambridge
Cambridgeshire
CB1 2JH

Directors

C Stacey

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Maurice Wilkes Building
St John's Innovation Park
Cambridge
CB4 0DS

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Directors' report

The directors present their report and the audited financial statements of the company for the year ended 31 August 2019.

Results and dividends

The result for the financial year amounted to £nil (2018 - £nil). No dividends were paid during the year (2018 - £nil). The directors do not recommend the payment of a final dividend (2018 – none).

Business review

The directors consider the results of the company satisfactory and that the company will continue to act as an intermediate parent company for CATS Colleges ("CATS").

In July 2019, the then ultimate controlling party, Bridgepoint Europe IV Fund, sold its CATS Colleges division to Bright Scholar Education Holdings Limited, a company incorporated in the Cayman Islands and listed on the New York Stock Exchange. Bright Scholar is the largest operator of international and bilingual schools in China. Stafford House Companies Limited continues to form part of the CATS Colleges group of companies post acquisition of the CATS Colleges division by Bright Scholar.

Future developments

As a group, we will continue to increase the number of student centres in key and iconic locations and continue in 2019/20 to look for ways to develop our offering, especially in the area of modern facilities to improve the quality of the student experience. As a consequence, we expect future growth in performance, notwithstanding the temporary uncertainty caused by COVID-19, which in itself is discussed further in note 8 to the financial statements.

Directors

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

D Newton	Appointed 21 March 2019, Resigned 31 March 2020
C Stacey	Appointed 11 June 2019
M Ioakimides	Resigned 5 July 2019
P Symes	Resigned 5 July 2019
B Webb	Resigned 5 July 2019

Qualifying third party indemnity provisions

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

Directors' report (continued)

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the 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 financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 section 1A "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 company and of the profit or loss of the company 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 United Kingdom Accounting Standards, comprising FRS 102 section 1A, have been followed, 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 company will continue in business.

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

The directors are responsible for 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.

Disclosure of information to auditors

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

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

Independent auditors

PricewaterhouseCoopers 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



C Stacey
Director
27 May 2020

Independent auditors' report to the members of Stafford House Companies Limited

Report on the audit of the financial statements

Opinion

In our opinion, Stafford House Companies Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 August 2019 and of its result for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" Section 1A, and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the statement of financial position as at 31 August 2019; the income statement, the statement of comprehensive income, the statement of changes in equity 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 company 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.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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

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 Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the year ended 31 August 2019 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 company and its environment obtained in the course of the audit, we did not identify any material misstatements in the 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 set out on page 4, 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 company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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.

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 received 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 financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

Richard Bedlow (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Cambridge
27 May 2020

Income statement

For the year ended 31 August 2019

	2019 £'000	2018 £'000
Revenue	-	-
Cost of sales	-	-
Result before taxation	-	-
Tax on result	-	-
Result for the financial year	-	-

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

Statement of comprehensive income

For the year ended 31 August 2019

	2019 £'000	2018 £'000
Result for the financial year	-	-
Total comprehensive income for the year	-	-

The accompanying notes form part of these financial statements.

Statement of financial position

As at 31 August 2019

	Note	2019 £'000	2018 £'000
Fixed assets			
Investments	4	485	485
Creditors: amounts falling due within one year	5	(485)	(485)
Total assets less current liabilities		-	-
Net assets		-	-
Capital and reserves			
Called up share capital		-	-
Retained earnings		-	-
Total equity		-	-

These financial statements have been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006.

These financial statements on pages 8 to 16 were approved by the directors and authorised for issue on 27 May 2020 and are signed on their behalf by:



C Stacey
 Director
 Company Registration Number: 06355650

Statement of changes in equity

For the year ended 31 August 2019

	Called up share capital	Retained earnings	Total equity
	£'000	£'000	£'000
At 1 September 2017	-	-	-
Result for the financial year	-	-	-
Total comprehensive income for the financial year	-	-	-
At 31 August 2018	-	-	-
Result for the financial year	-	-	-
Total comprehensive income for the financial year	-	-	-
At 31 August 2019	-	-	-

The accompanying notes form part of these financial statements.

Notes to the financial statements

1 General information

Stafford House Companies Limited (“the company”) is a private limited company limited by shares and incorporated in England, United Kingdom under the Companies Act 2006. The address of the registered office, which is also the principal place of business, is given on page 1. The principal activity of the company is that of an intermediate holding company.

2 Statement of compliance

These financial statements have been prepared in compliance with United Kingdom Accounting Standards including “The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland” (“FRS 102 section 1A” applicable to small entities) and the Companies Act 2006 (part 15 special provisions for small companies).

3 Summary of significant accounting policies

The principal accounting policies are summarised below. These policies have been consistently applied to all years presented within the financial statements, unless otherwise stated.

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 and liabilities 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.

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

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

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

b) Going concern

The group, of which the company is a part, meets its day-to-day working capital requirements through its cash and cash equivalents and intra-group loans. The directors have prepared both detailed budgets and long term forecasts for the group, taking account of reasonably possible changes in trading performance. After making enquiries, the directors have a reasonable expectation that both the group and company have 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 company therefore continues to adopt the going concern basis in preparing its financial statements.

Notes to the financial statements (continued)

3 Summary of significant accounting policies (continued)

c) Consolidated financial statements

The company is a wholly owned subsidiary of Bright Scholar Education Holdings Limited, a company incorporated in the Cayman Islands and listed on the New York Stock exchange. It is included in the consolidated financial statements prepared by that company which are publicly available. Therefore, by virtue of section 401 of the Companies Act 2006, the company is exempt from the requirement to prepare consolidated financial statements.

These financial statements are therefore for the company only.

d) Impairment of non-financial assets

The company assesses at each reporting date whether an asset may be impaired. If any such indication exists the company estimates recoverable amount of assets. If it is not possible to estimate the recoverable amount of the individual asset, the company estimates the recoverable amount of 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.

An impairment loss recognised for all assets, including goodwill, is reversed in a subsequent period if and only if the reasons for impairment loss have ceased to apply.

e) Investments

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

f) Short-term debtors and creditors

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

Notes to the financial statements (continued)

3 Summary of significant accounting policies (continued)

g) 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 the income statement.

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

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

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

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

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

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

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 profit and loss account. 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.

Notes to the financial statements (continued)

4 Investments

	Total
	£'000
Cost and net book value:	
At 31 August 2018 and 31 August 2019	<u>485</u>

Investments are the directly held subsidiary undertakings detailed in note 7.

5 Creditors: amounts falling due within one year

	2019 £'000	2018 £'000
Amounts owed to group undertakings	<u>485</u>	<u>485</u>

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

6 Related party transactions

As a wholly-owned subsidiary of Bright Scholar (UK) Holdings Limited, the company is exempt from the requirement to disclose transactions with other members of the group.

Notes to the financial statements (continued)

7 List of subsidiary investments

At 31 August 2019 the company had the following subsidiary undertakings, all of which are incorporated in England & Wales unless otherwise noted:

Subsidiary undertakings	Registered office	Nature of business	Interest
<u>Direct shareholdings</u>			
Stafford House Study Holidays	i	Summer English language programmes 100%	100% ordinary shares
Stafford House School of English Limited	i	English language programmes	100% ordinary shares
Study Holidays Limited	i	Dormant	100% ordinary shares

Registered Office

i 50-60 Station Road, Cambridge, CB1 2JH, United Kingdom.

8 Post balance sheet events

On 11 March 2020, the World Health Organisation (WHO) declared the outbreak of a strain of novel coronavirus disease, COVID-19, a global pandemic. Governments in affected areas have imposed a number of measures designed to contain the outbreak, including business closures, travel restrictions, stay at home orders and cancellations of gatherings and events. The spread of COVID-19 has resulted in an economic downturn in jurisdictions in which the group and company operates and the global economy more widely, as well as causing increased volatility and declines in financial markets.

As the impact of COVID-19 is a dynamic and evolving global health situation, the group continues to monitor the situation following the advice of Public Health England, all local and national health authorities, and the WHO. Following the advice of the UK Government, colleges and educational centres of the group remain closed until such a time as the government advises that it is safe for students and staff to return.

As a direct result of international travel restrictions, published government health advice on social distancing and other measures and the introduction of the Coronavirus Bill 2020, a reduced level of activity is expected while restrictions are in place. During this period, the group has redeployed staff and resources across divisions to maximise resource availability. For the year ending 31 August 2020, the Stafford House division is forecasting a full year loss before tax, which is supported by the CATS division forecasting a full year profit before tax. Year on year, the group expects consolidated profit before tax to increase, with the impact of COVID-19 halting growth in profitability in the short term.

In response to the UK Government's advice to close UK schools to help reduce the spread of the COVID-19, all colleges and education centres have moved tuition online to avoid any unnecessary disruption to students' studies. Remote tuition started at the end of March 2020, transitioning to full online learning provision towards the end of April 2020, and this will continue to remain in effect while facilities remain closed. These steps have been taken with an aim to ensure business continuity during this period of uncertainty, while also ensuring the group continues to provide a safe environment for staff and students.

Notes to the financial statements (continued)

9 Ultimate controlling party

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

Bright Scholar Education Holdings Limited is the ultimate parent company and the parent undertaking of the smallest and largest group which prepares publicly available consolidated financial statements that incorporate the results of the company. Copies of the consolidated financial statements may be obtained from the address given on page 1.

The ultimate controlling party is Bright Scholar Education Holdings Limited, a company incorporated in the Cayman Islands and listed on the New York Stock Exchange.