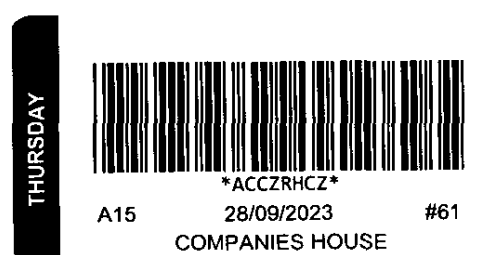


Faria Education Limited

Annual report and financial statements

For the year ended 31 December 2022

Registered number: 10293785



Faria Education Limited

Company Information

Directors	M Hovermale T King Faria Education Group Limited
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Registered number	10293785
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Registered office	4th Floor 76 Watling Street London EC4M 9BJ
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Independent auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL
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Directors' report

For the year ended 31 December 2022

The directors present their report together with the Group strategic report and the financial statements of Faria Education Limited ('the company') and its subsidiaries (together 'the group') for the year ended 31 December 2022.

Results and dividends

The loss for the year, after taxation, amounted to £6,165,910 (2021 - loss £5,710,030).

The directors do not recommend payment of a dividend (2021 - £nil).

Directors

The directors who served during the year were:

M Hovermale
T King
Faria Education Group Limited

Matters covered in the Group strategic report

The group has chosen in accordance with s.414C(11) Companies Act 2006 to set out in the Group strategic report information required by Schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 to be contained in the Directors' report. It has done so in respect of discussion of the group's financial risk management policies and objectives.

Directors' responsibilities statement

The directors are responsible for preparing the Group strategic report, the Directors' report and the consolidated 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 the group and of the profit or loss of the group for that period.

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

- select suitable accounting policies for the group's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group 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 the group and to 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors' report (continued)

For the year ended 31 December 2022

Disclosure of information to auditor

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

- so far as the director is aware, there is no relevant audit information of which the company and the group's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company and the group's auditor is aware of that information.

This report was approved by the board on 22 September 2023 and signed on its behalf.

Theodore King

T King
Director

Group strategic report

For the year ended 31 December 2022

Business review

The group is a leading provider in SaaS systems and Online Learning & Study services within the international education market globally. The group is a part of Faria Education Group Limited ('Faria parent group'), which is our ultimate parent company.

The results for the period and the financial position of the company are shown in the financial statements below.

Principal risks and uncertainties

The directors continuously identify and evaluate operational and other risks faced by the group, implementing changes where necessary to reduce risk to manageable levels. The quality of earnings is underpinned by strong financial and legal governance together with our focus on delivering product innovation, customer success, and long-term customer value to our international school customers and stakeholders. We consider the risks faced by the group to be interdependent with the Faria parent group.

Financial key performance indicators

The group's financial performance is monitored on a continual basis. This includes review of monthly management accounts, comparison with budget and consideration of reforecasting requirements. As the group is growing, the key financial performance indicator is revenue.

In the year ended 31 December 2022, the group's revenue grew to £25.9m from £18.5m (40.6%).

This report was approved by the board on 22 September 2023 and signed on its behalf.

Theodore King

T King
Director

Buzzacott

Independent auditor's report to the members of Faria Education Limited

For the year ended 31 December 2022

Opinion

We have audited the financial statements of Faria Education Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2022, which comprise the consolidated Statement of comprehensive income, the consolidated and company Statements of financial position, the consolidated Statement of cash flows, the consolidated and company Statement of changes in equity and the related notes, 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).

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 December 2022 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or the 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.

Buzzacott

Independent auditor's report to the members of Faria Education Limited (continued)

For the year ended 31 December 2022

Other information

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

Opinion 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 Group 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 Group strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group 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.

Buzzacott

Independent auditor's report to the members of Faria Education Limited (continued)

For the year ended 31 December 2022

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement set out on page 1, 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 Group financial statements.

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

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the Senior Statutory Auditor ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we made enquiries of management as to where they considered there was susceptibility to fraud, and their knowledge of actual, suspected and alleged fraud;
- we identified the laws and regulations that could reasonably be expected to have a material effect on the financial statements of the company through discussions with directors and other management at the planning stage;
- the audit team held a discussion to identify any particular areas that were considered to be susceptible to misstatement, including with respect to fraud and non-compliance with laws and regulations; and
- we focused our planned audit work on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the group including the Companies Act 2006, and taxation legislation.

We assessed the extent of compliance with the laws and regulations identified above through:

- making enquiries of management;
- inspecting legal correspondence throughout the period for any potential litigation or claims; and
- considering the internal controls in place that are designed to mitigate risks of fraud and non-compliance with laws and regulations.

Buzzacott

Independent auditor's report to the members of Faria Education Limited (continued)

For the year ended 31 December 2022

Auditor's responsibilities for the audit of the financial statements (continued)

To address the risk of fraud through management bias and override of controls, we:

- determined the susceptibility of the group to management override of controls by checking the implementation of controls and enquiring of individuals involved in the financial reporting process;
- reviewed journal entries throughout the period to identify unusual transactions, particularly in relation to expenditure;
- performed analytical procedures to identify any large, unusual or unexpected transactions and investigated any large variances from the prior period; and
- reviewed accounting estimates and evaluated where judgements or decisions made by management indicated bias on the part of the company's management.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included:

- agreeing financial statement disclosures to underlying supporting documentation; and
- enquiring of management as to actual and potential litigation and claims.

There are inherent limitations in our audit procedures described above. Irregularities that result from fraud might be inherently more difficult to detect than irregularities that result from error as they may involve deliberate concealment or collusion. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's report.

Use of our report

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



Hugh Swainson (Senior statutory auditor)
for and on behalf of
Buzzacott LLP
Statutory Auditor
130 Wood Street
London
EC2V 6DL
Date: 26 September 2023

Consolidated statement of comprehensive income

For the year ended 31 December 2022

	Note	2022 £	2021 £
Turnover	4	25,982,379	18,458,253
Cost of sales		(10,629,152)	(6,858,404)
Gross profit		15,353,227	11,599,849
Administrative expenses		(20,027,735)	(15,498,730)
Other operating income	5	590,927	271,475
Operating loss	6	(4,083,581)	(3,627,406)
Share of (loss) of associates		(31,421)	(33,132)
Total operating loss		(4,115,002)	(3,660,538)
Interest receivable and similar income	10	249,552	420,311
Interest payable and similar expenses	11	(2,382,922)	(2,438,675)
Loss before taxation		(6,248,372)	(5,678,902)
Tax on loss	12	82,462	(31,128)
Loss for the financial year		(6,165,910)	(5,710,030)
(Loss) for the year attributable to:			
Non-controlling interests		-	(246,318)
Owners of the parent company		(6,165,910)	(5,710,030)
		(6,165,910)	(5,463,712)
Total comprehensive income for the year attributable to:			
Owners of the parent company		(7,933,721)	(5,710,030)
		(7,933,721)	(5,710,030)

There were no recognised gains and losses for 2022 or 2021 other than those included in the consolidated statement of comprehensive income.

The notes on pages 16 to 35 form part of these financial statements.

Consolidated statement of financial position

As at 31 December 2022

	Note	2022 £	2021 £
Fixed assets			
Intangible assets	13	39,926,675	45,325,301
Tangible assets	14	92,835	111,655
Investments	15	301,153	332,574
		<u>40,320,663</u>	<u>45,769,530</u>
Current assets			
Debtors: amounts falling due within one year	16	21,521,731	16,447,646
Current asset investments	17	1,435,056	2,039,342
Cash at bank and in hand	18	3,047,707	3,200,490
		<u>26,004,494</u>	<u>21,687,478</u>
Creditors: amounts falling due within one year	19	(80,183,951)	(73,447,290)
Net current liabilities		<u>(54,179,457)</u>	<u>(51,759,812)</u>
Total assets less current liabilities		<u>(13,858,794)</u>	<u>(5,990,282)</u>
Creditors: amounts falling due after more than one year	20	(368,128)	(302,919)
Provisions for liabilities			
Deferred taxation	21	(8,489)	(8,489)
		<u>(8,489)</u>	<u>(8,489)</u>
Net liabilities		<u>(14,235,411)</u>	<u>(6,301,690)</u>
Capital and reserves			
Called up share capital	22	18,076	18,076
Share premium account	23	15,146,412	15,146,412
Foreign exchange reserve	23	(117,421)	1,650,390
Other reserves	23	(4,655,965)	(4,655,965)
Profit and loss account	23	(24,626,513)	(18,460,603)
		<u>(14,235,411)</u>	<u>(6,301,690)</u>

Consolidated statement of financial position (continued)

As at 31 December 2022

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 22 September 2023

Theodore King

T King
Director

The notes on pages 16 to 35 form part of these financial statements.

Company statement of financial position

As at 31 December 2022

	Note	2022 £	2021 £
Fixed assets			
Tangible assets	14	39,479	23,587
Investments	15	70,991	1
		<u>110,470</u>	<u>23,588</u>
Current assets			
Debtors: amounts falling due after more than one year	16	14,036,820	14,036,820
Debtors: amounts falling due within one year	16	5,102,845	4,946,882
Cash at bank and in hand	18	174,967	184,359
		<u>19,314,632</u>	<u>19,168,061</u>
Creditors: amounts falling due within one year	19	(5,778,544)	(5,174,548)
Net current assets		<u>13,536,088</u>	<u>13,993,513</u>
Total assets less current liabilities		<u>13,646,558</u>	<u>14,017,101</u>
Creditors: amounts falling due after more than one year	20	(30,295)	-
Net assets		<u><u>13,616,263</u></u>	<u><u>14,017,101</u></u>
Capital and reserves			
Called up share capital	22	18,076	18,076
Share premium account	23	15,146,412	15,146,412
Profit and loss account brought forward		(1,147,387)	(1,008,297)
Loss for the year		(400,838)	(139,090)
Profit and loss account carried forward		<u>(1,548,225)</u>	<u>(1,147,387)</u>
		<u><u>13,616,263</u></u>	<u><u>14,017,101</u></u>

The financial statements were approved and authorised for issue by the board on and were signed on its behalf on by:

Theodore King, 22 September 2023

T King
Director

The notes on pages 16 to 35 form part of these financial statements.

Consolidated statement of changes in equity

For the year ended 31 December 2022

	Called up share capital	Share premium account	Foreign exchange reserve	Other reserves	Profit and loss account	Equity attributable to owners of parent company	Non- controlling interests	Total equity
	£	£	£	£	£	£	£	£
At 1 January 2021	18,076	15,146,412	1,532,185	(2,333,882)	(12,996,891)	1,365,900	(73,207)	1,292,693
Loss for the year	-	-	-	-	(5,710,030)	(5,710,030)	-	(5,710,030)
Increase/(decrease) in non-controlling interests	-	-	-	-	-	-	319,525	319,525
Non-controlling interest share of profits/(losses)	-	-	-	-	246,318	246,318	(246,318)	-
Difference on foreign exchange	-	-	118,205	-	-	118,205	-	118,205
Other movements	-	-	-	(2,322,083)	-	(2,322,083)	-	(2,322,083)
At 1 January 2022	18,076	15,146,412	1,650,390	(4,655,965)	(18,460,603)	(6,301,650)	-	(6,301,690)
Loss for the year	-	-	-	-	(6,165,910)	(6,165,910)	-	(6,165,910)
Difference on foreign exchange	-	-	(1,767,811)	-	-	(1,767,811)	-	(1,767,811)
At 31 December 2022	18,076	15,146,412	(117,421)	(4,655,965)	(24,626,513)	(14,235,411)	-	(14,235,411)

The notes on pages 16 to 35 form part of these financial statements.

Company statement of changes in equity

For the year ended 31 December 2022

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2021	18,076	15,146,412	(1,008,297)	14,156,191
Loss for the year	-	-	(139,090)	(139,090)
At 1 January 2022	18,076	15,146,412	(1,147,387)	14,017,101
Loss for the year	-	-	(400,838)	(400,838)
At 31 December 2022	18,076	15,146,412	(1,548,225)	13,616,263

The notes on pages 16 to 35 form part of these financial statements.

Consolidated statement of cash flows

For the year ended 31 December 2022

	2022 £	2021 £
Cash flows from operating activities		
Loss for the financial year	(6,165,910)	(5,710,030)
Adjustments for:		
Amortisation of intangible assets	6,240,840	4,085,864
Depreciation of tangible assets	290,780	85,191
Interest paid	2,382,922	2,438,675
Interest received	(249,552)	(59)
Taxation charge	(82,462)	31,128
(Increase) in debtors	(1,341,424)	(496,131)
(Decrease)/increase in creditors	(139,921)	2,414,036
Increase/(decrease) in provisions	-	(72,362)
Net fair value losses recognised in profit or loss	604,286	896,957
Share of operating profit in associates	31,421	33,132
Corporation tax (paid)	(87,853)	(28,447)
Difference on foreign exchange	(1,767,811)	118,205
Net cash generated from operating activities	(284,684)	3,796,159
Cash flows from investing activities		
Purchase of intangible fixed assets	(842,214)	(2,087,060)
Purchase of tangible fixed assets	(271,960)	(32,823)
Purchase of fixed asset investments	-	(28,500,529)
Purchase of share in associates	-	(365,706)
Interest received	249,552	59
Seller Notes paid	(9,879,000)	(5,397,740)
Net cash from investing activities	(10,743,622)	(36,383,799)

Consolidated statement of cash flows (continued)

For the year ended 31 December 2022

	2022 £	2021 £
Cash flows from financing activities		
New loans from group companies	13,258,445	33,637,247
Interest paid	(2,382,922)	(2,438,675)
Net cash used in financing activities	10,875,523	31,198,572
Net (decrease) in cash and cash equivalents	(152,783)	(1,389,068)
<i>Cash and cash equivalents at beginning of year</i>	3,200,490	4,589,558
Cash and cash equivalents at the end of year	3,047,707	3,200,490
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	3,047,707	3,200,490
	3,047,707	3,200,490

The notes on pages 16 to 35 form part of these financial statements.

Notes to the financial statements

For the year ended 31 December 2022

1. General information

Faria Education Limited is a private company limited by shares and incorporated in England and Wales. The registered office is 4th Floor 76 Watling Street, London EC4M 9BJ. The registered number is 10293785.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with the Financial Reporting Standard, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland' and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires group management to exercise judgement in applying the group's accounting policies (see note 3).

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of comprehensive income in these financial statements.

The company has taken advantage of the exemption from preparing a statement of cash flows in its individual financial statements, on the basis that it is a qualifying entity and the consolidated statement of cash flows, included in these financial statements, includes the company's cash flows.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the company and its own subsidiaries ('the group') as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

2.3 Going concern

The group has net current liabilities at the reporting date and is currently dependent upon the financial support of a group company, Faria Education Limited (a Hong Kong Limited company) ('FEHK').

Creditors payable in less than one year consist primarily of amounts payable to FEHK. The directors have received confirmation from FEHK that it will continue to provide financial support to the group for a period of at least twelve months from the date of approval of these financial statements. The directors also have no reason to believe that this support will not be forthcoming.

Having regard for the foregoing, the directors consider it appropriate to prepare the financial statements on the going concern basis. The financial statements do not include any adjustments that would result from the withdrawal of support from FEHK.

Notes to the financial statements

For the year ended 31 December 2022

2. Accounting policies (continued)

2.4 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. 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.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

2.5 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the group will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.6 Operating leases: the group as lessee

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.7 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants of a revenue nature are recognised in profit or loss in the same period as the related expenditure.

Notes to the financial statements

For the year ended 31 December 2022

2. Accounting policies (continued)

2.8 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.9 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount.

2.10 Pensions

Defined contribution pension plan

The group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. Once the contributions have been paid the group has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the group in independently administered funds.

2.11 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company and the group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the reporting date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Notes to the financial statements

For the year ended 31 December 2022

2. Accounting policies (continued)

2.12 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight-line basis to the Consolidated statement of comprehensive income over its useful economic life.

Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

2.13 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Leasehold improvements	- 5 years
Fixtures and fittings	- 2 years
Office equipment	- 3 years
Computer equipment	- 2 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.14 Valuation of investments

Investments in associates are measured at cost less accumulated impairment.

Investments in listed company shares are remeasured to market value at each Statement of financial position date. Gains and losses on remeasurement are recognised in profit or loss for the period.

2.15 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Notes to the financial statements

For the year ended 31 December 2022

2. Accounting policies (continued)

2.16 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the group's cash management.

2.17 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.18 Provisions for liabilities

Provisions are made where an event has taken place that gives the group a legal or constructive obligation *that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.*

Provisions are charged as an expense to profit or loss in the year that the group becomes aware of the obligation, and are measured at the best estimate at the reporting date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of financial position.

2.19 Financial instruments

The group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Investments in non-derivative instruments that are equity to the issuer are measured:

- at fair value with changes recognised in the Consolidated statement of comprehensive income if the shares are publicly traded or their fair value can otherwise be measured reliably;
- at cost less impairment for all other investments.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated statement of comprehensive income.

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is an 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.

Notes to the financial statements

For the year ended 31 December 2022

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In the application of the group's accounting policies, the members are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources.

The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In preparing the financial statements the members have made the following judgements:

Determining the valuation of the group's goodwill and contingent liabilities recognised on new business combinations. Factors taken into consideration in reaching a decision include the consideration paid and contingent consideration payable for the investment, the net assets on the date of the subsidiary being acquired and the viability and expected future performance of the subsidiary.

Determining the valuation of the group's other intangible assets recognised on new business combinations. Factors taken into consideration in reaching a decision include the estimate revenue growth obtained specifically from the intangible asset, consistent future tax rates and improved efficiencies obtained directly from the intangible asset being recognised.

Determining whether there are indicators of impairment of the group's intangible fixed assets. Factors taken into consideration in reaching a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

Determining the valuation of the group's other provisions. Factors taken into consideration in reaching a decision include historically costs and expected future costs of the group.

4. Turnover

The whole of the turnover is attributable to the principal activity of the group.

Analysis of turnover by country of destination:

	2022 £	2021 £
United Kingdom	5,889,002	1,438,249
Rest of Europe	4,551,568	3,187,617
Rest of the world	15,541,810	13,832,387
	25,982,380	18,458,253

Notes to the financial statements

For the year ended 31 December 2022

5. Other operating income

	2022 £	2021 £
Other operating income	172	26,078
Government grants receivable	-	114
Sundry income	590,755	245,283
	<u>590,927</u>	<u>271,475</u>

6. Operating loss

The operating loss is stated after charging:

	2022 £	2021 £
Amortisation	4,112,463	4,085,864
Depreciation	55,888	85,191
Exchange differences	(96,644)	(199,093)
Other operating lease rentals	236,489	386,583
	<u>236,489</u>	<u>386,583</u>

7. Auditors remuneration

	2022 £	2021 £
Fees payable to the group's auditor for the audit of the group financial statements	<u>73,500</u>	<u>43,300</u>

	2022 £	2021 £
Fees payable to the group's auditor in respect of:		
- the audit of the accounts of the subsidiaries	-	38,600
- audit related assurance services	-	5,000
- taxation compliance services	11,500	10,500
- all other non-audit services	-	17,600
	<u>85,000</u>	<u>115,000</u>

Notes to the financial statements

For the year ended 31 December 2022

8. Employees

Staff costs, including directors' remuneration, were as follows:

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Wages and salaries	7,818,011	6,548,250	1,249,993	1,130,268
Social security costs	655,472	687,074	201,131	223,679
Cost of defined contribution scheme	147,972	139,075	31,345	22,172
	8,621,455	7,374,399	1,482,469	1,376,119

The average monthly number of employees, including the directors, during the year was as follows:

	Group 2022 No.	Group 2021 No.	Company 2022 No.	Company 2021 No.
Administrative	29	29	2	2
Support	68	31	3	7
Sales	30	41	4	6
Development	61	24	2	6
Marketing	6	4	1	1
Finance	2	4	-	-
	196	133	12	22

9. Directors' remuneration

During the year, directors received remuneration of £128,353 (2021 - £176,795).

10. Interest receivable

	2022 £	2021 £
Interest receivable from group companies	249,059	420,252
Other interest receivable	493	59
	249,552	420,311

Notes to the financial statements

For the year ended 31 December 2022

11. Interest payable and similar expenses

	2022	2021
	£	£
Bank interest payable	2	791
Loans from group undertakings	2,382,920	2,437,884
	<u>2,382,922</u>	<u>2,438,675</u>

12. Taxation

	2022	2021
	£	£
Corporation tax		
Current tax on profits for the year	16,633	-
Adjustments in respect of previous periods	13,065	-
	<u>29,698</u>	<u>-</u>
Foreign tax		
Foreign tax on income for the year	(112,160)	31,128
Total current tax	<u>(82,462)</u>	<u>31,128</u>
Taxation on (loss)/profit on ordinary activities	<u>(82,462)</u>	<u>31,128</u>

Notes to the financial statements

For the year ended 31 December 2022

12. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2021 - higher than) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	2022 £	2021 £
Loss on ordinary activities before tax	(6,248,372)	(5,678,902)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	(1,187,191)	(1,078,991)
Effects of:		
Non-tax deductible amortisation of goodwill and impairment	949,736	597,050
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	200,000	229,440
Higher rate taxes on overseas earnings	74,795	31,128
Non-taxable income	(100,000)	(105,820)
Deferred tax not recognised	250,000	232,284
Unrelieved tax losses carried forward	112,039	239,787
Other tax charge reliefs, adjustments and transfers	(394,906)	(113,750)
Adjustments in respect of previous periods	13,065	-
Total tax charge for the year	(82,462)	31,128

Notes to the financial statements

For the year ended 31 December 2022

13. Intangible assets

Group

	Development expenditure £	Trademarks £	Computer software £	Goodwill £	Total £
Cost					
At 1 January 2022	3,388,064	6,477,677	3,340,723	39,016,001	52,222,465
Additions	836,403	-	5,811	-	842,214
Reclassification	1,543,513	-	(1,543,513)	-	-
At 31 December 2022	5,767,980	6,477,677	1,803,021	39,016,001	53,064,679
Amortisation					
At 1 January 2022	218,761	892,901	1,868,515	3,916,988	6,897,165
Charge for the year	951,485	647,768	182,048	4,459,538	6,240,839
Reclassification	1,406,181	-	(1,406,181)	-	-
At 31 December 2022	2,576,427	1,540,669	644,382	8,376,526	13,138,004
Net book value					
At 31 December 2022	3,191,553	4,937,008	1,158,639	30,639,475	39,926,675
At 31 December 2021	3,169,304	5,584,776	1,472,208	35,099,013	45,325,301

Notes to the financial statements

For the year ended 31 December 2022

13. Intangible assets (continued)

Company

	Development expenditure £
Cost	
At 1 January 2022	1,176,498
Additions	197,883
At 31 December 2022	<u>1,374,381</u>
Amortisation	
At 1 January 2022	1,176,498
Charge for the year	197,883
At 31 December 2022	<u>1,374,381</u>
Net book value	
At 31 December 2022	<u>-</u>
At 31 December 2021	<u>-</u>

Notes to the financial statements

For the year ended 31 December 2022

14. Tangible fixed assets

Group

	Leasehold improvements £	Fixtures and fittings £	Office equipment £	Computer equipment £	Total £
Cost or valuation					
At 1 January 2022	112,719	98,016	34,913	404,174	649,822
Additions	32,214	7,428	5,871	226,447	271,960
At 31 December 2022	144,933	105,444	40,784	630,621	921,782
Depreciation					
At 1 January 2022	59,639	75,499	20,821	382,208	538,167
Charge for the year	23,901	4,085	11,776	174,084	213,846
Exchange adjustments	6,070	8,333	712	61,819	76,934
At 31 December 2022	89,610	87,917	33,309	618,111	828,947
Net book value					
At 31 December 2022	55,323	17,527	7,475	12,510	92,835
At 31 December 2021	53,080	22,517	14,092	21,966	111,655

Notes to the financial statements

For the year ended 31 December 2022

14. Tangible fixed assets (continued)

Company

	Leasehold improvements £	Fixtures and fittings £	Computer equipment £	Total £
Cost or valuation				
At 1 January 2022	30,861	13,187	-	44,048
Additions	24,328	4,424	2,545	31,297
At 31 December 2022	55,189	17,611	2,545	75,345
Depreciation				
At 1 January 2022	12,338	8,123	-	20,461
Charge for the year	10,932	3,413	1,060	15,405
At 31 December 2022	23,270	11,536	1,060	35,866
Net book value				
At 31 December 2022	31,919	6,075	1,485	39,479
At 31 December 2021	18,524	5,063	-	23,587

Notes to the financial statements

For the year ended 31 December 2022

15. Fixed asset investments

Group

	Investment in associate £
Cost or valuation	
At 1 January 2022	332,574
Share of profit/(loss)	(31,421)
	<hr/>
At 31 December 2022	301,153
	<hr/>

On 8 August 2021, ManageBac Inc. acquired 33% of the share capital of RMT Tech LLC.

Company

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2022	1
Additions	70,990
	<hr/>
At 31 December 2022	70,991
	<hr/>

Direct subsidiary undertakings

The following were direct subsidiary undertakings of the company:

Name	Registered office	Class of shares	Holding
ManageBac Inc.	919 North Market Street, Suite 950, Wilmington, DE 19801, USA	Ordinary	100%
Faria UK Holdco Limited *	4th Floor 76 Watling Street, London EC4M 9BJ	Ordinary	100%
Faria UK Holdco II Limited *	4th Floor 76 Watling Street, London EC4M 9BJ	Ordinary	100%
Faria UK Holdco III Limited *	4th Floor 76 Watling Street, London EC4M 9BJ	Ordinary	100%

Notes to the financial statements

For the year ended 31 December 2022

15. Fixed asset investments (continued)

Indirect subsidiary undertakings

The following were indirect subsidiary undertakings of the company:

Name	Registered office	Class of shares	Holding
Rubicon West LLC	121 SW Salmon St Ste 1200, Portland, OR 97204-2947, USA	Ordinary	100%
Dynamic Internet Solutions LLC	121 SW Salmon St Ste 1200, Portland, OR 97204-2947, USA	Ordinary	100%
EveryBuddy Limited *	4th Floor 76 Watling Street, London EC4M 9BJ	Ordinary	100%
GEMS Pamoja Limited *	4th Floor 76 Watling Street, London EC4M 9BJ	Ordinary	100%
Pamoja Education Limited *	4th Floor 76 Watling Street, London EC4M 9BJ	Ordinary	100%
Oxford Study Courses Limited (Dissolved September 2022)	4th Floor 76 Watling Street, London EC4M 9BJ	Ordinary	100%
Oxford Study Courses (Australia) Pty Limited	Level 1, 123 Camberwell Road, Hawthorn East, Victoria, Australia	Ordinary	100%
Oxford Study Courses Inc.	44 School Street, Suite 325, Boston, MA 02108, USA	Ordinary	100%
Hsqared Education GmbH	Auenstrasse 100, 80469, Munich, Germany	Ordinary	100%
Faria Systems Limited	2504 Universal Trade Centre, 3 Arbuthnot Road, Central, Hong Kong	Ordinary	100%
Oxford Digital Learning Limited *	Midland House, West Way, Botley, Oxford, OX2 0PH	Ordinary	100%
Wolsey Hall Oxford International Limited *	Midland House, West Way, Botley, Oxford, OX2 0PH	Ordinary	100%

* The company has given guarantees to these subsidiaries of the group under section 479A of the Companies Act 2006 so that they are exempt from audits of their financial statements for the year ended 31 December 2022.

Notes to the financial statements

For the year ended 31 December 2022

16. Debtors

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Amounts owed by group undertakings	-	-	14,036,820	14,036,820
	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Trade debtors	1,345,372	1,182,001	-	-
Amounts owed by group undertakings	17,868,628	14,137,751	5,027,969	4,842,141
Other debtors	112,812	137,090	30,154	57,894
Prepayments and accrued income	970,321	580,292	44,722	46,847
Tax recoverable	1,224,598	410,512	-	-
	21,521,731	16,447,646	5,102,845	4,946,882

17. Current asset investments

	Group 2022 £	Group 2021 £
Listed investments	1,435,056	2,039,342

18. Cash and cash equivalents

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Cash at bank and in hand	3,047,707	3,200,490	174,967	184,359

Notes to the financial statements

For the year ended 31 December 2022

19. Creditors: Amounts falling due within one year

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Trade creditors	826,410	667,679	151,031	124,508
Amounts owed to group undertakings	59,043,615	42,531,569	5,482,408	4,713,353
Corporation tax	2,391	2,224	-	-
Other taxation and social security	424,988	424,763	60,342	63,252
Other creditors	6,774,798	16,679,740	7,926	107,268
Accruals and deferred income	13,111,749	13,141,315	76,837	166,167
	<u>80,183,951</u>	<u>73,447,290</u>	<u>5,778,544</u>	<u>5,174,548</u>

20. Creditors: amounts falling due after more than one year

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Amounts owed to group undertakings	30,295	-	30,295	-
Other creditors	337,833	302,919	-	-
	<u>368,128</u>	<u>302,919</u>	<u>30,295</u>	<u>-</u>

Other creditors refers to Seller Notes due to sellers as consideration for historical acquisitions of the group.

21. Deferred taxation

Group

	2022 £
At beginning of year	(8,489)
At end of year	<u>(8,489)</u>

Notes to the financial statements

For the year ended 31 December 2022

21. Deferred taxation (continued)

The provision for deferred taxation is made up as follows:

	Group 2022 £	Group 2021 £
Tax losses carried forward	(8,489)	(8,489)
	<u>(8,489)</u>	<u>(8,489)</u>

22. Share capital

	2022 £	2021 £
Allotted, called up and fully paid		
18,076 (2021 - 18,076) Ordinary shares of £1.00 each	<u>18,076</u>	<u>18,076</u>

23. Reserves

Share premium account

The share premium comprises amounts paid in excess of the value of share capital paid.

Foreign exchange reserve

The foreign exchange reserve comprises translation differences arising from the translation of financial statements of the group's foreign entities into sterling (£).

Other reserves

The other reserves comprise of movements in the investments with the company's subsidiaries which have been effected post acquisition.

Profit and loss account

Includes all current and prior period retained profits and losses.

24. Contingent liabilities

In the prior year a subsidiary company made an unprompted disclosure to HM Revenue and Customs ('HMRC') regarding clarification of its VAT position. Included in debtors is £1,194,688 of recoverable VAT which the subsidiary company expects to reclaim after February 2024.

Notes to the financial statements

For the year ended 31 December 2022

25. Pension commitments

The group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the group in independently administered funds. The pension cost charge represents contributions payable by the group to the fund and amounted to £147,972 (2021 - £223,904). Contributions totalling £11,705 (2021 - £95,289) were payable to the fund at the reporting date and are inducted in creditors.

26. Commitments under operating leases

At 31 December 2022 the group and the company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2022	Group 2021	Company 2022	Company 2021
	£	£	£	£
Not later than 1 year	310,702	212,844	25,027	45,000
Later than 1 year and not later than 5 years	114,030	54,676	-	25,027
	424,732	267,520	25,027	70,027

27. Related party transactions

During the year, key management received remuneration of £690,047 (2021 - £754,521).

28. Controlling party

The immediate parent company is Faria Education Limited (a Hong Kong Limited company) ('FEHK') and the ultimate parent company is TA Lattice Holdings (Cayman) Limited, a company incorporated in the Cayman islands.

There is no ultimate controlling party.