



# Annual report and financial statements Stafford House Companies Limited

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For the year ended 31 August 2020



Company No. 06355650

## Officers and professional advisers

<b>Company registration number</b>	06355650
<b>Registered office</b>	Elizabeth House 1 High Street Chesterton Cambridge Cambridgeshire CB4 1NQ United Kingdom
<b>Directors</b>	C A J Stacey J He D M Li
<b>Independent auditors</b>	Deloitte LLP Statutory Auditor 1 Station Square Cambridge CB1 2GA United Kingdom

## Contents

Directors' report.....	3
Independent auditors' report to the members of Stafford House Companies Limited .....	5
Income statement .....	9
Statement of comprehensive income.....	9
Statement of financial position .....	10
Statement of changes in equity.....	11
Notes to the financial statements .....	12

The accompanying notes form part of these financial statements.

## Directors' report

The directors present their report and the audited financial statements of the company for the year ended 31 August 2020.

### Results and dividends

The result for the financial year amounted to £nil (2019 - £nil). No dividends were paid during the year (2019 - £nil). The directors do not recommend the payment of a final dividend (2019 – 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").

Bright Scholar Education Holdings Limited is the ultimate parent company and is 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.

The company has applied the exemptions allowed in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006. This includes the exemption to prepare a strategic report.

### Future developments

As a group, we will continue to increase the number of student centres in key and iconic locations and continue in 2020/21 to look for ways to develop our offering, especially in the area of modern facilities to improve the quality of the student experience. The Group has transitioned to online lesson formats for students, and investment continues in this area to ensure we provide all students with a class leading online educational experience. This area of investment allows the group to maintain existing revenue streams and is actively investigating the future opportunities within the online learning environment. Therefore, 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	Resigned 31 March 2020
C A J Stacey	
J He	Appointed 1 September 2020
D M Li	Appointed 1 September 2020

### 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.

The accompanying notes form part of these financial statements.

## Directors' report (continued)

### Directors' responsibility statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the company for that period

In preparing 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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

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

### 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

Deloitte 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 A J Stacey

Director

26 February 2021

The accompanying notes form part of these financial statements.

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

### **Report on the audit of the financial statements**

#### **Opinion**

In our opinion the financial statements of Stafford House Companies Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 August 2020 and of its result for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the income statement;
- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity; and
- the related notes 1 to 9, which include a description of the 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 are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**The accompanying notes form part of these financial statements.**

## **Independent auditors' report to the members of Stafford House Companies Limited (continued)**

### **Conclusions relating to going concern**

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in 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.

We have nothing to report in respect of these matters.

### **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.

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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in respect of these matters.

**The accompanying notes form part of these financial statements.**

## **Independent auditors' report to the members of Stafford House Companies Limited (continued)**

### **Responsibilities for the financial statements and the audit**

#### **Responsibilities of the directors**

As explained more fully in the statement of directors' responsibilities per page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### **Report on other legal and regulatory requirements**

#### **Opinions on other matters prescribed by the Companies Act 2006**

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

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

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

**The accompanying notes form part of these financial statements.**



## **Independent auditors' report to the members of Stafford House Companies Limited (continued)**

### **Matters on which we are required to report by exception**

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the requirement to prepare a strategic report.

We have nothing to report in respect of these matters.

### **Use of our report**

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



Christopher Aylott FCA (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Statutory Auditor  
Cambridge  
United Kingdom  
26 February 2021

**The accompanying notes form part of these financial statements.**

## Income statement

For the year ended 31 August 2020

	2020 £'000	2019 £'000
Revenue	-	-
Cost of sales	-	-
<b>Result before taxation</b>	-	-
Tax on result	-	-
<b>Result for the financial year</b>	-	-

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

## Statement of comprehensive income

For the year ended 31 August 2020

	2020 £'000	2019 £'000
<b>Result for the financial year</b>	-	-
<b>Total comprehensive income for the year</b>	-	-

The accompanying notes form part of these financial statements.

## Statement of financial position

As at 31 August 2020

	Note	2020 £'000	2019 £'000
<b>Fixed assets</b>			
Investments	4	485	485
<b>Creditors: amounts falling due within one year</b>	5	(485)	(485)
<b>Total assets less current liabilities</b>		-	-
<b>Net assets</b>		-	-
<b>Capital and reserves</b>			
Called up share capital		-	-
Retained earnings		-	-
<b>Shareholders Funds</b>		-	-

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 9 to 17 were approved by the directors and authorised for issue on 26 February 2021 and are signed on their behalf by:



C A J Stacey  
 Director

Company Registration Number: 06355650

The accompanying notes form part of these financial statements.

## Statement of changes in equity

For the year ended 31 August 2020

	Called up share capital	Retained earnings	Total equity
	£'000	£'000	£'000
<b>At 1 September 2018</b>	-	-	-
Result for the financial year	-	-	-
Total comprehensive income for the financial year	-	-	-
<b>At 31 August 2019</b>	-	-	-
Result for the financial year	-	-	-
Total comprehensive income for the financial year	-	-	-
<b>At 31 August 2020</b>	-	-	-

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). The Company has applied the amendments to FRS 102 issued by the FRC in December 2017 prior to their mandatory effective date of accounting periods beginning on or after 1 January 2019.

### **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 no items were identified and no additional disclosure is reported.

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 (comprises the companies of which CATS Colleges Holdings Limited is the direct parent), 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 has received a letter of support from its ultimate parent company Bright Scholar Education Holdings Limited, to provide support as required to ensure business continuity. Business continuity plans and cash flow forecasts which are prepared on a rolling forecast methodology ensure that the company and Group have access to sufficient cash assets to meet its operating requirements. The company therefore continues to adopt the going concern basis in preparing its financial statements. Further guidance on going concern is disclosed in Note 8.

## 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 2019 and 31 August 2020.	<u>485</u>

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

### 5 Creditors: amounts falling due within one year

	2020	2019
	£'000	£'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 2020 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
<b>Direct shareholdings</b>			
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 COVID-19 Pandemic

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 (World Health Organisation). In response to the UK Government's advice, all colleges and education centres have moved to a blended operational model which is in line with regulations. Allowing both face to face and online tuition to students in a secure and safe environment. All facilities have now reopened with staggered student admissions for onsite face to face tuition. All locations have been assessed and appropriate risk assessments were performed to ensure full compliance to UK Government regulations. Isolation and testing procedures have been implemented to minimise exposure to COVID-19 within the onsite populations. This has ensured that all locations are safe for both staff and students. These measures have allowed the Group to ensure business continuity whilst this period of uncertainty continues.

During the financial period the Group implemented several initiatives to minimise the impact of Covid-19 on the Group. These initiatives saw the Group take the following cost mitigation activities to ensure business continuity; reduction in overall staff headcount, temporary reduction in staff costs from April 2020 to August 2020 and the active utilization of Government grants as disclosed in the companies were this was utilized. Critical review processes were initiated on capital projects and recruitment to ensure that only business critical costs were incurred during the period. The Group has still applied these austerity measure in the financial year ended 31 August 2021.

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 2021, the Group is forecast to have a full year loss, as the impact of COVID-19 continues to halt growth and profitability in the short-term. The Group has ensured that it has access to sufficient resources and access to working capital to ensure its continued operations. The group will secure access to working capital as required through Group borrowings and credit facilities with financial institutions.

## Notes to the financial statements (continued)

### **9 Ultimate controlling party**

The immediate parent company is CEG Colleges Holdings Limited, a company incorporated in the United Kingdom, whose registered office address is below:

Elizabeth House,  
High Street,  
Chesterton,  
Cambridge,  
Cambridgeshire, CB4 1NQ,  
United Kingdom.

Bright Scholar Education Holdings Limited is the smallest and largest group which prepares publicly available consolidated financial statements that incorporate the results of the company. Bright Scholar Education Holdings Limited is incorporated in the Cayman Islands and listed on the New York Stock Exchange. Copies of the consolidated financial statements may be obtained from the office address below:

Bournemouth Collegiate School,  
College Road,  
Southbourne, Bournemouth,  
Dorset, BH5 2DY,  
United Kingdom.

The ultimate controlling party is Ms Meirong Yang by virtue of her controlling interest in the company's ultimate parent undertaking.